

# EDUCATION BUDGET BRIEF 2020/21

**This Budget Brief seeks to unpack the 2020/21 Budget for Education and its implications for achieving better outcomes for children.** It analyses the size and composition of the budget allocations for 2020/21 as well as offer insights into the efficiency, effectiveness, equity and adequacy of past spending in education, to put forth key messages to inform financial decision-making processes and programming for improved education outcomes. It focuses on the budget for the Ministry of Education Arts and Culture (MoEAC), which is mandated to provide basic education in Namibia.

# KEY MESSAGES AND RECOMMENDATIONS

- 1. In the face of the COVID 19 pandemic, there is need to protect education financing and coordination for impact.** The pandemic has pushed Namibia into a deep economic recession which will have lasting effects on public finances, therefore the need to protect education financing, including through preserving the share of expenditure for education as a top priority and addressing inefficiencies in education spending.
- 2. Namibia's overall spending in education remains relatively high and above international targets, averaging 8% of GDP and 19% of total budget.** However, this high level of spending has not translated to quality education outcomes, precluding the country from reaping the full returns from this huge investment. Whilst the need for spending efficiencies cannot be over-emphasized, there is need for a diagnostic study to unpack the underlying bottlenecks to enhance the correlation between spending and outcomes.
- 3. Pre-Primary education gets a disproportionately small share (approximately 3%) of the education budget.** However, in order to create a strong educational foundation and for the country to reap the optimal benefits of its investments in education, pre-primary spending needs to be prioritized and expanded, in line with improvements in fiscal space. Such investment should be targeted at expanding pre-primary education infrastructure, teacher recruitment and learning materials.
- 4. The Development Budget suffers from both low allocation and low execution, with average implementation of 70%, undermining the adequacy and quality of education infrastructure.** Addressing the existing infrastructure gaps, particularly in preprimary education requires a rebalancing of the expenditure mix towards the development budget whilst at the same time putting in place strategies to enhance execution. Further investigation will be required to understand the underlying bottlenecks, particularly the procurement architecture.
- 5. On-going efforts to reform the school funding (School Grant Policy) needs to be expedited to ensure equity of education spending.** Funding allocation to schools should be based on an equitable and pro-poor formula to ensure that the most vulnerable children are equally benefiting from quality education.



# SECTION 1. INTRODUCTION

## Education Sector Overview

**Namibia has a very conducive legislative and policy environment to ensure access to quality inclusive education for all children.** The main achievement in the sector has been the introduction of both universal primary and secondary education which has resulted in increased access to education, especially for children from marginalized and vulnerable communities. Namibia introduced Universal Primary Education (UPE) and Universal Secondary Education (USE) in 2013 and 2016, respectively, resulting in a steady annual growth in enrolment rates from 638,789 to 756,994 learners in 2019.

**The MoEAC has been implementing a number of legislations and key policies to ensure access to equitable quality education with a focus on the most vulnerable children, children from poor communities and those with disabilities.** The Basic Education Act, 2020 (Act No. 3 of 2020), is learner friendly and focuses on the rights of the Namibian children to an inclusive equitable and quality education. The Sector Policy in Inclusive Education of 2013 and the National Safe Schools Framework, Integrated Policy on HIV Prevention, Management and Wellness for the Education Sector and the Integrated School Health and Safety Policy, which respond to several health and safety issues in schools are particularly important policy instruments to contribute to improved teaching and learning outcomes.

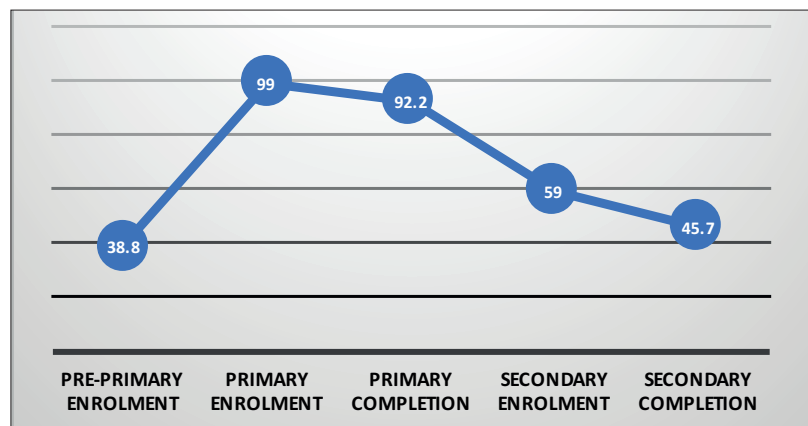
**Another notable and remarkable progress the Ministry has made is to close the four-year reporting gap and produce EMIS reports within the same year of data collection.** As a result, the use of data to inform planning and management in education at national and sub-national levels has been significantly strengthened in line with UPE and USE. The Ministry has recently adopted the global Data Must Speak approach which advocates for data to speak the same language, to policy makers, and to communities.



## Sector Performance

**Namibia has made great progress in achieving basic education.** Access to education has increased- particularly in primary education, more teachers are qualified, and more schools are being constructed, especially to bring education closer to poor and marginalized communities. However, many of Namibian children are still not benefiting from pre-primary education with an annual growth rate of 11.0% representing an increase from 24,745 pre-primary learners in 2013 to 46,197 pre-primary learners in 2019. This represents an average enrolment of 38.8% at preprimary level, (Fig 1a). The low enrolment in pre-primary means almost 6 in every 10 children enter grade

Fig 1a: Key Education Indicators for Namibia (%)

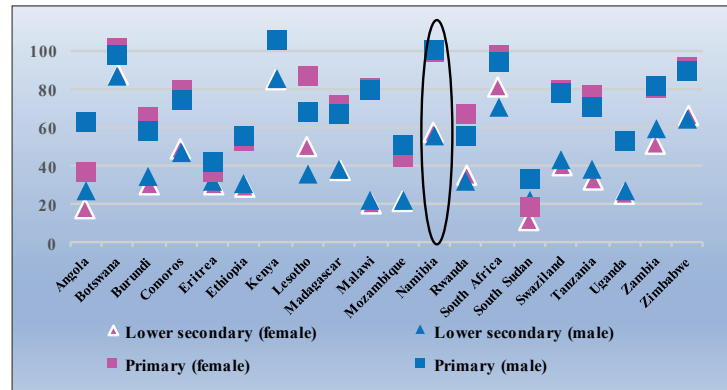


Source: EMIS (2019)

1 when they are not school-ready, thereby contributing to the high repetition rates of 19.7%, low school retention and performance. Low pre-primary enrolment is mainly a reflection of the huge infrastructure gaps in schools. Drop-out are also high in secondary education – with an average lower & upper secondary completion rate of 56.9% and 45.7%, respectively, which is much lower than comparable upper middle-income countries, (Fig 1a&b). Learners with special needs in education and those with disabilities as well as those from marginalized communities are amongst the majority of those who dropout.

**Furthermore, quality of outcomes remains somewhat low across the education sector.** This is evidenced by the high number of learners repeating a grade. For instance, 19.7% of learners repeated Grade 1, whilst 22.4% and 28.0% of learners repeated Grades 4 and 8, respectively, EMIS 2019). On the other hand, pass rates in the core subjects i.e., English, Maths & Science remain low at 55% at Grade 7 and 40% in secondary education. High repetition and failure rates have an impact of the quality of the system in general and on investments as the MoEAC is not meeting the intended targets (EMIS, 2019). The MoEAC needs to design strategies and programmes to address high failure and dropout rates in education.

Fig 1b: Pri and Sec Completion Rates by Gender in Selected Countries



Source: UNESCO Institute for Statistics database



## TAKEAWAYS

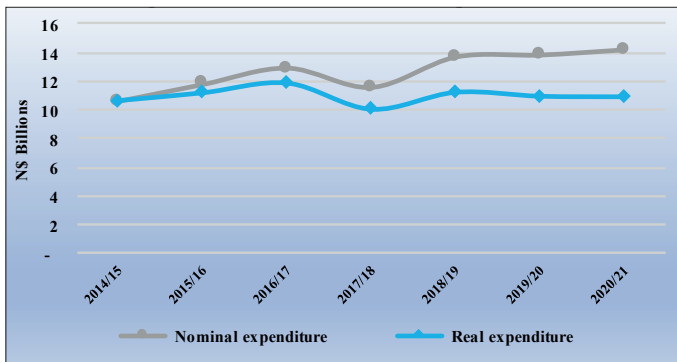
- Progress has been made in the education sector. However, challenges remain with regards to low pre-primary enrolment, high dropouts and low pass rates.
- The MoEAC needs to design and effectively implement strategies and programmes to address these challenges to ensure improved outcomes for children.

## SECTION 2. EDUCATION SPENDING TRENDS

### Size of Spending in Education

As has been the trend, the Ministry of Education Arts and Culture (MoEAC) was allocated the largest share of the National Budget. The MoEAC was allocated N\$14.2 billion for 2020/21, representing 19.5% of the total Budget. In nominal terms, the 20/21 allocation is 2.6% higher than the N\$13.8 billion in 2019/20, mainly reflecting the allocation towards emergency expenditure in response to COVID 19. However, in real terms, the 2020/21 allocation at N\$10.9 billion is 0.4% lower than the 2019/20, (Fig 2).

Fig 2: Pri & Sec Education SPending Trend



Source: Various Budget Statements: 2014/15 – 2020/21, own calculations

### Spending in Response to COVID-19

The COVID-19 pandemic has created the largest disruption of education systems in history, affecting nearly 1.6 billion learners globally and almost all learners in Namibia. The need to contain the spread of the pandemic saw the Namibian government, like others, closing schools, with some schools resorting to online learning. Whilst this helped facilitate continued learning and reduce the risks associated with prolonged school closures, this has exposed the disparities in the education system. With 32% of public schools not equipped for online learning<sup>1</sup>, the risks remain high for learners from these schools to be left behind.

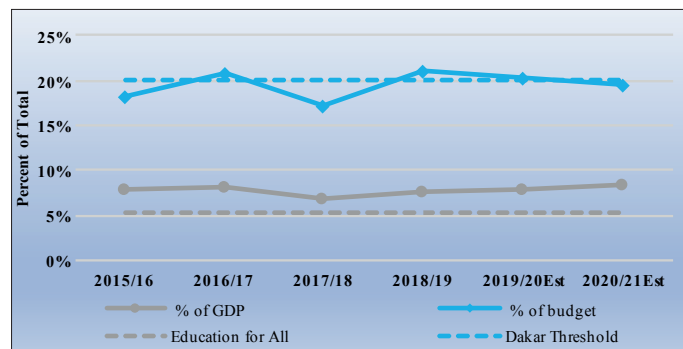
To mitigate the risks of online learning and ensure safe reopening of schools, an emergency budget of N\$600 million was availed to the MoEAC. The allocation, accounting for 4.4% of the MoEAC budget is meant for the provision of water, ablution facilities and hostels at about 193 schools, countrywide. Whilst applauding the government for this investment, it is trite to note that more resources are needed to expand the current school infrastructure to facilitate social distancing in classrooms. This heightens calls to reimagine education and accelerate positive change, and ensure that education systems are more flexible, equitable, and inclusive.



### Spending Against International Commitments

Namibia's spending in education remains relatively high and above international targets. As a share of GDP, the 2020/21 nominal allocation is 8% of GDP, some 2.6 percentage points higher than the 5.4% Education for All benchmark<sup>2</sup>. Over the period 2015 – 2020, Namibia consistently spent on average, 8% of its GDP on education. In addition, the nominal Education share of the government budget has remained high, averaging 19% over the same period, (Fig 3).

Fig 3: Nominal Education Spending Trends against International Target



Source: Various Budget Statements: 2015/16 – 2020/21, Own calculations

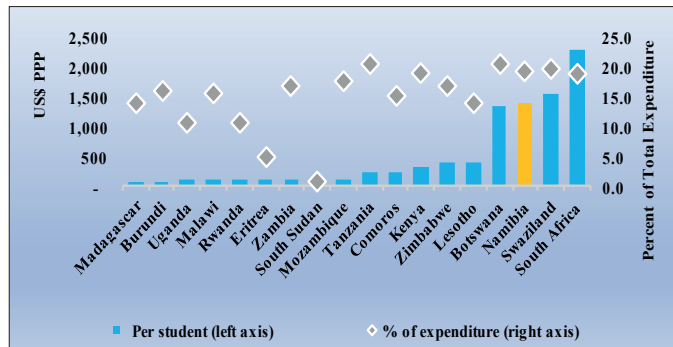
1 <https://neweraalive.na/posts/32-of-public-schools-not-equipped-for-online-learning>

2 Middle income countries to commit at least 5.4% of GDP towards education, UNESCO Education for All Global Monitoring Report 2015

## Spending Against other Countries

**Namibia ranks among the highest spending ESARO countries in Education.** With a per student expenditure of US\$1,378.00, (in PPP terms), Namibia ranks 3rd in ESARO. Government expenditure per student gives an indication of the adequacy of government spending on education, (Fig 4). Therefore, there is need to ensure efficient utilization of these resources, whilst protecting such spending over time, cannot be overemphasized.

**Fig 4: Education Spending in Selected Countries (PPP\$ per student & % of total Budget)**



Source: Various Budget Statements: 2016/17 – 2020/21, Own calculations

**Notwithstanding the high levels of investments in the sector, education outcomes have remained somewhat low.** As seen in Section 1, the country still faces significant challenges with low attainments rates in pre-primary and completion rates in secondary education, as well as significant infrastructure gaps. Consequently, the challenge for Namibia is to ensure spending efficiencies to ensure better educational outcomes for its children.



## TAKEAWAYS

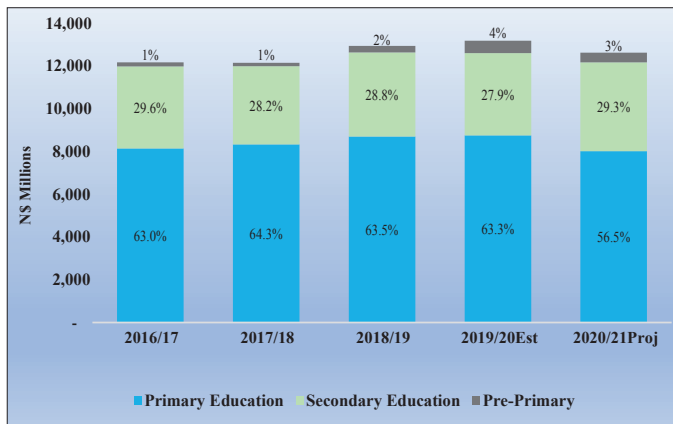
- Namibia is one of the highest spenders in education, with a 5-year average spending of 8% of GDP and 19% of total government budget. Its per child spending, in PPP terms, is also high at US\$1,378.00.
- However, this high level of spending has not translated to quality education outcomes, emphasizing the need for more efficient spending.

## SECTION 3. COMPOSITION OF SPENDING

### Composition of Spending by Levels of Education

**Pre-Primary education gets a disproportionately small share of the education budget.** Pre-primary spending has remained stagnant, averaging 2% of total education spending. However, having peaked at 4% in 2019/20, the pre-primary education allocation for 2020/21, at N\$452.3 million is 21.4% lower than the previous year. Almost the entire pre-primary budget (97.8%) will be spend on employment costs. On the other hand, primary and secondary education spending has averaged 62.1% and 28.8%, respectively over the period 2016 – 2020, (Fig 5).

Fig 5: Composition of Spending by Education Levels



Source: Various Budget Statements: 2015/16 – 2020/21, Own calculations

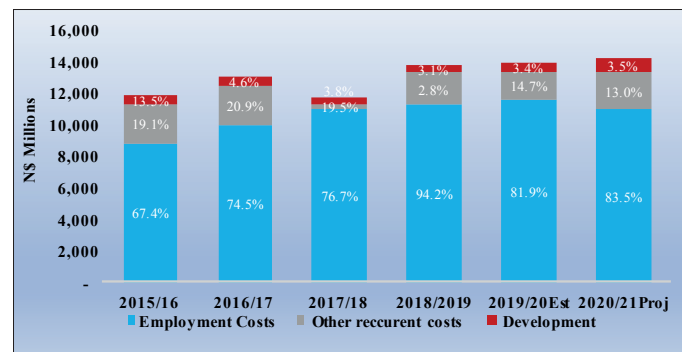


**By not adequately investing in pre-primary education, the country will miss out on reaping the full returns to education.** There is compelling global evidence on the need for increased investments in pre-primary education, including research done by Heckman and LaFontaine (2007), which shows that investment in early learning generates a higher return on investment than the same spending on primary or secondary education. Research has also demonstrated the longer-term positive impact of access to pre-primary on learning outcomes, low repetition, education completion, and higher future incomes, among other benefits.

### Composition of Spending by Economic Classification

**Wage expenditure typically is the largest cost driver within the government budget and worse still, for the education sector.** In the 2020/21 Budget, wage related costs account for 76.8%, (Fig 6) from a 5-year average of 82.2%. Whilst part of the nominal reduction (5.7%) can be attributed to the on-going staffing reforms being implemented by the MoEAC following recommendations from the 2017 Education Public Expenditure Review (PER), it is important to note that the overall size of the education budget increased thereby contributing to the lower share for employment costs.

Fig 6: Composition of Education Spending by Economic



Source: Various Budget Statements: 2015/16 – 2020/21, Own calculations

**Whilst the high employment expenditure is a reflection of the labour intensive nature of the sector, inefficiencies still exist.** The 2017 PER found that the number of teachers on the payroll differ significantly from those in the Annual Education Census (AEC). The PER establishes that there were several cases where teachers found on the payroll, were not listed in the AEC. This may suggest the presents of ghost workers on the education sector payroll. In addition, the Auditor General’s report for 2015/16 points to the fact that during the audit of Karas Regional Educational Directorate that salaries of certain staff members were not stopped on time upon termination of their services. This resulted in payments amounting to N\$1.45 million for one district alone. Since the release of the PER the MoEAC has worked to address these discrepancies resulting in significant savings



on employment costs. Cross referencing of databases should continue to ensure wastage in payroll spending is curbed.

**Against high current spending, there has been relatively low investments in the development budget.** Total development budget was allocated 6.3% from the five-year average spending of 3.7%, mainly reflecting the COVID 19 emergency allocation for school infrastructure improvements. Thus, the persistent under-funding of the capital budget (Fig 6) has resulted in inadequate and poor school infrastructure, contributing to low outcomes. The current school infrastructure deficit is estimated at 5,404 classrooms nationwide at an estimated cost of N\$1.2 billion, whilst over 1,797 (7% of total) are traditional classrooms. In addition, the sector, has a backlog of 94 hostels in all regions, an issue that has led to squatting around schools

due to the long distances pupils have to travel. Further, use of ICTs remain somewhat low for an Upper Middle-Income Country, with 2.5% computer rooms (of total classrooms) and almost 32% of schools not having access and unable to adopt modern learning techniques that improves outcomes. Therefore, the shortage of school infrastructure is further fueling the deprivations and inequities that Namibian children face. In addition, limited access to adequate water and sanitation facilities negatively impacts on school health and safety, especially during emergency situations such as seen under COVID. Although there has been a commendable improvement in the provision of water and sanitation facilities with 87.8% of schools having toilets for and 64.8% of all schools have flush toilets, a lot still needs to be done to ensure that all schools are provided with water and sanitation facilities for both teachers ad learners.

## KEY TAKEAWAYS

- In order to create a strong educational foundation and for the country to reap the optimal benefits of its investments in education, pre-primary spending needs to be prioritized and expanded, in line with improvements in fiscal space.
- There are concerns of inefficiencies in education spending, particularly the high current cost, (including employment costs), which crowd-out development spending. Addressing the current infrastructure gaps requires a significant rebalancing of the expenditure mix towards the development budget. The MoEAC should come up with an Infrastructure Development Plan with clear targets and strategies of implementation.

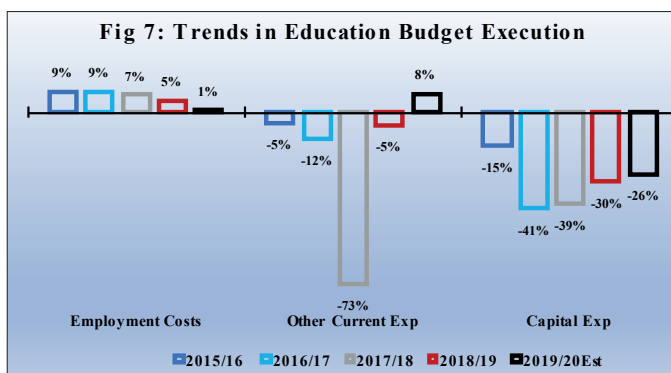


## SECTION 4. BUDGET EXECUTION

### Budget Execution

**Low budget execution is an area of major concern for Namibia, particularly the non-wage budget.** The Development Budget, therefore, suffers from the twin challenge of low allocation and low execution, with negative impacts on outcomes. Part of the reason is due to high employment costs overruns. Albeit declining from 9% in 2015/16 to 1% in 2019/20, (Fig 7), such expenditure overruns tend to crowd-out the execution of the other budget expenditure lines, with the development expenditures worst affected. The Development Budget execution has averaged 30% lower than Approved Budget over the past 5 years. In 2019/20 capital budget implementation was estimated at 26% lower than the approved budget

**Fig 7: Trends in Education Budget Execution**



Source: Various Budget Statements: 2015/16 – 2020/21, Own calculations

### Challenges in Education Budget Execution

- **Low expenditure<sup>3</sup> planning and controls** - This mainly relates and results in higher-than-budgeted expenditures on employment costs. Auditor General Reports from 2014/15 to 2017/18 suggest that the GRN is: (i) under-budgeting for teacher salaries, (ii) increasing teacher's salary rates in-year and (iii) hire new teachers after the approval of the Budget, thereby higher than approved total wage spending. The MoEAC would need to invest in capacity development for better expenditure planning and controls. Equally, there would be need to strengthen accountability mechanism, including through Parliament, to ensure that Auditor General's findings are enforced and that the Ministry adheres to approved budgets.
- **Delays in Budget releases from the Ministry of Finance** – this is one of the most commonly cited constraint by stakeholders at the regional level. Elimination of bottlenecks within the funds flow, coupled with improved expenditure planning and request for funds, can also enhance budget execution rates.
- **Procurement delays** – this mainly relates to the development budgets, whose implementation go through the public procurement system. Through discussions, the MoEAC, has raised concern that the procurement architecture is cumbersome and needs reforms.

### KEY TAKEAWAYS

- Current expenditure overruns, particularly on employment tend to crowd-out development budget implementation, with average under-execution rates of 30% thus affecting adequacy and quality of education infrastructure.
- Significant challenges in development budget execution remain, including low expenditure planning and controls, delays in budget releases and procurement delays, thus undermining school infrastructure improvements and expansion. However, further investigation will be required for a better appreciation of how these challenges could be resolved.



<sup>3</sup> Budget execution rate is measured the extent to which the Actual Budget deviates from the Approved Budget.

## SECTION 6. EQUITY OF EDUCATION SPENDING

### Spending Disparities based on Regions

**Achieving equality in education should be a key priority of any government.** However, whilst the country has made significant progress towards achieving gender parity in education, attainments rates remain unequal across regions. This is partly a reflection of an inequitable funding model, which does not take into account the regional or income disparities of learners. Instead, both the UPE and USE provides an equal per capita allocation for all primary and secondary learners, respectively.

**As such, analysis of regional education spending against poverty levels, shows that there is little correlation between the two variables, (Fig 8a & b).** Specifically, higher levels of spending tend to occur in the districts that have lower poverty rates, and vice versa, (Fig 8a & b). Furthermore, these regions with the highest out-of-school rates of over 40% get relatively low budgets compared to those with low out-of-school rates of below 15%<sup>4</sup>.

**There are also systematic differences in attainment rates across household incomes.** In the poorest deciles, 52% of children attend primary school and 11% secondary school; in the richest decile it is 54% and 32%. Overall, 37% of children from the poorest Decile do not attend school at all, compared to 13% of children from the richest Decile<sup>5</sup>. Therefore, efforts by the government to reforms its school funding formula are welcome and needs to be expedited to address these apparent inequalities across regions and household incomes.

**Learners living with disabilities also face significant challenges impacting on their educational outcomes.** These challenges include: lack of inclusive infrastructure and materials to ensure equitable access and support to children with special needs in education and those with disabilities; limited teacher capacity to address the individual needs of children with disabilities and other special needs in education; and stigma and discrimination which result in children with disabilities dropping out of school.

Fig 8a: Per Capita UPE vs Poverty Across Regions

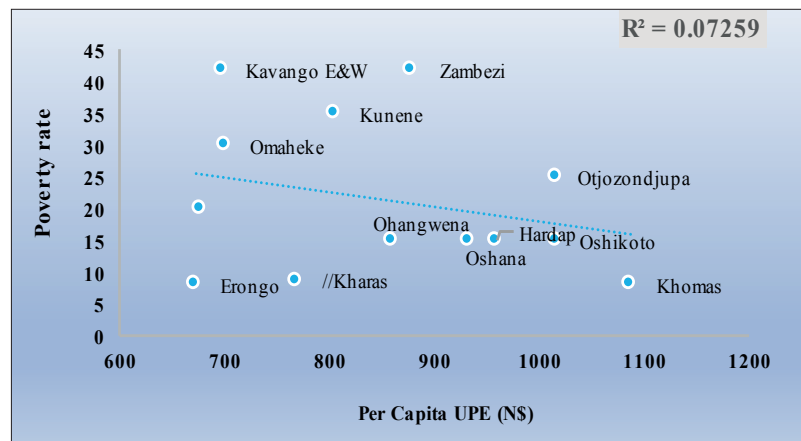
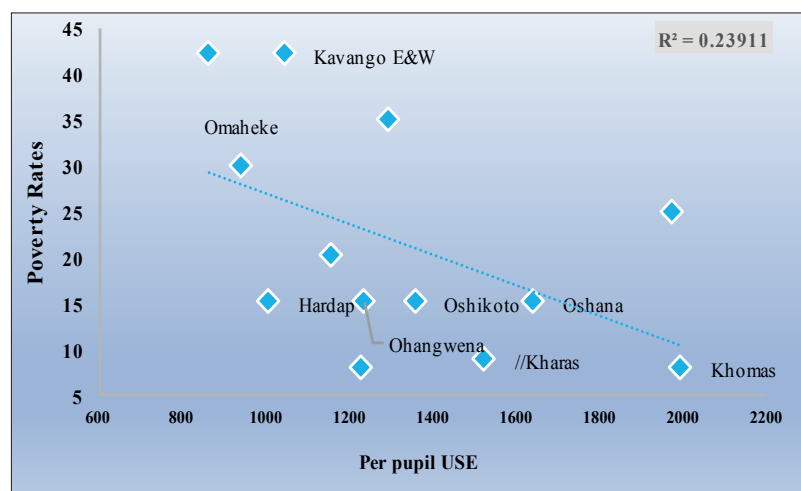


Fig 8b: Per Capita USE Vs Poverty Across Regions



Source: NHIES 20/16, PER (2017), Own calculations



### TAKEAWAYS

- Inequalities are evident across regions and income levels in Namibia, hence the need to expedite the ongoing processes to reform the school funding formula to make it more learner-centred and equitable.

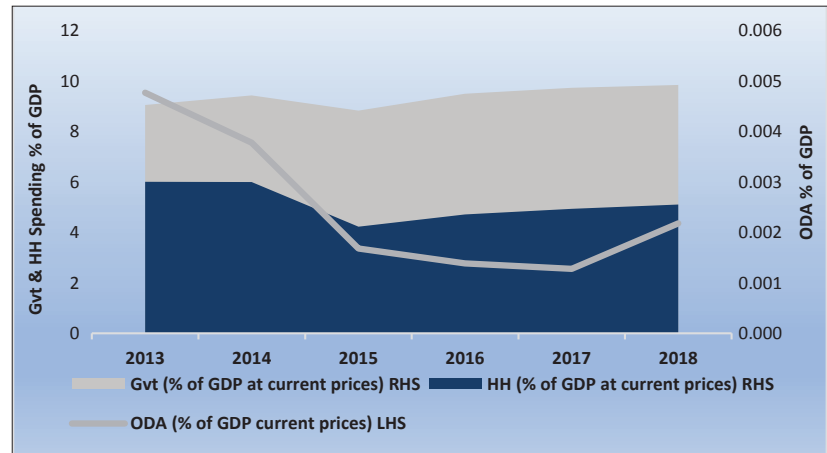
4 A Public Expenditure Review of the Basic Education Sector in Namibia, Ministry of Education, Arts and Culture, October 2017  
 5 A Public Expenditure Review of the Basic Education Sector in Namibia, Ministry of Education, Arts and Culture, October 2017

## SECTION 7. FINANCING THE EDUCATION SECTOR

### Education Financing

**The Government budget remains the major source of education financing in Namibia.** As a percentage of the gross domestic product (GDP) at market prices, government expenditure on education increased steadily from 9.0% in 2013 to 9.8% in 2018. However, significant funding also comes from households (Fig 9). Household contributions to education was mainly through the School Development Fund (SDF). However, this mandatory funding mechanism was formally abandoned with the introduction of UPE and USE in 2013 and 2016, respectively. Nonetheless, non-mandatory contributions from households have continued, at the same time parents still contribute to the education of their children at pre-primary level, and through uniforms, transport and extra-curricular activities, among others. However, total household expenditure on education has been declining, in response to the introduction of the

**Fig 9: Expenditure on Education in Namibia - 2013- 18**



Source: NSA, National Accounts (2019), OCED ODA Statistics, Own calculations

UPE and USE, from 6.0% in 2013 to 5.1% in 2018. With increased vulnerabilities brought about by recent economic decline<sup>6</sup>, further worsened by the COVID 19 pandemic, such household contributions weigh heavily on scarce household resources thus reinforcing inequality within the education system.

**As seen in most middle-income countries, Namibia receives little donor aid.** Most of the support is off budget and not reported in the National Budget. Official Development Assistance (ODA) data for the period 2013-2018, show Namibia received an annual average of US\$37.2 million in ODA towards the education sector, accounting for less than 0.005% of GDP. Total ODA to the education sector significantly declined from US\$61.5 million in 2013 to US\$29 million, approximately 15.2% of total aid flows to Namibia.

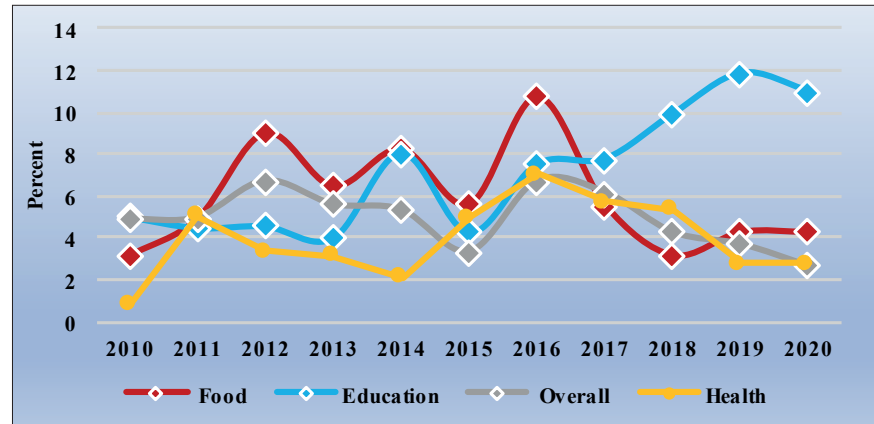


<sup>6</sup> Namibian economy has been under stress, recording negative growth, coupled with declining revenues since 2016-see the overall macro-fiscal brief for detailed analysis

## Education Prices

**Education inflation has emerged as a potential risk to access in Namibia.** Year on Year (YoY) education inflation outstripped overall inflation since 2014 meaning that the costs of education materials and services were increasing at a much higher rate averaging 11.9% in 2019 compared to 3.7% for overall inflation, (Fig 10). The major driver of the high cost of education has been due to price increases from pre-and primary education materials and fees. This can be a major deterrent to access at pre-primary education, as parents will be required to fork out more to support early learning of their children, which most vulnerable families may not be able to afford. The government could consider expanding

Fig 10: Trends in Annual Inflation



Source: UNESCO Institute for Statistics database

universal education funding through from pre-primary to cushion learners and household from the impact of inflation and achieve high attainments rates across all levels of basic education.

## KEY TAKEAWAYS

- The government budget remains the major source of education financing in Namibia, with little donor support. Households contribution to education financing remains important, albeit declining, with the introduction of UPE & USE, which should also be extended to include pre-primary.
- High education inflation is a potential risk to accessing quality education in Namibia, particularly by children from vulnerable households and regions, hence the need to ensure adequacy of coverage of the universal education funding through from pre-primary.

