Parallel session
**Framing and developing indicators
to measure progress
for the 2030 education targets**
14:30-16:00
Wednesday, 20 May 2015

National education accounts
A comprehensive framework to improve education finance statistics

The proposal for the Sustainable Development Goal (SDG) 4 is to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".[1] While there are no specific targets for financing education, the word *ensure* implies that adequate resources will be required to reach the goal. Consequently, the draft Framework for Action Education 2030 specifies that "(…) the aspiration of SDG 4 cannot be realized without a significant and well-targeted increase in financing" and calls for countries to spend 4% to 6% of their gross domestic product (GDP) and/or 15% to 20% of total public expenditure on education, as well as for donors to support country efforts.[2]

Complete, accurate and regular data on education financing will be required to monitor these overall spending objectives and are needed to ensure that resources are allocated equitably and effectively within education systems. How much does educating a child in a public primary school cost? How much does it cost in a private school? Who is contributing the most at different levels of education: governments, donors or households? Are funds used on goods, services and policies which contribute to the quality of education? These questions are basic to effective education monitoring and policy planning but currently cannot be answered with great accuracy in many countries due to critical data gaps.

At the national level, sparse data on financing are a result of the complexity of education finance flows, data submitted by multiple institutions, incompatible classifications and coverage, and ineffective compilation and presentation of information to education policymakers. As a result, the picture at the global level reflects this, often lacking coverage and a standardised methodology. As such, many countries face difficulties in reporting finance data to the UNESCO Institute for Statistics (UIS), information which is required for effective global monitoring and fundamental to manage national education systems effectively.

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[1] United Nations (2015). *Open Working Group proposal for Sustainable Development Goals.*
    https://sustainabledevelopment.un.org/content/documents/1579SDGs%20Proposal.pdf
[2] World Education Forum (2015). *Education 2030:Towards inclusive and equitable quality education and lifelong learning for all*. Draft declaration, 23 April 2015.

Approaches to improve the completeness and quality of education finance data

Better education finance data are needed, and solid methodological standards are necessary to ensure their consistency and quality. The National Education Account (NEA) methodology is one such approach that provides these standards. NEAs are comprehensive data collection, processing and analysis exercises seeking to answer the following questions:

- Who finances education and how much do they spend?
- Where do the funds go?
- What are the funds being spent on?
- Who benefits?
- What are the unit costs?

NEAs find their origin in National Accounts, which measure the economic activities of a country in a comprehensive way, for example calculating the GDP. Satellite accounts use the same broad framework to produce sub-accounts for specific sectors (e.g. health, tourism, environment, agriculture, etc.), providing more detail and specific categories. For example, National Health Accounts have existed for several decades and have been implemented at least once in more than 100 countries. So far, NEAs have only been implemented in a few countries[3], but they have already proven to be important tools for policy change. In El Salvador, the NEA exercise led to a realization that households were contributing more to the cost of secondary schooling than the government, and consequently some students from poorer households were excluded. The government thus embarked on a free secondary school initiative and provided more funding to this level. [4]

With funding from the Global Partnership for Education's Global and Regional Activities Programme (GPE-GRA), the UNESCO Institute for Statistics (UIS), the UNESCO International Institute for Educational Planning (IIEP) and the IIEP Pôle de Dakar have implemented an education finance data project built around the NEA methodology in eight countries[5] since 2013. The NEA methodology has some important advantages in collecting and compiling education financing data:

1. An NEA is **comprehensive**. It covers all education levels, from pre-primary to tertiary education, including vocational training. It includes all sources of funding (all levels of government, private and external sources) and all types of education providers, whether public or private.

2. An NEA is a **systematic** data collection, processing and analysis exercise. The IIEP-UIS methodology collects data from financing units (those funding education), as well as production units (those providing education services). The data are then processed using common classifications of education level, type of provider and nature of expenditure, so that they can be consolidated under one cohesive framework, reconciling the perspectives of financing and production units.

3. An NEA will produce **comparable** data over time and across countries. Each dimension of the framework uses existing international definitions as the reference. For example, the nature of expenditure is classified following the definitions of the System of National Accounts (SNA) and the Government Finance Statistics (GFS) manual, and education programmes are classified to reflect national systems, while being compatible with the International Standard Classification of

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[3] In recent years, this is the case in El Salvador, Kenya, Morocco, Thailand and Turkey, as well as a few states in Nigeria. In the 1990s, this was done in Benin, the Dominican Republic, Madagascar and Mauritania. France has produced NEA since the 1970s.

[4] Laura Salamanca and Ana Flórez (2008). *National Education Accounts and the Design of Informed Education Policies: El Salvador Case Study*. USAID/EQUIP2 Working Paper. Washington, D.C.

[5] Côte d'Ivoire, Guinea, Nepal, Lao People's Democratic Republic, Senegal, Uganda, Viet Nam and Zimbabwe.

Education (ISCED). This comparability is needed for global monitoring but also for national governments to gain some perspective when assessing the performance of their own system.

Although other tools, such as Public Expenditure Reviews (PER) or Education Country Status Reports (CSR/RESEN), may also produce highly valuable education financing data at the country level, their results are not always comparable across countries. In the case of PER, the scope is sometimes limited to public expenditure or specific levels of education. Along with its comprehensive and systematic approach, the balance between national realities and international comparability is what makes an NEA a valuable tool to complement these other types of initiatives. Moreover, satellite accounts are a tried and tested concept which have existed and proved successful in other sectors for several decades. It is time for the global education community to support NEA.

Building international expertise on NEA and providing countries with technical support

An NEA should be anchored within key education planning processes and be carried out by a government team, bringing together the main institutions collecting education finance data. A developing country doing an NEA for the first time will likely need some external technical expertise. Therefore there is a role for the global education community to play if the tool is to become more widely used. The draft framework for action calls for partners and conveners of the WEF 2015 "to support capacity development in data collection, analysis and reporting at the country level", which is especially needed when it comes to finance data. The IIEP and the UIS will produce a first version of an international methodological guide on NEA, which will be available to countries interested in carrying out the exercise in the future. An international expert group on NEA could be institutionalized to continue working on common standards and provide a pool of technical experts available to support countries.

A step-by-step approach

The scope of an NEA is not something which is rigid or universal – it should depend on the availability of data and country needs and could evolve over time. The long-term objective should be to establish the NEA as part of regular statistical activities in a country, as finance data are only truly useful if they are up to date. Moreover, doing the exercise regularly will greatly reduce its cost in terms of time and resources. Nonetheless, a step-by-step approach may be more realistic than aiming to cover every possible source of education funding and/or type of provider immediately.

> *Step 1*: An appraisal should be conducted first, assessing the availability of education finance data in a country and the value of an NEA for policy planning. The appraisal could include a mapping of financing flows, the identification of existing data sources, an estimation of the resources required to carry out an NEA, and recommendations for the composition of the country team. The government could then assess whether to continue with an NEA or another strategy to improve education finance data.

> *Step 2*: A country choosing to implement an NEA for the first time could start with a first phase with a limited scope, collecting and processing *already existing* data, for example, from financing units only. Results could be published at national and international levels, although the account may be partial at that stage.

Step 3: The following year, in addition to updating existing data, the scope could be expanded to include new data collections, for example adding dimensions such as education providers and thus producing a complete account.

Step 4: In future NEA exercises, the government could add, as needed, other dimensions such as sub-regional data or non-financial data on topics such as learning outcomes in order to provide a clearer picture of the relationship between inputs and results.

Step 5: Eventually, a permanent or semi-permanent unit responsible for the NEA could be put in place within the government. In many countries doing regular National Health Accounts, such a unit now exists, often within the Ministry of Health or the National Statistical Office.