



2018/19 Education Budget Brief

Towards Improved Education for all in Malawi

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Key messages and recommendations

- The Government is commended for developing several policies to improve efficiency, equity and quality of basic education. These include the Grade Promotion Policy for Malawi Primary Schools, National Girls' Education Strategy (2018 – 2023) and the Teacher Management Strategy.**

Recommendation: The Government and Development partners should work together to implement the above policies. This may require dedicated human, technical and financial resources.

- Fiscal space to increase education sector budgets in fiscal year 2018/19 remains very limited, but there is potential for doing more with available resources by improving efficiency and equity of expenditures.**

Recommendation: The Ministry of Education, Science and Technology (MoEST) is encouraged to enhance its focus on the efficiency of spending through strengthening procurement, performance monitoring, professional development of teachers and equitable distribution of human, financial and technical resources, within agreed times.

- At 0.2% and 11% of the total education budget, public investments in pre-primary and secondary education respectively fall far behind basic (48%) and tertiary education (36%), which likely contributes to poor secondary education outcomes [e.g. low net enrollment rate (16%) and Form 4 completion rate (21.9%)].**

Recommendation: The Government is encouraged to progressively increase capital spending for the construction of early childhood development (ECD) centers and secondary school classrooms, without cutting investments on basic education.

- The School Improvement Grant (SIG) has significantly improved learning in many primary schools, but allocations fall short of growing financial needs, while disbursements are often delayed.**

Recommendation: To improve efficiency of spending, the Government should ensure timely disbursements of the SIG and strengthen measures for fiscal transparency and accountability on use of resources.

- In FY 2018/19, there is no budget for in-service training/continuous professional development of teachers required to improve quality of learning.**

Recommendation: The Government should set aside resources for in-service training for both primary and secondary teachers.

- The removal of secondary school fees is commended, as it helps minimize the financial burden on poor families of paying for the education of their children.**

Recommendation: The policy on removal of fees should be accompanied by other compensatory measures for lost school revenue as well as measures to increase supply of secondary education services to cope with likely growth in demand.

- Malawi continues to grapple with serious classroom shortages, especially at primary level, leading to very high pupil-classroom ratios and open-air classes, which compromise quality learning. At the same time, centralized construction of classrooms is significantly more expensive than school-led construction. In primary school alone, about 36000 new classrooms are required.**

Recommendation: The Government is encouraged to scale-up school and community-led construction of classrooms following the successful pilot whereby direct funding was provided to schools, with construction supervised by the Central Government. Under this pilot, costs ranged between MK2-3 million for two classrooms compared to 30-40 million under centralized procurement.

PART 1 INTRODUCTION

This budget brief assesses the extent to which the 2018/19 national budget addresses the education needs of all children in Malawi. The brief analyses trends, composition and equity of education sector budgets. Based on this analysis, it proffers recommendations on how the Government can increase and improve the quality of its spending on education, including by enhancing the transparency, efficiency and equity in the allocation and utilization of all domestic and external resources in the sector. To establish trends and patterns, the budget brief analyses data from fiscal year (FY) 2012/13, which is the base year for all inflation adjustments.

The analysis is based on a review of budget documents, especially Detailed Budget Estimates and Program Based Budgets (PBBs). Approved budget allocations as presented in the Detailed Estimates of Expenditures and Program Based Budget (PBB) were used for 2018/19 while revised budget estimates were used for previous years. The analysis is augmented by a review of Government, donor, and NGOs reports on education spending. The total education budget is defined as the sum of budget allocations to the Ministry of Education, Science and Technology (MoEST) (Vote 250),

transfers to Local Authorities for other recurrent transactions (ORT) and personal emoluments (PE), allocations for Vocational Training under the Ministry of Labour, Youth, Sports and Manpower Development (Vote 370), and to several Subvented Education Institutions (SEIs) (Vote 275)¹.

Education is a key investment tool for child survival, growth, development and well-being. Education also contributes to higher incomes, individual empowerment and decreased poverty levels. Improving the quality of learning contributes to economic growth. For Malawi to reap the demographic dividend, the country will need to invest more in children and young persons, of which secondary education is the foundation. Malawi's 17.6 million population, with over 50% (8.89 million) individuals below 18 years of age, remains very young.²

¹ These are mainly tertiary and education governance institutions namely: University of Malawi, Malawi Institute of Education, Malawi College of Health Sciences, National Library Services, Malawi National Examinations Board, Scholarship fund, Mzuzu University, Malawi Universities Development Programme, Lilongwe University of Agriculture, Malawi University of Science and Technology, National Council for Higher Education, Technical Vocational Education Training (TEVET) Authority, Malawi National UNESCO Commission, National Commission for Science and Technology, and Higher Education Students Loans and Grants Board.

² Malawi Population and Housing Census, National Statistical Office (2018)



PART 2 EDUCATION SECTOR OVERVIEW

Education and skills development is one of the five priority areas of the Government outlined in the Third Malawi Growth and Development Strategy (MGDS III). Through the MGDS III, the Government has committed itself to improving access, equity, quality and relevance of pre-primary, basic, secondary and tertiary education. Education is key for the socio-economic development of Malawi. MGDS III is the national strategic framework for implementing Agenda 2030 on Sustainable Development. Under SDG 4, world leaders, including Malawi, made a commitment to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

The majority of children of primary school going age is currently in school. Data from the Education Management Information System (EMIS, 2017) shows that the net enrollment rate for primary school is currently at 88% (87% for boys, 89% for girls). It is, however, worrisome that the net enrollment rate decreased by ten percentage points from 98% in 2015/16. The relatively high enrollment rate is partly because of increased public awareness on the role of education, public investments in basic education (including by development partners), as well as targeted social protection programs, such as school meals, cash transfers and other forms of social assistance that directly support poor families. The pupils per qualified teacher ratio in primary school is currently at 76.9, an improvement from 79.5 in 2015/16. Most schools suffer from shortage of classrooms.

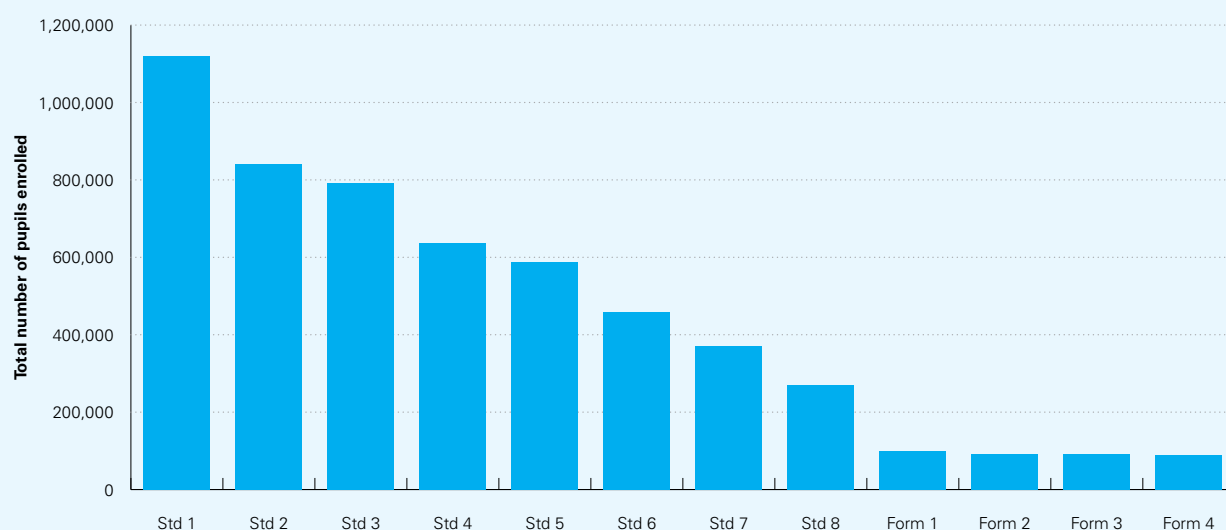
The result has been high pupil-permanent classroom ratio. At the district level, the highest pupil-permanent classroom ratio was reported in Machinga (165), Lilongwe Rural East (160) and Lilongwe Rural West (149). The lowest were observed in Likoma (50) and Ntchisi (80).³

Unfortunately, many children who enrol in primary school do not transition to secondary school. Only 38.4% of children transition from primary to secondary school (40.9% for boys and 35.8% for girls), and of those that do, only 8% move on to tertiary education. Net enrolment rate for secondary school is very low, estimated at 16% in 2017 for both boys and girls (EMIS, 2017). Total enrolment in secondary school was 372,885, against total primary school enrolment of 5,073,721, in 2017 (Figure 1). The national average for pupils per qualified teacher ratio in secondary school stands at 45.4. One of the biggest challenges of enrollment is the limited number of secondary schools. For the entire country, there are only 1,411 secondary schools compared to 6,065 primary schools.

³ EMIS, 2017

Education is key for the socio-economic development of Malawi.

Figure 1 Total Enrollment in Primary and Secondary Schools, 2017 (in number of pupils)



Source: EMIS, 2017



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BOX 1 Key Education Statistics

Attendance in Early Childhood Education (Ministry of Gender, Annual ECD Report)	45%
Net enrolment rate for primary school	88 %
Net enrolment rate for primary school, male	87 %
Net enrolment rate for primary school, female	89 %
Net enrolment rate for secondary school, male	15 %
Net enrolment rate for secondary school, female	15.5 %
Pupils per qualified teacher ratio, primary	76.9
Pupils per qualified teacher ratio, secondary	45.4
Number of primary schools	6,065
Number of secondary schools	1,411
Pupils to permanent classroom ratio - Primary	121.4
Pupils to permanent classroom ratio - Secondary	58.7
Transition rate to secondary	38.4
Repetition rate- Primary	23.9

Source: EMIS, 2017

There are many more reasons why girls and boys in Malawi drop out of secondary school. These include child marriage (currently at 42%), inability to pay levies or transport costs, pregnancy, family responsibilities, long distance to schools and lack of teachers. Given the above, UNICEF welcomes the recent decision by the Government to remove tuition fees, textbook fees and the general-purpose fund for secondary education. Early pregnancies also contribute to school drop-outs. About one in every three girls will bear a child by age 18.⁴ Unless reversed, low secondary school enrolment has significant impacts on the social, human capital and economic development of the country.

⁴ Child marriage 42 percent; child-bearing 29 percent, 2016 Malawi Demographic Health Survey.

Key Takeaways

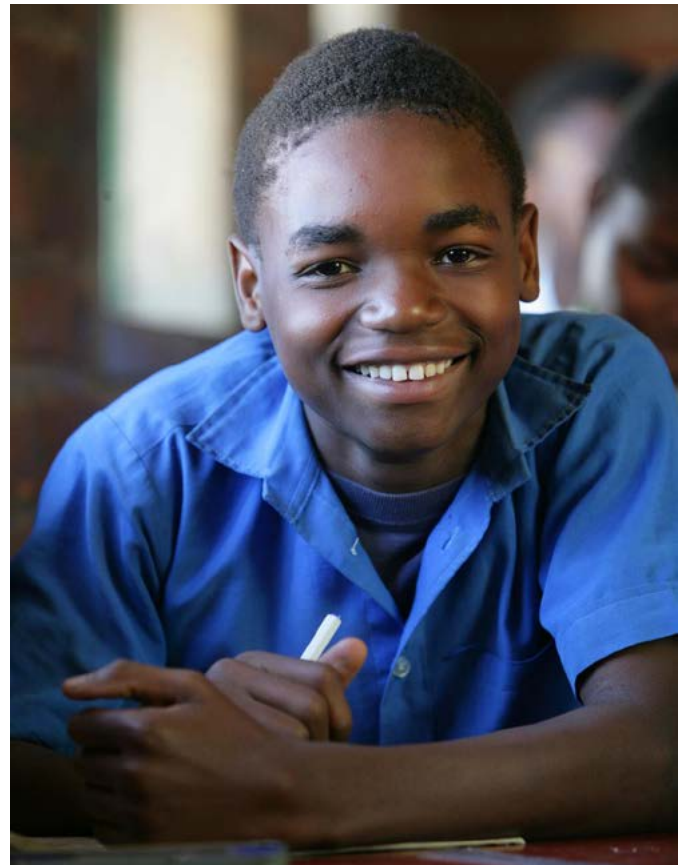
- ✓ **Negative trends in key education indicators, such as enrollment, should be investigated to avoid a reversal of gains made over the past decade.**
- ✓ **Policies such as double shifting may help address the huge infrastructure needs considering high pupil-permanent classroom and pupil-qualified teacher ratios.**

PART 3 SIZE OF EDUCATION SECTOR BUDGETS

Education is a top spending priority of the Government, although budget allocations are insufficient to meet the ever growing demand for education services. In 2018/19, the education sector received the highest share of the total Government budget (MK345 billion). This is equivalent to 23.5% of the total Government budget and 6% of the Gross Domestic Product (GDP) (Figure 2). Debt repayment received the second highest share of the budget (12.6%), followed by agriculture (10.4%) and health (9.8%). This means that the total education budget for 2018/19 exceeds the Government's commitment to Education for All allocating 20% of the national budget to education.⁵

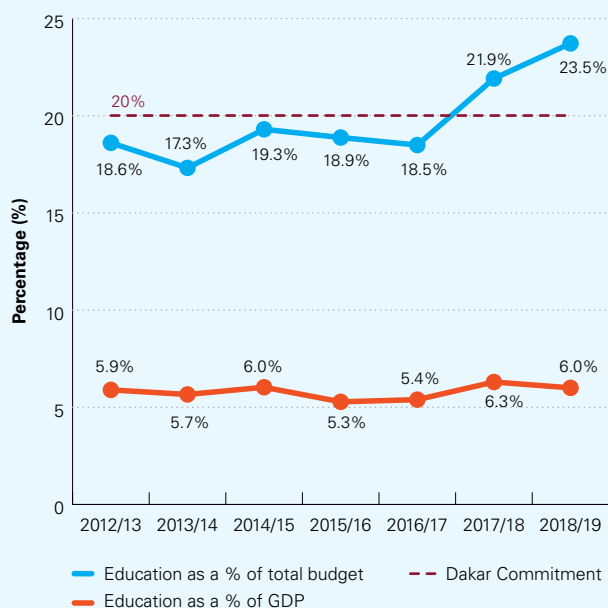
Total allocations to the education sector in 2018/19 (MK345 billion) increased by 18.7% in nominal terms and 8% in real terms (from MK290 billion) compared to the previous fiscal year. The sector allocation increased with a higher percentage than the general Government budget, which went up by about 11% in nominal terms and almost no change in real terms. Over the past 7 years, total education spending has modestly trended upwards in both nominal and real terms (Figure 3).

⁵ Dakar Framework on Education



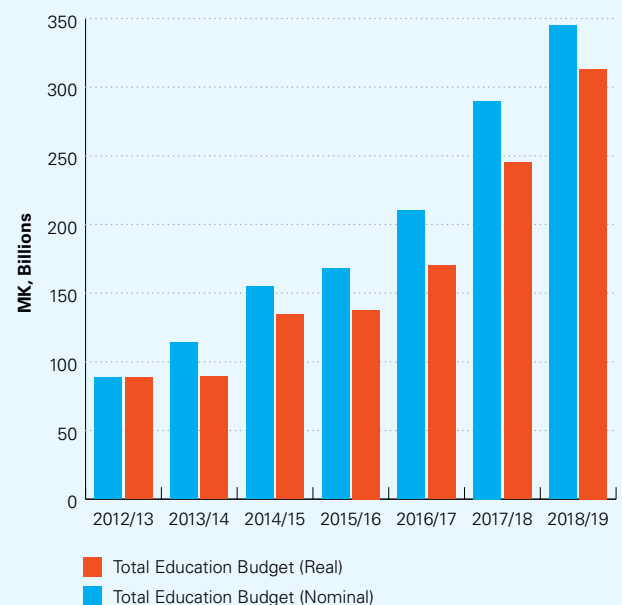
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Figure 2 Share of Education Budget



Source: Government Budget Estimates (FY2012/13-2018/19)

Figure 3 Share of Education Budget



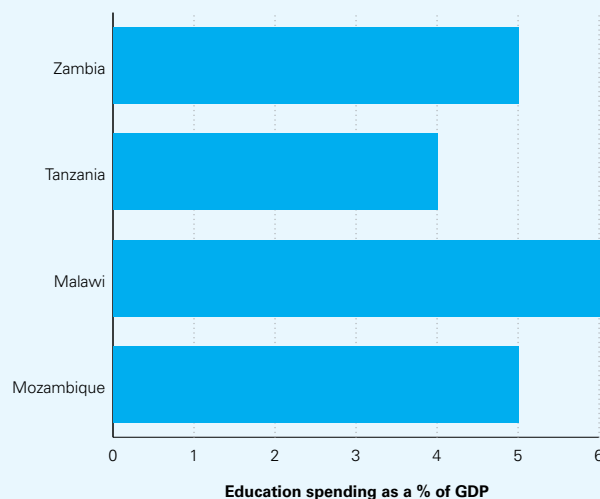
Source: Approved Budget Estimates

Malawi spends more on education than most low-income countries, but education outcomes are mixed. Whilst the Sub-Saharan African (SSA) average spending on education as a percentage of GDP is approximately 5%, Malawi allocated nearly 6% of its GDP to education in FY 2018/19. Between 2010 and 2015, Malawi spent about 1% of GDP more than most low-income countries (Figure 4).

Key Takeaways

- ✓ **Education continues to be a top spending priority of the Government of Malawi.**
- ✓ **In the current year, the Government exceeded the Education for All spending target by allocating 23.5% of its total budget to education.**

Figure 4 Average Education Spending in Selected Countries as a % of GDP



Source: World Development Indicators, UNICEF Budget Briefs

PART 4 COMPOSITION OF EDUCATION SPENDING

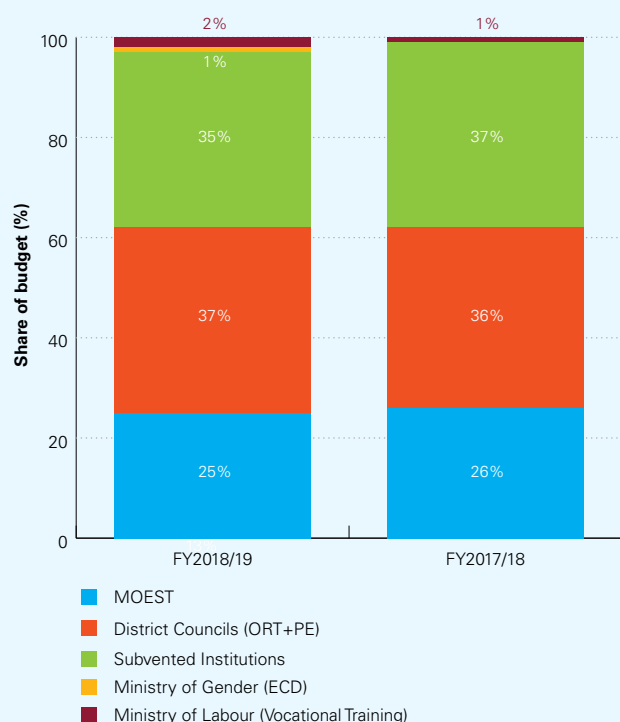
The largest share of education sector resources is channelled through District Councils. In 2018/19, resources to be transferred to District Councils will take up 37% of the education sector budget. This figure includes budget for personnel emoluments and other recurrent transactions. Subvented organizations, mainly universities and colleges, take up 35% of the education budget, whilst the MoEST will receive about 25% of the sector budget (Figure 5). The MoEST was allocated MK86 billion up from MK74 billion in FY2017/18.

Basic and higher education continue to get the lion's share of the education budget. In 2018/19, most of education sector resources will go to basic education, with pre-primary education getting a very small fraction. In Malawi, early learning (also referred to as pre-primary education) is usually labelled Early Childhood Development (ECD), although the latter is wider in scope. In fact, early learning is part of ECD. Excluding the grant expected from the World Bank on 'Investing in Early Years', ECD (mainly for early learning) was allocated 0.20% of the education budget, while basic education 47.8%, secondary education 11.5% and higher (tertiary) education 35.7% (Figure 6). The remaining 4.9% was for cross cutting institutions such as Malawi Institute of Education and Malawi National UNESCO Commission.



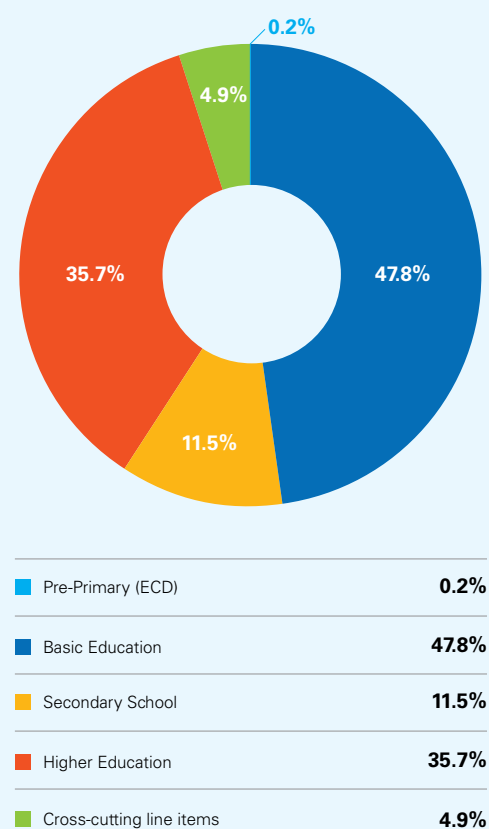
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Figure 5 Distribution of Education Sector Resources by MDA in MK Millions



Source: 2018/19 Program Based Budget

Figure 6 Composition of the 2018/19 Education Sector Budget by Level of Education (as a % of total)



Source: 2018/19 Program Based Budget

Compared to the previous year, the composition of the education budget by levels of education remains relatively the same.

The Government's contribution to early learning in FY2018/19 (MK669 million) is nominally higher by 9% compared to the revised allocation in the previous year (MK 616 Million). The allocation in the current year is equivalent to MK409 per each of the 1.6 million children accessing ECD services through centers. If inflation is considered, the Government's allocation to early learning (ECD) went down by 2%. This is regrettable considering the increase in enrolment.

In FY 2018/19, the total budget allocation to basic education (MK163 billion) increased by 17% in nominal terms and 6.4% in real terms compared to MK139 billion in 2017/18. This includes MK118 billion and MK9.5 billion to be transferred to District Councils for Personal Emoluments and ORT, respectively. Approximately 73% of resources for

basic education are for personnel emoluments, about 6% for infrastructure and purchase of desks, with the remaining allocated for other recurrent transactions (ORT). The budget for ORT, which include the School Improvement Grant (SIG), has marginally increased from MK9 billion in 2017/18 to MK9.5 billion in 2018/19.

The secondary education budget increased at the same rate (18% in nominal terms and 6% in real terms) as the entire education budget. In FY2018/19, secondary education was allocated MK39 billion compared to the revised budget of MK33 billion in 2017/18. Analysis of capital investments by both Government and development partners show glaring disparities between primary and secondary education. Secondary education will get 28% (MK12 billion) of the total capital budget for education whilst basic education has been allocated 65% (MK28 billion). Although it is relatively normal for a country to have slightly fewer secondary than primary schools, the gap in Malawi is a bit high. There are approximately 4 times more

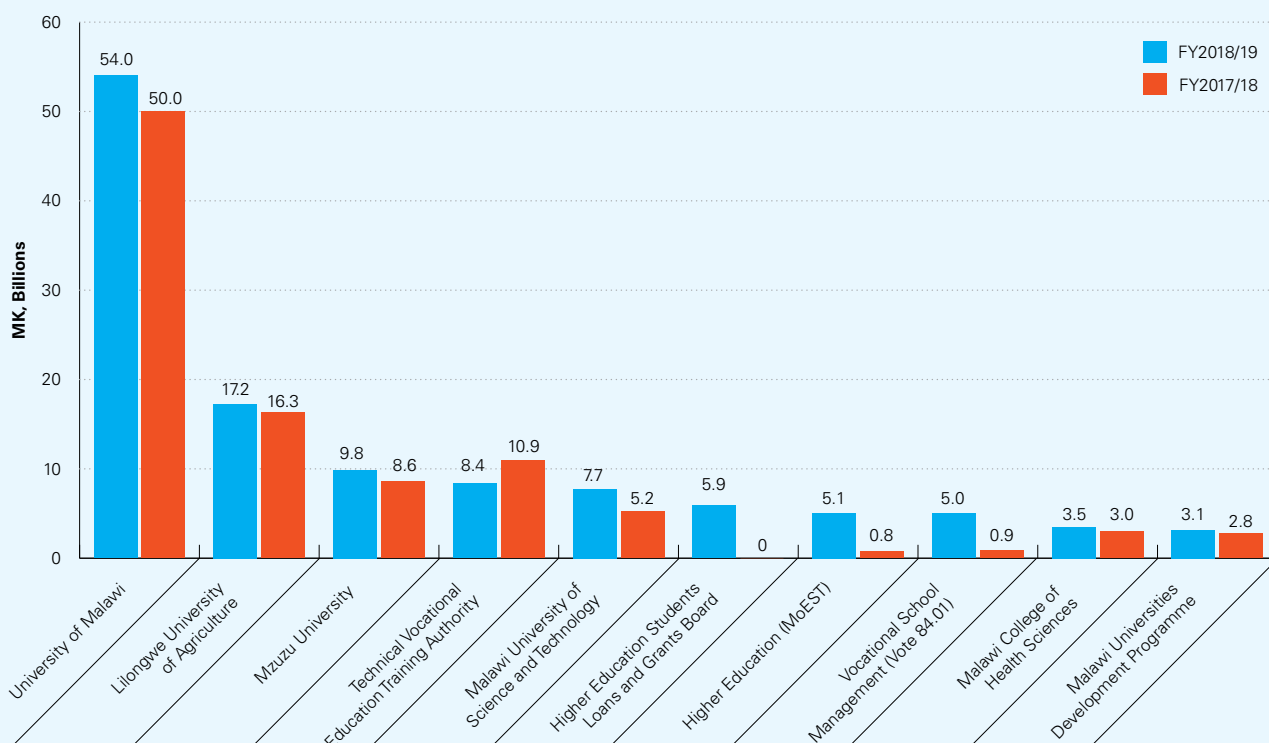
primary than secondary schools. The secondary schools are too few, which makes the absorption of pupils from primary school very challenging. Moreover, only 57% of secondary school teachers are professionally trained. Due to shortage of qualified teachers, there is a sizeable number of primary school teachers teaching at secondary level. As a result, the quality of secondary education services suffers.

The tertiary education budget, totalling MK121 billion, has increased by 19% in nominal terms and 8% in real terms in 2018/19 from the revised budget of MK102 billion in 2017/18. This means that allocations to tertiary/higher education increased at about one percentage point more than secondary education. This also means that tertiary education is increasingly becoming a priority of the Government. Vocational School Management (Vote 84.01) in the Ministry of Youth witnessed the highest increase amongst all institutions responsible for tertiary education, following a 462% increase in allocation from MK887 million in FY2017/18 to nearly MK5 billion in 2018/19. Amongst Universities, the Malawi University of Science and Technology (MUST) received the highest increase, from MK5.2 billion in FY2017/18 to MK7.7 billion in 2018/19 or a 48% jump in funding (Figure 7).

Recurrent costs consume the largest part of the education budget (Figure 8). As was the case in the previous year, the recurrent budget will consume 87% of the sector budget, with the remaining 13% (or MK43 billion) been allocated to capital projects (Figure 9). The capital budget increased by 13% in nominal terms and 4% in real terms from MK38.7 billion in 2017/18 to MK43.6 billion in 2018/19. Out of the total capital budget, MK28.3 billion is for basic education, MK2.7 billion for tertiary education and MK12.4 billion for secondary education. Similar to recurrent budgets, basic education is getting the lion's share of the capital budget (65%), with secondary education getting 28%. Between 2013/14 and 2017/18 recurrent costs took up 85% of education sector budget, on average, with only 15% allocated to development costs, including the construction of school blocks. At the national level, there are 13,189 classrooms requiring rehabilitation at primary school level. It is estimated that about 27,113 extra classrooms will be required for the entire primary sub-sector, given projected enrolment increases. Some stakeholders estimate the need to be 36000 new classrooms.

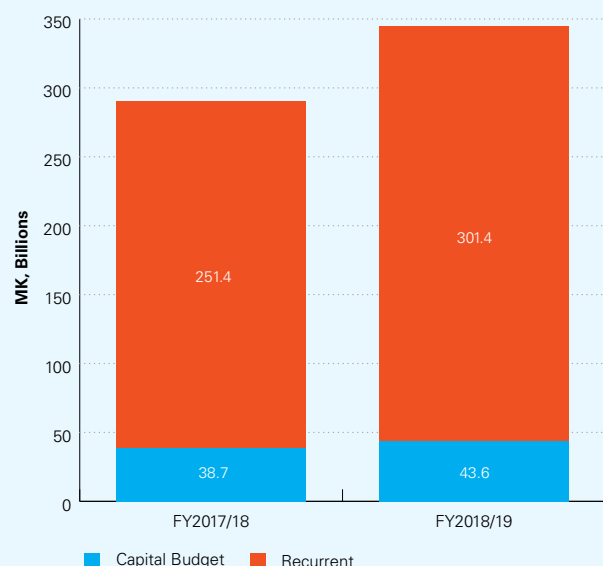
There are approximately 4 times more primary than secondary schools.

Figure 7 Top 10 Tertiary Allocations in 2018/19 (in MK billions)



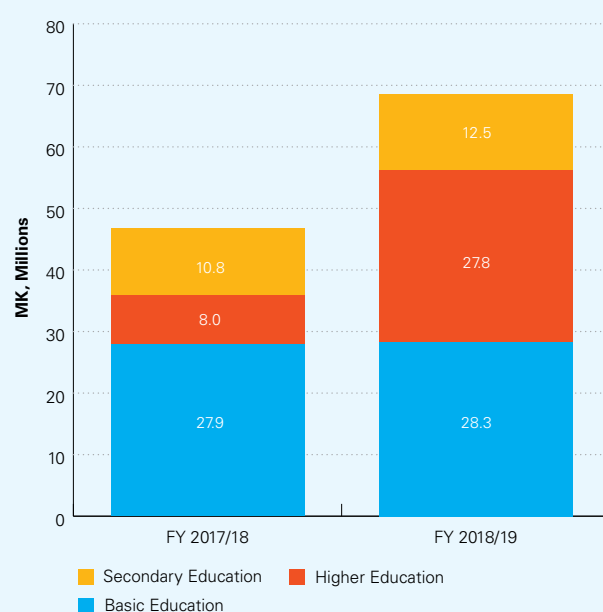
Source: 2018/19 Program Based Budget

Figure 8 Composition of Education Sector Budget by Economic Classification



Source: 2018/19 Program Based Budget and Appropriation Bill

Figure 9 Distribution of the Capital Budget by Level of Education



Source: 2018/19 Program Based Budget and Appropriation Bill

The allocation of MK4 billion for desks in primary and community day secondary schools (CDSS) is a welcome development. In the previous year (2017/18), about MK2.5 billion was allocated to procurement of desks. Several stakeholders have, however, lamented delays in the procurement of desks, resulting in funds for 2017/18 being carried over to 2018/19.⁶ The 2017 EMIS report estimated that slightly over 1,393,842 pupils' desks and 789,558 chairs will be required to improve the learning environment for basic education.

The budget for primary teacher training modestly increased from MK3.8 billion in 2017/18 to MK4.8 billion in 2018/19. This constitutes a 26% increase in nominal terms and 13% increase in real terms. Considering the high pupil-qualified teacher ratio, the Government should plan for the training and recruitment of teachers, and their continuous professional development, for both primary and secondary education.

⁶ Feedback from several stakeholders during the 2018/19 post budget Parliamentary Hearings held in May 2018.

Key Takeaways

- ✓ The Government should revisit the allocation mix within the education sector so that early learning and secondary education gets an increased shares in order to address the very low transition rates to secondary education and to tertiary education.
- ✓ Upward revisions of public investments in early learning and secondary education should not result in cuts in basic education. Although claiming the majority of sector resources, a lot still needs to be done to ensure that there is adequate supply of quality education in Malawi.
- ✓ Huge infrastructure gaps in basic and secondary education require the Government to increase its share of the education budget that goes to capital projects, especially at pre-primary and secondary level. At the same time, there is need to improve efficiency of capital spending considering that, often times, there are significant delays in procurement and implementation of capital projects.

The budget for primary teacher training modestly increased.



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PART 5 BUDGET CREDIBILITY AND EXECUTION

Recent social sector spending reports as well as financial statements in 2016/17 and 2017/18 show good absorption rate by the MoEST, except for capital projects. The execution rate for capital budgets is relatively low because of protracted procurement processes. For example, procurement of desks which started in 2017/18 spilled over to 2018/19. In the 2018/19 PBB, the MoEST also noted that “payment of contractors takes long.”⁷ It is also important to note that the MoEST and other education related MDAs sometimes spend beyond their allocations to ORT, resulting in budget overruns. For example, in 2016/17, the mid-year revised budget for Vote 250 went up to MK150 billion from MK146 billion. In the first six months of 2017/18, the MoEST spent MK10.1 billion against a target of MK9.9 billion for PE. These fiscal slippages often force the Government into borrowing.

A recent paper by the International Monetary Fund and UNICEF⁸ shows that there is room for the education sector to improve the efficiency of spending. Inefficiencies arise from several factors, including insufficient inputs, budget utilization bottlenecks, low teacher morale, absenteeism and limited professional development of teachers. As highlighted by the IMF, the education sector lacks adequate supply of inputs across multiple indicators, including but not limited to inadequate trained teachers, shortage of text books and other learning materials. About three students in standard 5 and 6 share one textbook in English, Mathematics and Chichewa. The limited supply of education inputs possibly reflects the skewed nature of education budgets, which weigh heavily in favour of

PE. UNICEF field reports have also revealed delays, sometimes exceeding five months in the disbursement of education resources such as School Improvement Grants, effectively compromising the efficiency and effectiveness of budgets.

Improved efficiency allows the Government to achieve the same output with fewer resources or achieve higher outputs with the same resources. There are several ways through which the Government can improve the efficiency of education spending. These include: strengthening technical efficiency, ensuring timely disbursements of resources and swifter procurement processes, transforming the incentive systems and improving the functionality of program-based budgeting. Additionally, the Government should strengthen reporting and accountability for education resources by all relevant MDAs and education institutions across all governance levels. Lastly, it is crucial for the Government to investigate and respond to any possible wastages and other bottlenecks throughout the spending chain, including in procurement and frontline service delivery.

Key Takeaways

- ✓ **Enhancing the efficiency and effectiveness of education spending is key in Malawi considering the limited revenue base.**
- ✓ **Persistent delays in the implementation of capital projects and in procurement of essential materials, like desks, has a high potential to impact negatively on the supply and quality of education services.**

⁷ MoEST PBB, Program Issues, pp.235

⁸ IMF, (2018), Selected Issues Paper: Efficiency of Public Spending on Health and Education in Malawi (2018 Article IV Consultations), International Monetary Fund (IMF).

PART 6 DECENTRALIZATION AND EDUCATION SPENDING

Education is one of the sectors that are advanced with regards to fiscal decentralization. In 2018/19, about 37% (MK128 billion) of education sector resources will be transferred directly to District Councils. Out of this amount, MK118 billion will be for PE, mainly for basic education, and MK9.5 billion for ORT (also for basic education). Alongside this fiscal decentralization drive, education stakeholders have called upon the Government to strengthen district and school level expenditure frameworks in order to engender efficiency, transparency and accountability in the utilization of resources as highlighted above.

The ORT budget to District Councils has declined in real terms compared to the previous year. The ORT budget to District Councils marginally increased from MK9 billion in 2017/18 to MK9.5 billion in 2018/19. This is equivalent to a 6% change in nominal terms and a 4% decline in real terms. This decline will negatively affect the delivery of quality basic education services. The ORT education budget to District Councils is implemented through a complex combination of grants and allowances, mostly to cover operations costs and

small-scale rehabilitation of school assets. The largest share of the ORT budget to District Councils is for the Primary School Improvement Program (PSIP).⁹ Stakeholders in the education sector, have therefore called upon the Government to revise upwards allocation to the PSIP, commonly known as the School Improvement Grant (SIG) to at least MK1 million per school in FY2019/20, up from MK600,000. The Government should also consider extending the same to secondary education.

⁹ The PSIP comprises the following elements: School Improvement Grant (SIG), Zone Improvement Grants (ZIG), Zonal Training Funds (ZTF), and District Training Funds (DTF). The criteria governing the allocation of the SIG include enrolment, number of teachers, availability of electricity and water, pupil-teacher ratio as well as pupil-classroom ratio.

Key Takeaways

- ✔ **The SIG has proved to be an effective way of financing education via schools, but allocations are far below financial needs.**
- ✔ **To be effective, fiscal decentralization should be accompanied by deliberate efforts to strengthen local Government financing and expenditure systems.**

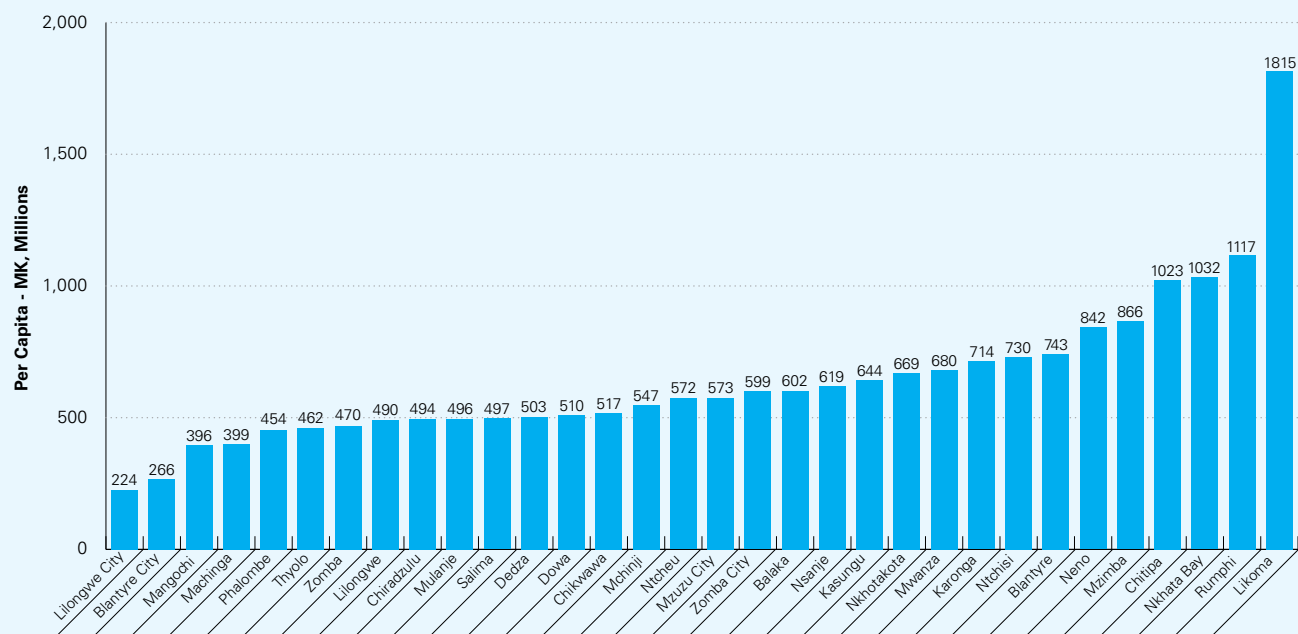


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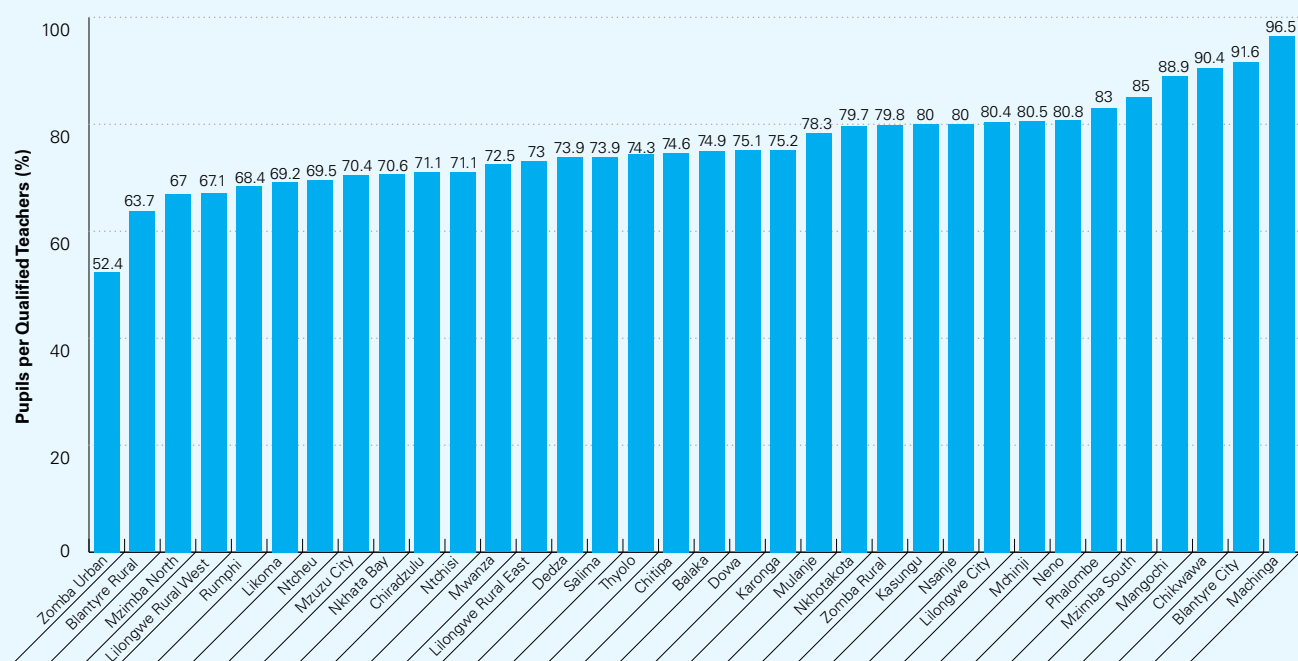
PART 7 EQUITY OF EDUCATION SPENDING

Inequities exist in allocations to secondary schools. School level analysis of allocations to secondary schools in the 2018/19 budget shows that whilst some schools have witnessed increases in nominal and real terms, more than one in three schools have suffered cuts in nominal terms. This is an issue that may require investigation by relevant authorities.

Considerable variations have also been observed in per-capita allocations to District Councils, which may be reflective of inequities in education spending. In 2018/19, per capita allocations ranged from MK224 in Lilongwe City to MK1,815 in Likoma (usually an outlier), followed by Rumphi (MK1,117) (Figure 10). One possible solution is to review the interGovernmental transfer formula to District Councils, an issue that has been raised by several stakeholders. The National Local Government Finance Committee (NLGFC) and other education stakeholders agree that the education formula is also due for review. The formulas currently being used were approved in 2002. Since then, many factors have changed.

Figure 10 Per Capita Education ORT Transfers by District, FY2018/19

Source: NLGFC, Approved Ceilings for 2018/19

Figure 11 Disparities in Pupil Qualified Teacher Ratio, Primary (2017)

Source: NLGFC, Approved Ceilings for 2018/19

Disparities have also been observed in the deployment of both primary and secondary school teachers (Figure 11).

Data from EMIS show that pupil qualified teacher ratio (PqTr) ranges from 1:52 in Zomba Urban to 1:97 in Machinga as shown in Figure 11. The MoEST rightly acknowledged that there are “still huge disparities in deployment of teachers among schools and within schools”¹⁰ The most remote and rural schools often struggle to attract qualified teachers. Teacher incentives, such as rural allowances and housing schemes, have not been effective. In the current year, the Government has planned to recruit 10,500 teachers. This is a positive development which will help address the extremely high pupil-teacher ratio. However, the recruitment and deployment of teachers must be equitable.

There are also significant differences in the quality of infrastructure within and amongst districts. Rural schools have been the most disadvantaged. The learning environment for most Community Day Secondary Schools is not conducive for quality learning. Most of them operate without libraries or

laboratories despite the roll out of the new curriculum which demand them. The fact that there are classes with as many as 130 pupils (against the recommended 60), especially in rural areas, creates overcrowding and forces teachers to deliver lessons under trees.

Key Takeaways

- ✓ **Equitable deployment of teachers to all schools, including the remotest, is key to increasing access to education by all children.**
- ✓ **Facilities such as laboratories and libraries, which are glaringly missing in most Community Day Secondary Schools are required to ensure every child has an equal chance to learn.**

¹⁰ MoEST PBB, Programme Issues, pp.235

PART 7 FINANCING OF THE EDUCATION SECTOR

The education sector budget, especially the recurrent part, is largely financed from domestic resources. Between fiscal year 2015/16 and 2018/19, over 90% of education sector resources were mobilized from within the country. In 2018/19, the MK22 billion contribution from international donors (7.5% of the total education budget) was earmarked for development projects. Overall, fiscal space for education remains very limited hence continued dependence on donors for non-wage expenditure. The Global Partnership for Education (GPE) is one key mechanism for financing education in Malawi.

Faced with fiscal pressures, the Government often resorts to borrowing, especially from domestic lenders. Whereas planned foreign borrowing in 2018/19 has declined by 56.3% from 2017/18, domestic borrowing is projected to increase by 473.6% from MK30.7 billion in 2017/18 (revised estimate) to MK176.1 billion in 2018/19. Interest on debt payments is projected at MK182.9 billion in the 2018/19 budget (of which MK168 billion is interest on domestic debt). Interest payments alone are absorbing 11% of the national budget. Domestic borrowing is sometimes fueled by fiscal slippages in cases where MDAs spent beyond approved budgets. There are also instances where the Government includes donor pledges in the PBB, before all conditionalities for support are met, resulting in significant shortfalls between commitments and disbursements.



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The private sector and citizens also play a role in financing education to complement Government and donor efforts.

In 2018, the MoEST with support from UNICEF and private sector players, such as the New Finance Bank (NFB), registered a Girls Secondary Education Trust Fund to support deprived children, especially girls, to access secondary education. The Trust brings together existing scholarship schemes run by different organisations, including UNICEF, and will mobilize additional financial and technical resources from citizens, private sector, foundations and other donors to help students from poor backgrounds finish their secondary education. The funds raised will be used to pay for full school fees as well as school uniforms, school bags, sanitary pads and stationery.¹¹

The removal of school fees for secondary education, will potentially reduce the amount of revenue at the disposal of schools, unless compensated with grants from Treasury.

In 2018, the Government removed tuition fees, textbook fees and the general-purpose fund for secondary schools. This is a

¹¹ <https://www.unicef.org/malawi/how-donate-funo-langa-campaign>

welcome development because it reduces the burden of cost of education, particularly for the poorest students. To compensate for lost revenue, the Government is called upon to come up with a financing instrument, which could be equivalent to the SIG, to ensure that all schools have some resources for day-to-day operations and supplies.

Key Takeaways

- ✓ **Considering fiscal space constraints, donor and private sector support will be required in the short to medium term to boost education investments.**
- ✓ **In the short-term, domestic and international donor resources are critical to ensuring that the Government can address the huge education financing gap.**

PART 9 KEY POLICY ISSUES

a) Teacher Incentives

The 2018/19 Budget is silent about incentives, especially for teachers in hardest to reach places. A few years ago, the Government introduced two programs which aim to increase the motivation of teachers, notably: rural teachers' allowances and the construction of houses for teachers in remote areas. A program to construct housing for teachers in hard to reach areas became defunct due to the declining development budget. There is virtually no budget for construction of teachers' houses in the 2018/19 program-based budget. Currently, over 85% of the teaching force receive the rural teachers' allowance.

The Teacher Management Strategy approved in 2018 is a key step to guide deployment, motivation and retention of primary school teachers. The strategy aims to provide a uniform and comprehensive human resource management system for primary school teachers that will improve teacher distribution and deployment across Malawi, and enhance efficiency leading to improvement in the quality of learning. As highlighted in the strategy, placement of teachers to rural, remote and disadvantaged schools is a big challenge. Other challenges include poor teacher distribution between regions, districts and even within a school where preference is given to upper classes. In addition, schools face a great shortage of specialist teachers and female teachers. All these negatively impact on learning.

b) Education of Children with Disabilities

A considerable number of children with disabilities (CwDs) of school going age are out of school. In 2017, only 2.9% of school aged special needs population was enrolled in primary education. Lack of education is one of the factors which make children with disabilities particularly vulnerable to social and economic exclusion, with girls disproportionately affected. Despite the launch of the National Inclusive Education Strategy in 2016, which was also costed, there is no dedicated budget line item to support learners with disabilities. In the 2017/18 PBB, the MoEST rightly acknowledged that most of education institutions lack specialized resources, including qualified teachers, to cater for the needs of people with disabilities.

c) Implementation of policies to improve efficiency, equity and quality of education

In 2018, the Government developed several policies to improve efficiency, equity and quality of education. These include the Grade Promotion Policy for Malawi Primary Schools, the National Girls' Education Strategy (2018 – 2023) and the Teacher Management Strategy. The aim of the Grade Promotion Policy is to reduce repetition and dropout rates and enhance completion rates at primary school level. Repetition is highest for Standard 1, at about 30%. It drops to about 23% for Standards 2 and 3, and again further for Standard 4, to then reach an average level of 20% that is held through to Standard 8 (Figure 12).



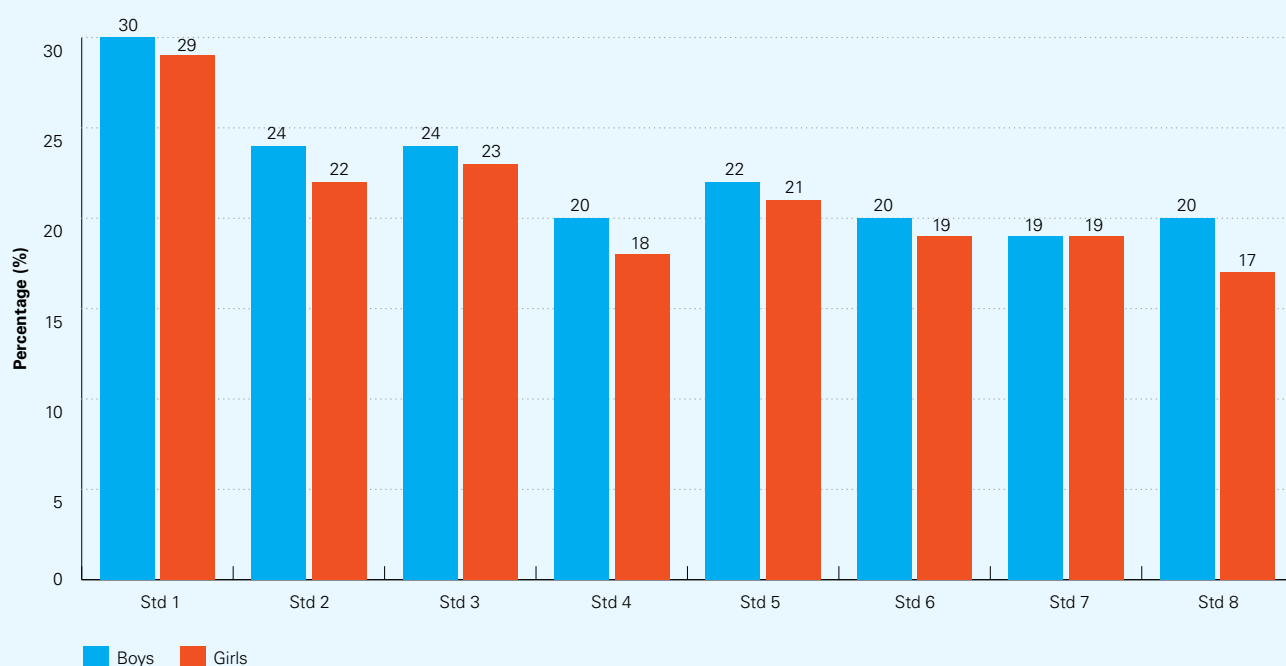
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Over 85% of the teaching force receive the rural teachers' allowance.

Key Takeaways

- ✓ Equitable deployment of teachers, especially to rural areas, accompanied by effective retention strategies is key in ensuring no child is left behind.
- ✓ Implementation of the National Inclusive Education Strategy is critical to ensure that all children with disabilities access education.
- ✓ The Government and development partners should collaborate to ensure that existing policies and strategies to improve quality, efficiency and equity of education including the Teacher Management Strategy and Grade Promotion Policy are implemented.

Figure 12 Percentage % of Repeaters by Sex



Source: EMIS (2017)

ANNEX 1 TOTAL EDUCATION SECTOR BUDGET

Ministry, Department or Agency (MDA)	Allocations in MK Millions	
	2017/18 (Revised Budget)	2018/19 (Estimates)
1. Ministry of Education (Vote 250) (Total)	74,774	86,387
1.1. Salaries (Personal Emoluments)	19,901	24,186
1.2. Other recurrent transactions	16,174	18,598
1.3. Development Part 1 (DP funded projects)	18,000	22,203
1.4. Development Part 2 (GoM funded projects)	20,700	21,400
2. Education allocation to District Councils (ORT)	9,081	9,535
3. Subvented education institutions (Vote 275)	106,619	121,163
3.1. University of Malawi	49,970	54,009
3.2. Malawi Institute of Education	1,359	2,859
3.3. Malawi College of Health Sciences	2,985	3,475
3.4. National Library Services	462	564
3.5. Malawi National Examinations Board	5,693	6,254
3.6. Scholarship fund	809	-
3.7. Mzuzu University	8,595	9,863
3.8. Malawi Universities Development Programme	2,785	3,137
3.9. Lilongwe University of Agriculture	16,301	17,243
3.10. Malawi University of Science and Technology	5,227	7,725
3.11. National Council for Higher Education	854	985
3.12. Technical Vocational Education Training (TEVET) Authority	10,909	8,376
3.13. Malawi National UNESCO Commission	205	247
3.14. National Commission for Science and Technology	465	522
3.15. Higher Education Students Loans and Grants Board	-	5,903
4. Early Childhood Development (Total)	600	3,519
4.1. Ministry of Education	-	-
4.2. Ministry of Gender	600	669
4.3. Ministry of Gender (World Bank)		2,850.00
5. Technical and Vocational Training (Ministry of Labour)	3,038	5,688
5.1. Vocational School Management	887.16	4,972.60
5.2. Technical Colleges	481.66	507.65
5.3. Community Colleges	1,500.00	-
5.4. Trade Testing Services	169.24	207.56
6. Transfers to Districts Councils for PE	96,000	118,720
6.1. Transfers to districts for personnel emoluments	96,000	118,720
Total Education Sector Budget	290,112	345,011
Total Government Budget	1,323,313	1,454,824

ANNEX 2 KEY TERMS

Approved Budget Estimates	The budget as approved by Parliament.
Budget Outturn	Actual expenditures by an MDA over a given period.
Development (Part I)	Share of the budget for long term public investments contributed by donors.
Development (Part II)	Share of the budget for long term public investments from domestic resources.
Economic Classifications	Budget classification based on economic inputs.
Gross Domestic Product	Total value of goods and services produced by a country in a given year.
Nominal change	Changes in budget allocations which do not factor in inflation.
Other Recurrent Transactions (ORT)	Budget for day to day items such as office supplies, fuel, utilities, routine maintenance and other operations.
Personnel Emoluments (PE)	Salaries, wages, allowances and other staff entitlements.
Public Expenditure Tracking Survey	A research methodology for assessing the flow of resources from treasury to where they are used, at facility level, to see if resources are used for intended purposes and in the right way.
Real change	Changes in budget after adjusting for inflation

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For more information, contact:

Beatrice Targa

Chief of Social Policy
btarga@unicef.org

Kimanzi Muthengi

Chief of Education and Adolescents
kmuthengi@unicef.org





@MalawiUNICEF

UNICEF Malawi
PO Box 30375
Lilongwe, Malawi.
Tel: +265 (0)1 770 770
Email: lilongwe@unicef.org

www.unicef.org/malawi

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