

# Education Budget Brief 2023/24

Towards a Sustainably Financed Education Sector to support  
Malawi's Human Capital Development

## Key messages and recommendations

1

Latest data from the Education Management Information System (EMIS) show notable improvements in some education outcomes in Malawi. For example, the completion rate in primary education increased from 51.2 per cent in 2020 to 56 per cent in 2022 while the transition rate to secondary education increased from 36.5 per cent in 2021 to 46.5 per cent in 2022 following several years of stagnation.

**Recommendation:** Building on the renewed commitment under the Transforming Education Summit (TES)<sup>1</sup> and Tashkent Declaration (2022)<sup>2</sup>, the Government is encouraged to strengthen ongoing efforts to improve learning in primary schools, enhance access to early childhood and secondary education, and strengthening foundational learning.

This can be achieved through, for instance, enhancing pre-literacy and pre-numeracy skills of young children in early childhood education (ECE), use of structured pedagogy in primary and secondary schools, remedial learning, and improving the relevance of the primary and secondary education curriculum, considering the need for transition to work and learning.

1 <https://en.unesco.org/futuresofeducation/transforming-education-summit>

2 <https://www.unesco.org/sites/default/files/medias/fichiers/2022/11/tashkent-declaration-eccc-2022.pdf>

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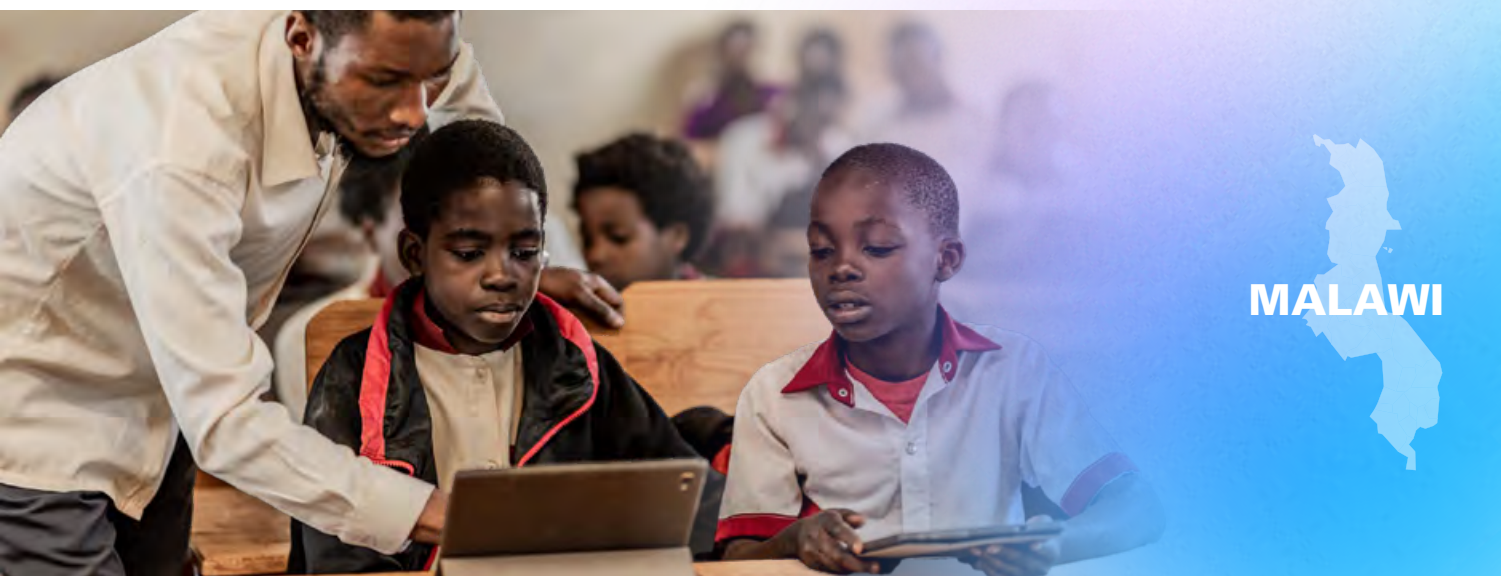
Education spending remains a top priority for the Government, with allocations averaging 16 per cent of the total budget and 4 per cent of GDP since 2019/20 – in line with the Incheon Declaration on Inclusive Education recommending Governments to allocate between 4-6 per cent of their GDPs to education to achieve SDG 4 targets.

**Recommendation:** Government is encouraged to sustain investments in education sector and ensure allocations are utilized efficiently and protected from downward mid-year budget revisions (MYBR), to accelerate efforts to achieve SDG 4 targets.

3

Early childhood development (ECD) continue to receive the least share of the total education sector budget, averaging 4 per cent between 2019-23, as basic education receives the largest average share (52 per cent), followed by tertiary (24 per cent) and secondary education (18 per cent).

**Recommendation:** The Government is encouraged to progressively increase its allocation to ECE services in line with the global guidance to spend 10 per cent of the education sector budget on ECE services under the Tashkent Declaration on ECE.



## 4

The size of ECD spending – worth MK16.2 billion in 2023/24 (0.43 per cent of the total budget), compared to MK13.4 billion (0.4 per cent of the total budget) in 2022/23 – is inadequate to build and equip structures and to maintain a quality standard of intersectoral ECD services across the country.

**Recommendation:** Government should consider undertaking an ECE financing study, to determine how ECE can be expanded in Malawi.

## 5

Government has increased the budget allocation for the procurement of teaching and learning materials (TLMs) under the Ministry of Education (MoE), from MK2.5 billion in 2022/23 to MK4 billion in 2023/24, for secondary schools from MK1.1 billion to MK1.9 billion while that for primary schools has remained unchanged at MK2.7 billion.

**Recommendation:** The MoE should ensure efficient, timely procurement and delivery of TLMs to schools to ensure learners access relevant TLMs in a timely manner.

## Government Increases Budget Allocation for Teaching and Learning Materials (TLMs) by 60%

## Introduction

This budget brief provides a summary analysis of the trends in education spending in Malawi in the framework of the 2023/24 fiscal year (FY) budget. It provides insights on the adequacy, equity, efficiency, and effectiveness of education spending in Malawi. The analysis builds on previous education budget briefs<sup>3</sup> and is informed by Government Budget Documents, mainly the program-based budget (PBB), detailed budget estimates as well as ceilings for Local Councils from the National Local Government Finance Committee (NLGFC). For analytical purposes, the education sector budget is made up of allocations to five Ministries, Departments and Agencies (MDAs), namely the Ministry of Education (MoE) (Vote 250), Local Councils for personnel emoluments (PE) and other recurrent transactions (ORT), early childhood development (ECD) under the Ministry of Gender, Community Development and Social Welfare (MoGCDSW) (Vote 320), technical colleges and skills development initiatives under the Ministry of Labour as well as subventions to public universities and colleges.

<sup>3</sup> These are available at: <https://www.unicef.org/esa/reports/budget-briefs#malawi>

## 6

There are several gaps in the education sector's devolution framework, as Local Councils are performing some functions beyond what was formally devolved while functions such as ECD have significantly transformed and since been moved to the Ministry of Gender, Community Development and Social Welfare (MoGCDSW) without clarity on the function's expenditure assignments.

**Recommendation:** The MoGCDSW and MoE, with support from the Ministry of Local Government, Unity and Culture (MLGUC), are encouraged to update their respective devolution plans and ensure clarity is provided on the implementation, policy coordination and expenditure assignment for the ECD function.

## 7

Education capital projects, which involve high value capital procurements, experience significant in-year adjustments, which vary between donor (DI)- and Government-funded (DII) projects. For instance, DI was adjusted upwards by 105 per cent at 2022/23 mid-year budget review (MYBR) while DII was revised downwards by 74 per cent.

**Recommendation:** Considering the significance of infrastructure creation in the education sector, the MoE is encouraged to continue strengthening measures to improve the execution of education capital projects through, for instance, strengthening planning of capital projects, procurement systems and contract management to ensure allocated development budgets are utilized efficiently.

## Education Sector Overview

Through the recent Transforming Education Summit (TES) and Tashkent Declaration on Early Childhood Care and Education (ECCE), Government has renewed its committed to improving access, equity, quality, and relevance of education in Malawi, from pre-primary through to tertiary education level. Under SDG 4 Malawi joined the global commitment to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Education services in Malawi are currently being implemented in the framework of the National Education Sector Investment Plan (NESIP) (2020-2030), overall guided by the National Education Policy (NEP) and National Education Act (2013).

The above mentioned are complemented by a set of additional issue-specific policies such as the Grade Promotion Policy for Malawi Primary Schools, National Girls' Education Strategy (2018-2023) and the Teacher Management Strategy.

Despite a supportive policy and legal framework, progress in education outcomes in Malawi remains mixed. Latest data from the Education Management Information System (EMIS) show that the completion rate in primary education increased from 51.2% in 2020 to 56% in 2022. This increase is linked to ongoing reforms and efforts that are helping to create a resilient education system in Malawi. On the other hand, primary net enrolment rate (NER) decreased from 90% to 88% over the same period<sup>4</sup>.

At secondary level, the NER has remained low, at 16.6% in 2022, with adolescent girls' drop-out rate increasing from 6.4% in 2019 to 7.4% in 2022. Child labour, child marriage and early pregnancy are significant contributors to the high drop-out rates. At the same time, limited coverage of services in remote areas and a lack of flexible and alternative learning modalities suppress enrolment and retention. Schools' lack of WASH facilities contributes to low attendance, particularly among girls.

After several years of stagnation, the transition rate to secondary education has notably increased from 36.5% in 2021 to 46.5% in 2022. This increase is connected to some ongoing reforms in relation to the selection criteria at Form one in Malawi. Additionally, the ongoing construction of over 200 new secondary schools across the country, thanks to USAID funding, is expected to further boost enrollment at secondary school, especially in districts where there are significant infrastructure gaps. These efforts would need to be supported by sustained public investments critical to further improve secondary education outcomes in Malawi.

**Table 1: Selected Education Indicators for Malawi**

| Indicator Description   | 2020  | 2021  | 2022  |
|---|-------|-------|-------|
| Net enrolment rate, primary*                                      | 90%   | 88%   | 88%   |
| Net enrolment rate, secondary*                                    | 15.5% | 14.6% | 16.6% |
| Completion rate, primary*   | 51.2% | 50%   | 56%   |
| Dropout proportion, primary*                                      | 4%    | 4.4%  | 4.7%  |
| Pupil /teacher ratio, primary*                                    | 65    | 58.9  | 59.0  |
| Transition rate to secondary*                                     | 37.6% | 36.5% | 42.5% |
| Gender Parity Index*  | 1.02  | 1.05  | 1.04  |
| Attendance at early childhood education programmes **             | 34%   | 34%   | 34%   |
| Lower secondary completion rate **                                | 23%   | 23%   | 23%   |
| Upper secondary completion rate **                                | 4%    | 4%    | 4%    |
| Children aged 7-14 years who have foundational literacy skills ** | 19%   | 19%   | 19%   |
| Children aged 7-14 who have foundational numeracy skills **       | 13%   | 13%   | 13%   |

Sources: \*EMIS Reports, 2020-22; \*\* MICS, 2019/20

The above, notwithstanding, the overall quality of education in Malawi remains low. According to data from the Multiple Indicator Cluster Survey (MICS) (2020), only 18.9% of children (7 -14 years) have foundational literacy skills, and 12.6% have foundational numeracy skills. Teachers lack the capacity to deliver gender-responsive pedagogies; only 25% of teachers use teaching aids in a learning environment that provides access and support to all learners<sup>5</sup>. The pupil-classroom ratio is 98, while teachers must be equipped to address diverse needs in an overcrowded classroom. Opportunities for girls to transition from school to work are constrained, with 24.9% of girls (15 - 19 years) not in education, employment or training compared to 13.7% of boys<sup>6</sup>.

Furthermore, more efforts are required to improve the quality of ECD services in Malawi. Available data from MICS (2021) reveals that only 34% are enrolled in early childhood education (ECE). Further, while 59% of children aged 3 to 4 years are developmentally on track in physical, social emotional development and learning only 17% are developmentally on track in literacy-numeracy. Community-Based Child Care Centres (CBCC) need to be integrated into the public education system and may be run by unqualified personnel, often resulting in poor service quality that contributes to poor learning outcomes among children in primary education. ECE is not mandatory in Malawi, and without a national ECE framework and standards, government spending remains limited.

<sup>5</sup> Malawi Longitudinal School Survey (MLSS, 2021).

<sup>6</sup> African Institute for Development Policy, Copenhagen Consensus Centre and National Planning Commission (2021), "A Cost-Benefit Analysis: Improving industrialisation and youth employment in Malawi."

### KEY TAKEAWAYS

- Education frameworks and standards must be stronger to support safe, resilient, inclusive, and alternative learning environments.
- Sustaining public investments in education is crucial to avoid losing ground on the achieved outcomes.

**Malawi Government aims to improve education quality and access, but only 18.9% of children have foundational literacy skills**

<sup>4</sup> Education Management Information System (EMIS), 2021 and 2022.

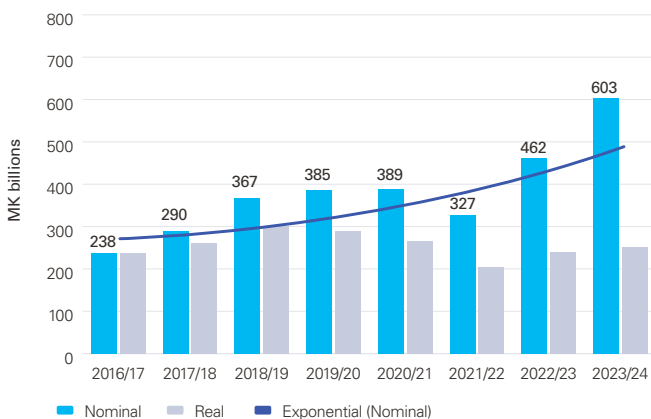


Jacklime Kubalasha expresses gratitude for donated desks, enabling students to sit apart and maintain tidy workspaces amidst overcoming initial challenges. © UNICEF/2022

## Size of Education Spending

The 2023/24 education sector budget has increased by about 5% in real terms compared to 2022/23 (Figure 1). In the current year, the Government allocated MK603 billion to the education sector, compared to MK462 billion in the previous year. This translates to a 30% increase in nominal terms, compared to the levels of 2022/23, and 5% in real terms considering the average annual inflation of around 20% for 2022-23. The growth in the education budget is largely driven by increases in the PE budget to cater for salaries and wages of teachers and education staff as well as growth in the budgets for operations of the education sector.

**Figure 1: Evolution of Education Spending**



Source: Government Budget and Financial Statements, 2017-23

The allocation to the education sector has averaged 16% of the total government expenditure (TGE) since 2019/20. This marks four percentage points below the Dakar Commitment on Education for All by the African Union for African States to allocate 20% of their total budgets to education (Figure 2).

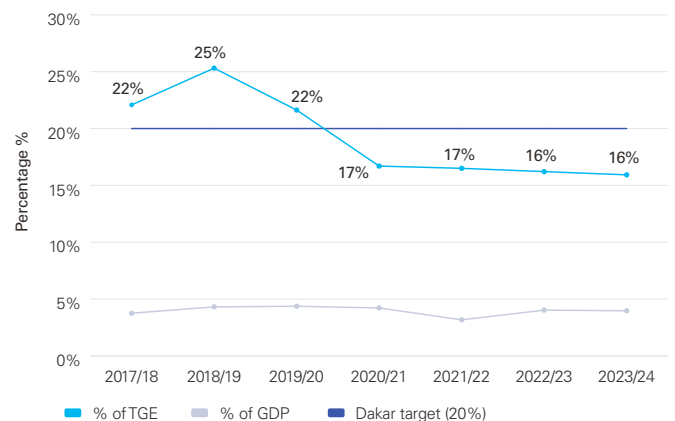
Education spending remains a top priority for the Government, but its share is increasingly being dwarfed by swelling debt servicing. Allocations to public debt services account for 24.6% of TGE in 2023/24, exceeding the size of the education sector budget for the second consecutive fiscal year. If debt servicing is excluded, the education sector continues to receive the largest sectoral allocation, ahead of agriculture (11.8%) and health (8.7%).

The education budget has not changed compared to 2022/23 when expressed as share of GDP, at 4%. The GDP share remains consistent 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 targets (UNESCO, 2017).

### KEY TAKEAWAY

- As the Government addresses the prevailing macro-fiscal imbalances, it should continue safeguarding education spending and ensure allocations are protected from in-year revisions to avoid losing ground on achieved outcomes.

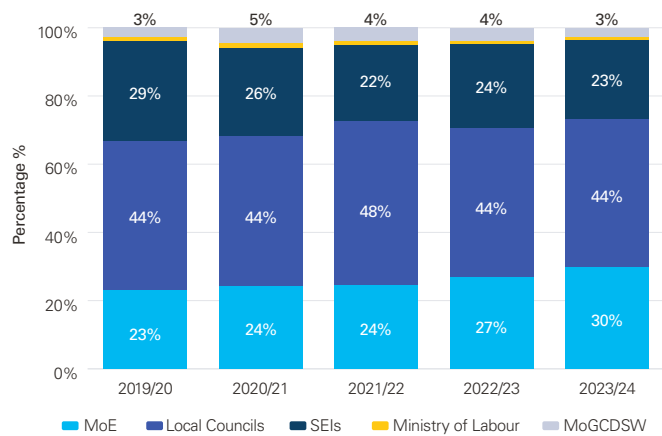
**Figure 2: Trends in Education Sector Spending as a Share of Total Budget and GDP**



Source: Government Budget and Financial Statements, 2017-23

# Composition of Education Spending

**Figure 3: Trends in the distribution of the Education Sector Resources by Vote**



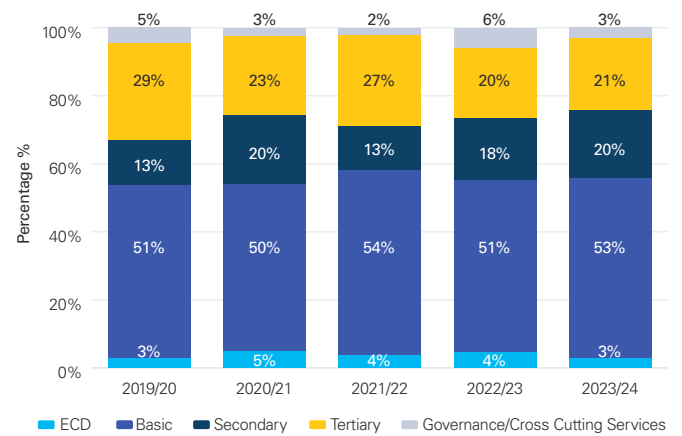
Source: Government Budget and Financial Statements, 2017-23

The composition of education sector budgets by expenditure agencies has generally remained stable since 2019/20 (Figure 3). A bigger chunk of the education sector budget, averaging 45% over 2019-23, is decentralized through Local Councils, mainly for personnel emoluments (PE). On the other hand, an average of 25% is centralized through the Ministry of Education for secondary education, education development projects and operational costs. Subventions for public universities and colleges have absorbed an average of 25% of the sector budget. The other 4% is allocated through the MoGCDSW for ECD and 1% through the Ministry of Labour for technical and vocational colleges.

The composition of education sector budget by the different levels of education has generally not changed when compared to 2022/23 (Figure 4). Basic education remains the largest, receiving an average of 52% of the total education budget over the period 2019-24. This is followed by allocations to the tertiary level, averaging 24% over the same period, secondary education (18%) and ECD (4%). Allocations to support education governance and cross-cutting issues have averaged 4%. These allocations are provided to support the operations of education governance bodies, such as the Malawi National Examination Board (MANEB) as well as for education “management and support services” under the MoE.

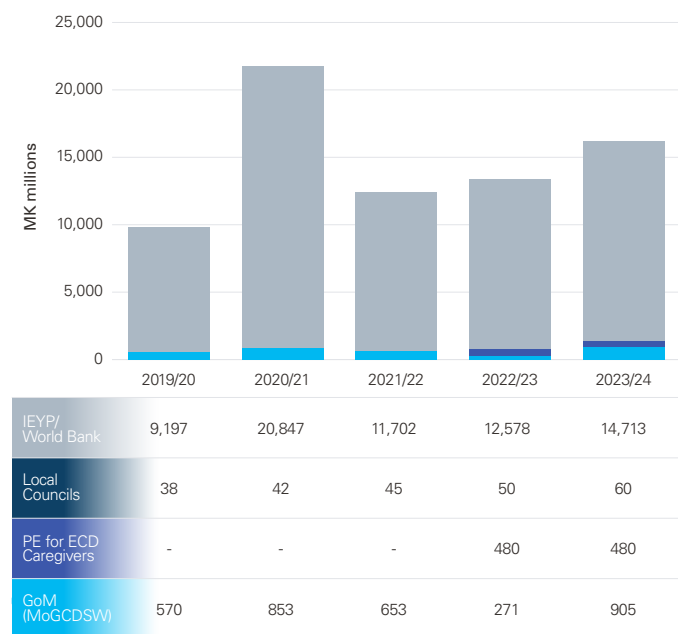
The ECD (direct) budget is worth MK16.2 billion in 2023/24, or 0.43% of TGE, compared to MK13.4 billion (0.4% of TGE) for 2022/23 (Figure 5). Trends in ECD spending are strongly influenced by World Bank funding for the Investment in Early Years Project (IEYP). Given that the project closes in 2023, Government needs to develop a sustainable financing plan for the construction and maintenance of CBCCs.

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



Source: Government Budget and Financial Statements, 2017-23

**Figure 5: Trends in the Composition of ECD Budgets**



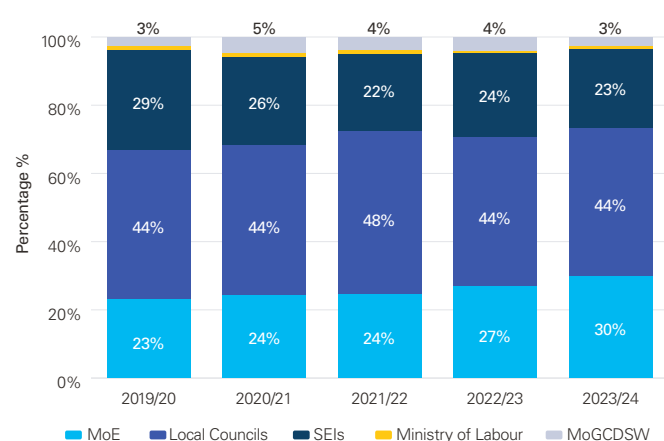
Source: Government Budget and Financial Statements, 2017-23

**The allocation for basic education receives the largest share of the total education budget in Malawi, averaging 52% over the period 2019-23.**

The current size of ECD spending is inadequate to build and equip structures and to maintain a quality standard of intersectoral ECD services. Ongoing steps to improve the financing of ECD need to be strengthened. In 2023/24, the Government provided an allocation of MK632 million for the construction and equipment of CBCCs, MK93 million for the scale-up of the feeding programme under the MoGCDSW and MK178 million for the development of ECD legislation and review of the curriculum. The Government also maintained the budget for the honoraria for ECD caregivers at the 2022/23 level of MK480 million.

An average of 85% of the education sector budget is for recurrent expenses, leaving only 15% for infrastructure creation. From Figure 5, an average of 73% of the education budget under the MoE and Local Councils was allocated to PE, especially for primary school teachers over the five-year period 2019-23. Allocations for ORT have generally been stable, averaging 12% over the same period.<sup>7</sup>

**Figure 6: Trends in the Composition of Education Budget by Economic Classification<sup>7</sup>**



Source: Government Budget and Financial Statements, 2017-23

<sup>7</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.

**Recurrent expenses account for an average of 85% of the education sector budget, leaving only 15% for infrastructure creation.**

The construction of schools and other infrastructure creation in the education sector is overwhelmingly donor dependent. Between 2019-23, donors contributed an average of 80% to education capital projects (DI), while Government only contributed 20%. This reflects the limited Government control in spending decisions around infrastructure creation at ECD, primary and secondary education levels.

Government has increased the provision for the procurement of teaching and learning materials (TLMs) under the MoE, from MK2.5 billion in 2022/23 to MK4 billion in 2023/24. The provision for the procurement of TLMs for secondary schools has also been increased from MK1.1 billion in 2022/23 to MK1.9 billion in 2023/24, while that of primary schools has remained unchanged as shown in Table 2. Considering the low access to TLMs and the high pupil-textbook ratio (primary) of 1:5 as of 2021, Government is encouraged to continue exploring ways of sustainably financing TLMs, especially for primary and secondary schools including for learners with special needs.

**Table 2: Trends in Government Provisions for TLMs, in MK billions**

| Item                                  | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Centrally procured TLMs (MoE)         | 2.2     | 1.6     | 2.6     | 2.5     | 4       |
| TLMs Provisions for Primary Schools   | 2.7     | 2.7     | 2.7     | 2.7     | 2.7     |
| TLMs Provisions for Secondary Schools | 2.3     | 1.1     | 1.1     | 1.1     | 1.9     |

Source: MoE, 2019-23

### KEY TAKEAWAYS

- Government needs to develop a sustainable financing plan for the construction and maintenance of CBCCs, given the expected phasing out of the Investing in Early Years Project (IEYP). This is important to ensure continued access to quality ECD services across the country.
- The increase in the provision of TLMs is commendable and should be accompanied by efforts to ensure efficient and timely procurement and delivery of TLMs to ensure learners access relevant TLMs in a timely manner.



Christina Msana(right),a caregiver at Nansolola CBCC sings with the children as they circle around. © UNICEF/2022

## Education Budget Credibility and Execution

The overall performance of the education budget is high (Table 3). A comparison of approved and revised estimates of MoE’s budget for 2022/23 reveals two key findings. First, recurrent education budgets, at both national and district level, are generally implemented in line with their approved estimates and are within the +/- 5% recommended variance for a budget to be deemed credible by the public expenditure and financial accountability (PEFA) framework.

However, the development budget, which involves high value capital procurements, experience significant in-year adjustments, which vary between donor- and Government-funded projects. At 2022/23 mid-year budget review (MYBR), for instance, the donor-funded development budget (D1) was adjusted upwards from the approved budget of MK34.2 billion to MK70.1 billion. On the other hand, Government’s own contribution (DII), was reduced by 74%, from the approved estimate of MK11.8 billion to only MK3 billion.

The abovementioned trends, combined to contribute to overperformance of the MoE budget by 25%, from the approved MK115 billion to MK143 billion, as shown in Table 3.

**The education development budget experience significant in-year adjustments beyond the PEFA recommended thresholds for a credible budget.**

**Table 3: Performance of the Education Budget in 2022/23, in MK millions**

|                | Approved | Revised Estimate | % Variance |
|----------------|----------|------------------|------------|
| MoE (Total)    | 115,457  | 143,837          | +25%       |
| PE             | 43,001   | 44,956           | +5%        |
| ORT            | 26,336   | 25,636           | -3%        |
| DI             | 34,270   | 70,179           | +105%      |
| DII            | 11,850   | 3,065            | -74%       |
| Local Councils | 11,750   | 12,993           | 11%        |

Source: MoE, 2023

### KEY TAKEAWAYS

- Given limited resources, it is important that approved budgets are efficiently and effectively implemented to achieve intended objectives in the short to medium term, and quality education services in the longer term.
- Considering the significance of infrastructure creation in the education sector, the MoE is encouraged to continue strengthening measures to improve the execution of education capital projects through, for instance, strengthening planning of capital projects, procurement systems and contract management.

# Fiscal Decentralization and Education Spending

The allocation to basic education through the Local Councils has declined in real terms. Government plans to transfer MK254 billion to Local Councils in 2023/24 for the delivery of basic education services, an increase of about 8% in nominal terms from MK236 billion transferred in 2022/23. However, if you factor inflation, averaging over 20% between 2022-23 the allocation marks a decline of about 14% in real terms. These trends are largely driven by changes in the PE budget for salaries and wages of primary school teachers and staff which has generally not grown in real terms compared to the levels of 2022/23. The ORT budget has grown by about 10% in real terms, from MK12.9 billion in 2022/23 to MK17.9 billion in 2023/24.

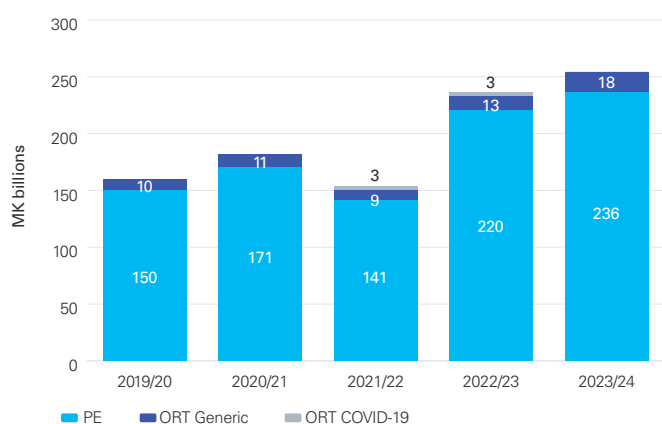
The education sector remains the largest in terms of devolved budgets, receiving 50% of the total transfers to Local Councils between 2021/22 and 2023/24, followed by health (27%) and agriculture (5%).

Whereas the education sector is advanced in terms of decentralization, latest evidence has revealed several gaps in the sector’s devolution framework. There is a mismatch between the functions being implemented by Local Councils compared to what is formally devolved as outlined in the sector’s devolution management guidelines<sup>8</sup>.

First, Local Councils are performing education functions beyond what was formally devolved as per the sector’s devolution plan. These include, complementary basic education (CBE), school health, nutrition, and HIV/AIDS (SHNA), development and approval of primary school improvement plans (PSIPs) and sports development. Discussions with MoE revealed that these gaps are mostly because the education devolution plan was not updated since its development more than twenty

<sup>8</sup> NLGFC and UNICEF (2022): Mapping and Costing of Social Service Delivery at Local Level in Malawi, UNICEF Lilongwe

**Figure 7: Evolution of the District Education Budget, 2019-23**



Source: NLGFC, 2020-23

years ago, yet decentralization has significantly evolved. For instance, Local Councils started implementing CBE activities after realizing the necessity to address the academic needs of some out-of-school aged children, before incorporating them in the formal system at relevant levels.

Second, although initially included in the education’s devolution plan, functions such as “nursery and kindergarten” have significantly transformed and their implementation has since moved from MoE to the MoGCDSW, in the form of ECD. The MoE, however, remains the policy holder and provides technical expertise to guide the implementation of ECD.

Third, the mapping exercise also revealed the need to strengthen the capacity for urban Local Councils to manage the education function. Among other factors, there is need for the MoE to provide clear guidelines on education standards as well as full staffing compliment for the implementation of education services with cities and municipalities.

The annual cost for implementing the identified minimum service delivery package for the education sector, detailed in Box 1, was estimated at MK227 billion. About 20% of this amount, MK45.3 billion, is for program activities. The cost of implementing school health nutrition and HIV/AIDS (SHNA) activities was estimated at MK 2.8 billion.

## BOX 1 Identified Minimum Service Delivery Package for the Education Sector, at Local Level

- School improvement plans.
- Inspection and Advisory services.
- Maintenance of infrastructure – classroom blocks and teacher houses.
- Utilities for those schools that have water and electricity.
- Special needs education (SNE).
- Teaching and learning materials (TLM) in terms of procurement and maintenance. School health, nutrition, and HIV/AIDS (SHNA).
- Complementary basic education; and
- Maintenance of the Education Management Information System.

Source: NLGFC and UNICEF (2022): Costing of Social Service Delivery at Local Level in Malawi, UNICEF Lilongwe



The costing exercise also highlighted significant funding gaps for delivering basic education services at local level. The average annual operational cost (excluding salaries and wages) of delivering the identified minimum package of health services at local level (detailed in Box 1) was estimated at MK36.7 billion (~US\$30 million). Yet, the annual allocation averaged MK9 billion between 2017-21, resulting in a significant funding gap of about MK26.5 billion (75%), as shown in Table 4.

**Table 4: Funding Gap per Sector, Average Sectoral Funding Gaps for Period 2017-21, Amounts in MK millions**

| Sector         | Funding | Requirement | Funding Gap | Funding Gap (%) |
|----------------|---------|-------------|-------------|-----------------|
| Education      | 9,206   | 35,778      | (26, 572)   | -74%            |
| Social Welfare | 394     | 9,521       | (9, 128)    | -96%            |
| Water          | 2,324   | 4,263       | (1, 939)    | -45%            |
| Agriculture    | 1,674   | 18,683      | (17,009)    | -91%            |
| Health         | 9,243   | 36,771      | (27, 528)   | -75%            |

Source: NLGFC and UNICEF (2022): Costing of Social Service

### KEY TAKEAWAYS

- The implementation, policy coordination and expenditure assignment for the ECD function could be one of the areas to be reviewed and clarified during the process of updating the devolution plans of MoE and MoGCDSW.
- The MoE needs to provide clear guidelines on education standards as well as clarify the demarcations for the implementation of primary education services within cities and municipalities.

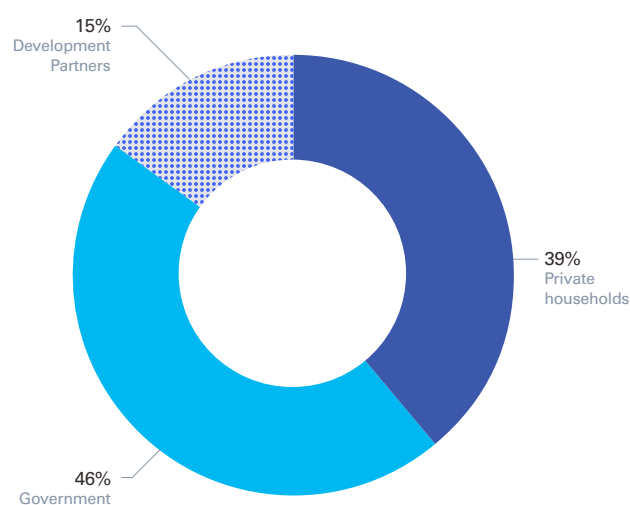
**Education Budget for Local Councils Faces Real-Term Decline, Leaving Funding Gap of around MK26.5 Billion.**

## Financing of the Education Sector

Education services in Malawi are mainly financed with domestic resources, with contributions from Government and households averaging 85%, as of 2020. Latest available evidence from the World Bank (2020)<sup>9</sup> shows that an average of 46% of the funding for education services in Malawi is provided by the Government through the National Budget while 39% of education financing is shouldered by private households for payment of school fees and school related expenses. Development partners are estimated to contribute 15% to total education financing, mostly through off-budget means.

The proportion of Government’s contribution to education financing decreases by each progressive education level. Evidence from the World Bank (2020)<sup>11</sup> show that while 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.

**Figure 8: Sources of Education Financing<sup>10</sup>**



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

<sup>9</sup> World Bank, Human Capital Public Expenditure Review (2020)

<sup>10</sup> The figures include off-budget resources.

<sup>11</sup> World Bank, Human Capital Public Expenditure Review (2020)

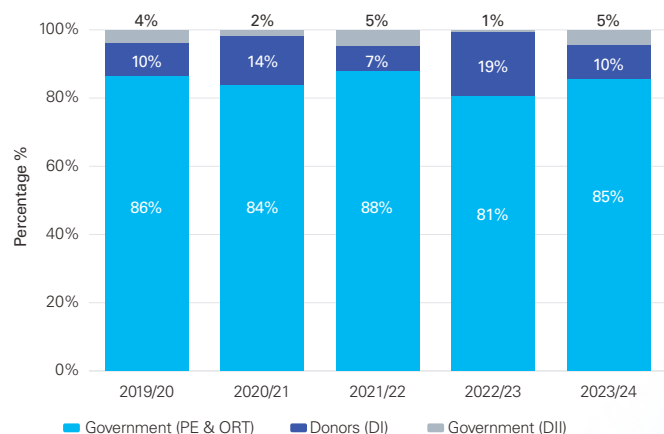
**Table 3: Breakdown of domestic financing by Level of Education and Source**

| Level of Education | GoM Contribution | Private Households |
|--------------------|------------------|--------------------|
| Primary            | 82%              | 18%                |
| Secondary          | 48%              | 52%                |
| Tertiary           | 32%              | 68%                |

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

When exclusively considering on-budget financing, donors have contributed an average of 11% to the total funding of the education sector, Figure 9, or an average of about 80% to total financing of education capital projects (DI).

**Figure 9: Financing Sources for On-Budget Educating Spending**



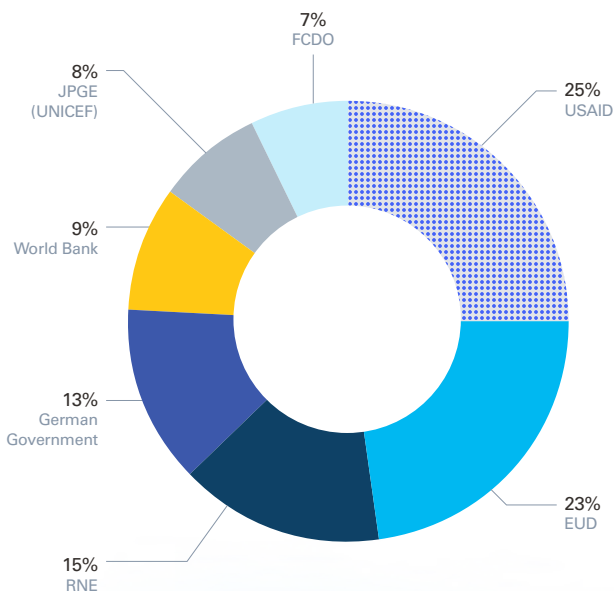
Source: Government Budget and Financial Statements, 2020-23

**There are seven main development partners supporting the education sector in Malawi, mostly through off-budget means.**

<sup>12</sup> Full abbreviations are: United States Agency for International Development (USAID), European Union Delegation (EUD), The Royal Norwegian Embassy (RNE), Global Partnership for Education (GPE) (through UNICEF) and Foreign, Commonwealth and Development Office (FCDO).

Latest available data from the World Bank (2020) shows that there are seven main development partners financing education services in Malawi, as shown in Figure 10. These resources are mostly channeled through off-budget means. However, there are ongoing discussions between some donors such as the EU Delegation (EUD) and Government on the resumption of on-budget support in the education sector.

**Figure 10: Main Donors Financing Education Sector in Malawi<sup>12</sup>**



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

**KEY TAKEAWAY**

- The newly rolled out public finance management Act (PFMA) (2022) and Strategy are an opportunity for the Government to further strengthen the PFM architecture in Malawi, crucial to accelerate efforts to support the resumption of sectoral on-budget support in Malawi.

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