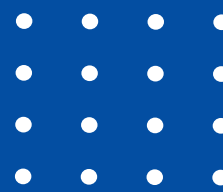
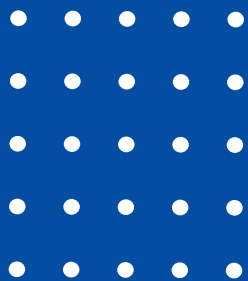


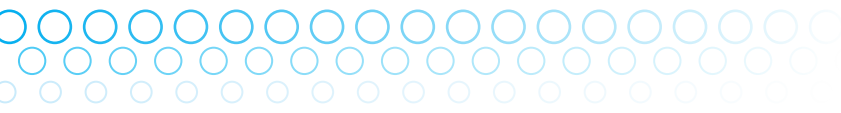
# ASSESSING THE FINANCING OF EDUCATION AND THE ATTAINMENT OF SDG4 IN ZAMBIA

**act:onaid**



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## LIST OF ACRONYMS

CDF	-	Constituency Development Fund
COVID	-	Coronavirus Disease 2019
ECE	-	Early Childhood Education
ECF	-	Extended Credit Facility
ESSP	-	Education and Skills Sector Plan
GDP	-	Gross Domestic Product
GRZ	-	Government Republic of Zambia
HEA	-	Higher Education Authority
ICT	-	Information and Communication Technology
IMF	-	International Monetary Fund
HIV	-	Human Immuno-deficiency Virus
MOF	-	Ministry of Finance
MoGE	-	Ministry of General Education
NER	-	Net Enrollment Rate
NGO	-	Non-Government Organization
OECD	-	Organization for Economic Cooperation and Development
PEs	-	Personal Emoluments
PISA	-	Programme for International Student Assessment
PTA	-	Parent Teachers Association
RDC	-	Recurrent Department Charges
SNDP	-	Sixth National Development Plan
7NDP	-	Seventh National Development Plan
SDF	-	Skills Development Fund
SDG	-	Sustainable Development Goals
STEM	-	Science Technology, Engineering and Mathematics
TEVET	-	Technical Education, Vocational and Entrepreneurship Training
TEVETA	-	Technical Education, Vocational and Entrepreneurship Training Authority
UNICEF	-	United Nations Children's Fund
UPND	-	United Party for National Development
ZANEC	-	Zambia National Education Coalition



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## EXECUTIVE SUMMARY

There are many compelling reasons why governments world over need to prioritize funding to the education sector. As a result of the important role that education plays in development, SDG4 on inclusive and equitable quality education and promotion of lifelong learning opportunities for all lies at the center of the attainment of all SDGs. To this effect, UNESCO standards provide for allocation of at least 4% to 6% of GDP or 15% to 20% of national budgets to education. However, evidence has shown that although most developed countries pledged to allocate a total of US\$110 billion between 2018 and 2021 under the Global Partnership for Education (GPE) replenishment initiative, most developing countries failed to adhere to either of these benchmarks or the pledges.

Education financing particularly by African governments shows a dire picture due to low capacity of many of them to raise taxes coupled with the mounting debt burden. In Low Middle Income Countries (LMICs), it is estimated that an additional US\$ 15.4 billion a year is needed to achieve SDG 4 targets by 2030. This entails doubling of current expenditure in LMICs in order to meet the SGD targets. For Zambia in particular, the share of the education budget over the SDG period has reduced from 20.2% in 2015 to 10.4% in 2022 representing a reduction of 48.5%. To the contrary, the analysis of the education budgetary allocations by size from 2016 shows that the budget has almost doubled over the SDG period rising from ZMW9.1 billion in 2016 to ZMW18.1 billion in 2022. Despite the steady increase in the size of the education budget, there have been significant disparities between the approved budget and the amount released, with the performance of the budget averaging 91% since 2016, while majority (91%) of the education allocations are spent towards Personal Emoluments and Recurrent Departmental Charges.

Overall, Zambia's education financing gap has been widening since 2016 reaching an estimated ZMW48.4 billion by 2022, translating into an average annual financing gap of ZMW6.9 billion. As a result, Zambia is on course to achieving only two out of the seven SDG targets by the year 2030 namely target 4.1 on the provision of free primary and secondary education as well as target 4.5 on eliminating all discrimination in education by 2030. To achieve the remaining targets, Zambia will need to restructure its debt portfolio in order to free financial resources that can be used to invest at least 20% of its budget towards the education and skills development sector.

# 1

## 1.0 INTRODUCTION

### 1.1 Background

Education is believed to be the driving force for national development since it plays a major role in the production of human capital and technologies that foster economic growth and human development indicators. Thus, Carmen *et al* (2012)<sup>1</sup> contends that investing in education increases chances of individuals finding jobs that contribute to their well-being and economic growth. Other compelling reasons why governments world over need to prioritize funding to the education sector can be best explained by the contributions associated with each level of education. For instance, quality Early Childhood Education (ECE) sets a solid foundation for children to start primary school with stronger social skills and motivation to learn<sup>2</sup>. Such children are also more likely to be retained in school and gain key competencies in literacy, numeracy and build resilience to cope with trauma and stress. A research conducted by UNICEF (2019) showed that children in Chad, Cameroon, Niger and Togo who had attended pre-primary education were one and a half times more likely to achieve minimum mathematics competencies in Grade 2 than those without pre-primary experience<sup>3</sup>.

Furthermore, Coefficient estimates on the effects of lower levels of education on development reveal that primary and secondary education are effective in reducing infant mortality, maternal mortality and HIV prevalence<sup>4</sup>. These findings are in agreement with Sperling (2004) who postulates that cases of HIV infection are lower among children who had completed primary education, while a child born to an uneducated mother in Africa has a 20 percent chance of dying before the age of five and the same risk drops to 12 percent if the mother has attended at least five years of schooling. In addition, Gyimah-Brempong's measurement of the effects of education on development outcomes reveal that tertiary education has a significantly higher impact on the growth of GDP in Africa than other levels of education. His results are in agreement with previous research by Desai and Potter<sup>5</sup> which show that a highly skilled labour force is more productive and thus critical in driving both individual incomes and economic growth.

As a result of this, education at global level has been prioritized in the Sustainable Development Goals (SDGs) which provide a global framework for financing and delivery SDG number 4 on inclusive and equitable quality education and promotion of lifelong learning opportunities for all. Clear targets and means of implementation are well articulated under this global framework, which among others calls for some consistent levels of funding by development partners and governments in order to achieve the agreed targets by the year 2030. Whereas the SDGs do not state how much each country should allocate to education in order to meet SDG 4 targets, some UN agencies have set benchmarks. For instance, the UNESCO standard provides for allocation of at least 4% to 6% of GDP and 15% to 20% of national budgets to education. This benchmark was the basis for the pledges made by developing countries in order to be supported under the Global Partnership for Education (GPE) replenishment initiative held in 2018. For the 2018 to 2020 period, donor countries pledged US\$2.3 billion in financing to GPE while developing countries pledged a total of US\$ 110 billion<sup>6</sup>. However, developing countries failed to adhere to either the benchmark or the pledges, thereby creating a huge funding gap to education that will need to be filled in order to achieve SDG 4 targets by 2030 (Ibid).

At continental level, education financing by African governments shows a dire picture “due to low

1 Carmen C., Laura C and Laura L (2012) “The Relevance of Education as a Capital Asset in Romania”, *Procedia-Social and Behavioural Sciences*, Vol. 46, pp3582-3587

2 WHO (2018) *Nurturing Care for Early Childhood Development – A framework to help child survive and thrive to transform health and human Potential*. WHO: Geneva

3 UNICEF, *A World Ready to Learn: Prioritizing quality early childhood education*, UNICEF, New York, April 2019.

4 Gyimah-Brempong K (2011) *Education and Economic Development in Africa. Paper prepared for the 5th African Economic Conference, 27-29 October 2010, Tunis, Tunisia*

5 Desai V. and Potter B. R (2008) *The Companion to Development Studies, 2nd Edition*. London: Hodder Education.

6 *Global Partnership for Education*. (2018, February 02). *Unprecedented worldwide support for the Global Partnership for Education and addressing the global learning crisis* (Press release). <https://www.globalpartnership.org/news/unprecedented-worldwide-support-global-partnership-education-and-addressing-global-learning-crisis>



capacity of many of them to raise taxes for increasing economic and social investments”<sup>7</sup>. There is also gross mismanagement of resources, with corruption increasing costs and reducing access to services<sup>8</sup>. The Education Finance Watch (2021), a collaboration between the World Bank and UNESCO’s Global Education Monitoring (GEM) Report notes that in low and lower-middle-income countries, Government education spending as a share of GDP has remained flat in the past 10 years.<sup>9</sup> According to Lewin (2020), “the distance between what African countries spend on education and what they need to spend is very large. In Low Income Countries (ICs), an additional US\$ 15.4 billion a year would be needed and in Low Middle Income Countries (LMICs) about US\$ 26.5 billion. These gaps require a doubling of current expenditure in LICs and a 50 % increase in LMICs” in order to meet the SGD targets.<sup>10</sup> More troubling is the fact that African countries still rely heavily on “international aid for sustaining education financing to cope with the fast growing youth population.”<sup>11</sup> International education assistance is insufficient with low to middle-income countries requiring an additional US\$ 22 billion more per year in external financing to achieve quality and universal pre-primary, primary and lower secondary education by 2030.<sup>12</sup> Recent projections point to the fact that grant aid is “unlikely to grow as COVID-19 related recession suppresses donor spending.”<sup>13</sup>

Despite, the credible worldwide evidence on the importance of education in fostering national development, the considerable disappointment for Africa is that investments in education over the years have not been adequate enough to bring about improvement in development outcomes (Easterly 2009)<sup>14</sup>. The low investment in education has manifested itself in the poor quality of education at all levels. Evidence from MoGE and OECD (2019)<sup>15</sup> has attributed the low learning achievement in Zambia to, among other factors, inadequate funding which is below the internationally recommended standard. Without adequate funding, school managements operate with limited education inputs to enable them deliver quality education. Among others, the main factors responsible for inadequate education financing in Zambia include inadequate capacity by government to raise adequate taxes<sup>16</sup>, negative impact of COVID 19 on education spending and mounting national debt. This study is therefore designed to assess the financing of education in Zambia and the prospects of the Country’s attainment of SDG4 targets by 2030. Specifically, the study assesses Zambia’s progress towards achieving SDG4 targets, examines the financing trends, establishes Zambia’s education financing gap, assesses the impact of the International Monetary Fund (IMF) agreement with Zambia on education financing and later makes succinct policy recommendations for improving education financing.

## 1.2 Objectives of the Study

The following are the overall and specific objectives of this study.

### 1.2.1 Overall Objective

To assess education financing in the attainment of Sustainable Development Goal number 4 (SDG4) in Zambia

<sup>7</sup> African Development Bank. (2008, November 12-14). African Education Challenges and Policy Responses: Evaluation of the Effectiveness of the African Development Bank (Report), Third Annual African Economic Conference on Globalization, Institutions and Economic Development of Africa

<sup>8</sup> Saba, Habyarimana and Vasco. (2010). *Silent and lethal: how quiet corruption undermines Africa's development efforts (English)*. Africa development indicators. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/316051468009960660/Silent-and-lethal-how-quiet-corruption-undermines-Africas-development-efforts>

<sup>9</sup> World Bank Group. (2020). *Education-Finance-Watch-2021* <https://reliefweb.int/sites/reliefweb.int/files/resources/375577eng.pdf>

<sup>10</sup> Lewin K. M. (2020). Beyond business as usual: Aid and financing education in Sub Saharan Africa. *International journal of educational development*, 78 ( 102247). <https://doi.org/10.1016/j.ijedudev.2020.102247>

<sup>11</sup> Ibid

<sup>12</sup> UNESCO. ( 2020). **Global Education Monitoring (GEM) Report 2020**. <https://reliefweb.int/sites/reliefweb.int/files/resources/Global%20Education%20Monitoring%20Report%202020%20-%20Inclusion%20and%20education%20-%20All%20means%20all%20%5BEN%5D.pdf>

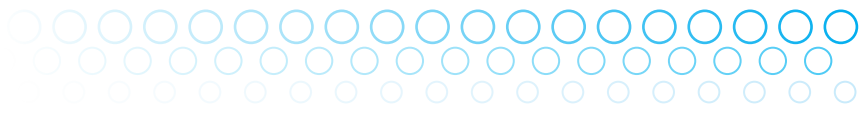
<sup>13</sup> Lewin K. M. (2020). Beyond business as usual: Aid and financing education in Sub Saharan Africa. *International journal of educational development*, 78 ( 102247). <https://doi.org/10.1016/j.ijedudev.2020.102247>

<sup>14</sup> Easterly W (2009) “Can the West Save Africa” *Journal of Economic Literature*, 47:2, 373-447

<sup>15</sup> MoGE and OECD (2019) *Findings from Zambia's Experience in PISA Development*. MoGE: Lusaka

<sup>16</sup> African Development Bank. (2008, November 12-14). African Education Challenges and Policy Responses: Evaluation of the Effectiveness of the African Development Bank (Report), Third Annual African Economic Conference on Globalization, Institutions and Economic Development of Africa





### **1.2.2 Specific Objectives**

1. Assessing Zambia's progress, opportunities, and challenges in the attainment of Sustainable Development Goal number 4 (SDG4)
2. Undertake a trend analysis of education financing in Zambia based on the 4S framework.
3. Establish the adequacy and/or education financing gap in the attainment of Sustainable Development Goal number 4 (SDG4) in Zambia.
4. Provide an estimate of Zambia's current education financing gap.
5. Provide policy recommendations for domestic resource mobilization to finance education by the government.

### **1.3 Limitations of the study**

The study depended on secondary sources of data and therefore it was limited to the evidence that has been generated so far instead of generating new evidence.

## **2.0 METHODOLOGY**

### **2.1 Sources of Data Collection**

The study was a desk study predominantly based on the collection of secondary data from various existing researches and statistics on education financing. Overall, the research involved an extensive collection of secondary data from existing literature, publications and research reports. The sources of secondary data were mainly institutional libraries such as those from the World Bank Library, Zambia National Education Coalition resource center, the Ministry of General Education, University of Zambia, Ministry of Finance and authentic online sources.

### **2.2 Data Analysis**

A multi-layered analysis of the secondary data involving the classification of the data using economic and education thematic classifications was done. The data was further organized in subthemes which formed the primary units of drafting the report using primary subheadings.

### **2.3 Research Design**

In order to get a clear understanding of the status of education financing in Zambia, the research compared the financing and utilization trends over the SDG 4 period from 2016 to 2021. The research also applied the 4Ss of budget analysis namely the Share, Size, Scrutiny and Sensitivity.

### **2.4 Qualitative and Quantitative Research Methodology**

The study combined the use of both qualitative and quantitative research methods. The two techniques were determined by the nature of the indicators used in assessing the status of education financing, financing gap and the national debt situation. Thus, both descriptive and numerical data was collected and presented accordingly.

## 3.0 RESEARCH FINDINGS

### 3.1 Policy Framework on SDGs

The presence of a relevant policy framework that is aligned to the SDG4 targets is a significant prerequisite for the attainment of SDG4. To this effect, Zambia has a clear national plan for the implementation of the SDGs mainly through the national priorities set in the Country's Seventh National Development Plan (7NDP) for the period 2017 to 2021. The 7NDP provides a common framework for national SDG indicators and a framework for monitoring the Country's progress towards the attainment of all SDG targets. Similarly, the projected budget for the implementation of the 7NDP represents Zambia's financial plan for the delivery of SDG targets. However, in order to effectively operationalise the SDG priorities contained in the 7NDP, government through the Ministry of Education and the Ministry of Technology and Science developed the joint Education and Skills Sector Plan (ESSP) for the period 2017 to 2021. The ESSP is the main document that local units from the two ministries use to implement SDG 4. All the SDG indicators from 4.1 to 4.7 were adopted as part of the ESSP result monitoring framework. The ESSP also had an estimate of projected financial requirements for implementing the plan over the 5-year period. According to the plan, the projected allocation to the two ministries was expected to increase from 15.5% of the national budget in 2017 to 23% by 2021. This excludes funding from Cooperating Partners to the sector which is provided in form of project support and is not included in the government budget. Thus, given the uncertainties over direct budget support by Cooperating Partners over the ESSP period, the financing model used to project expenditure concentrates on GRZ funding only.

### 3.2 Progress on Achieving SDG4

#### 3.2.1 Target 4.1: Free Primary and Secondary Education

- Zambia has experienced increased investment in primary school infrastructure over the years resulting in increased enrolment levels with the number of primary school children reaching 3,382,087 by 2019<sup>17</sup>, while the quality of education has remained low. Some notable achievements have included the abolition of school fees at primary school level, the annual recruitment of teachers and the implementation of an aggressive infrastructure development programme leading to the construction of several classrooms and teachers' houses (ZANEC 2018). According to MoGE (2019a), the primary school Gross Enrolment Rate (GER) is currently at 140.1%, while Net Enrolments are at 118%. Apart from increased investment in infrastructure and the pronouncement of free education at primary school level, the growth in primary school enrolments is also attributed to contributions by other education providers such as community schools, Grant Aided institutions and the private sector. The major problems at primary school level have been the high dropout rates and low quality of education. The dropout rate is estimated at 1.7% at primary school level, while learning achievement scores in numeracy, literacy and life skills have stagnated at below 40% for many years. Drop-out rates are especially higher among girls than they are among the boys with girls' drop-out rates driven by pregnancies, early marriages and the low parental value for the education of girls.
- Zambia on the other hand has a serious shortage of secondary school places resulting from inadequate investment in infrastructure over the years. Despite the upgrading of 220 primary schools into junior secondary schools brought about by the policy change from the basic and high school education system in to the primary and secondary school education system, there is still a serious shortage of secondary school places in Zambia. According to World Bank Group (2015:2)<sup>18</sup>, "the current number of secondary schools can accommodate only about 30 percent of the current students in grades

<sup>17</sup> MoGE (2019) *Education Statistical Bulletin*. Ministry of General Education: Lusaka

<sup>18</sup> World Bank Group (2015) *EDUCATION GLOBAL PRACTICE Zambia Education PER and PETS-QSDS at a Glance: International Bank for Reconstruction and Development: Washington DC*

1-5". However, figures from the Educational Statistical Bulletin show a marked increase in both the number of secondary schools and enrollments. The data shows that in 2015, the number of secondary schools was 832 with a total enrollment of 802,341. The number of Secondary Schools increased to 1,288 by 2019, with total enrolment of 918,912 learners representing an increase of 55% and 15% in the number of schools and enrollment respectively.

The main opportunity for achieving this target is the removal of tuition fees, examination fees and PTA fees in all public, grant aided and community schools at Early Childhood Education, primary and secondary school levels by the newly elected United Party for National Development (UPND) (MOF 2021)<sup>19</sup>. In addition, the new government also introduced a robust education bursary scheme in the 2022 national budget at constituency level through the Constituency Development Fund (CDF). This bursary support, which is targeted at vulnerable learners, is designed to cover the cost of boarding fees applicable only for learners who are in boarding schools (Ibid). Therefore, boarding fees, are currently the only fees that are tenable up to secondary school in Zambia and have been capped at K1,000 or \$60 in all the schools (GRZ 2021)<sup>20</sup> and only those who can afford to pay are currently paying these fees. By removing the fees, anecdotal evidence shows that most parents have seized the free education opportunity by sending back to school children who had dropped out due to financial difficulties. Whereas, some parents who had children in private or grant aided schools have also withdrawn their children and taken them to public schools.

Overall, the removal of fees, coupled with the political will to improve access to quality education by the new government, is a great opportunity that has increased the prospects of Zambia achieving this target by the year 2030. However, the main concern has mainly been the reduction in Net enrolment rates at primary school level. Although access to education has improved over the past decade, national net enrolments have been on the downward swing from 96.3% in 2012 to 88% in 2016 and 83% by 2020.<sup>21</sup> Education at primary and secondary school levels is also not compulsory meaning that parents are not obliged by any law to send their children to school but instead do so at their own discretion. Worse still, much of the achievements in both enrolments and quality at both primary and secondary school level have been threatened by the long school closures resulting from the impact of COVID 19 on education. With the pandemic forcing massive closure of schools, learning poverty is estimated to increase by 10% worldwide, representing 72 million more children at the primary school level who have been forced into the learning poverty bracket by the pandemic<sup>22</sup>. Therefore, as a result of COVID 19, countries such as Zambia will be expected to do more in order to meet the global aspirations espoused in Sustainable Development Goal number 4 on ensuring inclusive and equitable quality education and promote lifelong learning for all by 2030.

### **3.2.2 Target 4.2: Equal Access to Quality Pre-primary Education**

The Zambian Government started the direct provision of Early Childhood Education (ECE) through the annexing of ECE centres to existing primary schools in 2013. This presents the country's main opportunity for achieving this target by 2030. Previously, ECE was being provided by non-state actors mainly NGOs, the church and the private sector. As a result of Government's direct provision of ECE, enrolments in public schools increased significantly during the period between 2014 and 2018 from 133, 394 learners

19 MoF (2021) 2022 Budget Address by Honorable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning Delivered to the National Assembly on Friday, 29th October, 2021

file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/BUDGET%20SPEECH%20\_%202022.pdf

20 GRZ (2021) Guidelines for the Management, Disbursement, Utilization and Accountability of the Constituency Development Fund. Ministry of Local Government: Lusaka

21 MoGE (2018) Education Situation Analysis. Ministry of General Education: Lusaka

22 Saavedra J. 2021. [A silent and unequal education crisis. And the seeds for its solution. \(worldbank.org\)](https://www.worldbank.org/)

to 222, 065 learners representing a 61 per cent increase<sup>23</sup>. Although the number of learners accessing ECE has substantially increased, the proportional percentage remains low mainly because majority of the learners of ECE age are out of school due to limited places. In 2019 there were 1,849 centres run by government through annexing classrooms in existing primary schools that had space out of a total of 3,997 centres established countrywide managed by Government, communities, NGOs, private sector and individuals. However, only 29.6% of Grade 1 entrants have ECE experience in Zambia, while the Gross Enrolment Ratio stands at 12.1% (Ibid).

This low access to ECE is mainly as a result of challenges pertaining to the lack of an ECE subsector policy, lack of an independent implementation framework as well as low investment in the subsector. Although government commenced the direct provision of ECE through annexing ECE centers to existing primary schools, most of the ECE centers are in urban areas and for the richer quintile. The private sector still continues to play a bigger and pivotal role in the delivery of ECE services. Consequently, the provision of ECE services by the private sector has rendered it too costly to access thereby limiting access to ECE for vulnerable, poor and rural children. The quality of ECE services by some private providers is also poor. In addition, both classroom infrastructure and furniture currently being used by ECE learners in primary schools remains inappropriate for children at ECE level. While most primary schools also lack the necessary play materials that are important in the delivery of quality ECE services. Demand for ECE services by communities is also very low due to lack of knowledge on the value of ECE. Given that access to ECE in government centers is free but not compulsory is also source of concern.

### **3.2.3 Target 4.3: Equal Access to affordable Technical, Vocational and Higher Education**

Tertiary education in Zambia includes both public and private universities as well as Technical Education, Vocational and Entrepreneurship Training (TEVET) colleges which are registered under the Higher Education Authority (HEA) and the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) respectively. In 2012, government through the Sixth National Development Plan (SNDP) planned for the expansion of distance learning and increased admissions for privately funded students in public and private universities. This policy focus ultimately resulted in the proliferation of private tertiary institutions leading to increased enrolments in both public and private tertiary institutions<sup>24</sup>. By 2020, Zambia had nine (9) public universities and 54 private universities. The universities, which vary in sizes are spread across the seven (7) of the ten (10) provinces of Zambia namely Lusaka, Copperbelt, Muchinga, Central, Eastern, Western and Southern Province. A total of 119,272 students were enrolled in public and private universities, with private universities accounting for a majority share at 61,285 students or 51.4% of total student enrolments in universities against a total of 57,987 students or 48.6% of the students in public universities (Ibid).

Despite the increase in private sector participation in university education, the rate of absorption remains low and it is estimated to be at 12 per cent for both public and private universities (MOGE 2018)<sup>25</sup>. Access and participation in higher learning institutions remain limited for young people who cannot access tertiary education due to either the lack of places or inadequate bursary schemes. At university level, there were 94,250 students enrolled in 2018 compared to 43,000 students who were enrolled in TEVET institutions<sup>26</sup>.

<sup>23</sup> MoGE (2020) *Early Childhood Education Subsector Analysis*. MoGE: Lusaka.

<sup>24</sup> HEA (2019) *The Status of Higher Education in Zambia*. HEA: Lusaka

<sup>25</sup> MoGE (2018) *Education and Skills Sector Plan 2017-2021*. MoGE: Lusaka

<sup>26</sup> MoHE (2019) *2018 Annual Report*. Ministry of Higher Education: Lusaka. Downloaded at <https://www.mohe.gov.zm/download/Reports/2018-MoHE-Annual-Report.pdf>:

- The competition for places is intense, although in principle students are selected on the basis of ability. The bursary scheme, though desirable and a great opportunity for expanding access, it is usually inadequate and unsustainable. Thus access to university education by the poor, people with disabilities, females, youths and other vulnerable groups remains more difficult. High poverty levels continue to be a barrier to access, and the provision of financial support to selected students at these institutions has not been adequate to meet the demand. In addition, the urban location of most higher education institutions continues to contribute to difficulties in access for rural-based secondary school graduates.
- Furthermore, there are some factors that negatively affect female participation in university education. These range from cultural to socio-economic factors. In order to improve equity in the provision of university education, government commenced the revision of the student financing mechanism to ensure that vulnerable students in terms of finances, gender and disability would benefit from the student loans<sup>27</sup>. In 2017 government undertook to establish a loan recovery platform and developed guidelines on loan disbursement, administration and recovery as well as investment portfolios for growing the higher education loans and scholarship fund. This led to the establishment of the Higher Education Student Loans and Scholarships Board. Overall, with only an estimated 229 students per 100,000 inhabitants, Zambia ranks among the African countries with the lowest rates of participation in higher education<sup>28</sup>. Similarly, MoGE (2018)<sup>29</sup> contends that access to TEVET services by the eligible population is also at less than 13 per cent, whereas the average range for middle-income economies is between 20 per cent and 30 per cent.

### **3.2.4 Target 4.4: Increase the number of people with Relevant skills for financial success**

- Currently, there is a varied array of public and private higher education and skills training institutions in Zambia designed to meet the special needs of various sectors of the national economy. These institutions comprise universities, TEVET institutions, colleges of education and other similar institutions. There are currently 307 training institutions registered with TEVETA of which 32% are government institutions, 30.4% are private institutions, 19.5% are church or faith-based institutions and 2.7 % are Community institutions<sup>30</sup>. Others are trust (2.4 per cent), company (8.9 per cent) and NGO (4.1 per cent)<sup>31</sup>. Of these, 160 of Institutions were in Grade 3, which means the majority of the institutions barely met training standards due to weaknesses in management systems, quality of administrative staff, inadequacy of workshops, safety, tools and equipment and classrooms. In addition, about 82 per cent of the training institutions registered with TEVETA are along the line of rail, with Lusaka Province having the largest share of these institutions estimated at 40% (Ibid). Overall, there were 41,401 learners registered in TEVET institutions in 2018 of which 14,792 were enrolled under the Zambia Qualification Framework (ZQF) Levels 4-6 Programmes, 12,842 were under Trade Test Programmes, 12,585 were under the Junior Secondary School Vocational and Entrepreneurship Training (VET), while 1,182 were under the Skills Awards programmes.
- In order to address the challenges of inadequate skills among craft individuals, artisans, technicians and technologists within the TEVET system in Zambia, the Ministry of Finance introduced a Skills Development Fund (SDF) in 2017. The fund is a dedicated financing mechanism outside the normal government budgetary channels designed to foster the development of productive skills for work, and is funded by a direct levy for

27 ZANEC (2021) *A Survey on the Impact of the Student Loans and Scholarship Scheme in Zambia*. ZANEC: Lusaka

28 HEA (2019) *The Status of Higher Education in Zambia*. HEA: Lusaka

29 MoGE (2018) *Education and Skills Sector Plan 2017-2021*. MoGE: Lusaka

30 TEVETA (2018) *Annual Report*. TEVETA: Lusaka file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/1598882844.pdf

31 TEVETA (2021) *Public Notice of Registered Training Institutions in Zambia*. <https://www.teveta.org.zm/archive/downloads/1632226896.pdf>



all employers<sup>32</sup>. The fund is mainly invested in workshops, laboratories, equipment and other requisites for quality skills training. To promote entrepreneurship training and foster relevant skills for financial success and the creation of sustainable and competitive enterprises, TEVETA has facilitated the establishment of incubation centers in TEVET registered institutions<sup>33</sup>. The concept of incubation centers is being promoted in TEVET training institutions in Luapula, Western, Southern, Copperbelt and Northern provinces. The promotion has been done in eleven (11) institutions and focuses on distinguishing the support that the training institutions needed to effectively implement the after training care programme to their graduate entrepreneurs.

### 3.2.5 Target 4.5: Eliminate all Discrimination in Education

Zambia has achieved gender parity at primary school enrolment. Out of a total enrolment of 3,399,295 learners at primary school level, 1,595,804 or 49.8% are boys while 1,607,416 or 50.2% are girls (MoGE 2019)<sup>34</sup>. This translates into a gender parity of 1.02, while the Net Enrolment Rate (NER) at grades 1-7 is at 83.6% (ibid). Although Zambia has attained gender parity in education at primary school level, as boys and girls get to secondary school level, more girls compared to boys start dropping out of school. The situation gets worse at tertiary level where many young women either do not enroll in colleges and universities or find it difficult to continue attending classes after getting married or becoming pregnant. Generally, girls start dropping out of school by the fourth grade mainly due to high pregnancies and child marriages (ZANEC 2019)<sup>35</sup>. Most girls especially in rural parts of the country are prepared for marriage at an early age, leading to high teenage pregnancies and child marriages. Although Zambia has the Re-entry Policy for girls that allows pregnant school girls to re-enter school after delivering their children, less than 40% of the girls re-enter school after delivery. This is attributed to among others, lack of follow-up mechanisms for girls after they proceed on maternity leave. Therefore, the drop-out rate for girls is high, with most of them also ending up in child labor after dropping out of school. Eastern Province has one of the lowest survival rates to Grade 5 for girls currently at 87%, only second from Muchinga whose survival rate for girls is at 65% (MoGE 2019). As a result, NER for Secondary schools is 20.2%, while the gender parity is at 0.85 (Ibid). To this effect, major priority interventions contained in the 7NDP and the ESSP include the ending of child marriages and school pregnancies through ending poverty, promoting sexual reproductive health and rights, strengthening partnerships with traditional leaders and effective implementation of the Re-entry Policy.

Furthermore, although universities have continued to enroll and graduate more male students than female students, it is noteworthy to point out that important milestones have been made in closing the gender gap at tertiary level. For instance, of the total number of students who graduated between 2014 and 2018, 48% were female (HEA 2019)<sup>36</sup>. Although it could have been ideal to see the share of female students graduating climb to 50% or more, it must be noted that these statistics paint a promising future for female education in the country, considering that in the first 3 decades after independence, female students were grossly under-represented in university enrolments and graduations (Ibid). Improvements in enrolments and graduation of female students is mainly due to affirmative gender policies pursued by the country which require that at least 30% of places in public universities are reserved for female applicants (ZANEC 2020). Despite the achievements made so far in overall enrolments of female students, two main gender dimensions at this level remain

32 MoST (2017) Skills Development Fund Manual. MoST: Lusaka file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/Skills-Development-Fund-Operations-Manual-March-2017.pdf

33 TEVETA (2018) Annual Report. TEVETA: Lusaka file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/1598882844.pdf

34 MoGE (2019) Education Statistical Bulletin. MoGE: 2019

35 ZANEC (2019) Status of Education Report: A Case of Status of Gender Parity in Education. ZANEC: Lusaka.

36 HEA (2019) Status of Higher Education in Zambia. HEA: Lusaka



unresolved. First, most female students are largely clustered in non-science fields and are grossly underrepresented in STEM fields. Between 2014 and 2018, 72% of students that graduated in the STEM fields were male, leaving only 28% female (Ibid). Second, the female academic members of staff are far outnumbered by their male counterparts in all academic ranks, with the worst being at Professorial level where only 8% were female.

In the case of children with disabilities, all the above barriers namely poverty, early pregnancies, early marriages, inaccessible and poor quality education system, and unfavorable traditional beliefs affect them more than the other children. For instance, as argued by UNICEF (2018:26)<sup>37</sup> “Poverty is an additional barrier to education for children with disabilities. The inability of parents to afford the transport to and from school, together with the long distances to local schools, the inability of schools to provide transport and the lack of assistive technology all conspire to deter students with disabilities from attending school”. It is estimated that only a quarter of children with special education needs attend school in Zambia (Ibid). Other barriers that children with disabilities face include inaccessible built environment, lack of teaching and learning materials in braille and other accessible formats, lack of assistive technology to aid learning, lack of inclusive education teachers, inaccessible sanitation facilities, lack of assistive devices, poor resourcing of schools by government, inadequate classrooms, poor recreation facilities and poor monitoring of service delivery by district officials.

### **3.2.6 Target 4.6: Universal Literacy and Numeracy**

The Ministry of General Education has been involved in the expansion of access to Youth and Adult Literacy education especially the provision of reading, writing, numeracy and functional skills mainly to adults and youth who have either dropped out of school or have never been in school. Although Zambia has implemented various interventions designed to improve the proficiency of learners in primary schools in literacy and numeracy such as the Teaching at the Right Level or Catch Up Programme, very minimal progress has been achieved. Worse still, the advent of the COVID 19 has also eroded some gains that the country has made in numeracy and literacy. The closure of schools to protect children’s health, their families and teachers from the pandemic pushed 4.2 million children in Zambia out of school for over 6 months<sup>38</sup>. Worse still, the closing of schools came at a time when Zambia was already experiencing a learning crisis. As reported by the Programme for International Students Assessment (PISA) in December 2018, only 5% of the 15-year-old children (Grade 7 pupils) were able to demonstrate minimum level of proficiency in literacy and only 2% in numeracy<sup>39</sup>. With the pandemic continuing to force the closure of schools, learning poverty is estimated to increase in Zambia thereby further impacting on the learners’ levels of proficiency in numeracy and literacy.

In terms of the provision of adult literacy, the national literacy levels currently stand at 78% (ZANEC 2018)<sup>40</sup>. One of the major achievements of the Ministry in promoting the quality of youth and adult literacy is the investment in teaching and learning materials. Since 2015, “the Ministry has developed, produced and distributed adult literacy teaching and learning materials, established adult literacy centres, trained adult literacy teachers/ facilitators, and established tele-centres to empower adult literacy learners with ICT and life skills” (MoGE 2016c:31)<sup>41</sup>. In addition, the Ministry has been training

37 UNICEF (2018) Disability and Education: Qualitative study from Zambia on barriers to and facilitators of life-long learning. UNICEF: Lusaka. <file:///C:/Users/user/Documents/ECA/Zambia%20NDS%202015%20Qualitative%20Disability%20and%20Education%20Web.pdf>

38 ZANEC (2021) Survey on Continuity of Learning Amidst the COVID 19 Pandemic. ZANEC: Lusaka

39 MoGE and OECD. 2018. Education in Zambia: Findings from Zambia’s Experience in PISA for Development. Ministry of General Education: Lusaka.

40 ZANEC (2018) Status of Education Report. A Special Focus on Quality of Education. ZANEC: Lusaka

41 MoGE .2016c. Draft National Implementation Framework No. IV. Ministry of General Education: Lusaka



teachers/facilitators in youth and adult literacy techniques throughout the country. The main challenge however is that participation in adult literacy is mainly dominated by women, while men are very few.

### **3.2.7 Target 4.7: Education for Sustainable Development and Global Citizenship**

This target demands Countries to strengthen the contribution of the education systems to the fulfilment of human rights, peace and responsible citizenship from local to global levels, gender equality, sustainable development and health. Thus, although Zambia's national curriculum framework was reviewed in 2014, before the promulgation of the SDGs, the content mainly remains relevant and capable of providing both cognitive and non-cognitive aspects of learning, including knowledge, skills, values and attitudes required by citizens to lead productive lives, make informed decisions and assume active roles locally and globally. In addition, the curriculum is also rich in aspects of peace and human rights education, as well as intercultural education and education for international understanding. There is however urgent need to enhance the curriculum to include new developments pertaining to education for sustainable development and global citizenship education.

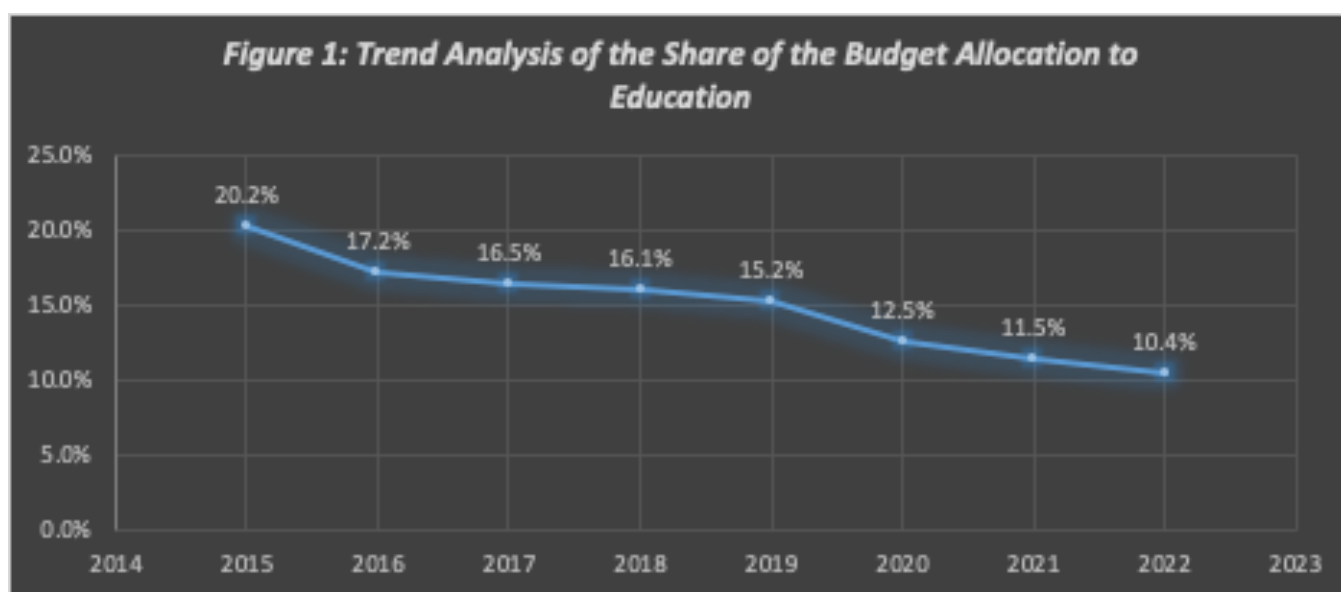
# 4

## 4.0 ANALYSIS OF EDUCATION FINANCING BASED ON THE 4S FRAMEWORK

The 4S framework for analysing education financing focusses on four main areas namely the share, size, sensitivity and scrutiny of the budget as detailed in the section below.

### 4.1 Trend Analysis of Share of Education in the National Budget

According to ZANEC (2021)<sup>42</sup>, the share of the budgetary allocation to the education sector in Zambia has been on the decline since 2015. As shown in Figure 1 below, Zambia achieved the minimum SADC recommended share of 20% of the budgetary allocation to the education sector in 2015 when the sector was allocated 20.2% of the national budget. However, this reduced to 17.2% in 2016. The downward trend continued with the allocations dropping to 16.5% in 2017, 16.1% in 2018, 15.2% in 2019, 12.4% in 2020, 11.5% in 2021 and 10.4% in 2022 respectively. On account of this trajectory, the prospects of Zambia achieving the 20% recommended threshold in the near future remains far-fetched. However, the new government has made a commitment in its manifesto to adhere to international benchmarks in the budgetary allocation to education. Overall, the reduction in the share of the education budget from 20.2% in 2015 to 10.4% in 2022 represents a reduction of about 48.5%. These figures also show that Zambia failed to meet its target set in the ESSP in which the projected allocations to education were expected to increase from 16.5% of the national budget in 2017 to 23% by 2021.



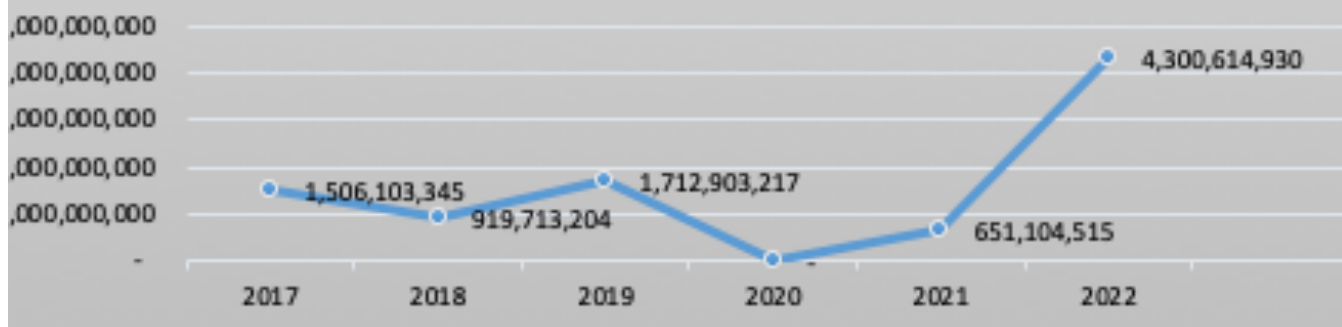
### 4.2 Trend Analysis of the Size of the Education Budget Allocation

The analysis of the education budgetary allocations by size from 2016 shows that the budget registered a positive increase over the years in nominal terms. The education budget increased in nominal terms over the SDG period from ZMW9,135,826,655.00 in 2016 to ZMW18,073,367,911.00 in 2022. This translates to a nominal increase of ZMW8,640,034,578.00 representing 92% over a period of 7 years. As shown in Figure 2 below, the annual increase, the education budget registered a positive nominal increase in almost all the years between 2016 and 2022 except. The only reduction recorded over the period was in 2020 when the budget recorded a reduction of ZMW152,897,955 in funding allocation.

<sup>42</sup> ZANEC (2021) *An Analysis of the 2022 Education and Skills Sector Budget in Zambia*. ZANEC: Lusaka

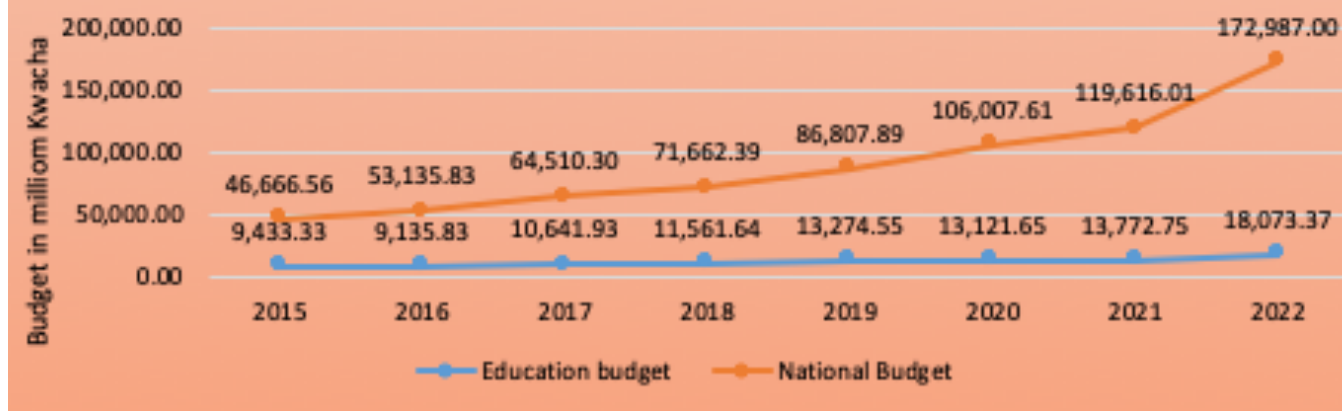


**Figure 2: Nominal increase in budgetary allocations to Education from 2016 to 2022**



Furthermore, as shown in Figure 3 below, the growth in the size of the education budget was less than the growth in size of the national budget. However, the allocation of ZMW18,073,367,911 by the new government to the education sector in the 2022 budget, which represents a percentage increase of 31% is the largest increase that the sector has experienced in the last 7 years in a single year. This gives the sector hope that education is being considered as a priority sector under the new government. It is also important to note that the education budget does not include funding from cooperating partners as none of them are providing budget support to the sector.

**Figure 3: Comparison of the size of the national and education budget**



### 4.3 Scrutiny of the budget

It is important to note here that apart from the overall allocation to education, there are other budgetlines that contribute to education at the point of service delivery such the Constituency Development Fund (CDF). However, the actual figures can only be determined by tracking the actual expenditure relating to such budgetlines which was beyond the scope of this research.

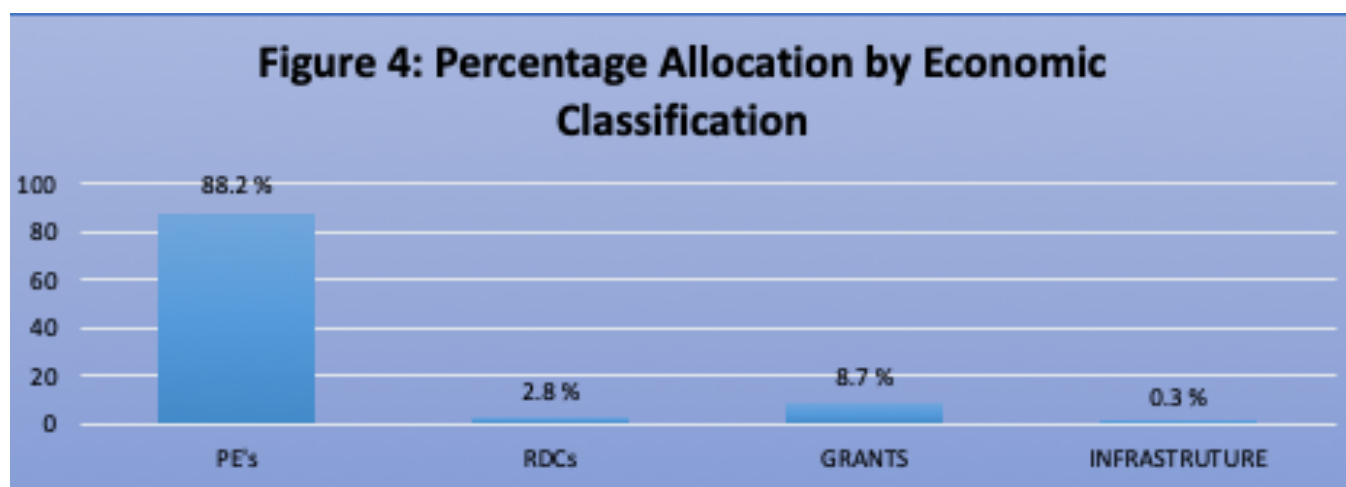
#### 4.3.1 Approved Budget Against Actual Released

As shown in Table 1 below, of the total budget for 2021 allocated to the 5 programmes in the Ministry of Education amounting to ZMW10,529,858,844.00, only 9,647,751,769 was released. This represents a budget performance of 91%. This means that 9% of the approved budget was not released. Early Childhood Education as well as Youth and Adult literacy programmes experienced the highest releases at 96% each. This was followed by management and support services at 80%, Primary Education at 78% and Secondary Education at 69%.

No	Programme	2021 Approved	Total released	%
5501	Early Childhood Education,	12,993,445.00	12,431,493.00	96
5502	Primary Education,	7,059,578,035.00	6,641,025,673	78
5503	Secondary Education,	2,547,606,880.00	2,129,683,861	69
505	Youth and Adult Education	2,492,950.00	2,463,250	96
5599	Management and Support Services	907,187,534.00	862,147,492	80
	<b>TOTAL</b>	<b>10,529,858,844.00</b>	<b>9,647,751,769</b>	<b>91</b>

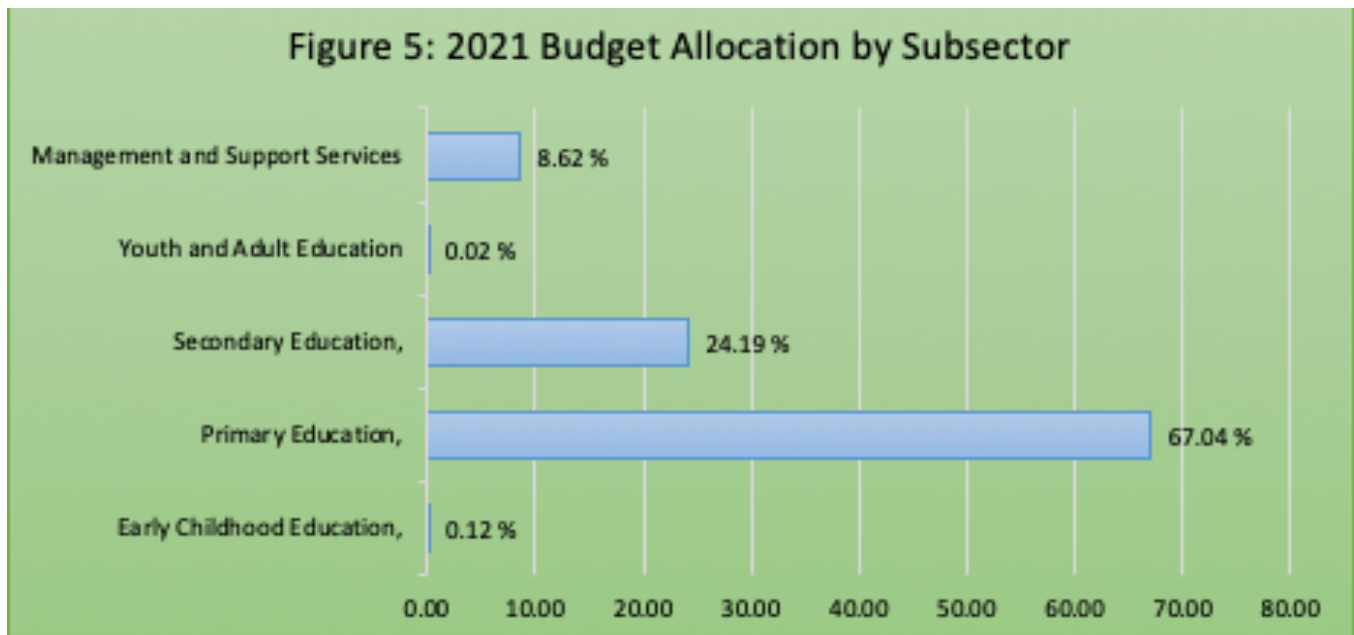
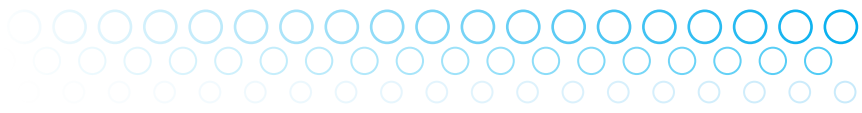
#### 4.4 2021 Education Budget by Economic Classification

The analysis of the 2021 budgetary allocation to education by economic classification reveals that 88.2% of the education budget goes towards Personal Emoluments (PEs) or staff salaries, while 8.7% goes towards Grants and 2.8% goes towards Recurrent Departmental Charges (RDCs). The remaining 0.3% goes towards infrastructure development mainly the construction of classrooms and the provision of water and sanitation facilities. It is apparent from this analysis that only 9% (for grants and infrastructure) of the 2021 education budget went towards service delivery while the remaining 91% was spent on administration and management related costs. With this low level of investment in education service delivery, the Country will have challenges in expanding access and improving the quality of education at all levels.



#### 4.5 Budget Allocation by Subsector

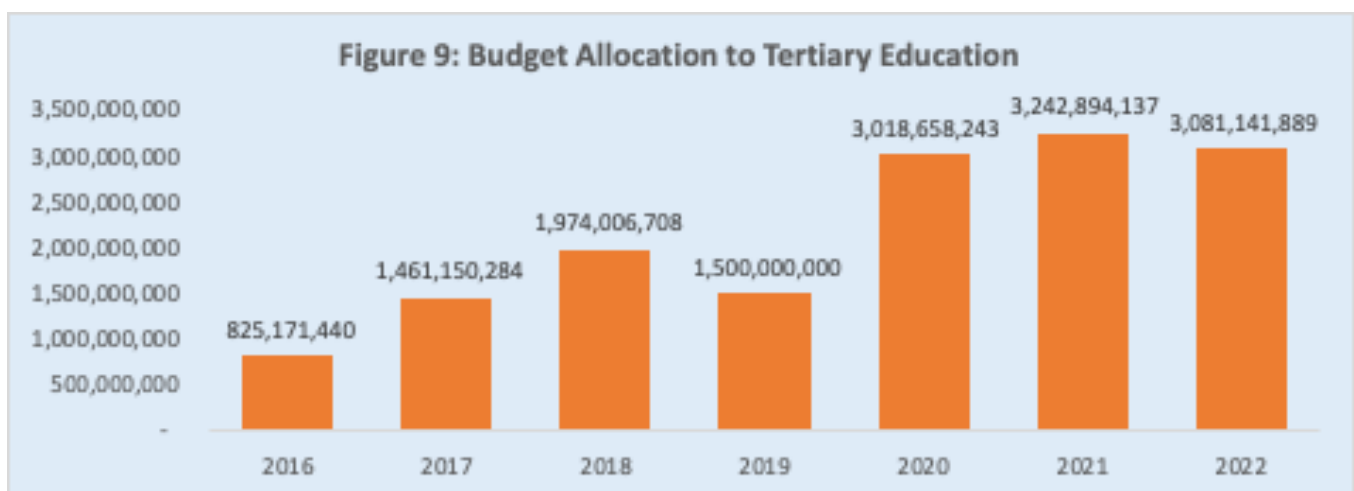
As shown in Figure 4 below, Zambia allocated 67.04% of its 2021 budget to Primary Education, followed by Secondary Education which was allocated 24.19%, management and support services was allocated 8.62%, Early Childhood Education 0.12% and Youth and Adult Literacy Education (YALE) 0.02%. Although primary education was allocated relatively more money, much of the allocation was towards the paying of teachers' salaries and RDCs since more teachers are employed at primary school level than at any other level. As shown in Figure 5 below, primary education has the lowest percentage going towards service delivery at 2.3% of the overall allocation to the subsector. Consequently, primary education also has the highest allocation going towards non-service delivery expenditure composed of PEs and RDCs estimated at 97.7%.



The highest service delivery allocation (involving grants used to procure textbooks and funds for constructing infrastructure) for 2021 were under ECE at 83.8% and YALE at 41.1 % mainly because the two subsectors have limited obligations for paying staff salaries. The percentages for the two sectors, although favorable, are also calculated on a very low base since they receive relatively low budget allocations. The largest service delivery investment in nominal terms was in secondary education in which 24% of the total allocation (whose size is second only to the primary school allocation) was meant to support service delivery. Management and support services on the other hand had the highest allocation going towards non-service delivery expenditure at 84.6%.

#### 4.6 Budgetary Allocation to Tertiary Education

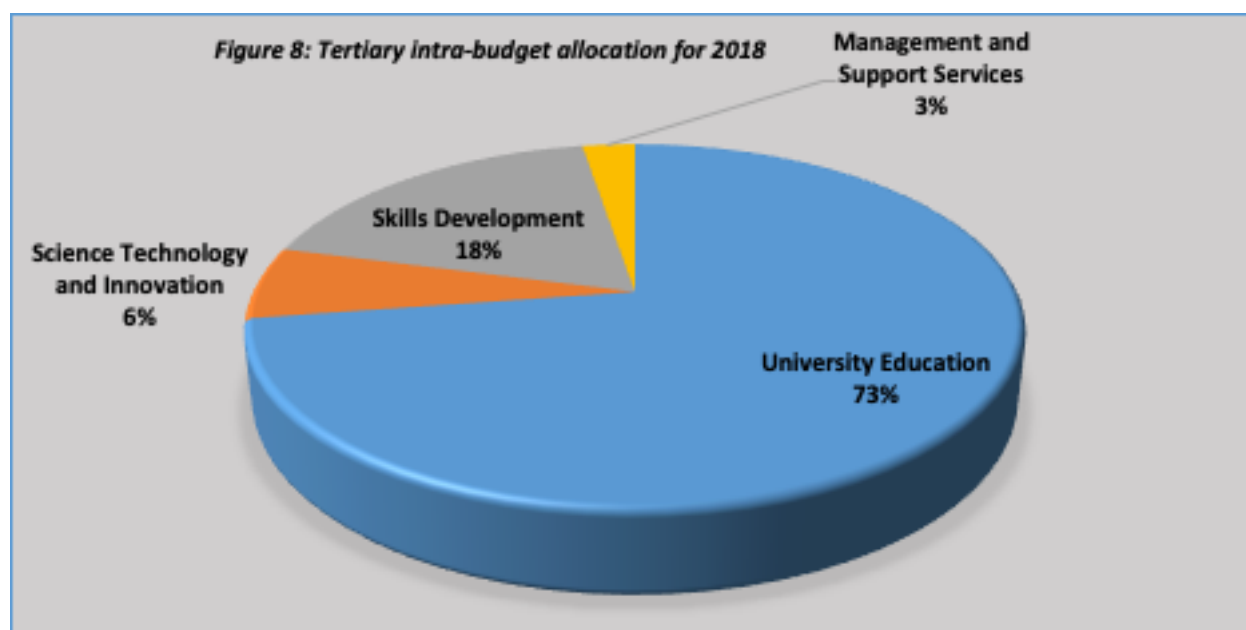
As shown in Figure 7 below, the budgetary allocation to tertiary education registered a 139% increase from ZMW825,171,440 in 2016 to 1,974,006,708 in 2018. Thereafter, the budget allocation dropped to ZMW1,500,000,000 in 2019, increased to ZMW3,242,894,137 in 2021 and later reduced to ZMW3,081,141,889 in 2022. The fluctuations in the allocations to tertiary education show that although higher education is important for producing high levels skills that are key for economic development, there is inadequate political will for consistently increasing the budget allocation to the subsector.



The intra budget allocation to the sub-sector over the years has also shown a bias towards university education compared to other programmes. As shown in Figure 8 below, higher education received

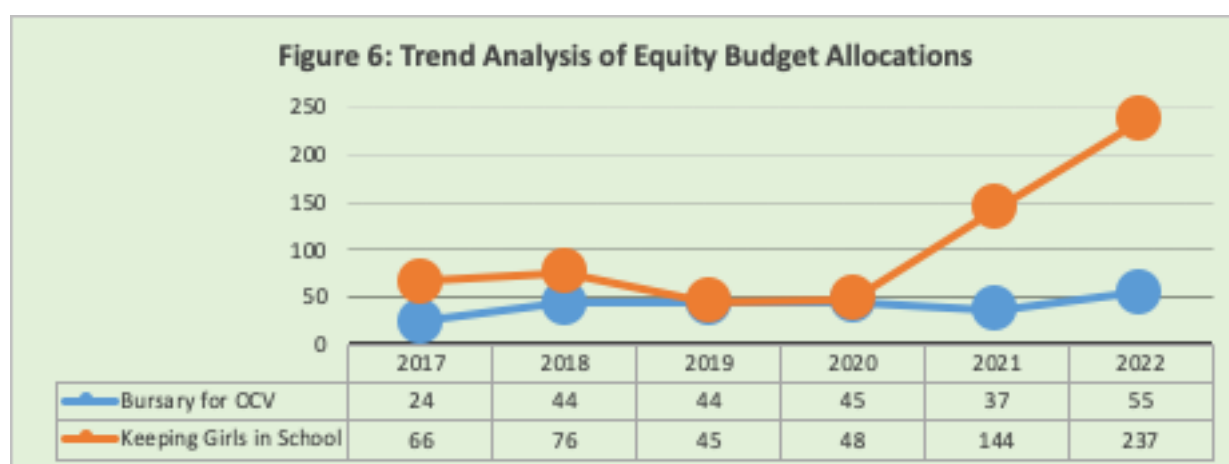


73% of the overall tertiary budget in 2018. This was followed by Skills Development at 18%, Science, Technology and Innovation (STI) at 6% and lastly Management Support Services at 3%. It is important to note that most countries are beginning to appreciate the need for increased investment in STI because of its important contribution to industrialization. Zambia therefore needs to prioritize this programme if its dream of becoming a prosperous middle income country by 2030 is to be realized.



#### 4.7 Sensitivity of the Budget

The trend analysis of the budget allocations towards the promotion of equity, specifically the budget support towards keeping girls in school and bursaries for orphans and vulnerable children (OVCs), shows that government has prioritized funding towards the retention of girls in school. As shown in Figure 6 below, the support towards keeping girls in school increased from ZMW66 million in 2017 to ZMW237 million by 2022. This represents a 259% increase in the budget allocation. On the other hand, the budget allocations to the bursary for OVCs at secondary school level increased from ZMW24 million in 2017 to ZMW55 million in 2022 representing 88%. However, the new government has demonstrated political will to increase allocations to the two equity budget lines whose 2022 allocations represent the highest amounts since 2017.



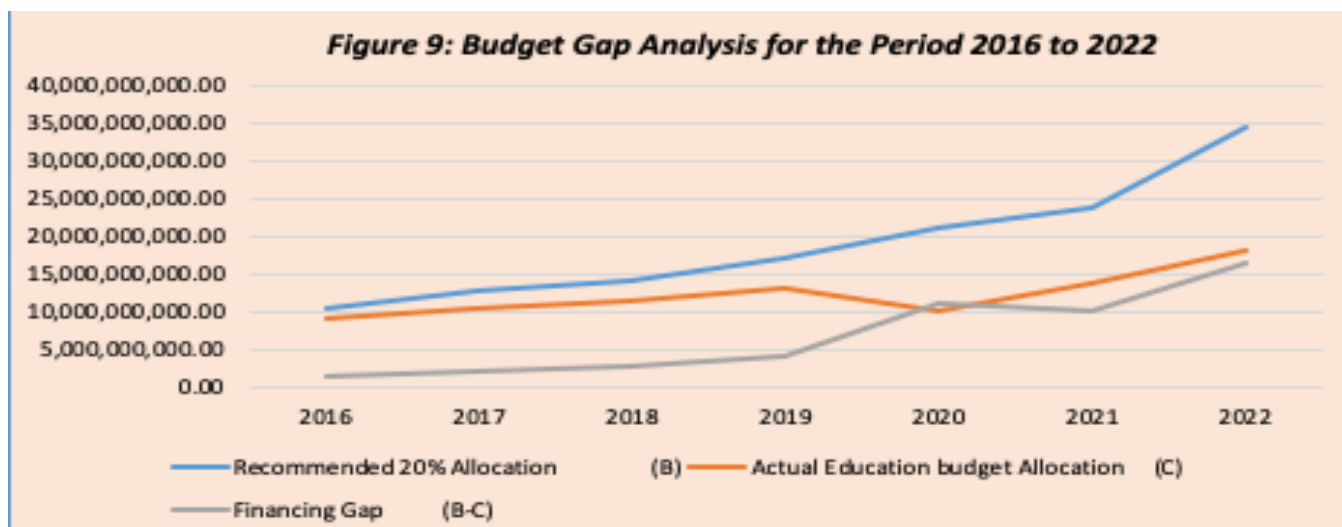
Furthermore, the declaration of free education up to secondary education level by the new government will provide good prospects for access to education and retention of both girls as well as orphans and vulnerable children up to secondary school level.



## 5.0 EDUCATION FINANCING GAP IN THE ATTAINMENT OF SDG 4

The education sector has two major sources of funding in addition to cost sharing with parents namely government funding and cooperating partners' support. As indicated in the last section, Government spending on education has increased in nominal terms since 2016 but decreased in real terms as the net increase has been below the inflation rate which averaged 8% in the last 7 years. In addition, there has been significant disparities between the approved education budget and the actual amount released, meaning that the performance of the budget has never achieved its optimal levels of 100% but has instead averaged 91% since 2016. Thus, Government has not mobilized adequate domestic resources to implement its policy priorities that can help the Country attain SDG 4 targets by 2030. In addition, there have been challenges in coordinating and quantifying donor support in that the Joint Assistant Strategy for Zambia (JASZ), which was a donor coordination mechanism expired in 2015. Since then, there has been a challenge of fragmented approach to financing by education cooperating partners resulting into duplication of efforts (ZANEC 2020)<sup>43</sup>.

According to the 2015 Incheon Declaration, Countries are urged to commit 4-6% of their Gross Domestic Product (GDP) or 20% of their public expenditures to education if they are to meet the SDG targets. Thus, in order to calculate the financing gap for Zambia, this study assumes that the minimum that a country requires to allocate to the education sector in order to attain SDG4 targets is 20% of its annual national budget. In the case of Zambia, the share of the education budget as described in the last section has been far lower than the recommended 20% over the entire period of the Sustainable Development Goals (SDGs) from 2016 to date. As shown in the table below, the financing gap has been widening since 2016 reaching an estimated ZMW48.4 billion by 2022. This translates into an average annual financing gap of ZMW6.9 billion. Thus, if the situation does not improve in the next 8 years up to 2030, the projected cumulative financing gap for achieving SDG4 target will reach ZMW103.7 billion.



Various scholars have also estimated the financing gap for achieving SDG 4 targets in African countries. The Education Finance Watch (2021), a collaboration between the World Bank and UNESCO's Global Education Monitoring (GEM) Report notes that in low and lower-middle-income countries, Government education spending as a share of GDP has remained flat in the past 10 years.<sup>44</sup> According to Lewin (2020), "the distance between what African countries spend on education and what they need to spend is very large. In Low Income Countries (LICs), an additional US\$ 15.4 billion a year would be needed and in Low Middle Income Countries (LMICs) about US\$ 26.5 billion. These gaps require a doubling of current expenditure in LICs and a 50 % increase in LMICs" in order to meet the SGD targets.<sup>45</sup>

<sup>43</sup> ZANEC (2020) From Commitments to Allocations: Assessment of performance of Zambia's Pledge to GPE. ZANEC Lusaka

<sup>44</sup> World Bank Group. (2020). *Education-Finance-Watch-2021* <https://reliefweb.int/sites/reliefweb.int/files/resources/375577eng.pdf>

<sup>45</sup> Lewin K. M. (2020). Beyond business as usual: Aid and financing education in Sub Saharan Africa. *International journal of educational develop-*

## 6.0 IMPACT OF THE INTERNATIONAL MONETARY FUND AGREEMENT WITH ZAMBIA ON EDUCATION FINANCING

The provision of financial assistance by the International Monetary Fund (IMF) to countries in economic problems is always done in exchange for policy reforms. Unfortunately some of policies prescribed as part of the IMF agreement are said to promote inequalities and they include reduced fiscal policy reforms that restrain expenditure in social sector, limiting staff recruitment for teachers, moratorium on debt accumulation and general budget execution challenges<sup>46</sup>. Others include external sector reforms stipulating trade and capital account liberalization and financial sector reforms detailing inflation-control measures. These ‘conditionalities’ are always a source of concern for stakeholders involved in championing increased domestic investment in social sector such education to levels that can help attain international commitments such as the SDG targets by the year 2030.

Although Zambia had reduced its borrowing from the IMF after it was classified as a middle income country in 2011, the mounting debt crisis has forced the Country to look back to the IMF for a bailout package. As a result, in December 2021, the new UPND government and the IMF reached a staff level agreement of US\$1.4 billion debt bailout package. The package, which was subject to board approval, was designed to be provided over a period of three years. Announcing this staff level agreement, government eulogized the agreement stating that “the IMF program will provide much-needed fiscal space to Zambia and anchor our domestic economic program on transformation and job creation, human social development, environmental sustainability and good governance”<sup>47</sup>. Subsequently, Government announced the removal of subsidies on fuel, electricity and agriculture as part of preconditions for the IMF to begin to dispense the bailout package<sup>48</sup>.

The IMF in its press statement after reaching the staff-level agreement indicated that the agreement is this agreement is subject to progress on this front<sup>49</sup>. First, the agreement with Zambia, which is based on a new arrangement under the Extended Credit Facility (ECF) for 2022-2025 is designed to help restore macroeconomic stability and provide the foundation for an inclusive economic recovery. Second, the agreement is designed to support implementation of the Zambian government’s ambitious reform program that seeks to restore fiscal and debt sustainability, create fiscal space for much needed social spending, and strengthen economic governance and transparency. Third, the agreement is meant to support Zambia’s strong reform program for a comprehensive debt treatment under the G20 Common Framework which is key for restoring debt sustainability.

Based on the above description of the agreement, one would conclude that since the agreement focusses on creating fiscal space for the much needed social spending, the IMF agreement with Zambia will infact increase investment in education and consequently accelerate the country’s attainment of SDG targets. Whether or not this conclusion is erroneous or far-fetched remains a conjecture. What is proven however is that IMF supported programmes, especially those that have been implemented in Africa, have constrained government spending on education by restricting borrowing for investment in education and placing a moratorium on teacher recruitment and freezing wages in order to reduce inflation. As a result of these conditions, Foster *et al* (2020)<sup>50</sup> concludes that “Overall, our evidence suggests that structural adjustment programs endanger the attainment of Sustainable Development Goals in developing countries. Therefore, it important for Civil Society to continue monitoring government investment in the education sector, including the promise by

ment, 78 (102247). <https://doi.org/10.1016/j.ijedudev.2020.102247>

46 Forster T, Kentikelenis AE, Reinsberg B, Stubbs TH, King LP. How structural adjustment programs affect inequality: A disaggregated analysis of IMF conditionality, 1980-2014. *Soc Sci Res*. 2019 May;80:83-113. doi: 10.1016/j.ssresearch.2019.01.001. Epub 2019 Jan 14. PMID: 30955563

47 CGTN Africa (2021) “Zambia agrees with IMF on \$1.4B bailout package” Article published on 4<sup>th</sup> December 2021. <https://africa.cgtn.com/2021/12/04/zambia-agrees-with-imf-on-1-4b-bailout-package/>

48 The African Tenderpreneur (2021) “<https://africantenderpreneur.com/zambia-drops-subsidies-to-gain-us1-4-billion-imf-package/>”

49 Louis M (2021) IMF Staff Reaches Staff-Level Agreement on an Extended Credit Facility Arrangement with Zambia Article by IMF Media Relations Officer <https://www.imf.org/en/News/Articles/2021/12/06/pr21359-zambia-imf-staff-reaches-staff-level-agreement-on-ecf>

50 Forster T, Kentikelenis AE, Stubbs TH, King LP. Globalization and health equity: The impact of structural adjustment programs on developing countries. *Soc Sci Med*. 2020 Dec; 267:112496. doi: 10.1016/j.socscimed.2019.112496. Epub 2019 Aug 19. PMID: 31515082.

government to recruit 30,000 teachers<sup>51</sup>, and ensure they raise any concerns around the adverse impact of Zambia's agreement with the IMF.

## 7.0 MAIN CHALLENGES TO EDUCATION FINANCING

The **current debt crisis** represents what may be termed the country's inability to learn from previous experience and adapt its debt and economic management strategies. In the early 1990s, Zambia's debt had started accumulating at a faster rate reaching a staggering US\$7 billion by the year 2005. Fortunately then, Zambia accessed debt relief under the World Bank and IMF sponsored Highly Indebted Poor Countries Initiative (HIPC) that led to the debt portfolio being reduced to less than US\$1 billion in 2005.<sup>52</sup> The qualification to the HIPC initiative came with stringent conditionalities which included the need for stringent measures that included the successful implementation of a Poverty Reduction Strategy Paper (PRSP), maintenance of macroeconomic stability, progress in meeting specific social sector targets and satisfactory implementation of key structural reforms.<sup>53</sup> As a result, Zambia recorded significant economic progress after 2005 up until 2011 when a new government, the Patriotic Front, took over power and embarked on an ambitious infrastructure development agenda that saw the Country borrow heavily in order to finance construction of infrastructure mainly roads, bridges, schools, clinics and houses for civil servants.

In 2011, Zambia's external debt stood at US\$ 3.5 billion or 15% of GDP but this soon changed in 2012, when the country started raising resources from the Eurobond market at commercial rates. Despite the unfavorable interest rates, the country continued borrowing from both the Eurobond market as well as from Chinese lenders mainly the Export Import (EXIM) Bank of China and China Development Bank. By end of June 2020, the debt had reached US\$11.97 billion.<sup>54</sup> The 2019 World Bank and IMF Debt Sustainability Analysis concludes that Zambia's risk of overall and external debt distress remains very high and that public debt under the current policies is on an unsustainable path<sup>55</sup>. As a result of this, during the 2019 4th quarter State of the Nation Address (SONA) by the then President of Zambia Mr. Edgar Lungu, he indicated that: *"Our non-discretionary expenditure, which comprises personnel emoluments and debt stands at 50.1% and 40% respectively, giving a total of 90.1% of our annual budget. This leaves the discretionary expenditure amount to stand at 9.9% of our annual budget. This Mr. Speaker is an alarming ratio"*. This situation has impacted negatively on education financing as money meant for education is being diverted to pay debt.

It is therefore clear that Zambia's debt forgiveness led to better spending patterns on education particularly in the first five years. Now the situation is different as the country is in the middle of another debt crisis, low economic growth and the COVID pandemic. A review of the education sector and skills spending shows a considerable reduction compared to the first five years or even ten years after HIPC completion. Zambia has in the last five years (2016 -2021) only spent an average of 14 % on education, dropping 5 percentage points from the levels of funding between 2006-2010. The 10.4 % allocated in the 2021 budget is the lowest that the country has spent on education in the past 15 years and points to a dire situation especially that there is no robust plan on how to increase revenue nor reduce the debt stock to sustainable levels. This justifies the argument that a huge debt burden has serious implications on the National Budget as it creates a fiscal strain leading to deficits. In 2019, total external debt service payments amounted to \$ 944.4 million compared to \$760 million recorded in 2018, representing an increase of 24.3 %.<sup>56</sup>

51 MoF (2021) 2022 Budget Address by Honorable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning Delivered to the National Assembly on Friday, 29th October, 2021  
[file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/BUDGET%20SPEECH%20\\_%202022.pdf](file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/BUDGET%20SPEECH%20_%202022.pdf)

52 African Development Bank. (2005) Zambia Reaches Completion Point in HIPC Initiative: Obtains major debt relief from the AfDB. <https://www.afdb.org/en/news-and-events/zambia-reaches-completion-point-in-hipc-initiative-obtains-major-debt-relief-from-the-afdb-3614>; IMF. (2005, April 8) IMF and World Bank Support US\$3.90 Billion in Debt Service Relief for Zambia (Press Release). <https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr0580>

53 Ibid

54 Ministry of Finance. (2021). Ministerial Statement on Zambia's Public Debt Management Strategy

55 World Bank and IMF (2019) ZAMBIA Joint World Bank-IMF Debt Sustainability Analysis. Downloaded on 20<sup>th</sup> January 2022 at: <https://documents1.worldbank.org/curated/en/548351570791173632/pdf/Zambia-Joint-World-Bank-IMF-Debt-Sustainability-Analysis-August-2019.pdf>

56 Ministry of Finance. (2015) National Budget Speeches, 2018 - 20;

Apart from problems relating to the national debt crisis, Zambia has domestic problems that make it difficult for the education system to deliver the desirable development outcomes. Zambia, like most developing countries, is associated with **high levels of corruption** and as argued by Transparency International (2012:1) “Corruption and poor governance is a major impediment to realizing the right to education, and to reaching the Millennium Development Goals (MDGs) and the Dakar Education for All Framework for Action by 2015”. According to Norad (2011), Zambia was ranked among the ten most corrupt countries between 2004 and 2007. However, the country is now ranked number 117 out of the 183 countries on the corruption index (Transparency International 2021)<sup>57</sup>. “Corruption (in Zambia) is among the three top concerns of citizens, after the high cost of living and inflation” (Norad 2011:11). Overall, Zambia during the Patriotic Front Government’s tenure in office between 2011 and 2021 experienced gross mismanagement of resources, with corruption increasing costs and reducing access to services including education<sup>58</sup>. However, the hope is that the new government will fulfil its campaign promises of zero tolerance to corruption and restricting debt contraction to free resources for investment in education.

Furthermore, education financing in Zambia and globally has also been challenged by the advent of the COVID 19 pandemic in the last two years on both the supply and demand side. According to the World Bank<sup>59</sup>, the impact of the COVID 19 pandemic on education has manifested itself in terms of the direct education costs, the health and safety impact on learners, and the COVID 19 induced economic crisis on the education demand and supply sides. The Bank argues that on the supply side, the COVID 19 induced economic crisis has resulted in increased drop-out rates due to economic barriers. Another World Bank study<sup>60</sup> estimates that “close to 7 million students from primary up to secondary education could drop out due to the income shock of the pandemic alone”(p32). On the demand side, the economic crisis in some countries has resulted in reduced government spending on education, declining quality of education, poor quality of teaching and closure of private schools due to failure to sustaining salary payments for staff. Other recent projections also point to the fact that grant aid is “unlikely to grow as COVID-19 related recession suppresses donor spending.<sup>61</sup>” The 2021 Education Finance Watch also notes that the Covid-19 pandemic has impacted government education spending and there is no chance of sustaining the levels of funding that prevailed in the last decade<sup>62</sup>. Alternative modes of education financing are therefore more urgent now than ever before and the situation is more concerning for countries that cannot increase domestic resource mobilization, cannot increase the proportion of their budgets allocated to education and have high levels of debt.

57 Transparency International (2021) Corruption Perception Index 2021 file:///C:/Users/DIRECTOR/Documents/1%20Action%20Aid/CPI2021\_Report\_EN-web.pdf

58 Saba, Habyarimana and Vasco. (2010). *Silent and lethal : how quiet corruption undermines Africa’s development efforts (English)*. Africa development indicators. Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/316051468009960660/Silent-and-lethal-how-quiet-corruption-undermines-Africas-development-efforts>

59 World Bank. 2020b. *The Covid-19 Pandemic: Shocks to Education and Policy Responses*. Washington DC: World Bank.

60 World Bank. 2020c. *Simulating the Potential Impacts of COVID-19 School Closures on Schooling and Learning Outcomes: A Set of Global Estimates*. Washington DC: World Bank.

61 Lewin K. M. (2020). Beyond business as usual: Aid and financing education in Sub Saharan Africa. *International journal of educational development*, 78 ( 102247). <https://doi.org/10.1016/j.ijedudev.2020.102247>

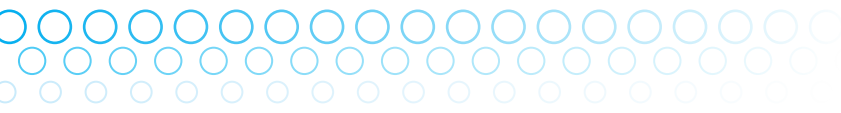
62 World Bank Group. (2020). *Education-Finance-Watch-2021* <https://reliefweb.int/sites/reliefweb.int/files/resources/375577eng.pdf>



## 8.0 CONCLUSION AND RECOMMENDATIONS

Zambia is on course to achieving two out of the seven SDG targets by the year 2030. Given the opportunity presented by the declaration of free education up to Grade 12 by new government, it is possible for Zambia to achieve SDG 4 target number 2 on the provision of free primary and secondary education by 2030. To achieve this target, Zambia will however need to invest in ensuring the provision of free primary and secondary education of good quality. With the current low learning outcomes, achieving this target will require increased funding to improve the quality of education including teachers, classrooms, laboratories and teaching and learning materials. In addition, having made significant progress in promoting gender equity, Zambia is poised to achieve SDG 4 target number 5 on eliminating all discrimination in education. However, although Zambia has achieved parity at primary school level, a lot remains to be done to achieve gender parity at secondary school level. To the contrary, Zambia is not on course on the attainment of the remaining 5 SDG 4 targets relating to the provision of equal access to quality pre-primary education, equal access to affordable TEVET, increasing the number of people with relevant skills for financial success, universal literacy and numeracy, and providing education for sustainable development and global citizenship. Achieving these targets will require the political will to increase education financing to internationally projected levels and bridging the current estimated financing gap of ZMW48.4 billion. In addition, the Country will also need to address the following recommendations in order to achieve SDG 4 targets.

1. There is need to invest in the improvement of the capacity of the Zambian TEVET system to enable the production of internationally competitive graduates through increased funding support and accreditation of more institutions in the grade 1 and 2 categories.
2. Zambia will need to dedicate at least 20% of its national budget to education in its 2023 national budget and bridge the current education financing gap if the country is to meet the SDG targets towards ensuring inclusive and equitable quality education and promotion of lifelong learning for all by 2030
3. Since Zambia is now among countries that guarantee 12 years of free public funded education, there is need for the country to start working towards making education at this level compulsory.
4. As government prioritizes the expansion of the primary and secondary school subsectors, there is need not to lose sight of the need to invest in other equally important subsectors such as early childhood education, adult literacy, tertiary and the TEVET subsectors.
5. Zambia will need to continue aligning SDG4 targeted to the 8<sup>th</sup> National Development Plan and the Education and Skills Sector Plans for the period 2022 to 2026 that are currently being developed to ensure continued progress towards the achievement of SDG4 targets.
6. Government should not see the annexing of ECE centers to primary schools as an end itself, instead, the annexing of ECE to primary schools should be followed by the construction of age appropriate infrastructure as well as provision of furniture and relevant play materials in line with the Ministry's standards and evaluation guidelines.
7. Civil society must continue monitoring government implementation of the agreement with the IMF including investments in the education sector and ensure they raise any concerns around the adverse impact of Zambia's agreement with the IMF.
8. Government must also prioritize investment in to the tertiary subsector since it plays a major role in the provision of high level skills that can drive industrialization and spur rapid economic growth.
9. Zambia must increase its capacity to raise taxes including through the broadening of the current skills development levy into an education levy dedicated to raise domestic financing to be invested in the Education and Skills Development Sector.
10. Government through the Ministry of Finance needs to review the available debt alleviation



mechanisms to ensure they help in freeing financial resources to the education sector in the short, mid and long term in a systematic and sustainable manner.

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