

# EDUCATION BUDGET BRIEF



Government of  
Malawi



## PROTECTING PUBLIC INVESTMENTS IN EDUCATION TO HELP MEET MALAWI VISION 2063 GOALS AND EXPECTATIONS

The share of the budget allocated to the education sector has been declining over the past three fiscal years, reaching a lowest level of 16.3% in 2022/23 and missing the 20% Dakar Commitment on Education for All by the African Union. Education has now been overtaken by public debt charges, which is now the largest item in the national budget, worth 18%.

**Recommendation:** Due to the impact of COVID-19 and the world economic crisis, the dropout rate for children in ECD, primary and secondary has worsened, especially for girls and the most vulnerable children. Addressing the learning poverty will require commitments from the government and donors to increase the current investment in the education sector to cater for school dropouts and learning losses through community empowerment, remediation, digital learning and Continuous Professional Development at all education levels.

**Government has allocated MK 480 million for honoraria for 2000 ECD mentors, who have been providing ECD services on voluntary basis. The ECD mentors will be provided with an honoraria of MK 20,000 per month starting from 2022/23.**

**Recommendation:** While this is a positive step towards improving the quality of ECD services, Government is encouraged to extend the provision of the honoraria to caregivers based in community-based childcare centers (CBCCs), as they are the cadres that interact with learners in the centers on daily basis.

**Trends in education development spending are strongly influenced by donor funding patterns, with Government having little control in terms of infrastructure creation at ECD, primary and secondary education levels.**

**Recommendation:** The education sector requires a sustainable financing mix to support the closure of the significant educational infrastructure gaps at ECD, primary and secondary education levels, also leveraging on the significant amount of donor resources flowing to the sector. Government is also encouraged to explore alternative domestic financing for education especially from the private sector.



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**Government allocated MK2.5 billion for the procurement of teaching and learning materials (TLMs) in 2022/23, a decrease from MK2.6 billion in 2021/22.**

**Recommendation:** Considering the low access to teaching and learning materials and the high pupil-textbook ratio of 1:5 in 2021, Government is encouraged to explore ways for financing teaching and learning materials especially for primary and secondary schools including for learners with special needs.

**The Government is commended for significantly increasing the allocations for Special Needs Education (SNE) from MK31 million in 2020/21 to MK642 million in 2022/23. However, the programme is still grossly underfunded as the 2022/23 allocation is only 46% of the MK 1.4 billion the Ministry of Education (MoE) requested for the procurement of TLMs for special needs learners.**

**Recommendation:** There is a need for MoE to establish mechanism for identifying school children with disabilities to ensure effective and efficient resource allocation for Inclusive Education. MoE is encouraged to engage the Treasury to progressively increase resource allocation for TLMs for learners with disability while mainstreaming disability in all donor funded projects to ensure that education in Malawi is inclusive.



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# 1 INTRODUCTION

**This brief assesses the extent to which the 2022/23 National Budget addresses the education financing needs for children in Malawi.** It provides an analysis of the size and composition of the education budget and a summary of recommendations on critical financing issues related to adequacy, allocative efficiency, effectiveness and equity of the current and past education spending.

It also provides insights on Malawi's performance towards financing "Education and Skills Development" which is an integral part of the Malawi Vision 2063 (MW2063) under Enabler 5, Human Capital Development. Additional information on the specifics of the Education sector in Malawi can be found in UNICEF's Education Budget Brief for 2020/21 available on UNICEF's website.<sup>1</sup>

**Table 1: List of Education Budget Lines included in this Brief**

Ministry, Department or Agency (MDA)	Programme/Sub-programme/Cost Centre included
Ministry of Education (Vote 250)	Entire Vote
Ministry of Gender, Community Development and Social Welfare (MoGCDSW) (Vote 320)	Early Childhood Development (including Investment in Early Years Project – World Bank)
Local Councils	Personnel Emoluments
	Other Recurrent Transactions (ORT)-Generic
	ORT-COVID-19 Response
Ministry of Labor	Vocational School Management; Technical Colleges; Community Colleges and Trade Testing Services
Subvented Education Institutions (SEIs) (Vote 275)	University of Malawi; Malawi Institute of Education; Malawi College of Health Sciences; National Library Services; Malawi National Examinations Board; Mzuzu University; Malawi Universities Development Programme; Lilongwe University of Agriculture (LUANAR); Malawi University of Science and Technology; National Council for Higher Education; Technical Vocational Education Training (TEVET) Authority; National UNESCO Commission; National Commission for Science and Technology; Higher Education Students' Loans Board; Kamuzu Universities of Health Sciences; Malawi University of Business and Applied Science; Transitional Unit (UNIMA); National UNESCO Commission; National Library Services; Malawi National Examinations Board; Malawi Institute of Education

<sup>1</sup> <https://www.unicef.org/esa/media/9001/file/UNICEF-Malawi-2020-2021-Education-Budget-Brief.pdf>

Recent statistics are showing a decline in some key education indicators in Malawi (Table 2). For instance, net enrolment at primary level has reduced from 90% in 2020 to 88% in 2021 while completion rate has dropped from 53% to 50% (Education Management Information System (EMIS), 2021). At secondary level, secondary school net enrolment remains very low and has reduced from 15.5% in 2020 to 14.6% in 2021. Sustaining public investments in education is crucial to avoid losing ground on the achieved outcomes.

**Table 2: Selected Education Indicators for Malawi**

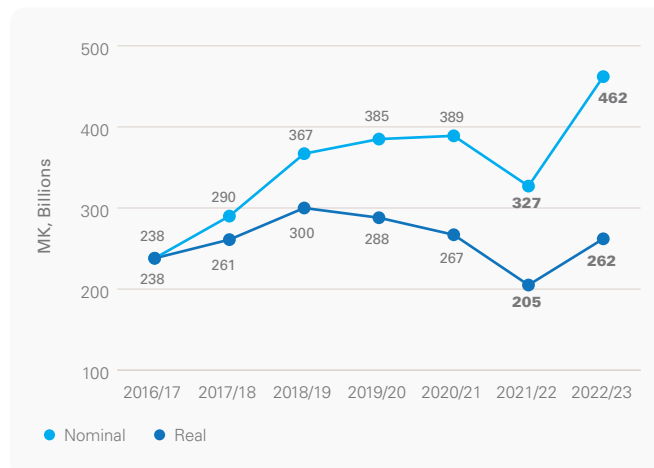
Indicator Description	2020	2021	Source
Net enrolment rate, primary	90	88	EMIS Report 2021
Net enrolment rate, secondary	15.5	14.6	EMIS Report 2021
Completion rate, primary	53	50	EMIS Report 2021
Dropout proportion, primary	4	4.4	EMIS Report 2021
Pupil /teacher ratio, primary	65	58.9	EMIS Report 2021
Transition rate to secondary	37.6	37	EMIS Report 2021
Gender Parity Index	1.02	1.05	EMIS Report 2021
Attendance at early childhood education programmes	34%		MICS 6, 2020
Completion rate for primary school	33%		MICS 6, 2020
Upper secondary completion rate	4%		MICS 6, 2020
Children aged 7-14 years who have foundational literacy skills.	19%		MICS 6, 2020
Children aged 7-14 who have foundational numeracy skills	13%		

## 2 SIZE OF EDUCATION SPENDING

Government allocated MK462 billion to the education sector in 2022/23, marking an increase of 18.7% compared to MK389 billion allocated in 2020/21<sup>2</sup> (Figure 1). The increase is mainly influenced by additional World Bank investments for secondary education and for the Investment in Early Years Project (IEYP) as well as increases in allocations for subvented education institutions (SEIs).

<sup>2</sup> In 2021/22 the fiscal year only lasted 9 months and allocations were therefore lower.

**Figure 1: Evolution of Education Spending**



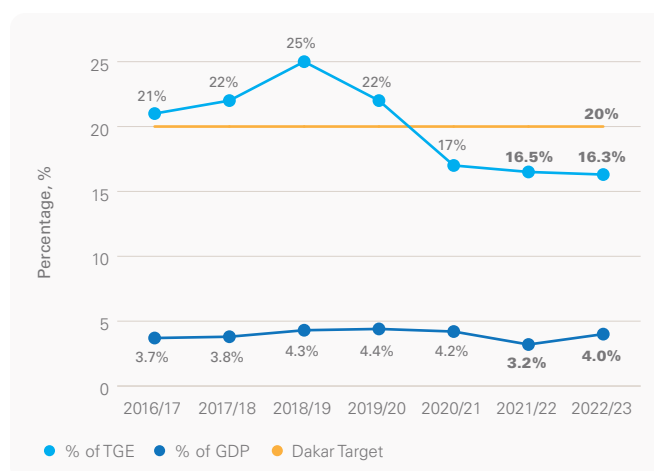
Source: Government Budget Estimates (2017/18-2022/23)

**The allocation to the education sector remained relatively stable as a share of the total budget but steadily below the Dakar target.**

The education sector was allocated 16.3% of the 2022/23 total budget, as compared to 17% of 2020/21, missing the 20% Dakar Commitment on Education for All by the African Union (Figure 2). Although the education budget is now lower than what the Government plans to spend on public debt charges (18.4%), it remains the largest sector budget.

**As a share of GDP, the education budget is roughly consistent with the 2020/21 levels.** The GDP share is in line with the Incheon Declaration on Inclusive Education which recommends Governments to allocate between 4-6% of their GDPs to education if they are to achieve SDG 4 (UNESCO, 2017).

**Figure 2: Trends in Education Sector Spending as a Share of Government Budget and GDP**



Source: Government Budget Estimates (2017/18-2022/23)

### 3 COMPOSITION OF EDUCATION SPENDING

The distribution of the education sector resources by spending agency has remained similar to that of 2021/22 (Figure 3). About 47% of the education sector budget is channeled through Local Councils, mainly for personnel emoluments (PE), while 25% is channeled through subvented education institutions, mainly colleges and universities. The share allocated through MoE (23%) is in line with shares for previous years. The other 4% is allocated through the MoGCDSW for early childhood development (ECD) and 1% through the Ministry of Labour for technical and vocational colleges.

The share of the basic education budget out of the total education budget declined to 49.6% in 2022/23 from 54.4% in 2021/22 while the shares for ECD and secondary education increased to 4.3% and 18.1%, respectively (Figure 4). The shift was mainly due to the closure of the World Bank funded Malawi Education Sector Improvement Project (MESIP) which focused on primary education and the increase of the budget for the Equity with Quality and Learning at Secondary (EQUALS) project, from MK2 billion in 2021/22 to MK34.2 billion in 2022/23.

The Government's own contribution to the ECD budget has increased to reach its highest level of MK1.27 billion in 2022/23. This is a welcome development, which should be sustained and broadened to also include financing development spending, which is currently entirely financed by donors. The World Bank remains the largest financing source for ECD, through the Investing in Early



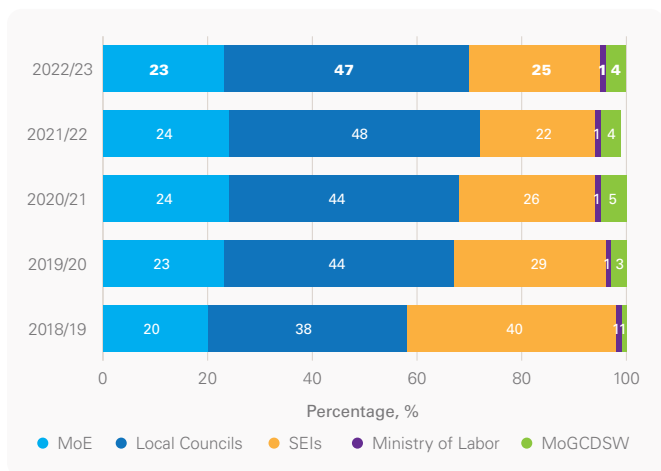
Years Project (IEYP). The IEYP budget for 2022/23 of MK20.5 billion is slightly lower than the 2020/21 allocation of MK20.8 billion. Combined, the 2022/23 ECD investments are worth 0.77% of the total budget.

**Government has allocated MK480 million for honoraria for ECD mentors<sup>3</sup>, who have been previously working on voluntary basis.**

A total of 2,000 ECD mentors will be provided with honoraria of MK20,000 per month starting in 2022/23. While this is a positive step towards improving quality of ECD services, there is a need for providing honoraria to certified caregivers based in the community-based childcare centers (CBCCs) as they are ones that interact with learners in the centers on daily basis.



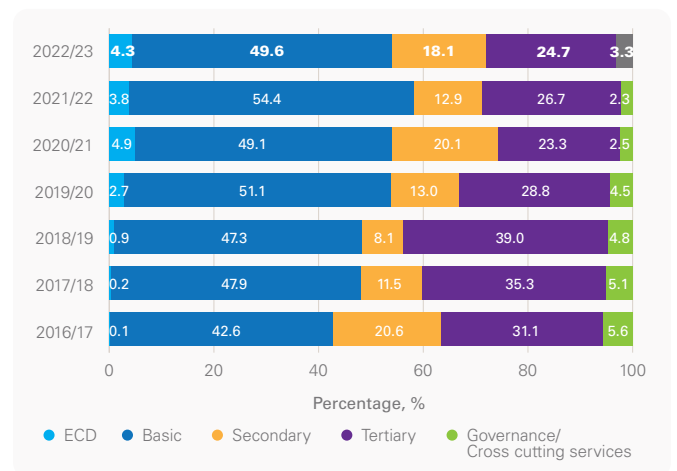
**Figure 3: Trends in the Distribution of Education Sector Resources by Spending Agency**



Source: Government Budget Estimates (2017/18-2022/23)



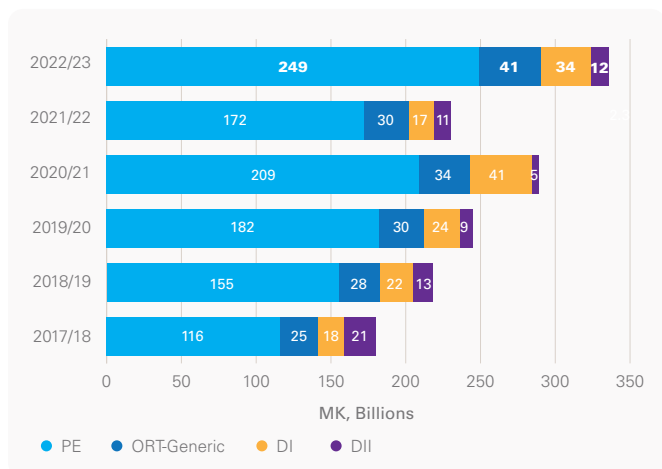
**Figure 4: Trends in the Allocations to Different Educational Levels**



Source: Government Budget Estimates (2017/18-2022/23)

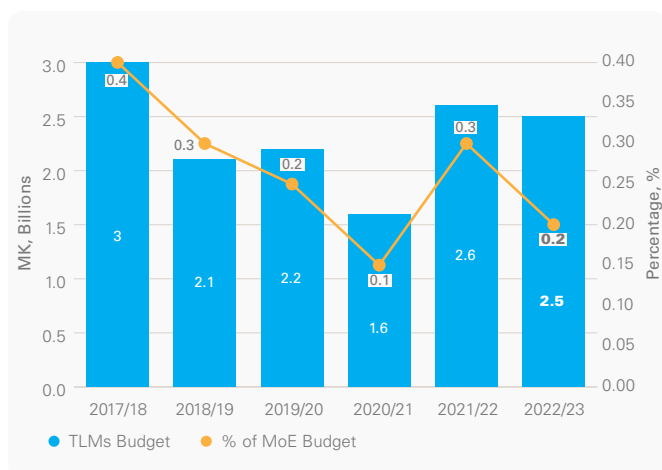
3 ECD mentors are certified caregivers who supervises other caregivers in a number of ECD centers.

**Figure 5: Trends in the Composition of Education Budget (MoE and Local Councils) by Economic Classification**



Source: Government Budget Estimates (2018/19-2022/23)

**Figure 6: Trends in the Budget Allocations for TLMs**



Source: MoE (2022)

**Government allocated MK2.5 billion for the procurement of teaching and learning materials (TLMs), a decrease from MK2.6 billion in 2021/22 (Figure 6)**

**The largest share of the education sector budget<sup>4</sup> is for personnel emoluments (PE) (Figure 5).** In 2022/23, 74% of the education budget under the MoE and LGAs was allocated to PE, especially for primary school teachers. Government’s contribution to the financing of education sector development projects (DII) has increased over the past two fiscal years while that of development partners (DI) has been declining, linked to World Bank funding trends. Ongoing education development projects include the EQUALS, which is focusing on upgrading 103 community day secondary schools (CDSSs) in 13 districts as well as the Secondary Education Expansion for Development (SEED), which is targeting to construct 250 secondary schools with support from the USAID. The ORT allocations are in line with their levels of 2020/21.

**Government allocated MK2.5 billion for the procurement of teaching and learning materials (TLMs), a decrease from MK2.6 billion in 2021/22 (Figure 6).**

**The budget for Special Needs Education (SNE) in the MoE has increased from MK31 million in 2020/21 to MK642 million in 2022/23.** However, SNE is grossly underfunded as the 2022/23 allocation is only 46% of the MK 1.4 billion MoE requested for the procurement of TLMs for special needs learners, early identification and assessment of learners, training of teachers, monitoring, and development of inclusive education policy. In addition, despite the inclusion of the construction of the Inclusive Education Institute for training specialist teachers in the public sector investment programme (PSIP) pipeline for over five years, Government is yet to allocate resources to the project.

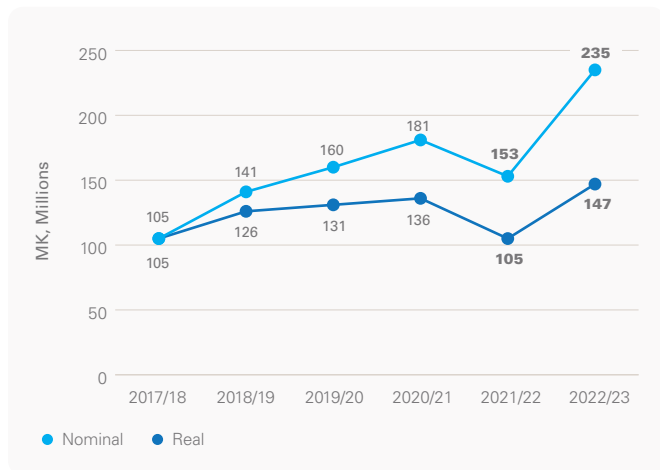


<sup>4</sup> The analysis of the education sector budget by economic classification excludes subventions to education institutions, ECD budget under MoGCDSW and vocational training programmes under Ministry of Labor as the budgets, which are not fully disaggregated by economic components as is the case with MoE and Local Councils budgets.

# 4 DECENTRALIZATION AND EDUCATION SPENDING

The Government plans to transfer a total of MK235 billion to Local Councils for education sector services in 2022/23, representing an increase of 30% from MK181 billion allocated in 2020/21 (Figure 7). The 2022/23 district education budget is equivalent to 51% of the total education budget, an increase from 48% in 2021/22.

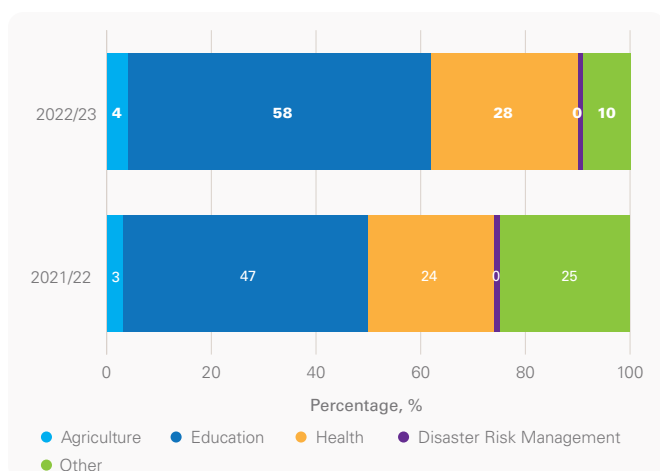
Figure 7: Trends in the District Education Budget



Source: National Local Government Finance Committee (NLGFC) (2022)

The education sector remains the largest in terms of planned transfers to Local Councils, receiving 58% of the total in 2022/23 (Figure 8). This marks a significant increase from 47% held in 2021/22.

Figure 8: Transfers to LGAs by Sector

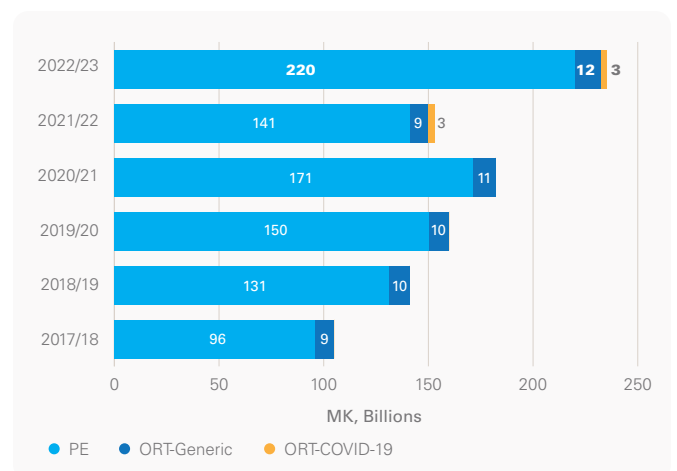


Source: NLGFC (2022)



The district PE budget has increased from MK170.6 billion in 2020/21 to MK220 billion in 2022/23 or 16.5% increase in real terms. The increase is mainly due to the recruitment of new teachers and auxiliary teachers. The district PE budget is significant, accounting for 94% of the total district education budget or close to half of the total education budget. The district ORT budget of MK11.8 billion has slightly reduced in real terms compared to the level of 2020/21. Government maintained the allocation for district COVID-19 response in the education sector at MK3.2 billion. However, ECD centres have not been earmarked to benefit from this allocation despite being equally affected. Further, it is not clear whether the MK 2.72 billion will be invested in creation of more learning space as a means of preventing high infection rates in schools.

Figure 9: Trends in the Composition of the District Education Budget



Source: NLGFC (2019-2022)

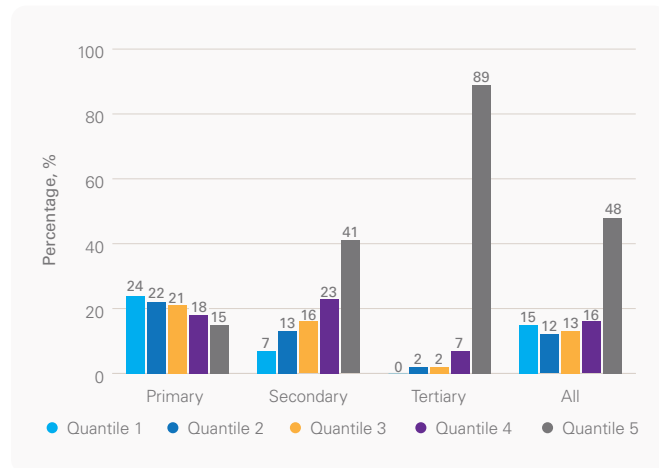
# 5 EQUITY OF EDUCATION SPENDING

**There are inequalities in education sector outcomes along geographical, wealth quintile and gender lines.** Wealthier households benefit more from public spending on education especially at post-primary levels. A Benefit Incidence Analysis (BIA) run by the World Bank<sup>5</sup> in 2020 shows that almost half of the total education budget goes to the wealthiest quintile while only 15% is allocated to the poorest quintile. The BIA also reviewed variations in equity of education spending across educational levels. Public spending on primary education is more equitable as the poorest quintile receive 24% of the budget while the richest quintile gets 15%. The inequality widens as we go to higher educational levels, with the richest quintile getting 41% at secondary and 89% at tertiary level, as shown in Figure 10.

**The distribution of the district Education ORT budget does not consider district population profiles.** On per capita terms, Mulanje has the highest education budget amounting to MK 2,980 per capita while Mwanza has the lowest per capita allocation of MK 117. This is linked to the fact that the intergovernmental fiscal transfer formula (IGFTF) for the education sector is not being applied anymore. The

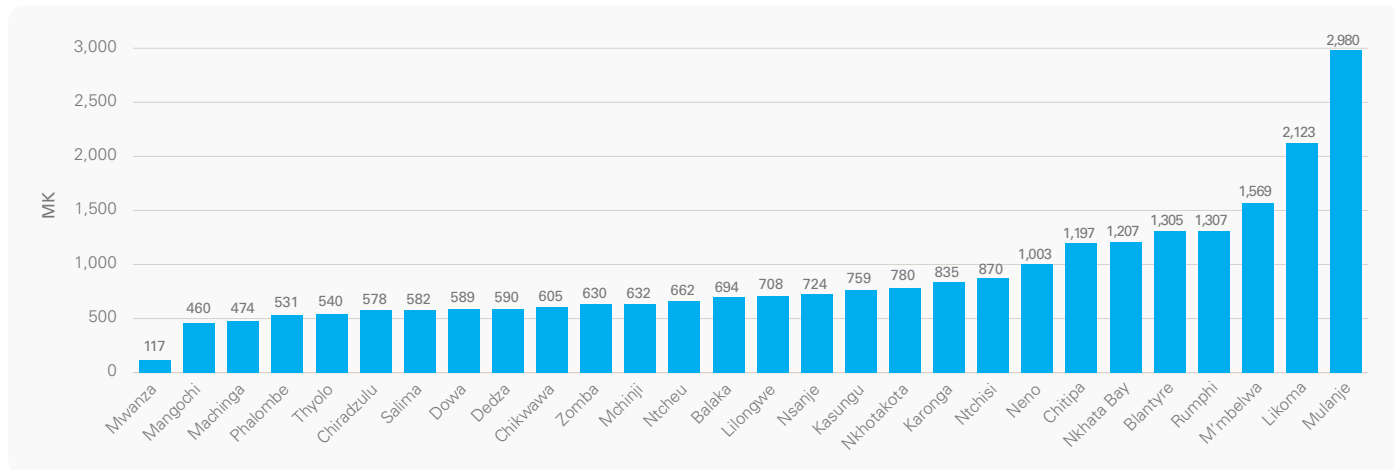
allocation of resources to each district is currently based on historical precedence, with district ORT budgets adjusted in line with overall changes in the education sector ceiling for Local Councils. The IGFTS needs reform to address these inequities.

**Figure 10: Distribution of Education Spending by Wealth Quintile**



Source: World Bank (2020)

**Figure 11: Per capita ORT allocations to District Councils in 2022/23**



Source: NLGFC (2022)

**Access to secondary school is also highly unequal.** For instance, only about 4% of children in the poorest quintile attend secondary school compared to 42% in the richest quintile, and only about 1% of the poorest girls and boys complete secondary school. Disparities continue to be observed in the deployment of both primary and secondary school teachers among and within schools. For instance, data from EMIS (2021) show that pupil qualified teacher ratio ranges from 1:38 in Zomba urban to 1:70 in Machinga district.

**Government continued to invest in the education sector COVID19 response.** In 2022/23, Government allocated MK 2.72 billion to LGAs for Covid-19 response in schools especially primary schools. However, ECD centres have not been earmarked to benefit from this allocation despite being equally affected. Further, it is not clear whether the MK 2.72 billion will be invested in creation of more learning space as a means of preventing high infection rates in schools.

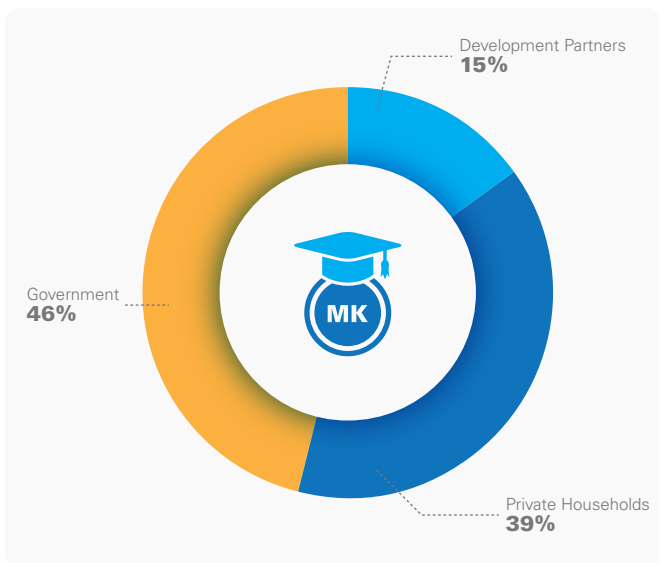
5 World Bank, Malawi Public Expenditure Review, 2020.

# 6 FINANCING OF THE EDUCATION SECTOR

**Education services in Malawi are largely financed with domestic resources.** Figure 12 shows that close to half of the funding for education services in Malawi is provided by the Government while over one third (39%) of the overall education spending is shouldered by private households. Development partners are estimated to contribute 15% to total education financing. While the majority (82%) of primary education spending is supported by the Government due to the free primary education policy, Government contributes only 48% towards secondary education and 32% to tertiary education. This picture is likely to change with the transition to free secondary education and the establishment of additional secondary schools that will determine an increase in Government contribution towards secondary education.

**The contribution by development partners is largely directed towards capital projects.** In 2022/23, donors are estimated to finance 67% of education sector capital projects (DI), double the contribution from Government. The education recurrent budget, which is approximately 90% of the total education budget, is fully funded by the Government (Figure 13). The main donors financing education services in Malawi are USAID (25%), the European Union Delegation (23%) the Royal Norwegian Embassy (RNE) (15%), German Government (13%), World Bank (9%), Global Partnership for Education (GPE) (UNICEF) (8%) and Foreign, Commonwealth and Development Office (FCDO) (7%).

Figure 12: Sources of Education Financing<sup>6</sup>

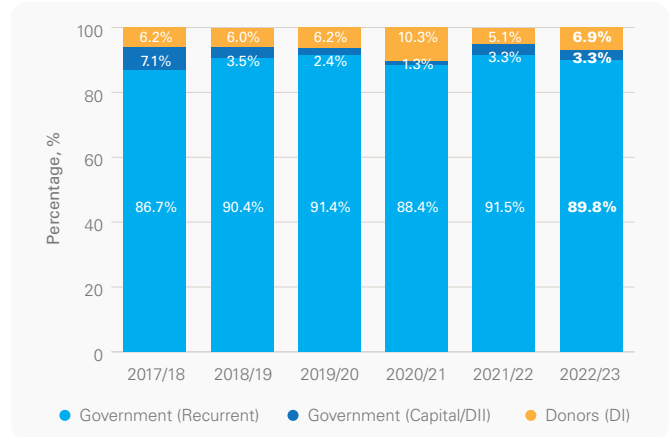


Source: World Bank, Human Capital Public Expenditure Review (2020)

6 The figures include off-budget resources.

for every child, education

Figure 13: Financing Sources for On-Budget Educating Spending



Source: Government Budget Estimates (2018/19-2022/23)

In 2022/23, donors are estimated to finance 67% of education sector capital projects (DI), double the contribution from Government.

## ACKNOWLEDGEMENTS

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