



# Ministry of Education

## NEPAL

### Assessing expenditures for education

### National Education Accounts

*Bangkok 21 June 2016*



# Content

## Results

- ▶ **National Expenditure for education**
- ▶ **Financing of education**
- ▶ **Funding & Production costs of educational Providers**
- ▶ **Average financing & cost per student**

▶ **Structure & classifications**

▶ **Sources mobilized**

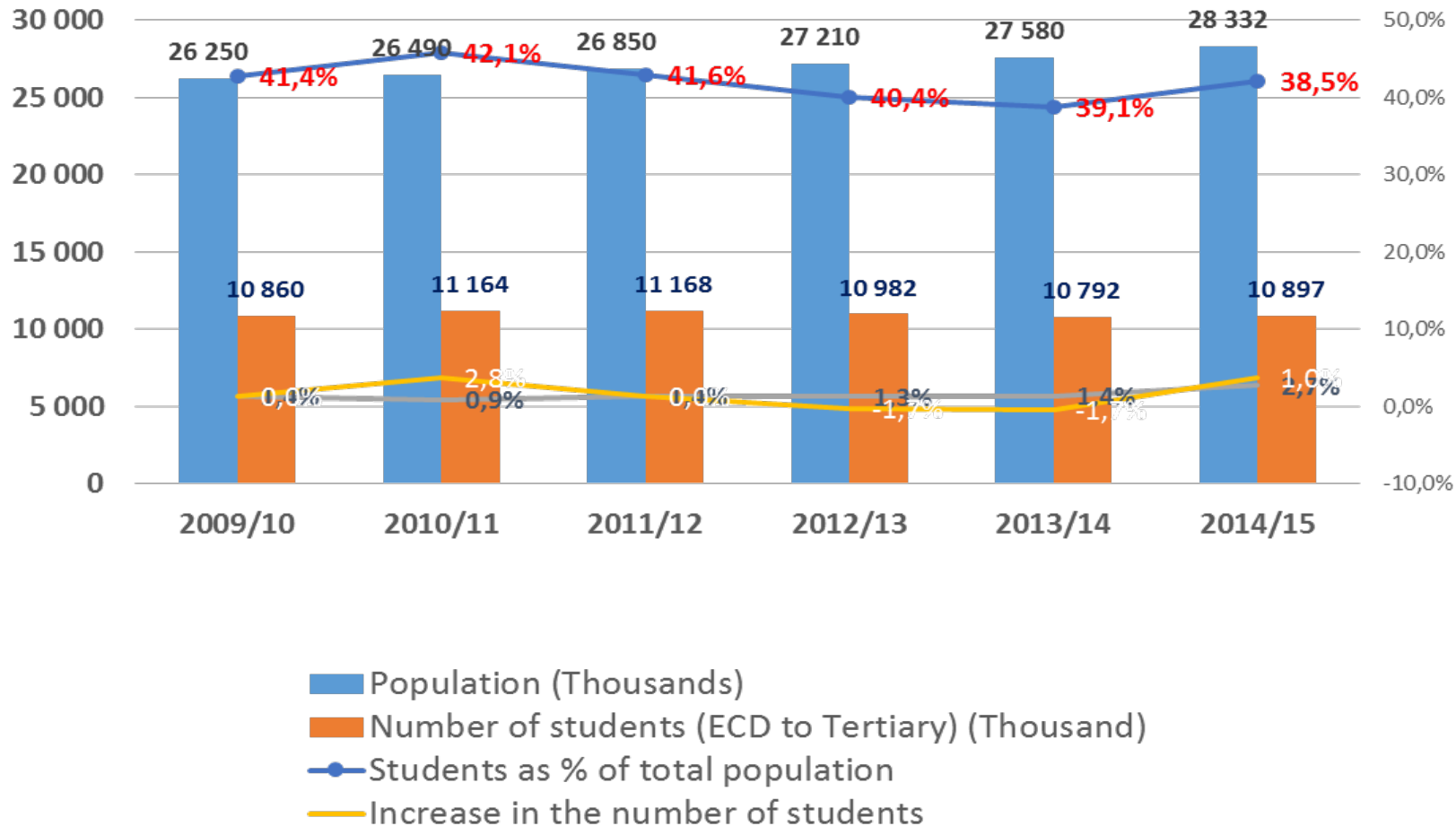
**Sustainability and way forward**

# FINANCING AND EXPENDITURE OF EDUCATION IN NEPAL

National Education Accounts 2009-2015

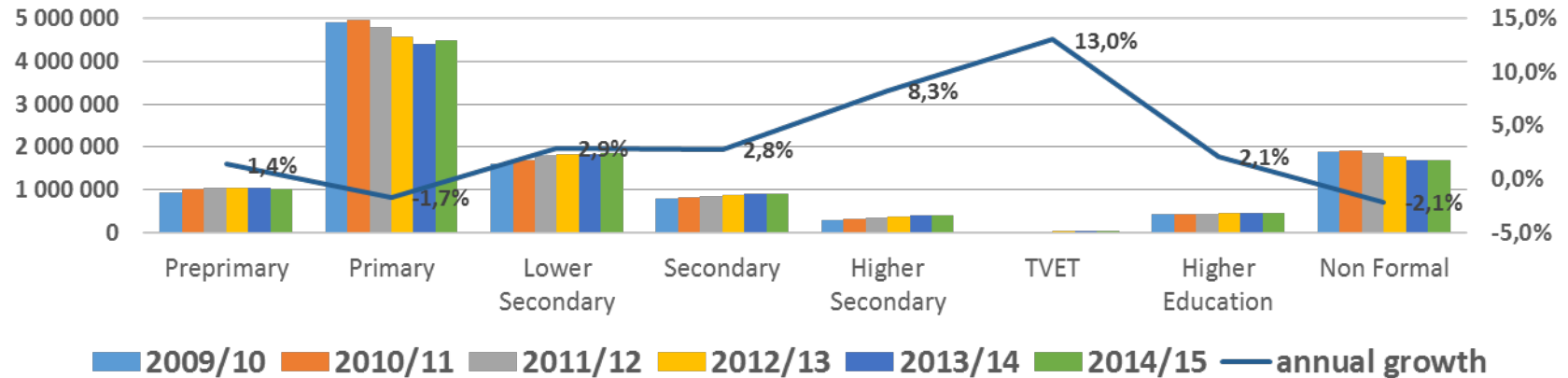
**Global picture :**  
**National Expenditure for  
education**

# Demographic context



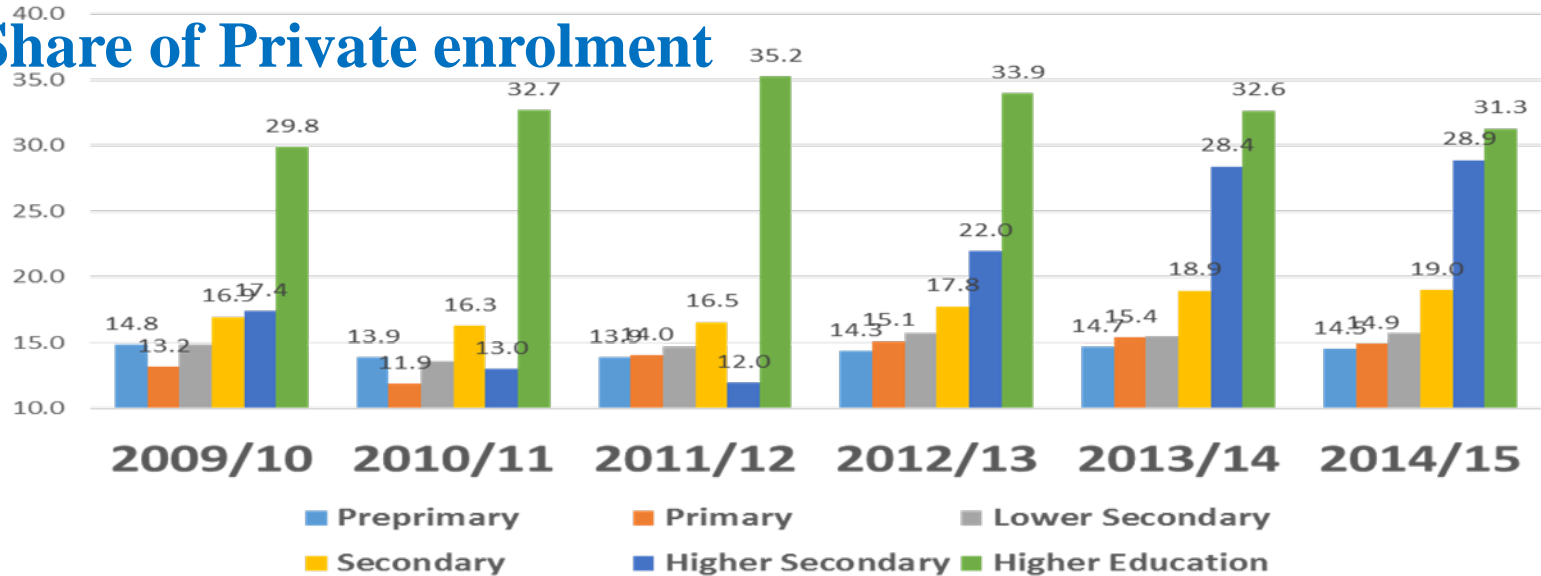
**Enrolment growth is decreasing and almost 40% of total population are enrolled in education institutions**

# Student enrolments



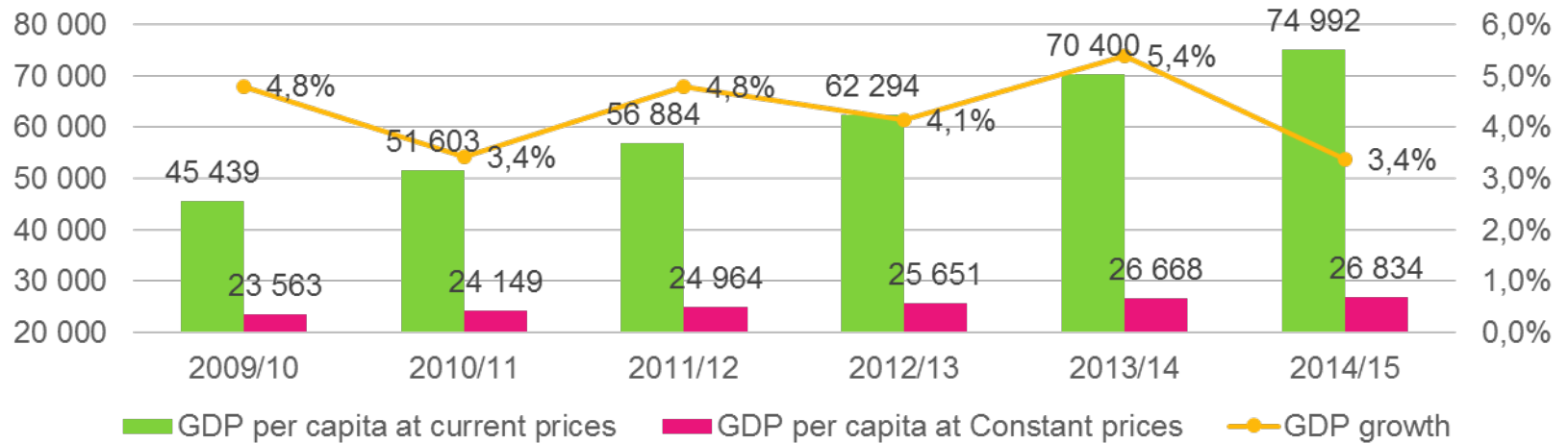
**Enrolment growth is higher at TVET and higher secondary. Primary and non formal level, it is decreasing**

## Share of Private enrolment

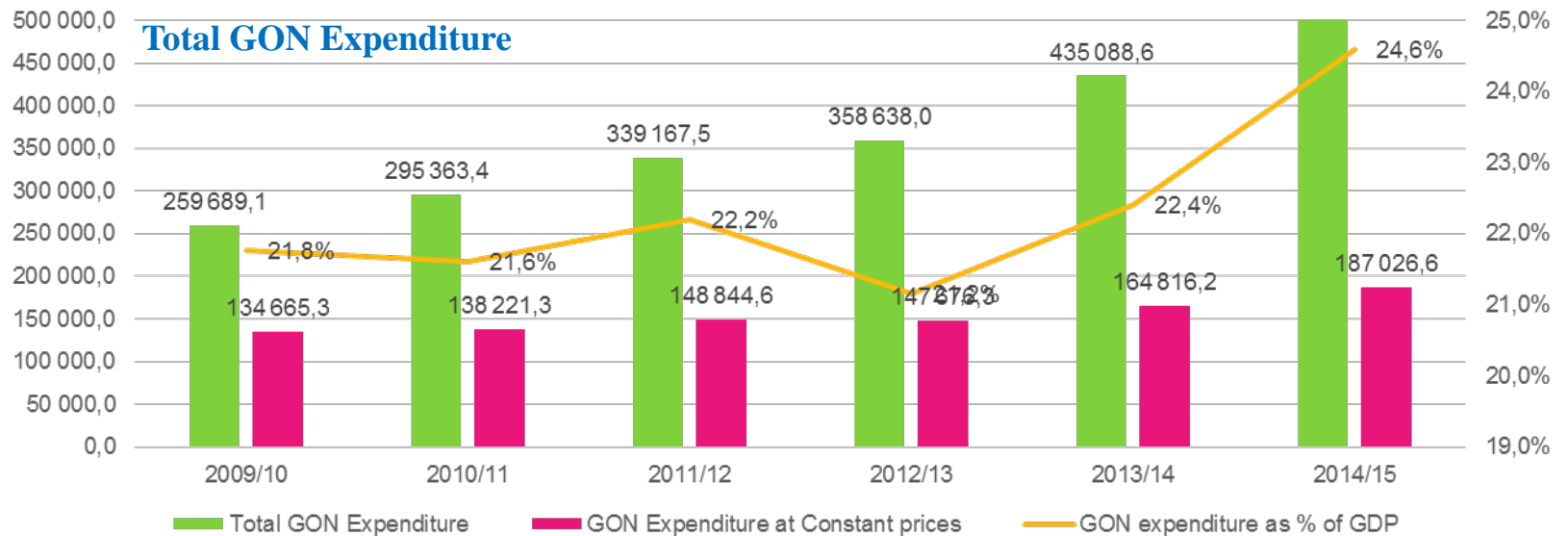


**Proportion of private sector increases as per the level of education- lower for primary level and highest for higher education**

# Economic and fiscal context



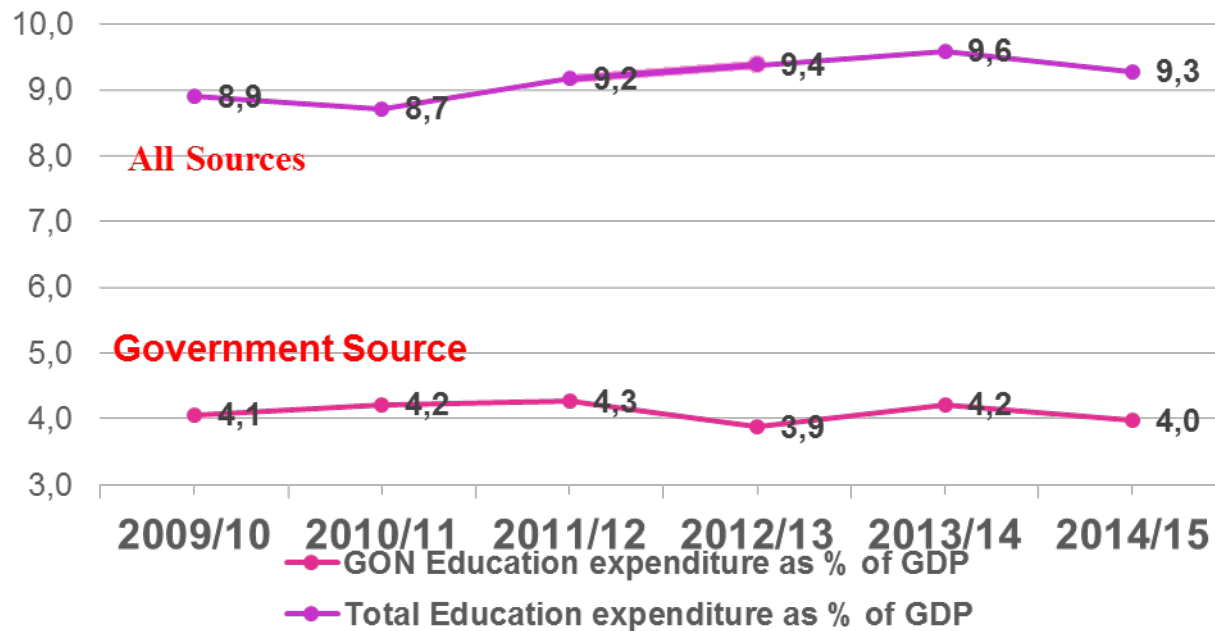
**GDP growth rate and GDP per capita increment growth is moderate**



**Total government expenditure from 22 to 25% GDP**

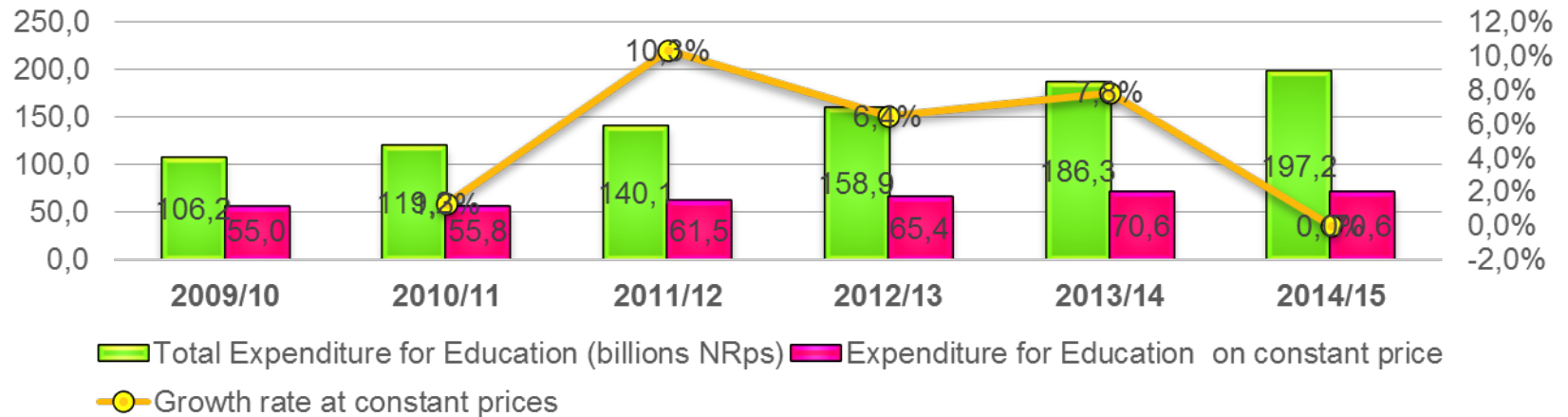
# Expenditure for Education

**Expenditure for education: 197 bRPs in 2014-15, representing 9.3% of GDP**

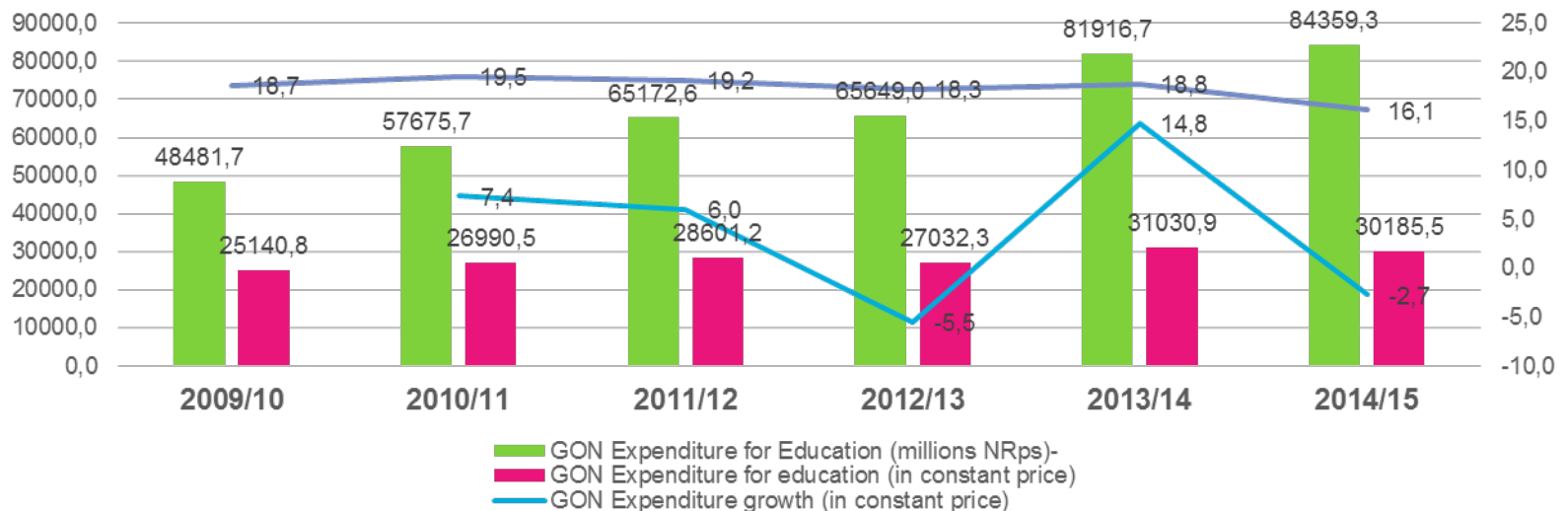


**Expenditure for education represents a high share of GDP**

# Education Expenditure – all sources



**Education expenditure is increasing in constant price other than FY 2014/15**



**Education expenditure on education is increasing in terms of absolute term and % of total govt expenditure on education. In terms of constant price, it has gone down.**



# Global main findings

- Total expenditure for Education is **197 bRps** in 2014-15, **9.3% of GDP**
- Education expenditure on education is increasing in terms of absolute term. Education expenditure is increasing in constant price other than FY 2014/15
- Government expenditure for education stands between 16% and 18% of total GON budget, with a low 16.1% in 2014-15
- GON expenditure on education has increased in absolute terms. In terms of constant price, it has gone down

## Context

- Demography: average growth of 1.5% during the period. However 40% of population are enrolled in education institutions. Enrolment is decreasing at primary, non formal levels . Positive growth at TVET, higher secondary
- Private provision: Proportion of private sector increases as per the level of education- lower for primary level and highest for higher education
- Economic context: GDP growth rate at an average of 4.2%
- Fiscal context: Total government expenditure from 22 to 25% GDP, the highest being in 2014-15 with 24.5%

# **FINANCING AND EXPENDITURE OF EDUCATION IN NEPAL**

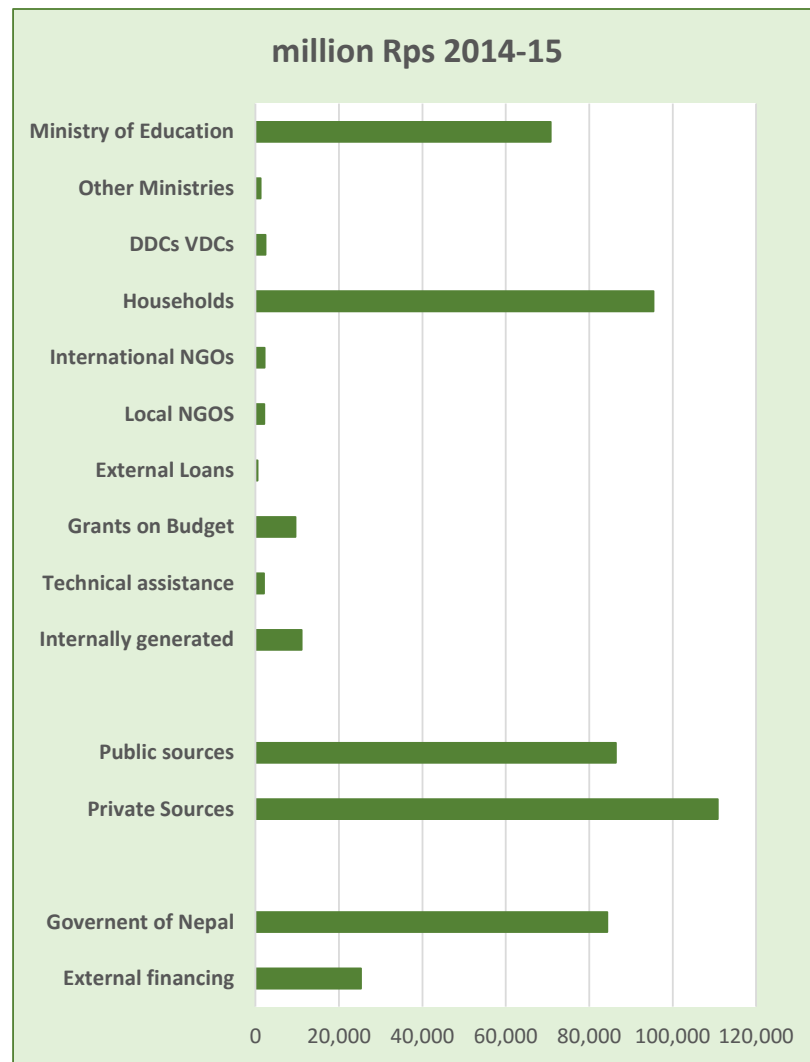
**National Education Accounts 2009-2015**

## **Financing of education**

# Who finances Education ?

	Final	Initial	%
Ministry of Education	70.3	70.7	35.9%
Other Ministries	1.2	1.2	0.6%
DDCs VDCs	2,3	2.4	1.2%
Households/parents	96.7	95.4	48.4%
International NGOs	0.7	2.2	1.1%
Local NGOS	3.5	2.1	1.1%
External Loans	0.5	0.5	0.2%
Grants on Budget	8.9	9.5	4.8%
Technical assistance	2.0	2.0	1.0%
Internally generated	11.1	11.1	5.6%
<b>Total</b>	<b>197.2</b>	<b>197.2</b>	<b>100.0%</b>
<b>Public sources</b>	<b>85.2</b>	<b>86.4</b>	<b>43.8%</b>
<b>Private Sources</b>	<b>111.9</b>	<b>110.8</b>	<b>56.2%</b>
<b>Government of Nepal</b>	<b>83.2</b>	<b>84.4</b>	<b>42.8%</b>
<b>External financing</b>	<b>23.1</b>	<b>25.3</b>	<b>12.8%</b>

**Public Authorities are funding 43% of Education Expenditure**

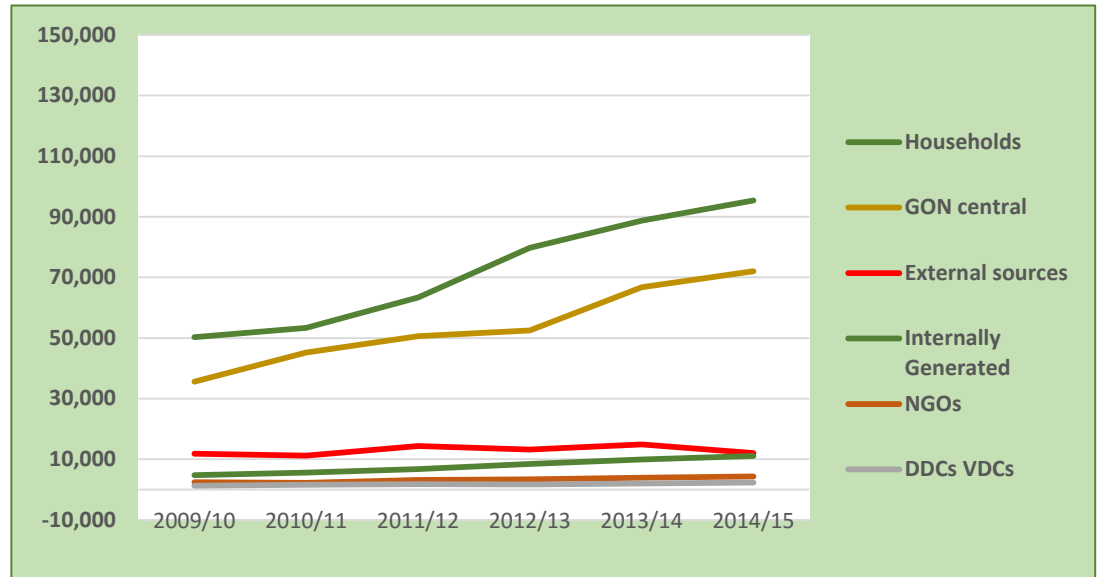


**Parents are contributing for about one half**

# Trend in financing structure

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>GON central</b>	33.5%	38.0%	36.1%	33.0%	35.8%	36.5%
<b>External sources</b>	11.1%	9.4%	10.3%	8.3%	8.0%	6.1%
<b>DDCs VDCs</b>	1.2%	1.3%	1.3%	1.0%	1.1%	1.2%
<b>Households</b>	47.3%	44.8%	45.2%	50.2%	47.6%	48.4%
<b>NGOs</b>	2.3%	1.8%	2.3%	2.2%	2.1%	2.2%
<b>Internally Generated</b>	4.5%	4.7%	4.8%	5.3%	5.3%	5.6%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The share of external funding is decreasing

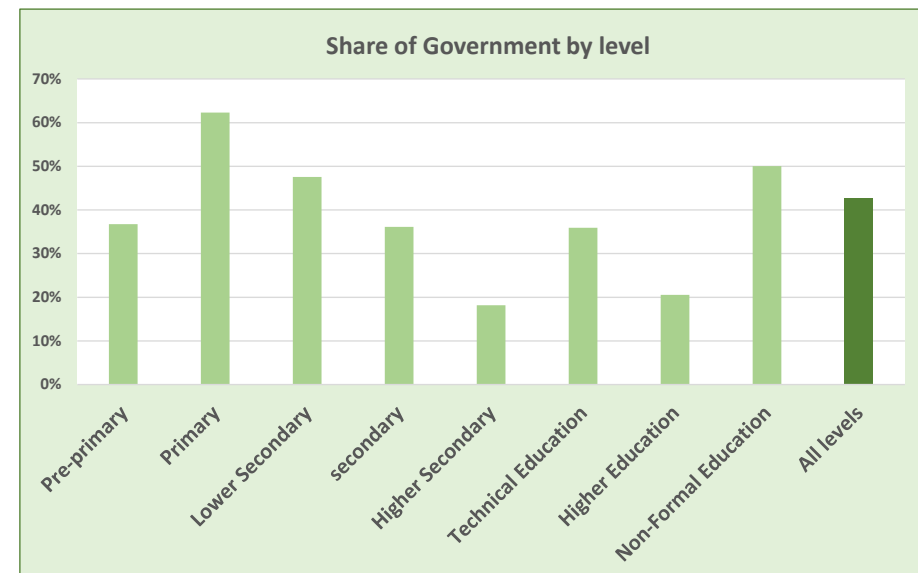


# Financing by levels of Education

	Pre-primary	Primary	Lower Sec	secondary	Higher Secondary	Technical Education	Higher Education	Non-Formal	All
Total million NPRs	6,495	69,455	30,548	24,584	14,814	8,323	40,415	2,536	197,171
GON central	20.8%	54.1%	40.3%	30.8%	15.4%	17.5%	20.6%	44.7%	36.5%
External sources	13.4%	6.2%	6.2%	4.7%	2.4%	38.7%	0.0%	10.6%	6.1%
DDCs VDCs	2.9%	2.2%	1.2%	0.7%	0.5%	0.0%	0.0%	0.0%	1.2%
Households	55.5%	33.6%	43.6%	53.3%	70.7%	38.0%	68.2%	35.1%	48.4%
NGOs	4.0%	1.5%	3.7%	3.7%	3.6%	0.8%	0.3%	9.6%	2.2%
Internally Generated	3.4%	2.4%	5.0%	6.7%	7.5%	5.0%	10.9%	0.0%	5.6%

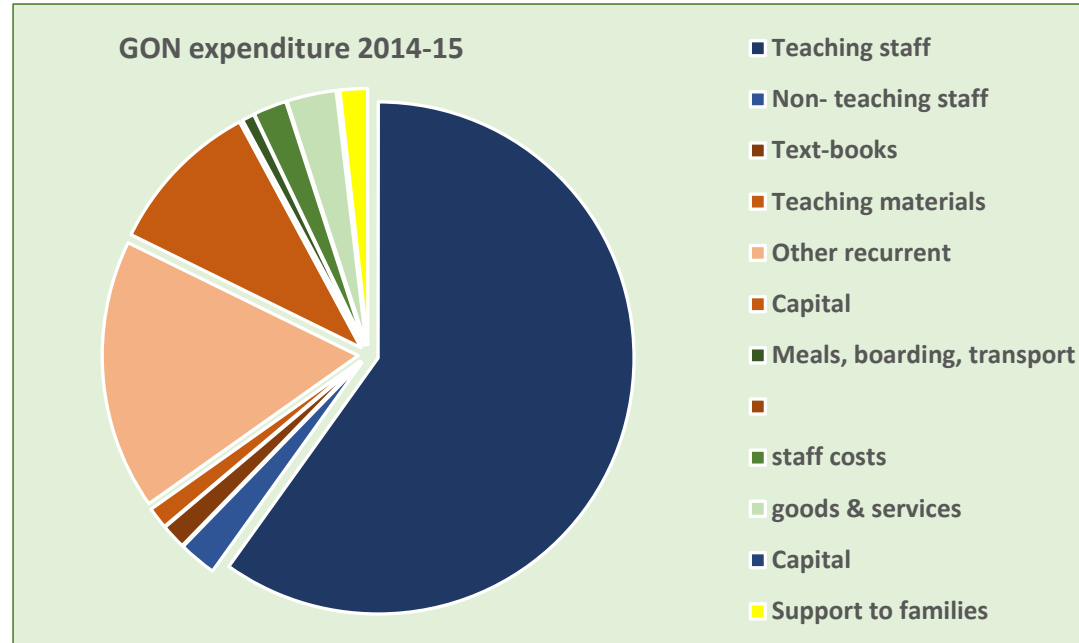
**GON is funding more Primary level, non formal**

**Less Higher Secondary, Higher Education**



# GON Funding

2014/15	million Rps
Teaching staff	50,710
Non- teaching staff	2,016
Textbooks	1,328
Teaching materials	1,145
Other recurrent	14,454
Capital	8,364
Meals, boarding	656
<b>Total Educ Institutions</b>	<b>78,673</b>
staff costs	1,766
goods & services	2,632
Capital	129
<b>Total Administration</b>	<b>4,527</b>
<b>Total final financing</b>	<b>83,201</b>
Support to families	1,462
Transfers received	304
<b>Total initial financing</b>	<b>84,359</b>

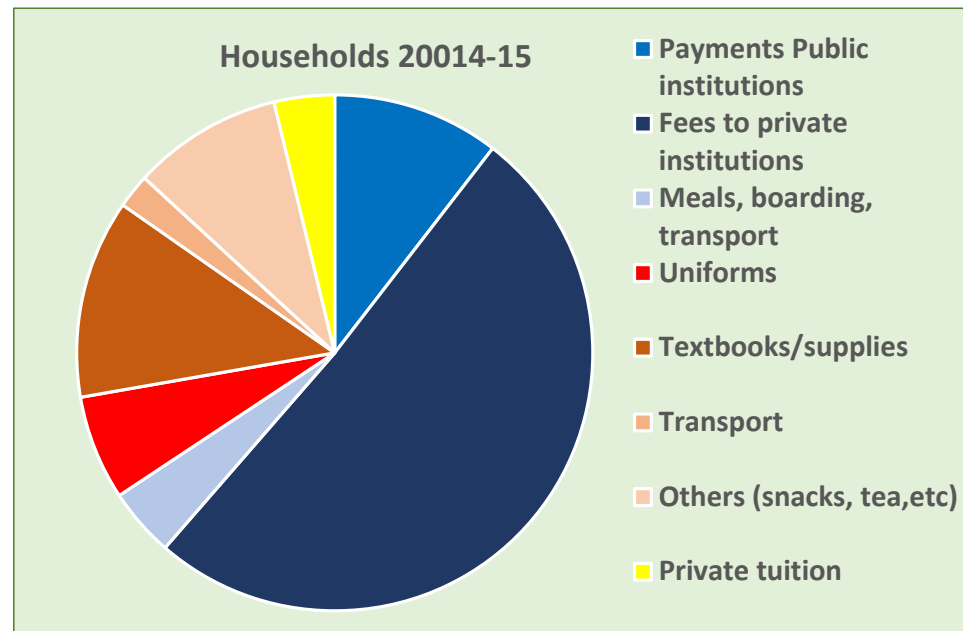


**Government is funding mainly salary costs for teachers**

**Administrative costs represent 5.3% of total expenditure**

# Households Funding

2014-15	million Rps
Payments Public institutions	10,574
Fees to private institutions	51,497
Meals, boarding, transport	4,338
<b>Total Payment to schools</b>	<b>66,409</b>
Uniforms	6,628
Textbooks/supplies	12,585
Transport	2,154
Others (snacks, tea,etc)	9,489
Private tuition	3,828
<b>Direct expenses</b>	<b>34,685</b>
<b>Total Final financing</b>	<b>96,756</b>
Exam fees	304
support received	1,643
<b>Total Initial financing</b>	<b>95,416</b>



**Households are funding fees, mainly for private providers and the purchase of related goods & services**

# Financing : Main findings

- **Public Authorities are funding 43% of Education Expenditure. Parents are contributing for about one half**
- **The share of external funding is decreasing**
- **GON is funding more Primary level, non formal, less Higher Secondary, Higher Education**
- **Government is funding mainly salary costs for teachers**
- **Administrative costs represent 5.3% of total expenditure**
- **Households are funding fees, mainly for private providers and the purchase of related goods & services**



**FINANCING AND EXPENDITURE  
OF EDUCATION IN NEPAL**

**National Education Accounts 2009-2015**

**Funding & Production costs  
of educational Providers**

# Financing of Public & Private Providers

Million RPs	Public funding	Private funding	Total
<b>Public providers</b>	75,959	18,401	94,359
<b>Private providers</b>	3,617	58,466	62,083
<b>Administration</b>	5,658	386	6,044
<b>Direct by families</b>		34,685	34,685
<b>Total</b>	<b>85,234</b>	<b>111,937</b>	<b>197,171</b>

**Public Provision is dominating, with a more mixed funding**

**Private Providers are receiving limited public funding**

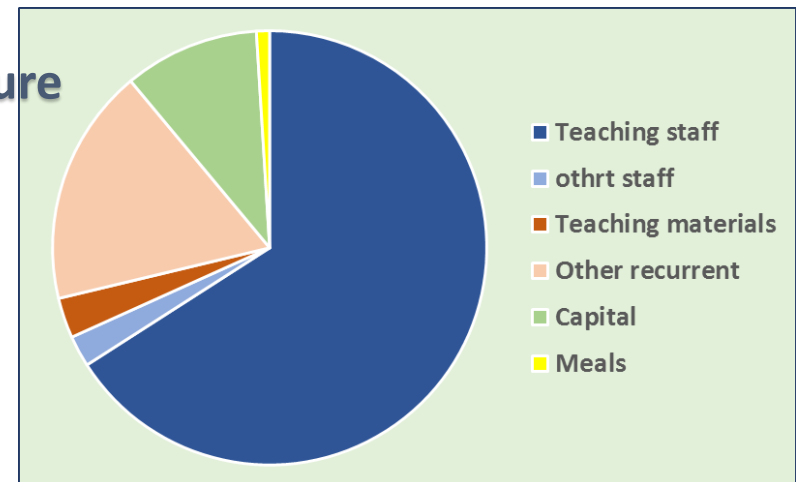
# Community schools

2014-15	Million RPs
<b>Resources</b>	
MOE	56,802
External on-budget	6,801
DDCs VDCs	2,321
Households	7,078
NGOs	3,035
Internally generated	4,395
<b>Total</b>	<b>80,432</b>
<b>Expenditures</b>	
Teaching staff	53,193
Other staff	1,873
Teaching materials	2,423
Other recurrent	14,268
Capital	8,133
Meals	788
<b>Total</b>	<b>80,678</b>

**Community schools are the main provider with more than 50% of the total funding of educational institutions**

## School Income 2014-15

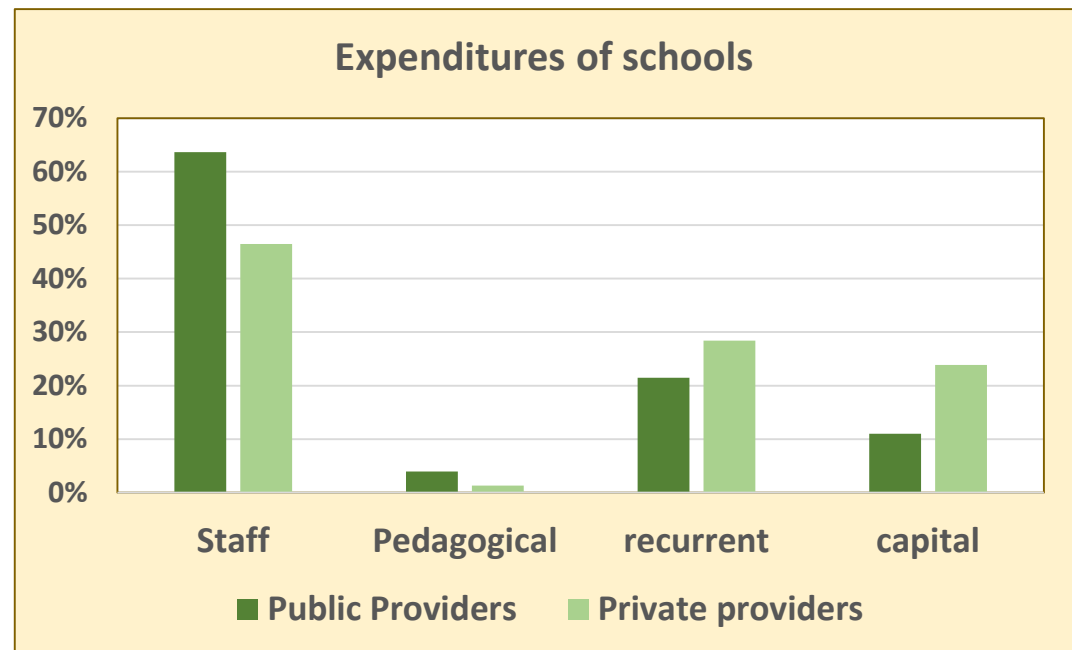
## Expenditure



# Expenditure by object

	Public Providers		Private providers		Admin.	Total	
Staff	61,874	63.6%	23,809	46.4%	1,979	<b>87,662</b>	57.1%
Pedagogical	3,842	3.9%	685	1.3%		<b>4,526</b>	2.9%
Other recurrent	20,885	21.5%	14,551	28.4%	2,958	<b>38,393</b>	25.0%
Capital	10,670	11.0%	12,218	23.8%	187	<b>23,074</b>	15.0%
Meals, boarding	1,016		2,420	46.4%		<b>3,436</b>	
<b>Total</b>	<b>98,286</b>		<b>53,683</b>	<b>1.3%</b>	<b>5,123</b>	<b>157,092</b>	

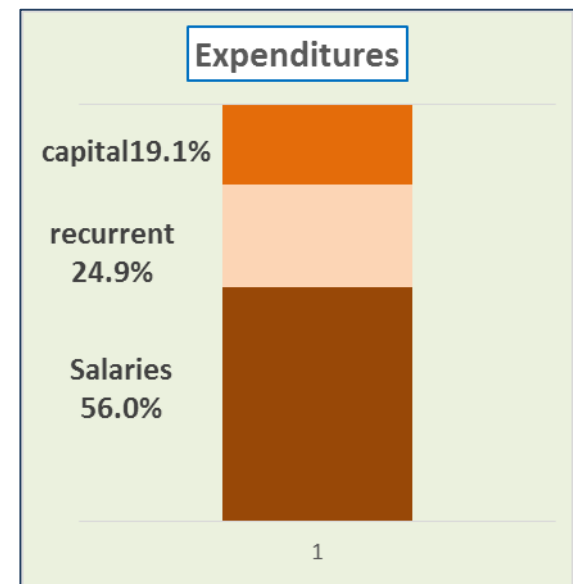
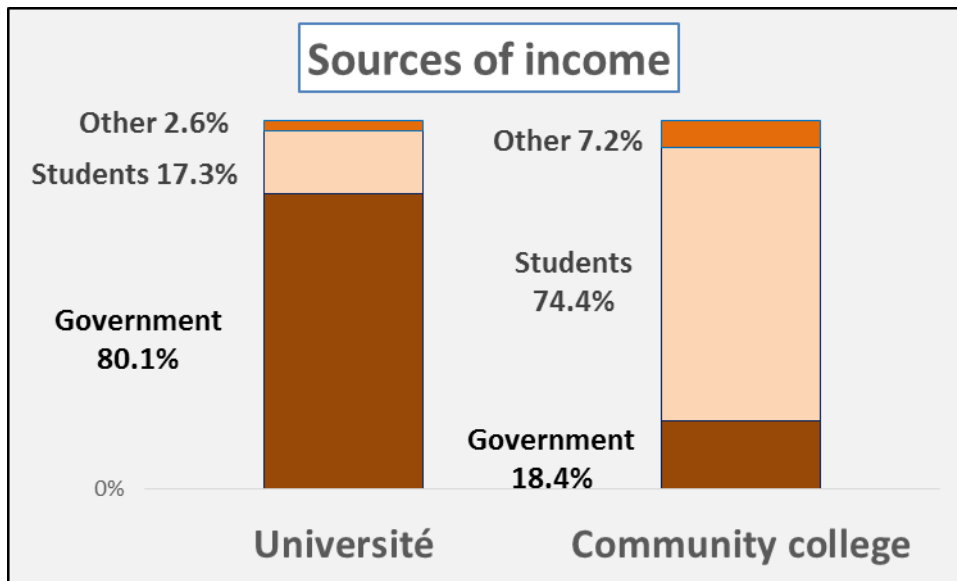
salaries represent  
**57%** of the  
 expenditure,  
 64% in public  
 educational  
 institutions



# UGC institutions

Million Rps	Constituent	Community
Government	5,689	514
Students	1,227	2,083
Other	188	203
<b>Total</b>	<b>7,103</b>	<b>2,800</b>
Salaries	3,961	1,549
recurrent	1,762	689
capital	1,347	527
<b>Total</b>	<b>7,070</b>	<b>2,764</b>

**Community campuses are mainly funded through fees, and constituent colleges through UGC grant**



# Providers : Main findings

- **Public Provision is dominating, with a more mixed funding**
- **Private Providers are receiving limited public funding**
- **The funding of community schools amounts to 80 bRPs. Community schools are the main provider with more than 50% of the total funding of educational institutions**
- **Community campuses are mainly funded through fees, and constituent colleges through UGC grant**
- **Salaries represent 57% of the expenditure, 64% in public educational institutions**

# FINANCING AND EXPENDITURE OF EDUCATION IN NEPAL

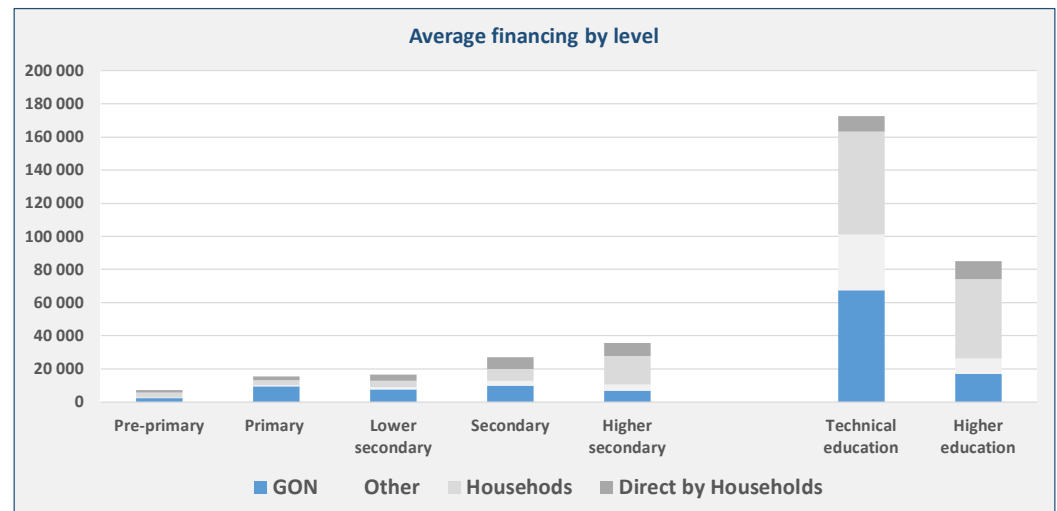
National Education Accounts 2009-2015

**Average  
financing & cost  
per student**

# Average financing per student

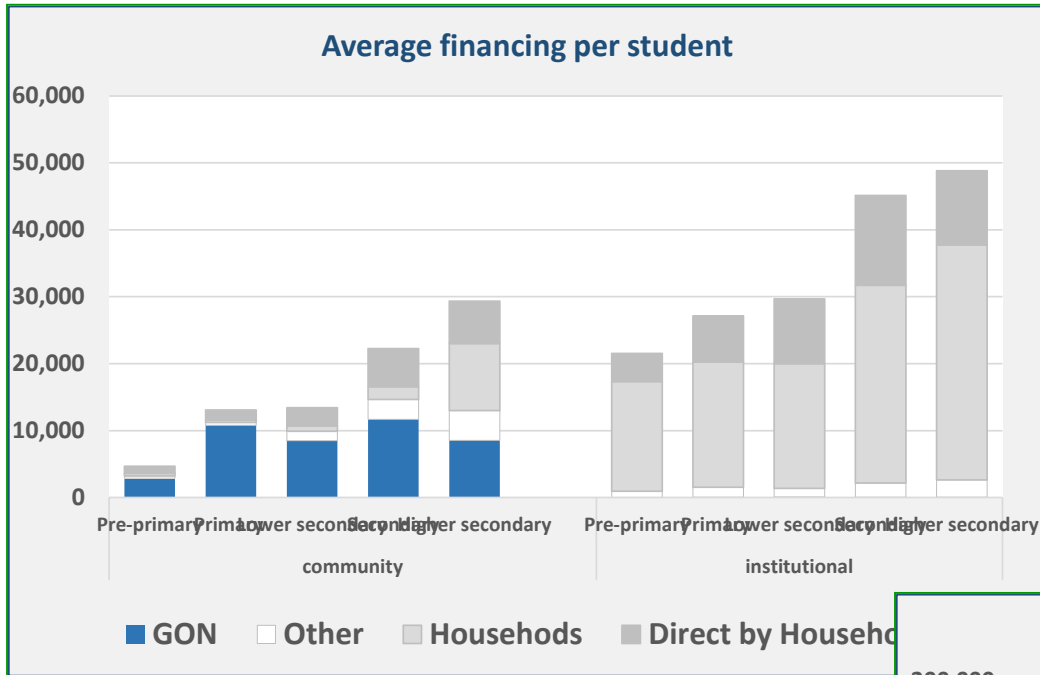
Level of Education	Funding of providers	Direct purchase	Total NRps/student	Ratio to primary
Pre-primary	5,506	1,508	7,014	0.5
Primary	13.120	2,338	15,459	1.0
Lower secondary	12,654	3,827	16,482	1.1
Secondary	19,932	7,151	27,083	1.8
Higher secondary	27,845	7,683	35,528	2.3
Technical education	163,379	9,348	172,729	11.2
Higher education	74,150	10,941	85,091	5.5

**Unit costs are high at technical education (11 times primary) & Higher Education (5.5 times) levels**

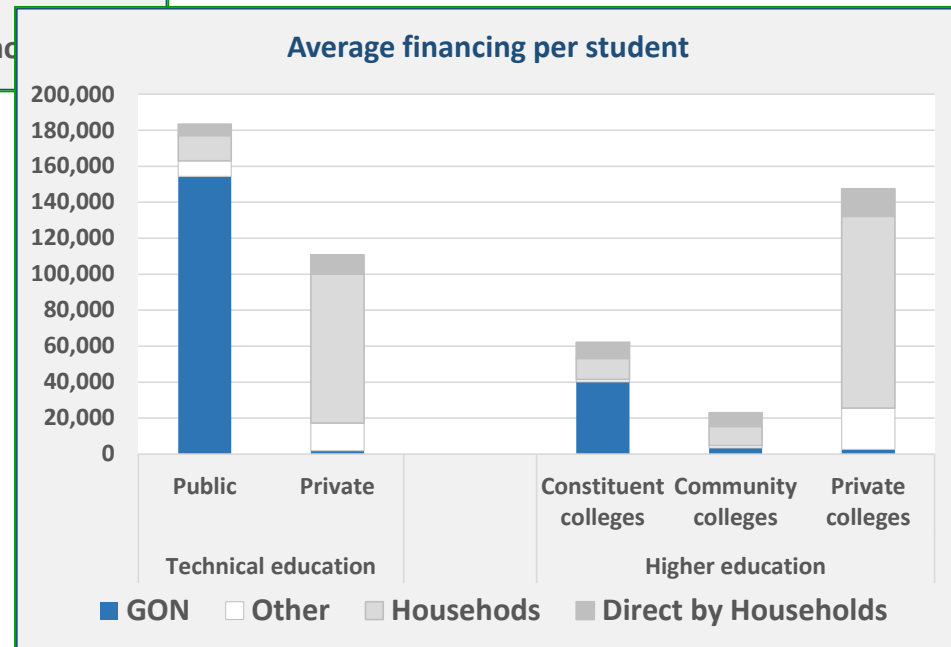




# Average financing per student



Private institutions are mobilizing higher funding, except at technical level



# Community/ public schools

## Financing of producing units only

Level of Education	NRps/ student	GON	Household	Others
Preprimary	3,602	79.8%	9.9%	10.3%
Primary	11,536	93.6%	2.9%	3.5%
Lower secondary	10,682	79.4%	7.4%	13.2%
Secondary	16,557	70.6%	11.5%	17.9%
Higher Seondary	23,026	37.1%	43.7%	19.3%
TVET	177,053	87.2%	7.9%	4.9%
HE constituent col	53,282	75.4%	22.0%	2.6%

**Unit cost at lower secondary is lower than primary, due to the differences in the class size**

# Institutional/ Private schools

## Financing of producing units only

Level of education	NRps/ student	GON	Households	Others
Preprimary	17,337	0.1%	94.6%	5.3%
Primary	20,255	0.3%	92.4%	7.3%
Lower secondary	19,984	0.3%	93.2%	6.5%
Secondary	31,696	0.2%	93.2%	6.7%
Higher Seondary	37,752	0.1%	93.1%	6.9%
TVET	100,071	1.9%	82.7%	15.4%
Higher education	132,136	1.9%	80.6%	17.5%

**Higher unit cost for Higher Education colleges**

# Unit costs: Main findings

- **Unit costs are high at technical education (11 times primary) & Higher Education (5.5 times)**
- **Private institutions are mobilizing higher funding, except at technical level**
- **Unit cost at lower secondary is lower than primary, due to the differences in the class size**
- **Private institutions: Higher unit cost for Higher Education colleges**

**FINANCING AND EXPENDITURE  
OF EDUCATION IN NEPAL**

**National Education Accounts 2009-2015**

**Scope and structure of the  
National Education Account**

# The NEA project in Nepal: the technical team

- **Members:**
  - Ministry of Education / Department of Education
  - Ministry of Finance
  - Central Bureau of Statistics
- **Roles and responsibilities**
  - To participate in training and working sessions during the missions from UIS/IIEP experts
  - To gather and compile data between the missions, in accordance with the plan devised by the team.
  - To prepare a report on education finance in Nepal to be published at the end of the project

# Method

- ➡ **Analysis of financing mechanisms**
- ➡ **Identification of data sources**
- ➡ **Collection of data sources**
- ➡ **Defining an analysis framework**
- ➡ **Processing the data**
- ➡ **Reconciliation and consolidation of data**

# Dimensions

**Levels of Education**

**Production units**

**Activities/Products**

**Financing units**

**Object of expenditures**



# Levels and Producing units

**Pre-primary education**

**Primary education**

**Lower secondary education**

**Secondary education**

**Higher secondary education**

**Technical education**

**Higher education**

**Non-formal education**

ECED centres

Community schools (public)

Institutional schools (trust and private)

Subsidized religious schools

Subsidized special needs schools

Public technical schools/colleges

Private technical schools/colleges

Universities (public)

Community colleges

Medical academies and other colleges

Private colleges

Non-formal centres

Administrative offices

# Levels and Producing units

## Pre-primary education

- ECED centres
- Community schools (public)
- Institutional schools (trust and private)
- Administrative offices

## Primary education

- Community schools (public)
- Institutional schools (trust and private)
- Subsidized religious schools
- Subsidized special needs schools
- Administrative offices

## Lower secondary education

- Community schools (public)
- Institutional schools (trust and private)
- Subsidized religious schools
- Subsidized special needs schools
- Administrative offices

## Secondary education

- Community schools (public)
- Institutional schools (trust and private)
- Subsidized religious schools
- Subsidized special needs schools
- Administrative offices

## Higher secondary education

- Community schools (public)
- Institutional schools (trust and private)
- Administrative offices

## Technical education

- Public technical schools/colleges
- Private technical schools/colleges
- Universities (public)
- Administrative offices

## Higher education

- Universities (public)
- Subsidized colleges (community/army)
- Medical academies
- Private colleges
- Administrative offices

## Non-formal education

- Non-formal centres
- Administrative offices

# Activities & Object of expenditures

**Teaching activities**

**Ancillary services**

**Administration-supervision**

**Goods and services required for school attendance**

Uniforms

Textbooks/supplies

Transportation

Snacks, tea

Private tuition

**Teaching staff**

**Non- teaching staff**

**Teaching materials**

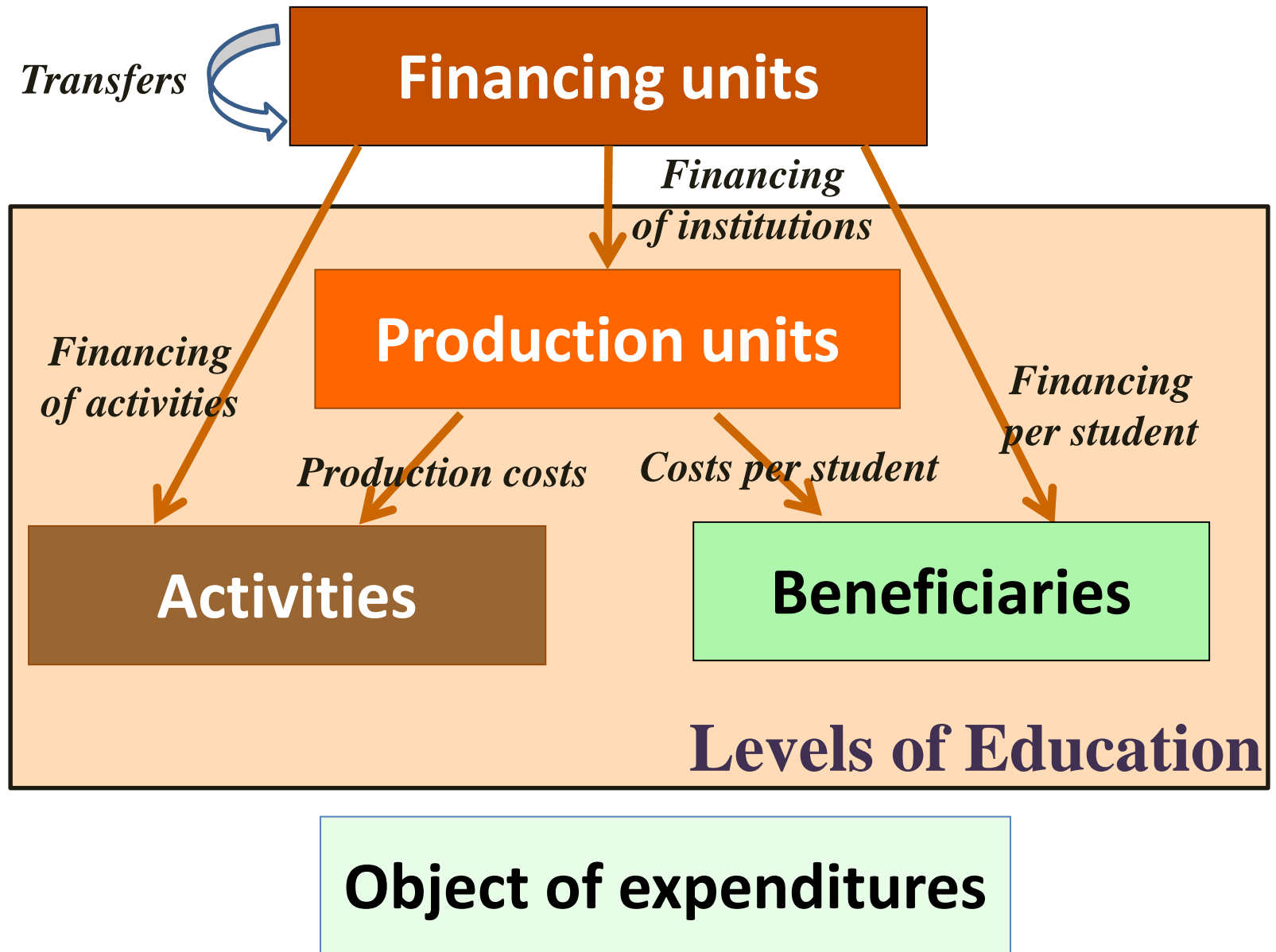
**Other recurrent**

**Capital**

# Financing Units

	Grouping for some tables			
	Public sources	Private sources	Government of Nepal	Development Partners
Ministry of Education	X		X	
Other Ministries	X		X	
District & Village Dvpt Committees	X		X	
Households/parents		X		
International NGOs		X		X
Local NGOS		X		
External Loans	X		X	X
Grants on Budget	X		X	X
Technical assistance off-Budget	X			X
Internally generated funds		X		

# Analysis framework



# Main sources of information

- ◆ **Implementation of Government budget**  
(MOE, others Ministries, pension scheme)
- ◆ **Technical assistance** (off budget)
- ◆ **Reports from DDCs to MOLD** (DDCs, VDCs, local NGOs)
- ◆ **International NGOs**
- ◆ **Household survey (CBS, 2010)**

- ◆ **EMIS DOE School censuses**
- ◆ **Audited Accounts of CTNET Institutions**
- ◆ **Audited accounts of Community colleges**
- ◆ **UGC allocations and level of fees**
- ◆ **Survey on Institutional schools (CBS)**

# Lessons

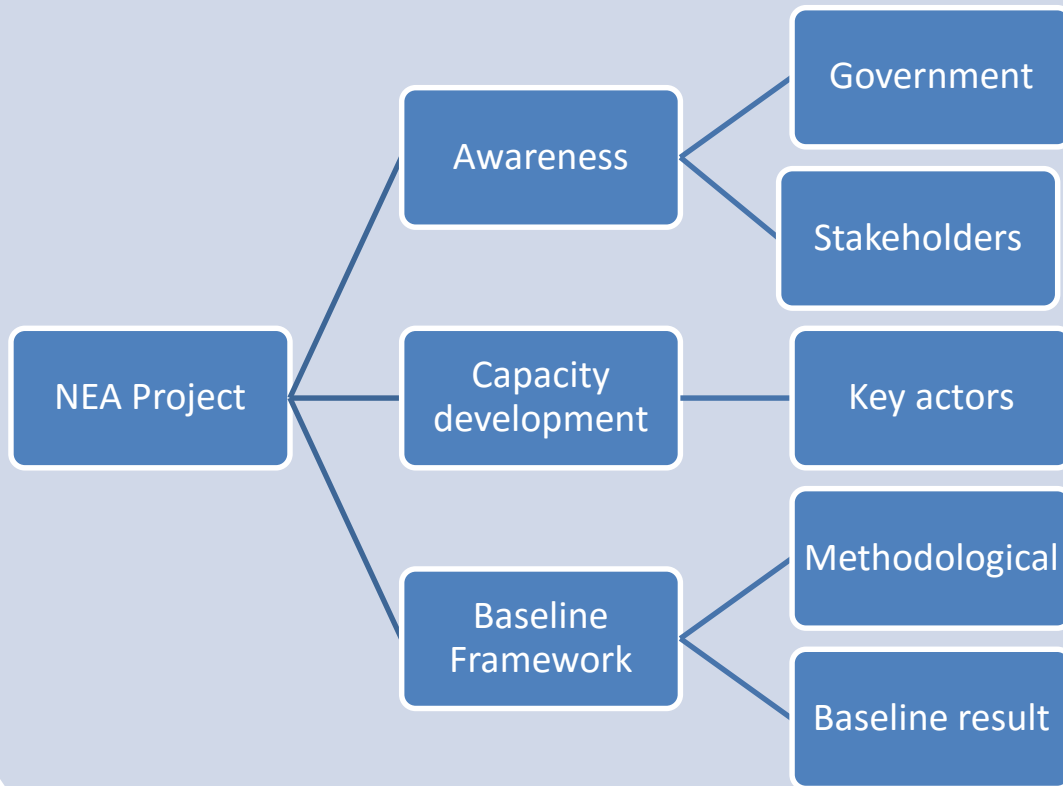
## **On information issues:**

- **DDCs and VDCs**
- **NGOs**
- **Reporting through EMIS**
- **Universities**

## **For sustainability :**

- **Ownership, team and leadership**
- **Importance of cooperation MOE-CBS**

# Implication of the NEA project





# Way forwards

- Integration with SSDP and periodic plans
- Improving EMIS indicators/questionnaire support to equity strategies
- Collaboration with CBS and line ministries
- Provision of earmark grants based for regular update
- Technical support from UIS , IIEP and development partners