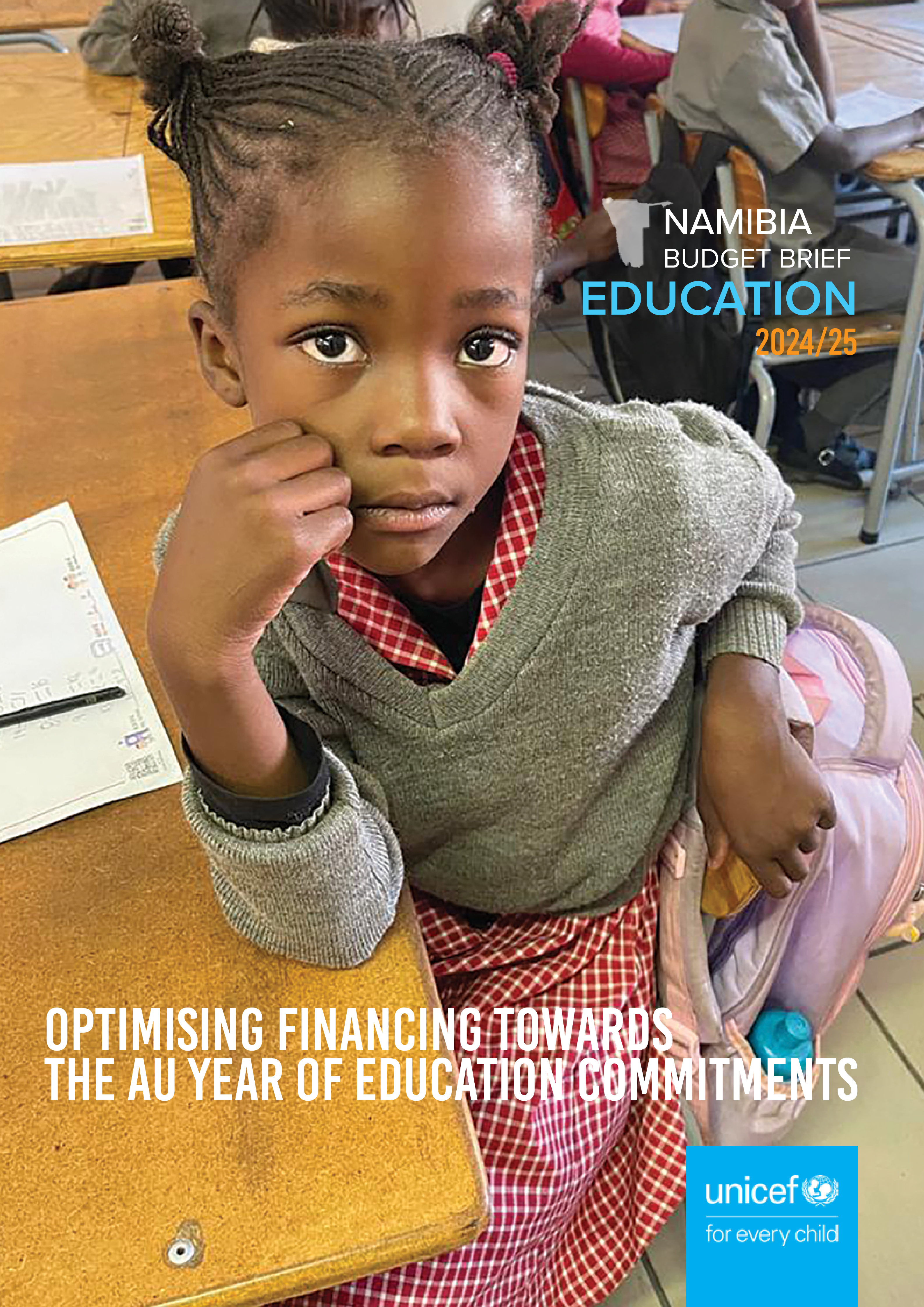

NAMIBIA BUDGET BRIEF EDUCATION 2024/25

OPTIMISING FINANCING TOWARDS THE AU YEAR OF EDUCATION COMMITMENTS

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To catalyse education financing towards meeting the African Union (AU) Year of Education commitments and progress towards SDGs, for all children, the government of the Republic of Namibia is encouraged to prioritise the following five actions:

KEY MESSAGES AND RECOMMENDATIONS

1 Increase budgetary focus on early learning.

Pre-primary education (PPE) receives very limited investment, despite strong evidence of its impact. Albeit the allocation rising to 4.4% of the Ministry of Education Arts and Culture (MoEAC) budget in 2024/25, an average of 2.9% of total MoEAC spending on PPE between 2018-2023, has significantly impacted enrolment (56.0%) and overall education outcomes. Foundational learning - by securing funding for all children in the pre-primary age group - needs to be prioritised, as this not only generates the highest returns on education but also helps to prepare learners for school, and results in better learning outcomes including reducing costly repetition rates. The government's commitment to progressively increase investment in foundational learning to 10% of the MoEAC is commendable as it aligns with the AU Year of Education commitments. This is achievable, including through leveraging public-private partnerships (PPPs) and blended financing for PPE.

2 Enhance efficiency spending of available resources.

Whilst Namibia's spending in education is relatively high, efficiencies could be further improved. Between 2018/19 and 2023/24, spending in education averaged 7.6% of GDP and 21.8% of total budget - translating to US$943.00 per capita. Namibia's SDG 4 performance index (81.7) is however lower than the 96.0 average for Emerging Market Economies with lower per capita spending.[1] Improving spending efficiencies, including in procurement, reducing wastage and prioritising high impact interventions, such as foundational learning, remains important in transforming the relatively significant investment into better outcomes.

3 Improve equity of education spending.

An equal amount is allocated per learner, whilst the development budget allocation is weakly co-related to regional disparities. Ongoing efforts to reform the learner grant through a new School Grant Policy needs to be expedited for full implementation. Furthermore, the funding formula for infrastructure development at the regional level, needs to be revised to be more equity focused, by aligning it with existing school infrastructure gaps and poverty levels across all regions.

4 Enhance execution of the development budget.

Despite high overall budget execution rates, the development budget is often not fully utilised. This becomes a twin problem of low allocation (averaging 2.8% of the MoEAC budget) and low execution. Driven by procurement delays, lengthy construction approval, and delayed releases, amongst others, development budget execution averaged 96.6% of available resources. Addressing these bottlenecks remains important towards full execution of the development budget and progress towards reducing existing school infrastructure gaps. This is particularly important given that this year's development budget was significantly increased to 5.3% of the total MoEAC budget at N$790 million.

5 Invest towards equitable and accessible digital learning solutions and approaches.

With high spending on employment costs, investments in quality teaching and learning technologies remain relatively low, negatively impacting outcomes. The use of information and communications technologies (ICTs) in education remains somewhat low for an upper middle-income country, with almost 65.6% of schools not having access to internet, and therefore unable to adopt modern teaching and learning techniques that improve outcomes. Additional resources need to be mobilized to increase the investment towards equitable and accessible digital learning solutions and approaches.

Securing funding for all children in the pre-primary age group needs to be prioritised.

[1] *IMF 2023, Namibia Expenditures in 2030 to Support the Sustainable Development Goals*

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1 INTRODUCTION

The AU has set forth an ambitious and noble agenda for 2024: The Year of Education - Educate and Skill Africa for the 21st Century. It is a rallying call for African governments to prioritise education as the cornerstone of progress and development. At the center of this ambition is the need to strengthen investments in the education sector. This brief provides an assessment of the 2024/25 budget for education in Namibia, with a view to recommending pathways for the optimisation of financing towards its commitments to the Year of Education.

The Namibian government is commended for progress made in the education sector. Since independence in 1990, Namibia has strengthened both policy and regulatory frameworks, whilst investments in the education sector have also steadily increased. In particular, the introduction of free education through the Universal Primary Education (UPE) in 2013 and Universal Secondary Education (USE) in 2016, has seen a marked increase in enrolment, especially for children from marginalised and vulnerable communities. Primary school enrolment increased from 476,360 in 2016 to 595,897 in 2022, whilst secondary enrolment also increased from 202,252 to 221 630, over the same period.[2] In addition, more teachers are qualified - 95.5% (primary) and 97.2% (secondary) - and more schools have been constructed from 1,826 in 2016 to 1, 964 in 2022, to bring education closer to poor and marginalised communities.

Notwithstanding this progress, challenges remain. The quality of outcomes remains somewhat low across the education sector with a high number of learners repeating a grade, and low pass rates in mathematics and science subjects. For example, 13.9% of learners repeated a grade in 2022, with the highest repetitions being in Grade 1 (17.3%) and transitional grades: Grade 4 (18.3%), and Grade 8 (16.1%). Furthermore, despite high enrolment (93.0%) and survival rates (95.9%) in primary education, the sector is characterised by low enrolment in pre-primary education, with 56.0% of children having one year of PPE, and a low senior secondary school survival rate of 56.0%. Given the high secondary school drop-out rate, it is estimated that, on average, only 41.6% of learners enrolled in Grade 1 reach the final grade of basic education.[3] A notable lack of ICT hardware and software has seen the number of computer laboratories available to learners decrease from 601 in 2019 to 485 in 2023. The key sector performance indicators are shown in Table 1.

Table 1: Key Education Sector Performance Indicators

ENROLMENT	2016/17	2021/22
Total	720,355	819,749
Pre-Primary	41,743	50,408
Primary	476,360	595,897
Secondary	202,252	221,630

GENDER PARITY INDEX	2016/17	2021/22
	1.004	1.007

PUPIL/ TEACHER RATIO (primary : secondary)	2016/17	2021/22
	27 : 22	27.8 : 22.2

% SHARE OF QUALIFIED TEACHERS	2016/17	2021/22
secondary	91	97.2

REPETITION RATES %	2016/17	2021/22
	19	13.9

% OF EDUCATIONAL INSTITUTIONS WITH ACCESS TO INTERNET	2016/17	2021/22
	23	65.6

NSSC-O PASS RATE	2016/17	2021/22
	42%	41.1%

LEARNERS WITH DISABILITIES IN SCHOOLS	2016/17	2021/22
	36,762	129,763

% SCHOOLS WITH WATER AND SANITATION	2016/17	2021/22
	88.6 : 87.2	95.9 : 90.8

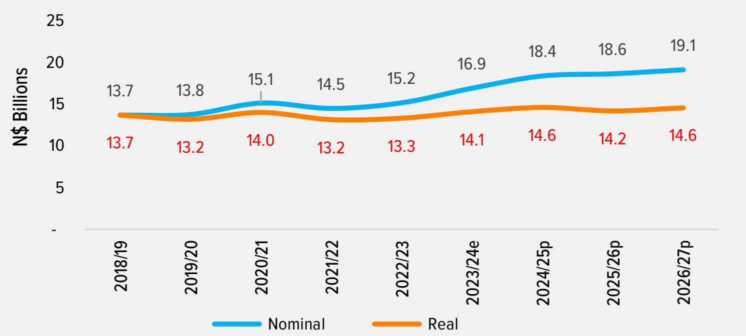
Source: Various EMIS 2017-2022 and Various MTEF: 2016/17 – 2024/25 own calculations

[2] *Education Management Information System (EMIS) 2022*
[3] *UN Country Common Analysis (CCA) 2023*

2 OVERALL SPENDING IN EDUCATION

Education spending through the MoEAC remains on an upward trend. At N$18.4 billion, the 2024/25 budget allocation is 8.7% and 3.5% higher, in nominal and real terms respectively, compared to the N$16.9 billion estimated expenditure in 2023/24. Growth is however less than than the previous year - 11.5% in nominal terms and 8.5% in real terms, (Figure 1). Sustaining investments in education remains a priority for the government towards the 'Year of Education' commitments, as well as progress towards SDG 4 commitments.

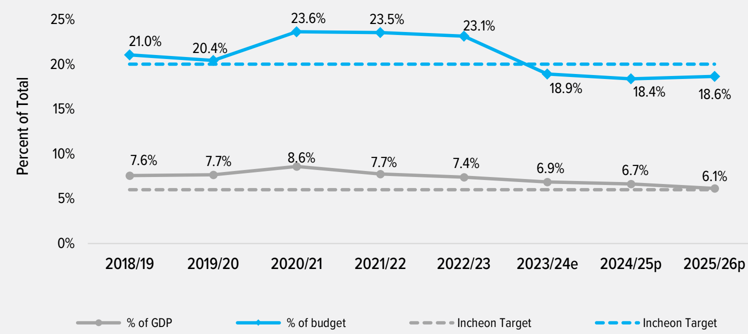
Figure 1: Trends in MoEAC spending and projections



Source: Various budget statements: 2018/19 – 2024/25, own calculations

Notwithstanding the increase in investment, education spending through the MoEAC, as share of total expenditure is expected to fall below both pre-COVID levels and the 20% Incheon target. At 18.4% of total budget, the 2024/25 allocation to basic education is 1.6 percentage points and 2.3 percentage points below Incheon target and pre-COVID average spending of 20.7%. However, if combined with the higher education allocation of N$4.7 billion, total education allocation is 23.1% of the entire budget. As a share of GDP, spending in basic education is expected to remain above the 6% Incheon target, (Figure 2).

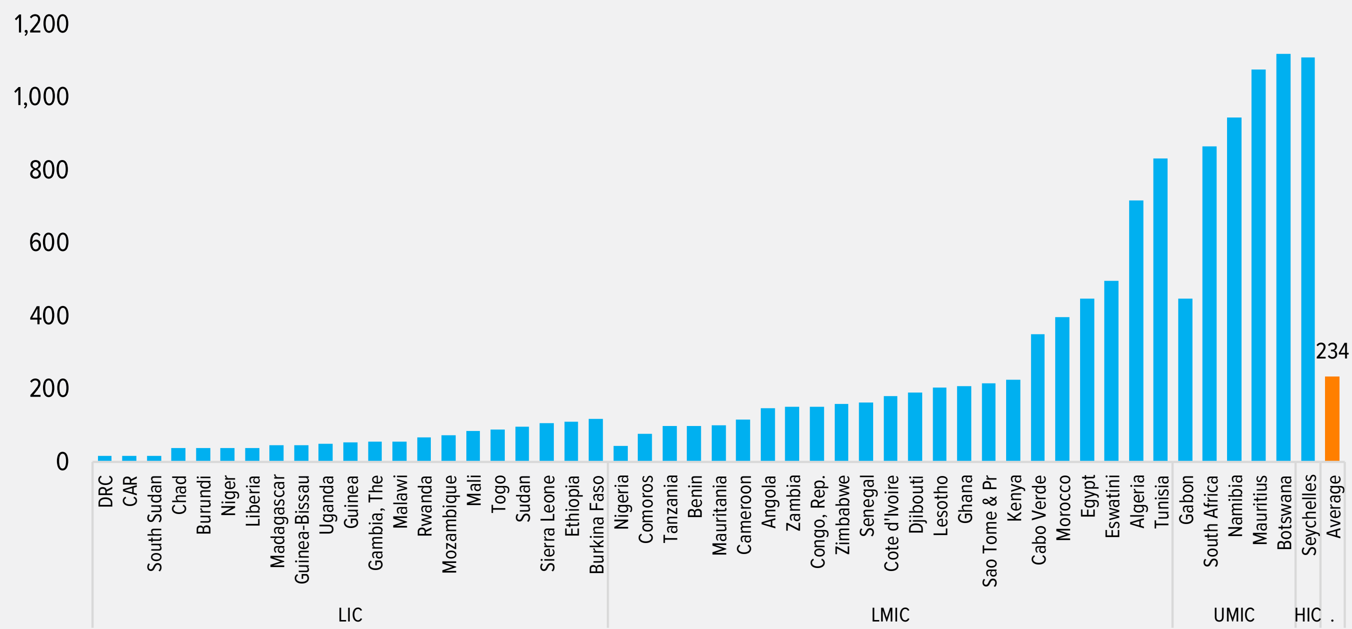
Figure 2: MoEAC spending trends and projections as % of total budget and GDP



Source: Various budget statements: 2018/19 – 2024/25, own calculations

Namibia's per capita education expenditure is relatively high and ranks among the highest in Africa. The country's per capita spending in education, in purchasing power terms, is estimated at US$943.00, which is the fourth highest in Africa, and four times more than the African average per capita education spend of US$234.00, (Figure 3).

Figure 3: Per capita education spending in selected African countries (PPP terms)



Source: AUC/UNICEF (2024) Education Spending in Africa: The impacts of COVID-19 and possible recovery pathways

Whilst sustaining this significantly high level of spending on education, the focus of the government should be on achieving spending efficiencies. Despite a high level of per capita investment in education (US$1,405), Namibia has a lower SDG 4 performance index (81.7) compared to the 96.0 average for Emerging Market Economies with lower per capita spending (US$1,378)[4] according to the International Monetary Fund (IMF 2023).

Major inefficiencies in the sector include:

High repetition rates: with an average 13.9% of learners repeating a grade in 2022, the cost can be as high as N$1.97 billion (12.9% of the total MoEAC budget).

High dropout rates: with only 41.6% of learners enrolled in Grade 1 reaching the final grade of basic education, dropout rates represent a significant systemic inefficiency of investment, which may never be recovered in terms of education outcomes, human capital development, future earnings for learners, and a reduction in unemployment and poverty levels.

Namibia's per capita education expenditure is the fourth highest in Africa

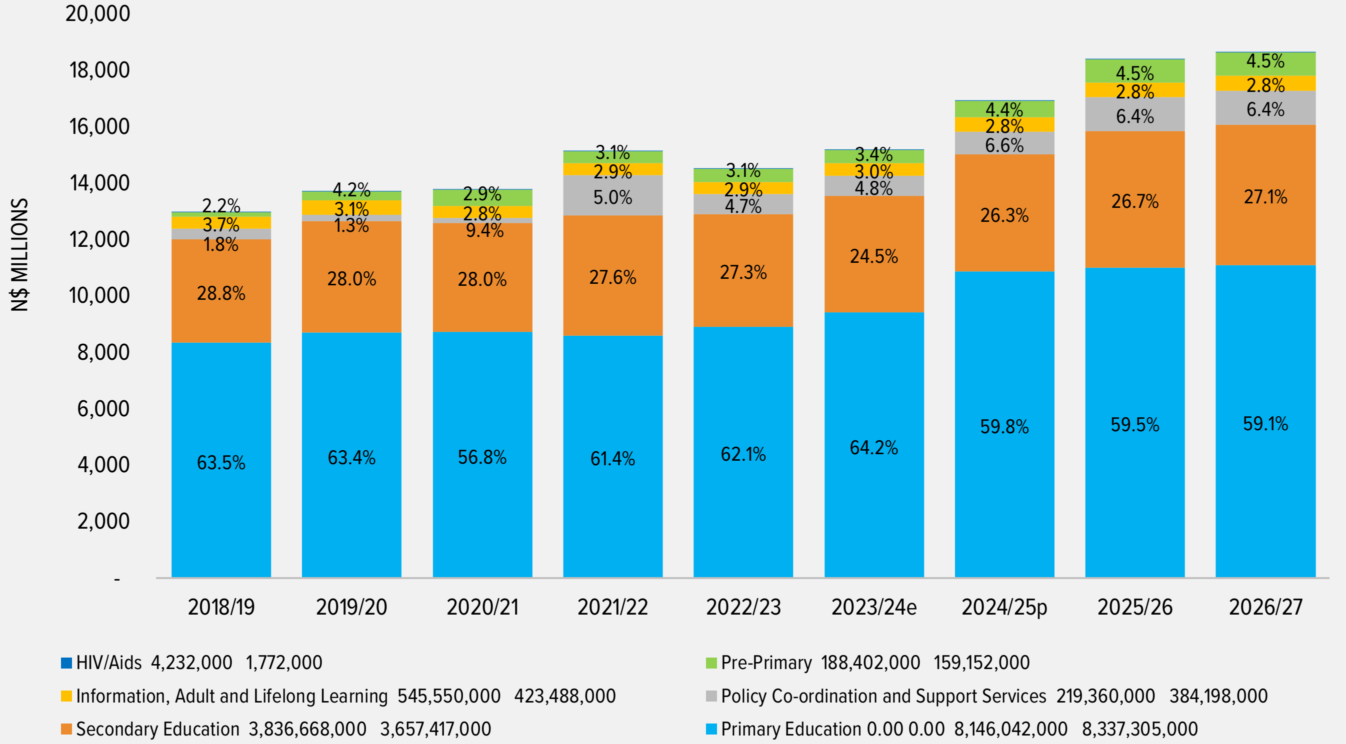
[4] *IMF 2023, Namibia Expenditures in 2030 to Support the Sustainable Development Goals*

3 EDUCATION SPENDING PRIORITIES

› Spending by programmes

Primary education accounts for a relatively large share of the MoEAC budget. In 2024/25, primary education allocation accounts for 59.8% of the total MoEAC budget. This huge investment, averaging 62.3% of the budget since 2018/19, has contributed to improved access and completion rates in primary level. Secondary education accounts for the second largest share of the budget (26.3%) between 2018/19 and 2023/24, (Figure 4). The relatively lower level of investment contributes somewhat to the decrease in access and survival rates, as highlighted earlier.

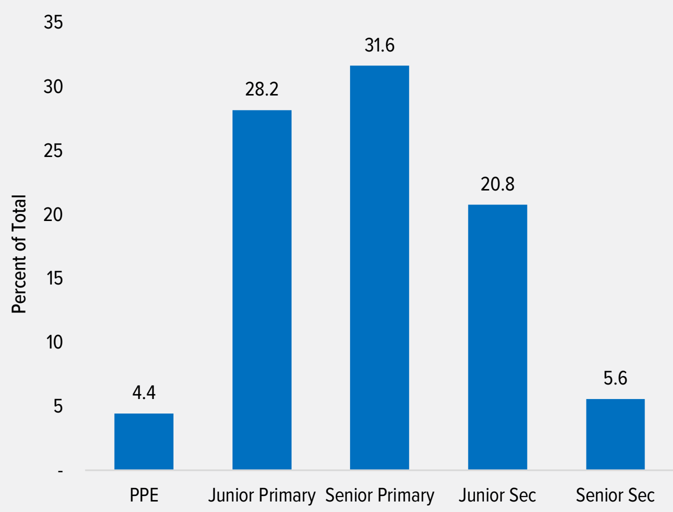
Figure 4: Composition of MOEAC expenditure by programmes



Source: Various budget statements: 2018/19 – 2024/25, own calculations

Like many African countries, Namibia backloads investments in education to higher levels or later stages of life. Pre-primary education receives very limited investment, despite strong evidence of its impact.[5] Between 2018/19 and 2023/24, PPE spending averaged 2.9% of total education. This is expected to rise to 4.4% in 2024/25, (Figure 5), including to cater for the recruitment of an additional 200 PPE teachers. Key to transforming education and better outcomes, is the need to rebalance the investment mix towards lower levels of education (representing most poor and marginalised learners), and more critically where foundational skills are built. The MoEAC is encouraged to aim towards investing 10% of its budget towards foundational learning as recommended by the Tashkent Declaration and in line with the AU Year of Education commitments. This could be achieved through additional resource mobilisation, including leveraging PPPs and blended financing, as well as potentially redirecting resources from adult and lifelong learning - subject to cost benefit analysis.

Figure 5: Distribution of the 2024/25 MoEAC budget by levels of education



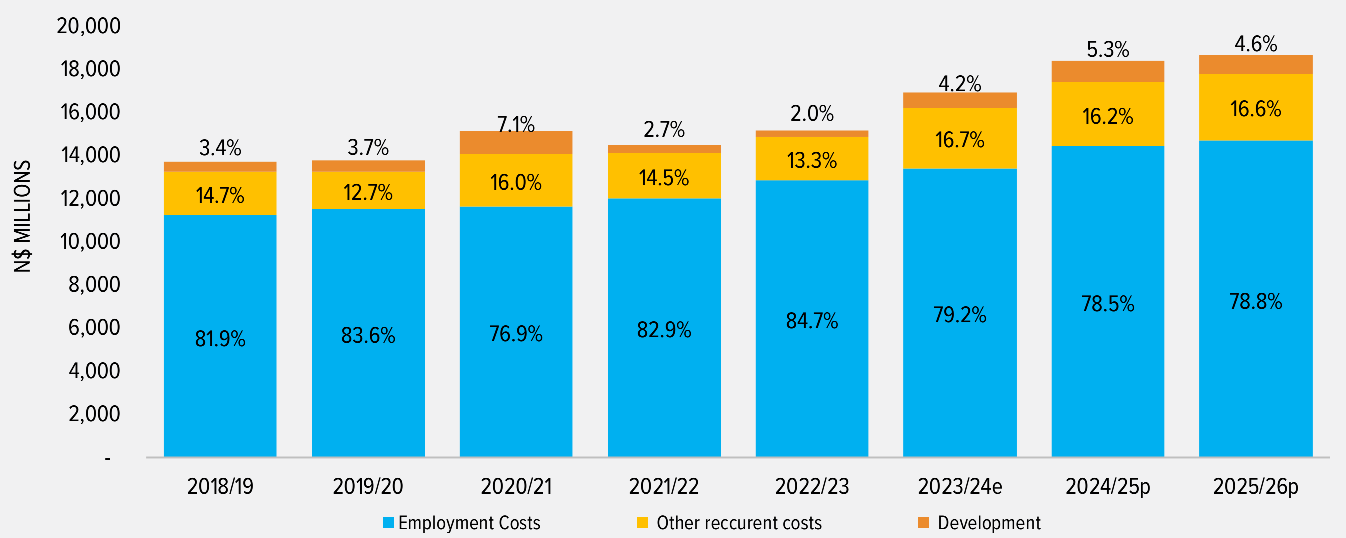
Source: 2024/25 Budget estimates, own calculations

Pre-primary education receives very limited investment, despite strong evidence of its impact.

› Spending by economic classification

Personnel expenditure inevitably accounts for the largest share of the MoEAC budget, due to the labour-intensive nature of the education sector. Over the period 2018/19 to 2023/24, employment costs accounted for an average of 81.6% of the MoEAC budget, albeit projected to decline to 78.5% in 2024/25, (Figure 6). Efficiencies and quality outcomes should therefore come from this huge expenditure line – meaning that teachers should not only be qualified, but also motivated, committed, equitably distributed, and teaching at the right levels. Further, there is need for continuous teaching capacity improvement, including in pedagogical skills through enhanced in-service training and professional development.

Figure 6: Composition of MoEAC budget by economic classification



Source: Various budget statements: 2018/19 – 2024/25, own calculations

[5] Heckman J (2017) and the UNICEF Eastern and Southern Africa Regional Office (ESARO, 2021)9 show that investment in early learning generates a higher return on investment than the same spending on primary or secondary education.

The relatively high employment costs tend to crowd-out spending towards the development budget, and learning and teaching materials. The development budget is considerably underfunded despite increasing to 5.3% of the MoEAC budget, contributing to the existing gaps in school infrastructure (classrooms, laboratories, and hostels), and teaching and learning materials, all of which negatively impact outcomes.[6] In addition, the use of ICTs remains somewhat low for an upper middle-income country, with almost 65.6% of schools not having access to internet, and being unable to adopt modern learning techniques that improve outcomes. Investing in digital learning solutions and approaches remains critical for better outcomes and for educating and skilling learners for the 21st century, as per the AU Year of Education commitment. There is, therefore, need to ensure that digital learning solutions and approaches are more equitable and accessible, and inclusive for children with disabilities, by ensuring that they run effectively offline, or with limited connectivity and on low-cost devices, including the use of local languages.

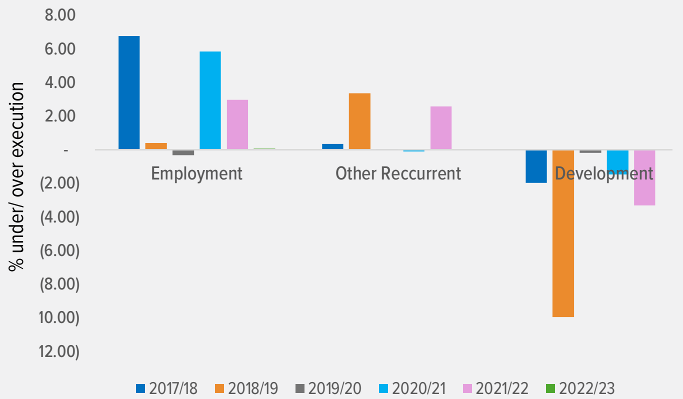
The increased development budget of N$790 million will help reduce the classroom deficit. Approximately 1,552 furnished classrooms are to be constructed from this budget in 2024/25. Whilst this is highly commended, the regional allocation of these schools needs to be informed by equity considerations – allocations need to target regions with the largest classroom deficits.[7] Furthermore, there is need to address execution bottlenecks that have impacted full utilisation of the development budget in the past, as discussed in the next section.

4 EDUCATION BUDGET EXECUTION

Overall budget execution remains high, with the MoEAC overspending its budget by an annual average of 1.8%, over the period 2017/18 to 2022/23. Overspending of the employment cost budget by an average of 2.6% over this period reflects planning and forecasting constraints.

Notwithstanding the above, budget execution remains a concern with respect to the development budget. The expenditure overruns on employment costs tend to crowd-out development budget spending, with an annual average execution of 96.6%, and the lowest being 90.0% in 2018/19, (Figure 7). This raises concerns as to whether the development budget is being deprioritised at the implementation stage, and partly explains the school infrastructure gaps in all regions.

Figure 7: MoEAC Budget execution trends by economic classification



Source: 2024/25 Budget estimates, own calculations

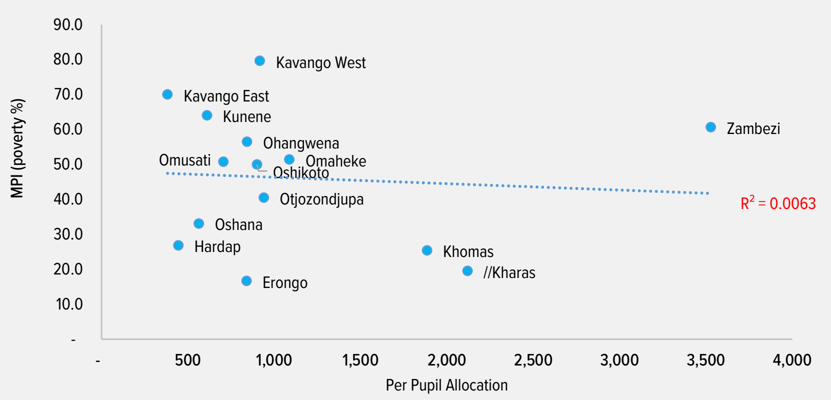
Development budget execution challenges arise from several factors. Some of the challenges regarding budget execution include timing and sequencing of the release of funds from the Ministry of Finance and Public Enterprises, procurement delays associated with capital projects, and underbudgeting of unavoidable expenditures like employment costs. With allocation to the development budget increasing threefold - to N$790 million in 2024/25 - it is imperative that MoEAC addresses execution bottlenecks that have impacted full utilisation of the development budget in the past.

[6]The current school infrastructure deficit is estimated at 4,479 classrooms nationwide (most at pre-primary level), whilst over 2,197 (7.9% of total) are traditional classrooms (EMIS 2022).
[7]Of the total classroom deficit Ohangwena accounts for the largest at 18.7%, followed by Kavango East (13.8), Khomas (13.6), Kavango West (13.2%) and Omusati (10.7%).

5 EQUITY OF EDUCATION SPENDING

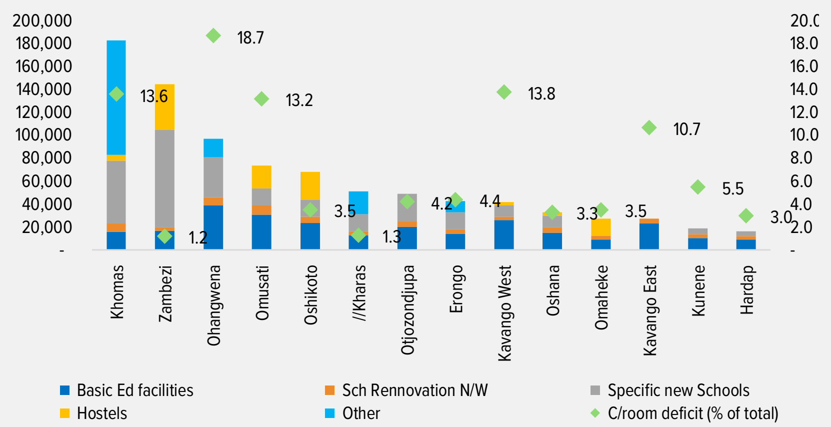
Equitable education spending is a critical prerequisite towards achieving SDG 4 and the AU Year of Education commitments. Namibia's expenditure pattern is characterised by inequalities, as shown by the weak correlation between allocation for development projects by regions. Regions with high multidimensional poverty do not necessarily receive proportionate per capita allocation. For example, based on regional allocations for development projects in the 2024/25 budget, regions with the highest rates of child multidimensional poverty (East and West Kavango) tend to get less than those with low poverty (//Kharas, Khomas), (Figure 8). Similarly, regions with the greatest classroom gaps (Ohangwena, Omusati, and E. and W. Kavango) do not necessarily get the largest share of the development budget, (Figure 9).

Figure 8: Per capita development budget allocation vs. child poverty



Source: NaMPI (2021), 2024/25 Budget estimates, own calculations

Figure 9: Development budget allocation vs. classroom deficit



Source: 2024/25 Budget estimates, own calculations

Regions with high multidimensional poverty do not necessarily receive the largest per capita allocation.

Furthermore, allocations to schools for learners under the UPE and USE models are based on an equalisation funding model. Each learner is allocated N$300.00 and N$400.00 for primary and secondary levels respectively, without taking into account the regional or income disparities of learners, or their unmet needs. This largely explains the systematic differences in attainment rates across household incomes. In the poorest deciles, 52.0% of children attend primary school and only 11.0% attend secondary school, compared to 54.0% and 32.0% in the richest decile, respectively.[8]

Conversely, MoEAC is making efforts to ensure inclusive learning, by providing learners with disabilities fivefold the current learner allocation. Learners with disabilities receive N$1,500 and N$2,000 for primary and secondary levels, respectively. Whilst this is commendable, there is need to ensure that decision making and planning at school level facilitates effective use of additional resources to address the barriers that learners with disabilities face, to achieve better learning outcomes. This includes: lack of inclusive infrastructure and materials; limited teacher capacity to address the individual needs of children with disabilities and other special needs; weak early identification, and stigma and discrimination, which result in children with disabilities dropping out of school.

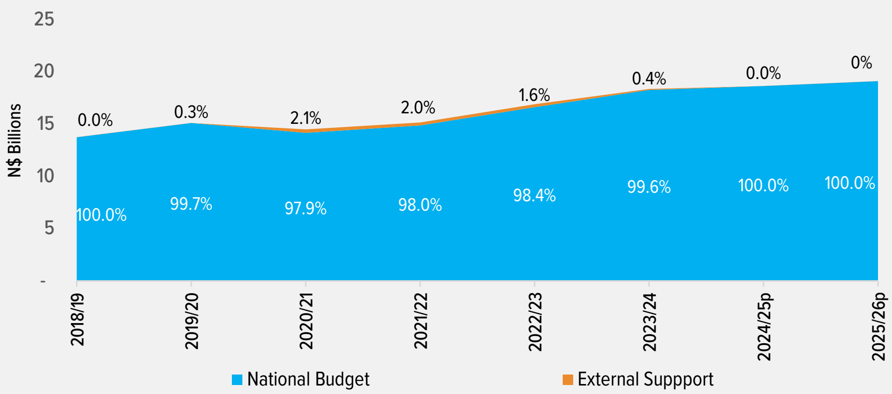
Achieving equity in education requires a significant readjustment of the current funding formula to prioritise regions with the greatest needs, and learners with disabilities. There is need to expedite the approval and implementation of the revised School Grant Policy, which is more equity focused, whilst greater efforts are needed to reform the development budget allocation framework to also make it more equitable.

[8]*Public Expenditure Review of the Basic Education Sector in Namibia, Ministry of Education, Arts and Culture, October 2017*

6 EDUCATION FINANCING AND OPTIONS

The public budget remains the key source of education financing in Namibia. Financing for the MoEAC is almost entirely from the government budget at an annual average of 99.1% (Figure 10). Consistent with its upper middle-income country classification, external support for Namibia has been declining, including for the education sector. Over the period 2018/19 to 2024/25, cumulative support to the education sector amounted to N$998.5 million, mainly from partners such as the African Development Bank and the European Union (EU), representing an annual average of 0.9% of total resource flows to the MoEAC.

Figure 10: Sources of financing for the MoEAC



Source: 2024/25 Budget estimates, own calculations

Consistent with its upper middle-income country classification, external support for Namibia has been declining, including for the education sector.

Whilst high public spending may potentially act as a disincentive to innovate, there is scope to explore other potential sources of financing to expand investments in underfunded programmes such as PPE. Options for sustainable financing of education that the government could consider include:

Improved spending efficiencies. While more funding is needed, it is equally important to maximize the impact of resources already allocated to the MoEAC, by better transforming expenditures into sectoral outcomes. This could be achieved through removing budget implementation bottlenecks, especially within the procurement system, dealing with costly repetitions, and adopting value for money sourcing approaches. Addressing inefficiencies in other sectors can also create savings that could potentially be redirected towards education.

Explore public-private partnerships (PPPs): Through well-structured PPPs, Namibia can develop mutually beneficial relationships with the private sector to leverage funding for the delivery of education services, particularly in infrastructure development and improvement.

Explore blended finance arrangements: Strategically using government revenue and/or Official Development Assistance (ODA) to attract private capital and philanthropic funds, blended finance aims to make projects more attractive and crowd-in private investors in the education sector.

If well designed and operated, PPPs and blended finance approaches can extend the reach and effectiveness of government funds, encourage innovation in the education sector and enhance learning outcomes (Aslam et al. 2019, Patrinos et al. 2009). However, it is imperative that governments carry out comprehensive due diligence to ensure value for money and that there are no access, quality or accountability issues, which have failed vulnerable students and deepened inequality in many contexts (Bous 2019).