

# Education

Supporting Stronger Investments in Foundational Years to Improve Learning Outcomes in Malawi



## KEY MESSAGES AND RECOMMENDATIONS

The education sector in Malawi is facing a learning crisis<sup>1</sup>, with only 19 per cent of children aged 7 to 14 having foundational reading skills while only 13 per cent have foundational numeracy skills. This implies that while children may be in school, they are not learning optimally. One significant factor contributing to poor learning outcomes in primary education is the notably low attendance rate in early childhood education (ECE), which was only 34 per cent in 2023.

### Recommendations

The Government is encouraged to support more substantial investments in the foundational years (pre-primary to Standard 4) to improve learning outcomes, including prudent expansion towards universal coverage of pre-primary education.

Although the education budget remains the most significant sectoral allocation, its share of the total government budget is gradually declining due to increasing debt servicing costs. Between 2020/21 and 2024/25, the share of the total budget allocated to the education sector has consistently decreased from 17 per cent to 14.8 per cent as allocations to debt servicing costs have surged from 15.1 per cent to 24.4 per cent.

### Recommendations

The Ministry of Finance is encouraged to ensure education sector allocations are progressively increased and sustained to at least 15 per cent of the total budget in the medium-term expenditure framework (MTEF). Meanwhile, in 2024/25, the Treasury is encouraged to ensure actual and timely disbursement of allocations while safeguarding allocated budgets from in-year cuts, especially during the mid-year budget review (MYBR).

<sup>1</sup> The learning crisis or learning poverty is a global definition which is broadly used to describe the fact that, despite a progressive improvement in the level of children's educational enrolment and participation in schooling, attainment of learning outcomes as defined in the national curriculum framework remain poor or low.

The share of the education budget allocated to tertiary education has increased (from 24 per cent to 28 per cent) as shares to basic education (from 51 per cent to 49 per cent), secondary education (from 18 per cent to 15 per cent) have decreased, while that for early childhood development (ECD) has not changed at 2.4 per cent.

### Recommendations

The Government is encouraged to increase investment in ECD, as it forms the foundation for the child's brain development, which affects learning, health, behaviour, and, ultimately, productivity and income.

The Government has increased the allocation for centrally procured teaching and learning materials (TLMs) under the Ministry of Education from MK4 billion in 2023/24 to MK7.3 billion in 2024/25. However, access to TLMs remains limited, with 86 per cent of schools facing a pupil-textbook ratio of more than 3:1.

### Recommendations

The Government is encouraged to consider alternative means of financing TLMs in the context of the existing school improvement grant (SIG) financing model to ensure the needs of learners, including those with special needs, are adequately addressed.

The 2024/25 budget includes significant investments worth MK209 billion in constructing primary and secondary schools, 86 per cent of which are from donors. However, previous budget analyses show budget credibility challenges associated with development projects in the education sector.

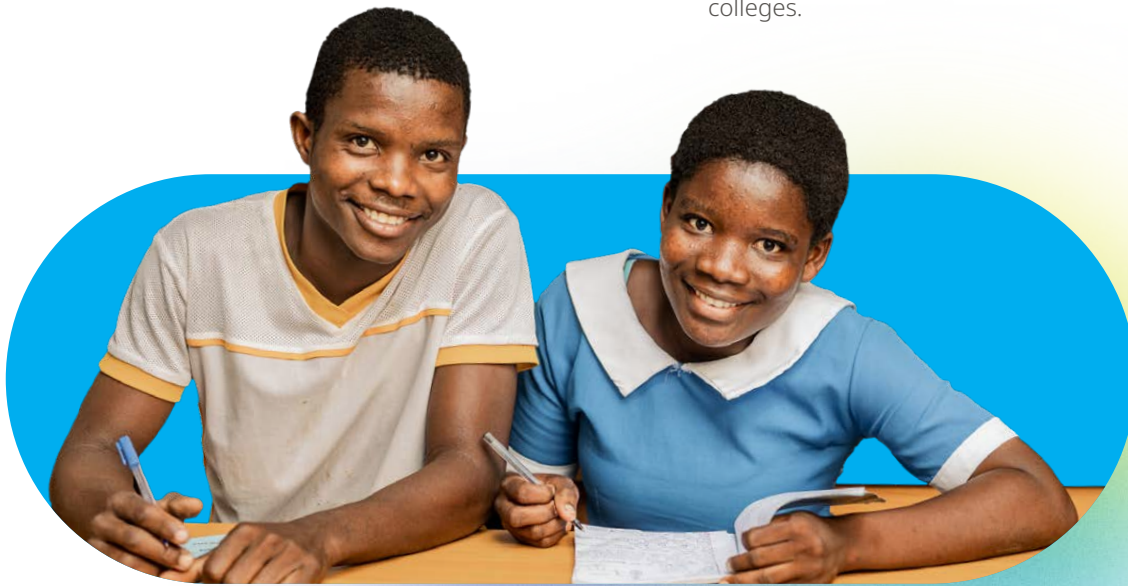
### Recommendations

The Ministry of Education is encouraged to strengthen the planning and execution of development projects, including procurement systems and capacities, to ensure timely construction of schools and overall completion of planned projects. Meanwhile, Parliamentary Committees, Civil Society Organizations (CSOs), and Local Communities are encouraged to continue overseeing to strengthen accountability in implementing development projects.

## Introduction

**This budget brief summarises the trends in education spending in Malawi in the 2024/25 fiscal year (FY) framework.** It provides insights into the adequacy, equity, efficiency, and effectiveness of education spending in Malawi. The analysis builds on previous education budget briefs<sup>2</sup>, and is informed by Government Budget Documents, mainly the program-based budget (PBB), detailed budget estimates, and 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 (Vote 370), as well as subventions to public universities and colleges.



## Education Sector Overview

**The education sector's performance remains mixed, as some indicators show notable improvements while others have worsened or remained stagnant.** Generally, Malawi has registered relatively high enrolment rates at the primary level but very low enrolment rates at the pre-primary and secondary levels, as shown in Table 1. There are notable improvements in the transition rate to secondary education, from 42.5 per cent in 2022 to 47.2 per cent in 2023, a trend that needs to be sustained. However, after registering steady progress between 2020 and 2022, the primary school completion rate has decreased from 56 per cent in 2022 to 48 per cent in 2023 (Table 1). On the other hand, completion rates in secondary school have remained constant at 22 per cent.

Primary school completion rate has decreased from 56% in 2022 to 48% in 2023.

<sup>2</sup> Available at: <https://www.unicef.org/esa/reports/budget-briefs#malawi>

**TABLE 1** Selected Education Indicators for Malawi

Indicator Description	2020	2021	2022	2023
Net enrolment rate, primary*	90%	88%	88%	91% (Girls – 93%)
Net enrolment rate, secondary*	15.5%	14.6%	16.6%	17% (Girls – 17.1%)
Completion rate, primary*	51.2%	50%	56%	48% (Girls – 50%)
Dropout proportion, primary*	4%	4.4%	4.7%	4.0% (Girls – 4%)
Pupil /teacher ratio, primary*	65	58.9	59.0	61.0
Transition rate to secondary*	37.6%	36.5%	42.5%	47.2% (Girls – 47.0%)
Gender Parity Index* for primary enrolment	1.02	1.05	1.04	1.03
Gender Parity Index for secondary enrolment	0.97	0.96	0.96	0.92
Attendance at early childhood education programmes **	34%	34%	34%	34%
Secondary completion rate **	23%	23%	23%	22.3% (Girls – 20.6%)
Children aged 7-14 years who have foundational literacy skills **	19%	19%	19%	19%
Children aged 7-14 who have foundational numeracy skills **	13%	13%	13%	13%
Percentage of new entrants to primary with ECD background		40%	40%	43% (Girls – 44%)

Sources: \*EMIS Reports, 2023; ESPR, 2023\*\*; MICS, 2019/20.

**The education sector in Malawi is facing a learning crisis, with only 19 per cent of children aged 7 to 14 having foundational reading skills while only 13 per cent have foundational numeracy skills. This implies that while children may be in school, they are not learning optimally.**

In this context, Malawi's national learning assessments showed subpar results among students in both Standard 4 and 7, as depicted in Table 2. Specifically, Standard 4 outcomes indicate a significant deficit in foundational skills, with fewer than 25 per cent of students demonstrating proficiency at the expected level across all subjects tested (Chichewa, English, Life Skills, Mathematics). Furthermore, Standard 7 results highlight the enduring impact of low achievement levels from Standard 4.

**TABLE 2** Comparison of learning achievements (mean scores) by subject

Subject	Standard 4		Standard 7	
	Female	Male	Female	Male
Chichewa	24	23	43	44
English	13	13	20	22
Life skills	20	19	19	23
Mathematics	19	20	20	22
<b>Total</b>	<b>19</b>	<b>19</b>	<b>25</b>	<b>28</b>

Source: Ministry of Education (2021) Monitoring Learning Achievement (MLA) Survey 2021.

**The prevalence of large class sizes in Malawi poses significant challenges to the quality of education and learning outcomes.** While the overall pupil-to-qualified teacher ratio (PqTR) average is near the National Education Sector Investment Plan (NESIP) target of 60:1, it masks vast discrepancies across schools. The pupil-teacher ratios (PTRs), which signify the number of students per teacher in a school, vary significantly across districts, zones, and even within

zones among different schools. This disparity often results in acute shortages of teachers in certain schools while others have an excess. Furthermore, the Educational Management Information System (EMIS) data for 2024 reports that 66 per cent of primary schools have pupil-to-permanent classroom ratios (PpCR) above 90 in lower primary schools, and 45 per cent of schools have a PqTR above 90 in lower primary.

### The learning crisis is now a priority for Malawi's Ministry of Education and Education Development Partners.

Foundational learning has been identified as a priority area of reform in the Global Partnership for Education (GPE) – supported Partnership Compact, with an intent amongst government, development partners and other stakeholders to rally existing and newly mobilized technical and financial resources to move the needle on learning outcomes in Malawi collectively. The goal is to address inclusive foundational learning in the early primary grades, ensure school readiness

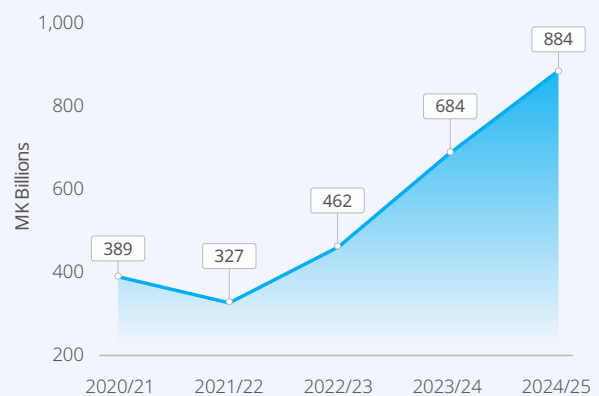
and improved pre-primary enrolment, and systemic education reform. In the 2023/24 financial year, the Government prioritized recruiting primary school teachers to help improve the pupil/teacher ratio. As we advance, the Government must also consider retention strategies to incentivize teachers, especially in remote areas. For primary schools, the pupil/teacher ratio is highest in remote areas at 66:1, while it is much lower in semi-urban and urban areas at 46:1 and 43:1, respectively<sup>3</sup>.

## Size of Education Spending

In real terms, the 2024/25 education sector budget generally remains the same as the previous allocation, considering the average annual inflation projected at over 20 per cent in 2024. The education sector was allocated MK884 billion in 2024/25, a nominal increase of 29.3 per cent from the revised allocation of MK684 in 2023/24 (Figure 1). The nominal growth is mainly attributed to increased donor commitments towards development projects and programs in the sector. However, considering the average inflation of over 20 per cent, the education sector budget has barely changed in real terms.

FIGURE 1

Evolution of Education Spending



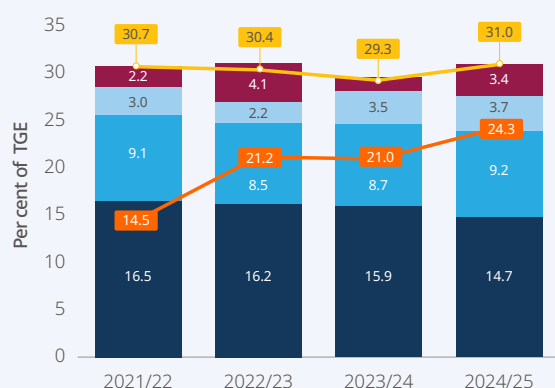
Source: Government Budget and Financial Statements, 2020/21-24/25

Trends in per capita spending indicate an increase in expenditure per pupil/student for the past five years. The ESPR 2023 indicates an estimated expenditure of MK48,000 per primary-level student and MK198,000 per secondary-level student. Considering the sector's deprivations, limited infrastructure, and TLMs, the per capita cost is inadequate for providing a conducive learning environment.

Although the education sector budget remains the largest sectoral allocation, its share of the total government budget is gradually declining due to increasing debt servicing costs. The education sector received 14.7 per cent of the 2024/25 budget, the largest sectoral share, compared to health (9.2 per cent), agriculture (8.5 per cent), and water, sanitation, and hygiene (WASH) (3.4 per cent).

FIGURE 2

## Trends in Social Sector Allocations



Education Health Social Welfare WASH  
Total Social Sector Public Debt Charges/Exp

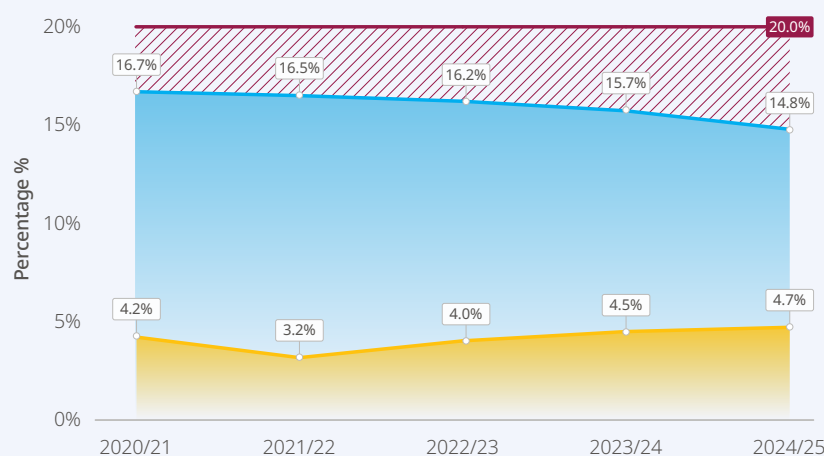
Source: Budget Documents (2021/22 – 2024/25)

However, between 2020/21 and 2024/25, the share of the National Budget allocated to the education sector has consistently decreased, from 16.5 per cent to 14.7 per cent, as allocations to debt servicing costs have surged from 14.5 per cent to 24.3 per cent. The education share has, therefore, further drifted away from the Dakar Commitment on Education for All by the African Union for African States to allocate 20 per cent of their total budgets to education (Figure 2).



FIGURE 3

## Trends in Education Sector Spending as a Share of Total Budget and GDP



% of TGE % of GDP Dakar Target (20%)

Source: Government Budget Estimates (2018/19–2024/25)

However, the education sector budget has steadily increased in relation to the country's gross domestic product (GDP), as shown in Figure 3. At 4.7 per cent in 2024/25, the GDP share remains consistent with the Incheon Declaration on Inclusive Education, which recommends Governments allocate between 4 and 6 per cent of their GDP to education if they are to achieve the Sustainable Development Goal (SDG) 4 targets (UNESCO, 2017).

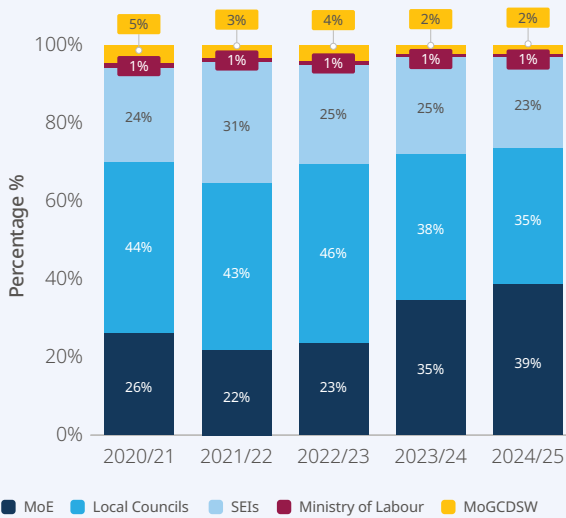
# Composition of Education Spending

The share of the education budget centrally managed through the MoE has notably increased from 35 per cent in 2023/24 to 39 per cent in 2024/25 (Figure 4). This is mainly due to a substantial increase in donor-funded development projects. As a result, the share of the decentralized education budget through Local Councils has declined from 38 per cent to 35 per cent. This decline does not signify reduced priority for decentralization but reflects the centralized nature of development budgets managed under the MoE. Subventions for public universities and colleges have slightly decreased from 25 per cent to 23 per cent, while the share allocated through the MoGCDSW for early childhood development (ECD) has stagnated at 2.4 per cent.

There are notable changes in allocations to different levels of the education sector in 2024/25 (Figure 5). The share allocated to tertiary education has increased (24 per cent to 28 per cent), as shares allocated to basic (51 per cent to 49 per cent) and secondary education (18 per cent to 15 per cent) have decreased. In comparison, that for ECD has not changed at 2.4 per cent. The share allocated to governance institutions and cross-cutting services has generally not changed at 6% in 2024/25. These expenditures cater to management and support services under the MoE and the governance of subvented organisations such as the Malawi Institute of Education, the Malawi National Examination Board (MANEB), and the National Library Service.

FIGURE 4

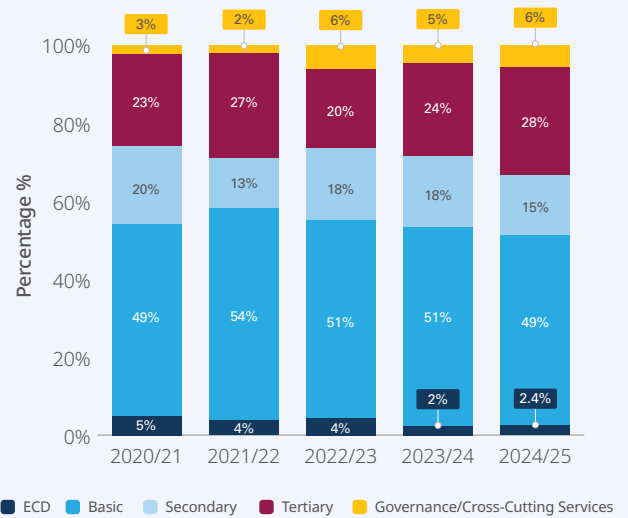
Trends in the Composition of Education Sector Resources by Vote



Source: Government Budget and Financial Statements, 2020/21-24/25

FIGURE 5

Trends in the Allocations to Different Educational Levels



Source: Government Budget and Financial Statements, 2020/21-24/25



The above relative changes are linked to the fact that allocations to universities and colleges have increased at a faster pace (+50 per cent) than the growth in budgets for the other levels of education – ECD (+32 per cent), basic (+24 per cent) and secondary (+9 per cent) as shown in Figure 6. The growth in the tertiary sector budget also reflects additional donor commitments for development projects for public universities and colleges.

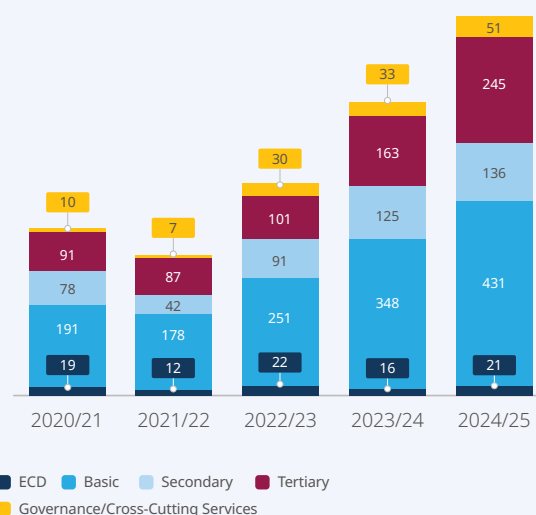
**While all education levels registered budget increases, tertiary education received a disproportionately large boost (+50%), outpacing the growth in ECD, basic, and secondary education funding.**

The ECD budget (direct) is worth MK21.2 billion in 2024/25 compared to MK16 billion in 2023/24. The allocations have been constant as a share of the total education and overall Government budget and remain strongly influenced by World Bank funding for the Investment in Early Years Project (IEYP), which accounts for 96 per cent of the total ECD budget. To ensure the program's sustainability, the Government will need to progressively increase its allocation, especially considering the IEYP phases out in the 2024/25 financial year.

Additionally, the Government has introduced an allocation of MK300 million under domestically financed projects (DI) for constructing five ECD centres under the MoGCDSW in 2024/25 (Table 3). Including this as a development project in the Public Sector Investment Program (PSIP) indicates the Government's commitment to improving access to ECD in the country. However, while there are efforts to improve access, challenges remain with the quality of the workforce. The percentage of trained caregivers is currently at 50 per cent against the NESIP target of 75 per cent. The caregiver-to-child ratio is presently at 1:60 (ESPR, 2023), which is quite high. A commonly accepted guideline is for a ratio of 1:25 for 5-year-olds and 1:15 for children under 5, based on the premise that lower ratios lead to more positive caregiving.

FIGURE 6

Trends in the Allocations to Different Educational Levels (MK Billions)



Source: Program Based Budget Documents, 2020/21 – 2024/25



TABLE 3 Composition of ECD Budgets, in MK Millions

	2020/21	2021/22	2022/23	2023/24	2024/25
PE - ECD Caregivers			480	480	-
ORT - MoG	853	653	271	905	750
Development part I (DI) - IEYP/WB	20,847	11,702	12,578	14,713	20,200
Development part II (DII) - Construction of ECD Centers					300
Local Councils	42	45	50	60	70
<b>Total</b>	<b>21,742</b>	<b>12,400</b>	<b>13,379</b>	<b>16,158</b>	<b>21,730</b>

Source: MoGCDSW PBB Documents, 2020/21 – 2024/25

### Significant infrastructure investments in the 2024/25 budget are earmarked for the construction of schools at primary and secondary levels.

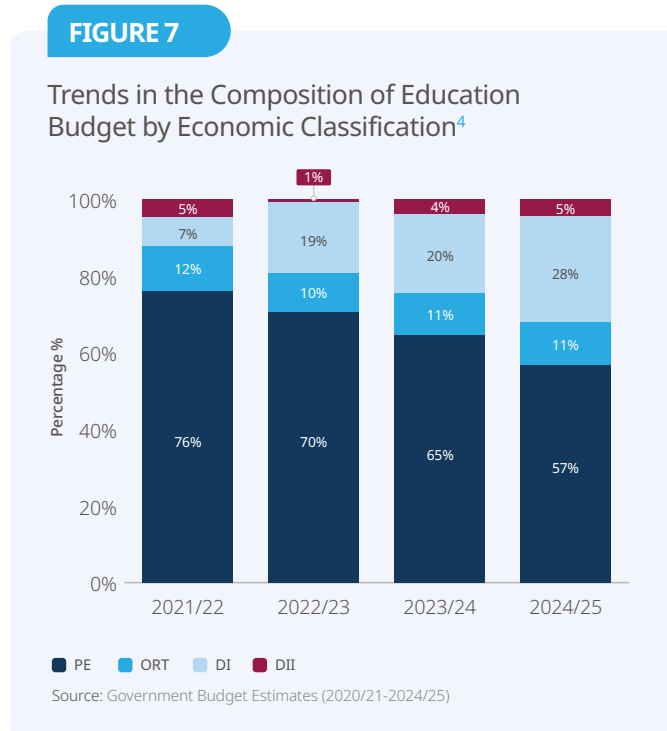
As a result, the share of the primary and secondary education budget allocated for development projects has significantly increased from 24 per cent in 2023/24 to 33 per cent in 2024/25. These resources are primarily through donor-funded projects (DI), whose share has increased from 20 per cent to 28 per cent.

### The PE budget's share has notably decreased from 65 percent in 2023/24 to 57 percent in 2024/25 (Figure 7).

Allocations towards ORT have remained stable at an average of 11 per cent since 2020/21. The above trends reflect the fact that investments from donors have grown at a faster pace (+78 per cent) than the Government's contribution to development projects (DII) (+45 per cent), ORT (+35 per cent), and salaries and wages (+16 per cent).

### The Government's contribution to development projects has increased from MK13.7 billion in 2023/24 to MK19.5 billion in 2024/25, or 14.7 per cent of the total development budget.

The increase in the Government's contribution to development projects signifies a continued commitment to improving access to primary and secondary education in Malawi. On the other hand, donor contribution has increased from MK109.4 billion to MK215.1 billion. The World Bank is the main donor financing on-budget development



projects, namely the Malawi Education Reform Project (MERP) – with funding from GPE – Skills for Vibrant Economy Project, Equity with Quality and Learning at Secondary (EQUALS), and the Eastern and Southern Africa Higher Education Centers of Excellence Project, as shown in Table 4.

**TABLE 4** Key Development Projects in the Education Sector (MK Millions)

Name of Capital Project	Donor	2023/24 Approved	2023/24 Revised	2024/25 Estimates
<b>Donor Financed Projects (Total)</b>		<b>57,902</b>	<b>109,438</b>	<b>215,072</b>
Malawi Education Reform Project	World Bank	19,571	62,844	85,178
Skills for Vibrant Economy Project		-	1,898	48,908
Equity with Quality and Learning at Secondary (EQUALS)		23,618	29,983	37,976
Eastern and Southern Africa Higher Education Centers of Excellence Project		-	-	14,769
Education Services Joint Fund (ESJF)	KfW	-	-	8,039
Investing in Early Years for Growth and Productivity in Malawi	World Bank	14,712	14,712	20,200
<b>Domestically Financed Projects (Total)</b>		<b>8,300</b>	<b>13,795</b>	<b>19,585</b>
Construction of 34 Secondary Schools of Excellence Programme	GoM	4,000	7,185	10,000
Programme of Construction of 100 Girls Hostels in Community Day Secondary Schools		800	1,600	3,000
Rehabilitation of Infrastructure for Disaster Affected Schools		-	-	2,000
Construction of Administration Block for College of Medicine		1,500	2,510	2,500
Construction of Mzuzu University Library		2,000	2,500	2,085

Source: PBBs, 2023/24 and 2024/25

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

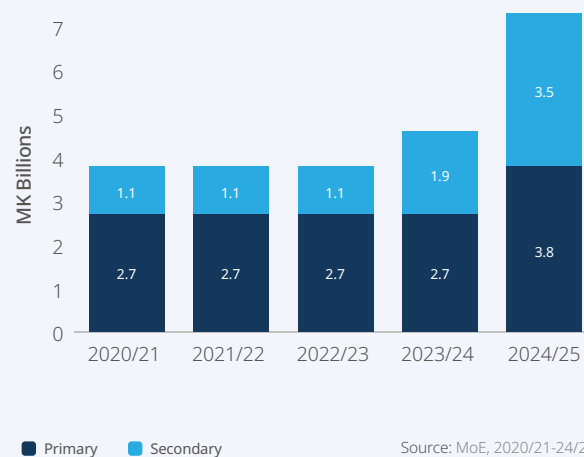
The Government has increased the provision for teaching and learning materials (TLMs) for primary and secondary schools from MK4 billion in 2023/24 to MK7.3 billion in 2024/25. Of the MK7.3 billion, MK3.8 billion is for primary schools, while MK3.5 billion is for secondary schools (Figure 8). In addition, the government has allocated MK3.5 billion to procure consumables for technical subjects under the MoE.

## Education Budget Credibility and Execution

The overall performance of the 2023/24 education budget was high at all budget levels, as depicted in Table 5. There is a combined overperformance of 40.9 per cent for the MoE budget from the approved MK165.7 billion to MK233.4 billion. This budget performance is largely influenced by higher-than-anticipated development spending – as donor-financed budgets were 2.3 times their approved level. In contrast, the government’s contribution to development spending exceeded the target by 1.5 times. The high variance rates reflect issues with budget credibility and need to be accompanied by efforts to strengthen the planning and execution of development projects to ensure timely construction of schools and overall completion of planned projects.

**FIGURE 8**

Trends in Government Provisions for TLMs (MK billions)



The recurrent budget performance under MoE was generally in line with expected levels, with variances below +/-5 per cent at +1.5% for PE and +4.3% for ORT. These variances were within the recommended threshold (+/-5%) for a budget to be deemed credible according to the Public Expenditure and Financial Assessment (PEFA) framework. At the local level, the performance of the ORT budget remained as approved at K17.9 billion. The education budget was, therefore, not affected by cuts during 2023/24.

**The 2023/24 education budget significantly overperformed, exceeding the approved amount by 40.9%, primarily driven by higher-than-expected development spending.**

**TABLE 5** Performance of the Education Budget in 2023/24, in MK millions

	2023-24 Approved	2023-24 Revised	2023-24 Expected Outturn	% Variance
<b>Vote 250-Ministry of Education</b>	<b>165,705</b>	<b>211,544</b>	<b>233,424</b>	<b>40.9%</b>
PE	74,744	75,896	75,896	1.5%
ORT	34,572	34,475	36,052	4.3%
DII	13,200	16,340	20,279	53.6%
DI	43,189	84,833	101,198	134.3%
<b>Local Councils</b>	<b>17,940</b>	<b>17,940</b>	<b>17,940</b>	<b>0.0%</b>

Source: Government Budget and Financial Statements, 2024/25

# Fiscal Decentralization and Education Spending

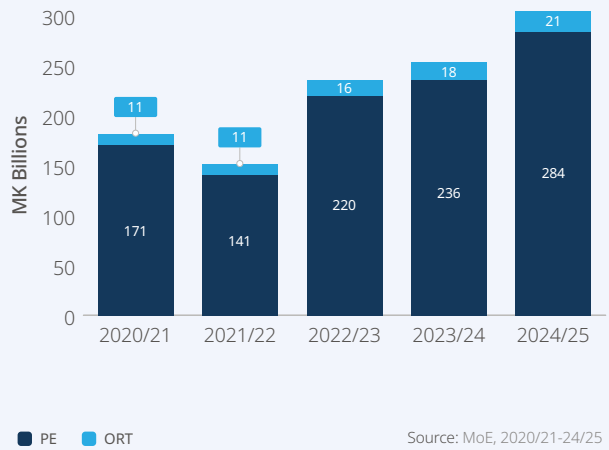
The decentralised budget for basic education through the Local Councils has stagnated in real terms. The Government plans to transfer MK305 billion to Local Councils in 2024/25 for the delivery of basic education services, an increase of about 20 per cent in nominal terms from MK254 billion transferred in 2023/24. However, considering the projected average inflation (of over 20 per cent), the decentralized education budget has stagnated in real terms. In terms of composition, the bulk of these transfers are for salaries and wages of primary school teachers, which have increased from MK236 billion to MK284 billion (Figure 9). This increase is attributed to the recruitment of teachers as well as an increase in remuneration during the financial year.



The education sector—together with the health sector—is the largest in terms of planned ORT transfers to Local Councils (Figure 10). In 2024/25, the education sector accounts for 37 per cent of the planned ORT transfers to Local Councils, the same as for health. Agriculture receives 5 per cent, and other sectors take up a cumulative 22 per cent.

FIGURE 9

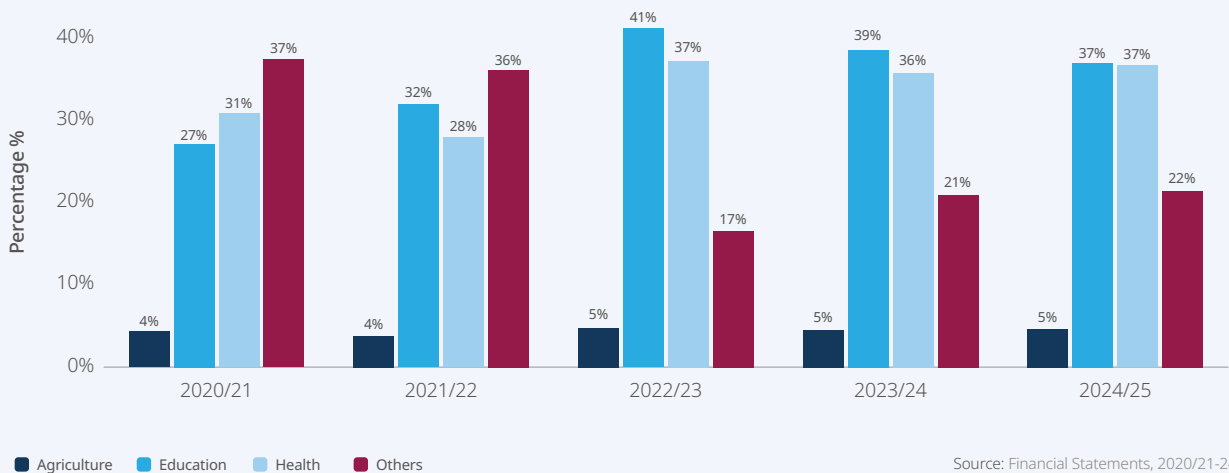
Composition of the District Education Budget, 2020/21-24/25



Source: MoE, 2020/21-24/25

FIGURE 10

Composition of the District ORT Budget, 2020/21-24/25



Source: Financial Statements, 2020/21-24/25



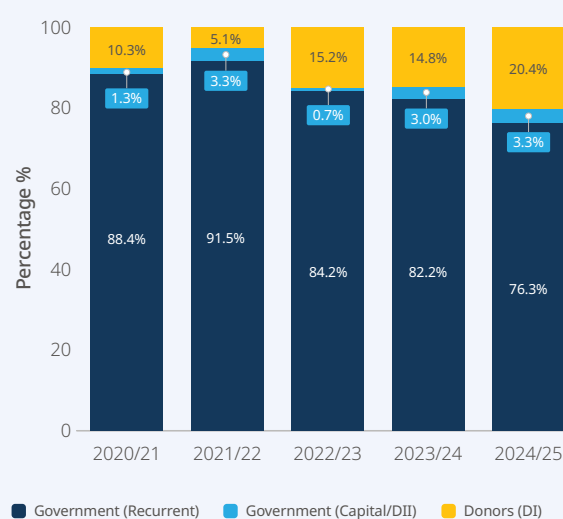
## Financing of the Education Sector

While education services in Malawi remain mainly financed through domestic resources, on-budget donor funding has increased from 14.8 per cent of the total sector budget in 2023/24 to 20.4 per cent in 2024/25 (Figure 11). This reflects increasing donor contributions for the construction of schools across all educational levels. As a result, the Government's total contribution has decreased from 85.5 per cent in 2023/24 to 79.6 per cent. The government's contribution remains largely for recurrent expenditures, with over 50 per cent covering wages and salaries for primary and secondary school teachers.

**Significant off-budget resources are also committed to the education sector.** For 2024/25, these amount to MK19.9 billion, as recorded by the Debt and Aid Division of the Ministry of Finance and Economic Affairs. A majority of these will be financed by the Norwegian Government (73 per cent), followed by the Japanese Government (26 per cent), and German Government (11 per cent). The recorded off-budget figures do not include resources from other key donors such as the US Agency for International Development (USAID), the European Union and the Foreign Commonwealth and Development Office (FCDO). Going forward, an Education Sector Resource Mapping tool might help to comprehensively capture financial information within the sector.

FIGURE 11

Trends in On-Budget Financing to the Education Sector



Source: Program Based Budget Documents, 2020/21 – 2024/25

# for every child, education



## Acknowledgements

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