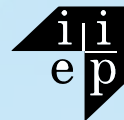




Government of Nepal
Ministry of Education
Central Bureau of Statistics



United Nations
Educational, Scientific and
Cultural Organization



International Institute
for Educational Planning

UNESCO
INSTITUTE
for
STATISTICS

National Education Accounts In Nepal

Expenditure for education 2009-2015

UNESCO / IIEP - UIS
July 2016



GLOBAL PARTNERSHIP
for EDUCATION
quality education for all children

Global and Regional Activities Programme
Education Financing

Development of methodologies to improve national reporting on financial flows

National Education Accounts in Nepal
Expenditure for education
2009-2015

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Government of Nepal
MINISTRY OF EDUCATION

Tel.: }



Ref. No.:

Singh Durbar
Kathmandu, Nepal

FOREWORD

Nepal has made remarkable progress on achieving universalizing basic education. The progress on the secondary and the higher education are also noticeable. The Constitutional provision of the Right concerning Education mentioned in Part Three, Fundamental Right and Responsibility item 31 (2) and the recently 8th Amendment Education Act 2073 show the commitments of Nepal to provide Free and Compulsory education up to the basic education (up to Grade 8) and free education up to the secondary education (up to Grade 12). However, the equity and quality of education is still the areas of concerns and need more attention for them. The government has put financial arrangements in place to deliver its commitments effectively to enhance access, quality and equity in all levels of education.

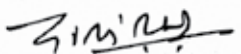
The Government is equally committed on its international commitments for achieving the Sustainable Development Goals (SDGs) and on education, SDG Goal 4 "*Ensuring equitable and inclusive quality education and, promoting life-long learning opportunities for all*". The government is enhancing the regional and the international cooperation and collaborations to achieve SDG Goal 4 in the national context. The recent initiation on SAARC collaboration on education is one of its examples.

The National Education Account (NEA), which is a unique and comprehensive exercise on the area of education finance, is a new exercise, not only for Nepal but also for many developing countries in the world. Nepal is very happy to participate on this unique exercise of NEA and share ideas in contributing in revising and developing the methodology of NEA exercise also.

Nepal NEA report provides a comprehensive picture of education expenditure including all sources of government, NGOs, INGOs, development partners and parents of all levels of education, including technical and vocational and higher education and its objectives of expenditure. The findings of it are very useful to frame the education finance policy in the changed context. It also calls for the coordinated and consolidated effort on education expenditure by making the education expenses transparent and accountable.

I am sure the findings of NEA will be useful for the policy makers, planners, development partners and implementers and the other stakeholders to enhance access, quality and equity in education.

Finally, I would like to acknowledge the UNESCO Institute for Statistics (UIS) and the International Institute for Educational Planning (IIEP), funded by the Global Partnership for Education (GPE) of their technical and financial support and the officials involved from MOE, MOF and the Central Bureau of Statistics (CBS) to conduct the NEA exercise in Nepal.


Giriraj Mani Pokhrel

Minister for Education



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Singh Durbar
Kathmandu, Nepal

PREFACE

Nepal participated in the National Education Account (NEA) project launched by the UNESCO Institute for Statistics (UIS) and the International Institute for Educational Planning (IIEP) and funded by the Global Partnership for Education (GPE). The NEA exercise is the first exercise in the country and findings are very useful to formulate both School Sector Development Plan and higher education plan. It provides a comprehensive picture of education financing situation of the country and will help to achieve the Sustainable Development Goals (SDGs) especially SDG -4 "Ensuring equitable and inclusive quality education and, promoting life-long learning opportunities for all".

The NEA report presents new evidences especially on the contribution of Household, NGOs and INGOs by level of education which provides enough ground to introduce new education policies and programs.

This exercise is supported by National Technical Committee, led by the Ministry of Education in collaboration with other concerned Ministries and Central Bureau of Statistics (CBS). The technical support provided by UNESCO Institute for Statistics (UIS) and UNESCO International Institute for Education Planning (IIEP) is greatly appreciated. I am sure, findings of NEA will be useful for policy makers, planners, implementers and academia to formulate education financing policy of Nepal.

I would like to appreciate the lead role played by the Ministry team for providing guidance to the technical team. I would also like to thank the technical committee coordinators Dr Rojnath Pande, Dr Ananda Paudel, Mr Balram Timalsina and Mr Dhurba Raj Regmi for their effective coordination to complete the project on time. Similarly, I would like to thank the technical committee members Mr Yog Raj Pokharel, Mr Mukunda Keshari Pokharel, Mr Shankar Bahadur Thapa and Mr Nava Raj Rijal from MOE; Mr Chandra Kumar Shrestha and Shiva Prasad Shimkhada from MOF and Kapil Prasad Timilsena from Central Bureau of Statistics (CBS) and Mr Dinesh Bajracharya from University Grants Commission (UGC) for their technical work on their respective areas of expertise.

I would like to acknowledge Ms Elise Legault and Mr Shailendra Sigdel from UNESCO Institute for Statistics (UIS) and Mr Serge Peano from IIEP for their professional and technical support towards the completion of this study.

Ministry is committed for further collaboration with UIS, IIEP, GPE and application of the findings for policy formulation and program implementation

Bishwa Prakash Pandit

Secretary

Message from UNESCO

Data on expenditure for education are often incomplete due to the complexity of education finance flows and the sources of information coming from multiple institutions. This leads to an absence of a sustainable data collection, dissemination and analysis system on financial issues in many countries.

To draw a complete picture of education financing in their country, national statisticians must gather data from various sources which are not always compatible in terms of definition and coverage, and rarely compiled and presented along the lines which are of relevance to education policy-makers (for example by levels of education or by nature of spending). In many cases, such as for household or NGO spending, the data are not compiled, and when they are, they may be collected only occasionally and in aggregate amounts, requiring significant manipulation, relying heavily on estimation methods, before they can be used for analysis. Because of difficulties in tracking in-country donor resources to education and disentangling them from government sources, the total funding available is not fully known.

These gaps are indeed critical and too common. However, the production of good quality data on financing flows is important for governments to understand how funds are disbursed, who are disadvantaged in access to funding, where the potential source of leakages are, and what could be done to improve the cost efficiency and effectiveness. Currently, it is not possible to calculate accurate unit costs for education in most countries. The lack of details on the use of the funds also prevents effective policy planning aimed to improve learning outcomes.

The absence of national data results into gaps in international data availability and prevents the effective monitoring of the Education for All and the new Education 2030 framework and the development of realistic costing exercises, both at national and international levels.

The UNESCO Institute for Statistics (UIS), the International Institute for Educational Planning (IIEP), and the IIEP Pôle de Dakar have joined their expertise to address the issue of financial statistics on education, based on the utilisation of National accounts techniques, building around the theoretical framework of satellite accounts. UIS has the mandate to collect and disseminate international statistics on education, the IIEP has a capacity-building mission in educational planning, including training, research and technical assistance to countries, and the IIEP Pôle de Dakar has the mandate to support African countries in education sector analysis and the preparation and implementation of education policies.

The methodology of National Education Accounts presented here elaborates upon the principles of existing international standards on the System of National Accounts (SNA 2008), the International Standard Classification of Education (ISCED 2011), and builds on various previous experiences in the area.

We are grateful to the Global Partnership for Education, which has made this work possible by providing financial support. With this methodology, our institutions intend to provide tools to countries and encourage them to organize and develop their information system in this area of education finance.

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ACRONYMS AND ABBREVIATIONS

CBS	Central Bureau of Statistics, the Government agency in charge of statistics
COFOG	Classification of the Functions of Government. Classification developed by OECD and used by the National Accounts
ECD	Early Childhood Development
EMIS	Education Management Information System
CTVET	Council for Technical and Vocational Education and Training, entity of MOE in charge of TVET
DDC	District Development Committee, local government at district level
DEO	District Education Office, office of DOE at district level
DOE	Department Of Education, department of MOE in charge of school education
GDP	Gross Domestic Product
GON	Government of Nepal. In the document, it refers more often to the Government Budget
GPE	Global Partnership for Education
GRA	Global and Regional Activities, a programme of GPE
HIS	Higher Education
HSEB	Higher Secondary Education Board, entity of MOE in charge of higher secondary
IGF	Internally Generated Funds, refers to miscellaneous income generated at school level
INGO	International NGO
IIEP	International Institute for Educational Planning, a specialized institute of UNESCO
ISCED	International Standard Classification of Education, set by UNESCO and revised in 2011
MOE	Ministry Of Education
MOLD	Ministry Of Federal Affairs and Local Development
NEA	National Education Account
NFEC	Non Formal Education Centre, entity of MOE in charge of non-formal education
NGO	Non-Government Organization
Knap	Nepalese Rupee
Pole de Dakar	a branch of IIEP/UNESCO based in Dakar
Red book	Document on Government Budget
SNA	System of National Accounts, refers to the 2008 version of the international statistical standard for the national accounts, adopted by the United Nations Statistical Commission (UNSC)
TA book	Technical Assistance Book, a Government publication covering off-budget activities of Development partners
TVET	Technical and Vocational Education and Training
UGC	University Grant Commission, entity of MOE in charge of Higher Education
UIS	UNESCO Institute for Statistics
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSC	United Nations Statistical Commission
USD	United States Dollar
VDC	Village Development Committee, local government at village level

Executive Summary - Main Findings

Education expenditure in Nepal: 197 billion Nepalese Rupee (bNRPs) and 9.3% of GDP in 2014-15

The National Expenditure in Education amounts to **NRPs 196.8 billion** in 2014-15, an effort close to NRPs 7,000 per inhabitant. It covers expenditure from all public, private and external sources of funding, for all levels of education from pre-primary to university, and all types of institutions, public and private. It includes the funding of activities within educational institutions, such as teaching activities, administration, school meals and boarding, and the expenditure required by school attendance, like for uniforms, books and supplies, transport to school and private tuition.

This Expenditure for Education represents **9.3% of GDP**. The former statistical vision was limited to the Government spending representing 4.0% of GDP. The inclusion of all sources of funding changes the vision of the economy of the domain. The highest share of GDP was recorded for 2013-14 with 9.5%.

This level of expenditure has to be related to the demographic context. The decreased natality since the mid-1980s is modifying progressively the population's structure. The school system has enrolled 9.2 millions of students, representing about one third of the total population, plus 1.7 million in non-formal education activities. This percentage is on a decreasing trend. Education expenditure is also increasing in constant price during the period.

Government expenditure for education stands between 16% and 19.5% of the total Government of Nepal budget, with a low 16.1% in 2014-15. The low figure for the 2014-15 results from a decrease of 2.8% of the expenditure for education at constant prices and an increase of 13.5% of total GON expenditure.

Parents are the main funding partner of Government

Public authorities are funding 43.8% of Education Expenditure through central Ministries, Local Governments and Development partners. Its share is more important for primary education and non-

formal education, less at higher secondary and higher education levels. Government is mainly funding the salary costs of teachers.

Parents are contributing 97.4 billion Nepalese Rupee which makes up for about half (48.8%) of the total funding. Households are funding fees, mainly for private providers (48.7% of their education expenditure) and the purchase of related goods and services (35.8%).

The share of external funding sources is decreasing, with a low 6.8% of total expenditure in 2014-15, compared to 12.7% in 2009-10. It has been partially compensated by an increased share of Government funding.

Education services are predominantly provided by public institutions, with a high component for staff costs

The delivery of education services is dominated by public providers. They enrolled a majority of students, they also receive the major part of the resources. Public providers are funded through a mix of public resources (80%) and private sources of funding (20%).

Private providers at all levels have mobilized Nepalese Rupees (NRP) 62.1 billion in 2014-15 to run their activities, mainly coming from private sources. The major part of the public resources allocated to private providers are for technical education colleges and short skill development programmes, and for non-formal centres.

Educational institutions have generated NRPs 11.1 billions of additional resources at school level. Private providers are mobilizing more internally generated funds, with NRPs 6.3 billion compared to NRPs 4.8 billions for public providers.

Personnel remuneration account for the largest expenditure item representing 57.1% of the total expenditure. The public institutions are allocating a higher proportion to personnel costs (63.6%) compared to private institutions (46.4%).

Community schools are the main providers of education services, with one half of the funding of all educational institutions

Community schools¹ have mobilized NRPs 80.4 billion in 2014-15, one half of the funding for all providers. The Government is the main funder of community schools, bringing 82% of their total resources through grants from the Ministry of Education, funding from development partners, or from District and Village Development Committees. This funding is complemented by contributions from parents (7.1 billion or 8.8%), support from NGOs (3.0 billion or 3.8%) and funds internally generated by the schools (4.4 billion or 5.5%).

Large differences in the average costs per student among levels and type of institution

The highest spending per student are recorded for technical education and for higher education, with respective averages of NRPs 173,000 and NRPs 85,000 per student.

The lowest averages are for the lowest levels of the education system, with NRPs 15,000 or 16,000 per student at primary and lower secondary levels, and 7,000 NRPs at pre-primary level.

Intermediate values are found for secondary education with 27,000 NRPs and higher secondary education, with 36,000 NRPs per student.

Institutional schools, except for technical education, are mobilizing almost twice the income per student that their public counterpart are receiving at the same level.

The range of average financing per student within community schools goes from 3,600 NRPs for a pre-primary student, to 11,500 at primary, 10,700 at lower secondary, 16,600 at secondary and 23,000 NRPs at higher secondary. Differences result from the different conditions of schooling and the level of remuneration of teachers. The higher students per teacher ratio at lower secondary compared to primary explain the lower unit cost, despite higher

salaries.

At higher education level, community campuses are offering a low cost system for tertiary studies, partially supported by Government grants, while universities constituent colleges and private colleges are operating with higher funding.

Families are buying school related goods and services. Their value increase with the level of education, and is higher when students are enrolled in institutional schools, probably an effect of the higher income of the concerned families. The purchase of textbooks and school supplies amounts to an average of NRPs 1,172 per student, and represents 36% of the school related expenses.

Spending for private tuition is a more common practice for students enrolled in institutional schools, with a specific at secondary education level in public (NRPs 1,246 per student) and private schools (NRPs 3,305).

National Education Account

The National Education Account constitutes a comprehensive information on financial flows in the field of education. Its aim is to capture and gather all those financial flows within a coherent accounting framework so as to enable the field's economy to be analysed, both funding and production costs of activities.

Its internal consistency is doubled with efforts to remain consistent with the central framework of the national accounts. Consistency with the central framework is, in particular, reflected in the use of identical definitions and classifications.

Methodologies set for this first attempt covering the 2009-2015 period would be used for annual updating, enabling the Ministry of Education and CBS to produce similar information every year.

¹ In other word, the public school

The importance of comprehensive and comparable education finance data has grown alongside national demands related to better education planning, management and resource mobilization. The financing of education has become a key issue in national and international efforts to achieve universal basic education. However, many countries face challenges in accurately tracking financial flows to education. Education sector reviews often only provide brief overviews of public expenditure, leaving out contributions from donors, parents and communities. There is also often a lack of details about where the money goes and whether it is used effectively. At international level, many countries have difficulty reporting complete and detailed education finance data on a regular basis to the UNESCO Institute for Statistics (UIS), which limits effective monitoring progress towards Education for All and the Sustainable Development Goals.

The financing of the Nepalese education system is the result of a complex partnership, with efforts made mainly by the Government budget and parents, but with substantial contributions from the development partners, the private sector and NGOs.

Analyzing the financing patterns of Education requires a comprehensive picture of the financing and the utilisation of resources for providing and managing education in the country, and to take into accounts the various dimensions of the system : levels of Education from early childhood to University level; sources of funding, public, private and external; public and private institutions.

The National Education Account gather in a coherent frame all the financial flows within the education system in view to determine the national efforts in financing education, the share of each stakeholder and the costs of different levels of education. It constitutes a satellite account within the national accounts system. The resulting information on educational expenditure complements the existing

Education Management Information System (EMIS) by adding the financial dimension.

Building up a National Education Account requires the mobilization of a large set of accounting sources and statistical information from surveys, where each source brings one part of necessary data, and the definition of an analytical framework aimed at facilitating the coherent organization of the financial information collected. The evaluation made use a mix of accounting data, and other estimates based on surveys or using statistical keys for allocating expenditure between levels and types of schools.

The first chapter describes the organization and financing patterns of education in Nepal and introduces the demographic and economic context of the country during the 2009-2015 period covered by the National Education Accounts.

Chapter 2 presents and analyses the results of the NEA for the period 2009-2015. This includes assessing the national expenditure for education, its trend, the financing structure, the ways educational activities are funded, the costs and unit costs at the various levels and for the various categories of providers.

Chapter 4 contains the set of 15 tables forming the NEA for the year 2014-2015.

The fourth chapter presents the framework and the general methodology of the NEA. It describes the domain of education, the various dimensions of the economy of the domain, and the classifications used to record financial information.

Two other volumes were produced to form the report on the National Education Accounts in Nepal. Volume 2 compiles all 15 tables for the 6 years covered by the NEA series, from 2009-10 to 2014-15. The third volume constitutes the technical manual aiming at keeping record of the data sources and processing, and at facilitating future updates.

Education in Nepal

1.1 Overview of the country

Nepal, officially regarded as the Federal Democratic Republic of Nepal, is a developing country situated in South Asia. It is a landlocked country on the southern lap of Himalayas spreading about 885 km in east-west direction with a mean north-south width of 193 km covering an area of 147,181 sq. km. It has two giant neighbors bordering it, with the People's Republic of China in the north and India in the south, east and western parts. The country is located between 26°20' and 30°10' north latitude and 80° 15' and 88° east longitude and presents a unique transition zone between arid, cold and sparsely populated Tibetan Plateau of China in the north and humid, hot and densely populated India in the south.

Nepal is a country of high diversity – both topographically as well as socio-economically. The country has yet to be able to optimize this diversity as a development opportunity. Altitudinal and climatic variation within Nepal leads to a natural classification of three broad ecological regions: Mountain, Hills and Terai (southern plains). The Terai in the south are relatively fertile plains, covering 23% of the land mass of the country. The mountains with their adverse environmental conditions have a sparse population, extending to an altitude of about 8, 8 48 meters. Covering 42% of the land mass, the Hills set between the Terai and mountains are a complex zone of intermingling hills, spurs, valleys and river basins. According to the population census, 2011, Terai constitutes 50.3 % of the total population while Hill and Mountain constitutes 43%(11,394,007) and 6.7 % (1,781,792) respectively.

The North-South ecological regions span the five East-West Development Regions. The Kathmandu valley, located in the Central Hill Region, often features as a separate unit to the other 15 due to it's comparatively more urbanized and developed characteristics. Administratively, Nepal is divided into 75 districts, three of which are in the Kathmandu valley. District is the only planning unit at the sub-national level. In each district, there is a District Development Council (DDC) and District Education Committee (DEC). While the DDC has been given major responsibility on matters of district development and is supposed to be the main coordinating agency of activities of all sectoral ministries in the district, the DEC is responsible for educational issues only. A

district is further divided into several Village Development Committees (VDC) and Municipalities according to the size of the population. There is a provision of Village or Municipality Education Committee (V/MEC) in each of the VDCs and Municipalities.

According to the latest census in 2011, the population of Nepal has now reached 26.5 million with a growth rate of 1.35% per annum making it world's 41st most populated country. About 83% of the population lives in rural areas and 14% of the population is characterized as living in remote areas, which are defined as areas with difficult terrain, difficult accessibility and poor communication facilities including roads and tele-communications. The low population density is the result of poor access to government services including schools. The census 2011 shows 125 caste/ethnic groups reported, including unidentified Dalit¹ and unidentified ethnic groups. Altogether 125 different languages and a number of dialects having status as mother tongue have been registered. Nepali language is prominent both as the lingua franca of the country and the state language. It is the mother tongue of 45% of the population and a second language for many others. About 24% of the population belong to the official school going age group (5-14 years). The expanding population as well as the tendency of migration has put pressure on social services including education. As the growth is on the positive side, the population will increase higher during the coming years creating high social demand in education sector.

Nepal has an agriculture-based economy as reflected by the fact that approximately 37% of the Gross Domestic Product (GDP) comes from agriculture and about sixty per cent of the employed population reported agriculture as their main occupation. However, the share of both agriculture and industry is shrinking in the economy accompanied with a rise in the service sector. Despite of rise in the modern service sector, a large proportion of population is poor. As per the Nepal Living Standards Survey 2010/11, about 25.2 % of the population still lives below poverty line. The majority of the population lives in rural areas with large disparity across regions and socio-economic groups. In the mid- and far-western mountain regions, poverty is often a phenomenon for the entire community and has been so for generations.

Despite the improvements in basic social and economic infrastructure over the past decades, Nepal still lags behind other South Asian countries in most areas of social and economic development. The GDP growth has not increased more than 5% and in the recent period, it has gone further down.

Figure 1.1 Annual growth of GDP



The GDP per capita Nepal lies at the lower end in the world development stratum. The low income is followed by low levels of life expectancy at birth, high infant mortality and limited access to tap/piped water with high fertility rate and low literacy rate. The Human development indicators suggest that the regions in mid- and far-western mountain districts are far behind other parts of Nepal indicating regional disparity within the country.

¹ The term Dalit refers to the groups located at the very bottom of the caste hierarchy that still has a strong presence in Nepali social structure.

Table 1.1 Demographics of Nepal

Indicators	Size
GDP per capita (2015)	US\$762
Population growth (2011)	3.4%
Life expectancy at birth (2011)	66.6 years
Infant mortality rate (2011)	40.5%
Fertility rate (2011)	2.5%
Literacy rate (15+ years) (2011)	59.6%
Access to tap/piped water (2011)	47.8%

Source: CBS Nepal, 2015

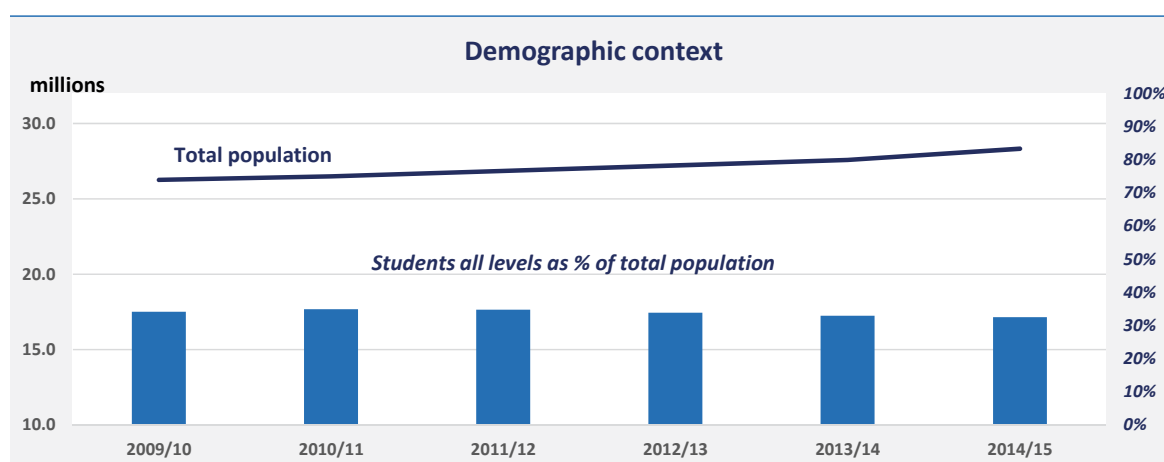
1.2 Demographic and Economic Context

As per the Central Bureau of Statistics (CBS), the population of Nepal is estimated at 28.3 million in 2015 with 1.35% average growth rate per year. The Child dependency ratio has progressively decreased since 1980s. However, it is still higher at 53 compared to South Asia average at 45. The percentage of enrolled students in total population is high. However, it is decreasing especially at primary level.

Table 1.2 Demographic context

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Population (millions)	26.3	26.5	26.9	27.2	27.6	28.3
Demographic growth	1.4%	0.9%	1.4%	1.3%	1.4%	2.7%
Students (pre-primary-Tertiary)	8,969,916	9,254,641	9,323,363	9,216,599	9,094,420	9,199,565
annual increase		3.2%	0.7%	-1.1%	-1.3%	1.2%
as % of total population	34.2%	34.9%	34.7%	33.9%	33.0%	32.5%

The population has increased steadily during 2009-10 from 26.3 million to 28.3 million in 2014-15. The percentage of students enrolled at all levels of education-from pre-primary to tertiary has risen from 34.2% in 2009-10 to 34.7% in 2011-12, however, it started showing a declining trend in the period thereafter. It means that the increase in population surpassed the increase in students enrolled at all levels of education since 2011-12.

Figure 1.2 Trend in demographic context

The price level in the country has been rising since 2009-10. The price index increased from 192.8 in 2009-10 to 279.5 in 2014-15. The economy grew at almost 5% in 2009-10, however the growth rate fell in the next year only to return to its previous level in 2011-12. The economy grew at 4% in 2012-13 and over 5% in the next period, but slid to 3.4 % in 2014-15.

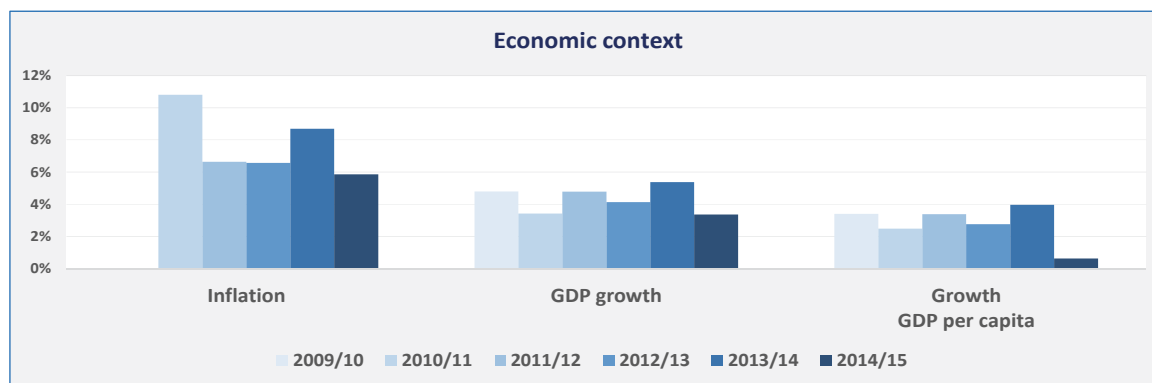
The GDP per capita grew at 3.4% in 2009-10 and fell to 2.5% in 2010-11. It increased between over the next period, but fell to 2.8% in 2012-13. It reached 4% in 2013-14, however it plummeted to 0.6% in 2014-15. The GDP at both current and constant prices has increased over 2009-10. The rise in population outweighed the increase in GDP causing the GDP per capita to slump to 0.6% in 2014-15.

Table 1.3 Selected economic indicators, 2005-2010

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
GDP current prices (millions NRPs)	1,192,774	1,366,954	1,527,344	1,695,011	1,941,624	2,124,650
GDP 2000 Prices (millions NRPs)	618,529	639,694	670,279	697,954	735,508	760,243
GDP Price Index	192.8	213.7	227.9	242.9	264.0	279.5
Economic growth	4.8%	3.4%	4.8%	4.1%	5.4%	3.4%
Inflation (GDP prices)		10.8%	6.6%	6.6%	8.7%	5.9%
GDP per capita at 2000 prices	23,563	24,149	24,964	25,651	26,668	26,834
Growth rate of GDP per capita	3.4%	2.5%	3.4%	2.8%	4.0%	0.6%

Figure 1.3 shows the trend followed by Inflation rate, GDP growth and GDP growth in per capita terms between 2009-10 and 2014-15. The rate of inflation in the economy was over 10% in 2009-10. The growth in prices fell since the period to reach around 7%. However, it rose to over 8% in 2013-14 only to fall below 6% in 2014-15. The growth in GDP has been unstable during the period. It was close to 5% in 2009-10 and fell to over the next period. It gained momentum in 2011-12 and reached to almost 5% to fall back in the consecutive period. The economy grew over 5% in 2013-14, however, slid back to previous level subsequently.

Figure 1.3 Economic context



The total Government budget increase of 39% in real terms and enlarged fiscal basis close to 25% of GDP in 2014-15, the highest level during the period of 2009-10 to 2014-15.

The total government expenditure in real terms has been rising steadily from 2009-10 to 2014-15 with the exception of year 2012-13. The economy registered a growth in the government expenditure of 7.7% in 2011-2012, which plumed in the subsequent period to return to over 11% in 2013-14. It increased to over 13% in 2014-15. The expenditure as a percentage of GDP has varied slightly over the period-between 21.8% in 2009-10 to 22.4% in 2013-14. It increased farther to reach 24.6% in 2014-15

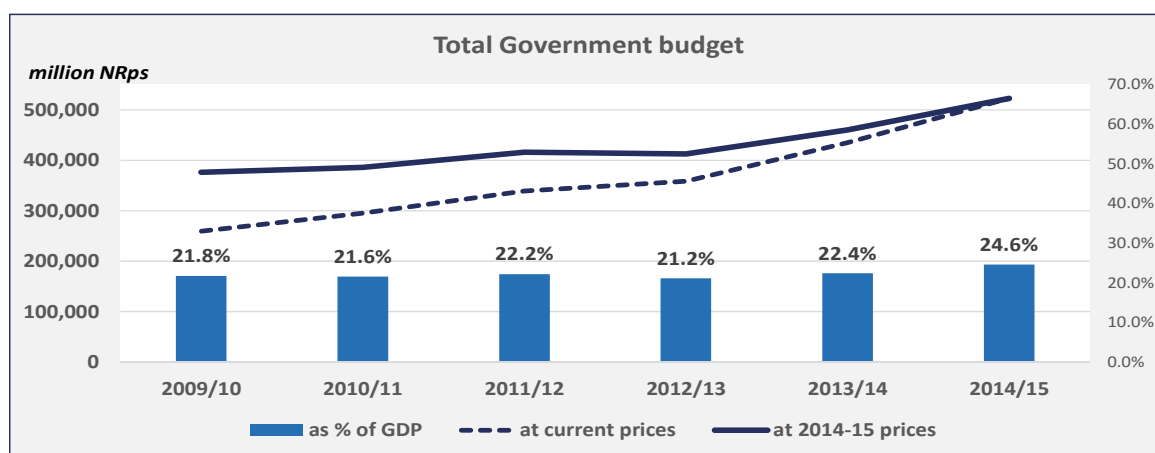
Table 1.4 GON Expenditure patterns

millions NRPs

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
total GON Expenditure	259,689.1	295,363.4	339,167.5	358,638.0	435,088.6	522,683.0
GON Expenditure at 2014-15 prices	376,348.9	386,287.1	415,975.8	412,710.7	460,611.7	522,683.0
Growth rate at constant prices		2.6%	7.7%	-0.8%	11.6%	13.5%
GON expenditure as % of GDP	21.8%	21.6%	22.2%	21.2%	22.4%	24.6%

Figure 1.4 shows trend followed by total government budget as a percentage of GDP, GDP at current prices and GDP at constant prices with base year 2014-15. The share of expenditure as a percentage of GDP fluctuated slightly over the period-between 21.8% in 2009-10 to 22.4% in 2013-14. It increased farther to reach 24.6% in 2014-15. The economy has registered an almost increasing trend in total government expenditure at both current and constant prices between 2009-10 and 2014-15 with slight fluctuations in between the periods. The real and nominal expenditure have converged over the period and coincided in 2014-15 pointing to almost zero inflation in 2014-15

Figure 1.4 GON total expenditure



1.3 The education system

Formal education in Nepal has a rather short history and only after 1950s education became one of the priority areas which can be reiterated by the fact that the number of schools in the country jumped from 321 in the 1950s to 34,806 in the present. (MOE 2015).

Structure of Education

The education sector is one of the largest in the country in terms of the size of the population covered and the annual government budgetary allocation. The education in Nepal is organized as pre-primary, primary (grade 1 to 5), lower secondary (grade 6 to 8) and secondary (grade 9 to 10), higher secondary (grade 11 to 12) and higher education. Pre-primary education is not included in the education structure, however, the government funds pre-primary education. The higher secondary level of education was introduced in early 2000. Before the introduction of this system, grades 11 and 12 were part of the university system and were known as Certificate or Intermediate level courses.

The Council for Technical Education and Vocational Training (CTEVT) is responsible for technical and vocational training and skills. Diploma courses of three years equivalent to higher secondary education are also offered by the institutions affiliated to the CTEVT (DoE, 2014). Table 1-3 below provides a summary of various Education sub-sectors in terms of the number of students and type and number of institutions prior to the April 2015 earthquake.

Table 1.5 Education Sector at a Glance

Sub-sector	No. of years	Type and No. of Institutions		
		Total	Public	Private
ECED/PPC	1	35,121	30,034 ^b	5,087
School	12	34,335 ^c	34,270	8,429
TVET	0.3–3	421 ^d	21	400
Higher	3–6	1,276	96	1,180 ^e

Source: Post Disaster Needs Assessment Report for the Education Sector, June 2015

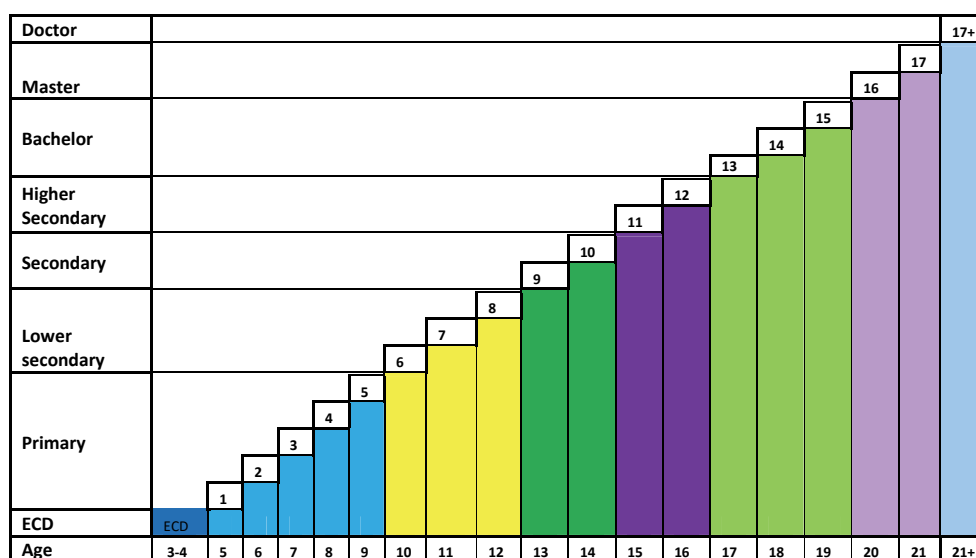
^c No. of schools are counted by levels therefore may not add up to total.

^d Does not include many short-term training institutions registered with authorities other than CTEVT.

^e Includes 429 community-run and 751 private campuses.

Most of the secondary schools in the country offer both lower secondary and secondary education. There are very few secondary schools that offer education for either Grades 6-8 (lower secondary level) or Grades 9-10 (secondary level). There are several schools which offer education for only Grades 11-12.

Figure 1.5 Structure of Education of Nepal



University or higher education begins after 12 years of schooling. The first level of higher education is of three-year' duration (four years in technical areas) for a Bachelor degree. It is followed by a Master's degree of two-year' duration preceded by a Doctoral or Ph. D. degree. Presently there are nine universities in the public sector and one university in the private sector.

In terms of management and ownership, the schools in the country are categorized into two types: community schools and private institutional schools. The majority of private institutions and schools are registered as profit maximizing entities and charge a user fees. Community schools²are further classified into:

- Community-aided schools (fully supported by the government for teachers' salary and other expenses),
- Community-managed schools (fully supported by the government for teachers' salary and other funds but their management responsibilities lie with the community); and

² It is also called public school

- Community-unaided schools (getting either partial or no support from the government).

In addition to these, there are schools run by religious institutions, such as Madrasa, Gumba/Vihar and Ashram/Gurukul³. Once the religious schools are registered with the District Education Office, they are provided with financial support by the Government.

All fully funded community school teachers get their salary from the public fund. Fully funded community schools are those schools, which receive regular government grant to cover teacher salary and some other expenses. The costs include salary and allowances of teachers, other staff members and the administrative cost of the schools. Besides this, the government also bears gratitude, pension, insurance, medical allowances. Private schools do not receive any government grants. All the community schools gets scholarship, textbooks, and Rahat and Per Capita Funding (PCF) funds for teachers along with other several expenditure.

Since the school year 2009-10, the government of Nepal implemented the School Sector Reform Programme (SSRP), which aims at restructuring the school education system with basic education (consisting of Grades 1-8) and secondary education (consisting of Grades 9-12).

Trend in enrolment

Evidence shows that total enrolment at all levels of education has not increased much between 2009-10 and 2014-15 with an average annual growth rate of 0.5%

- The enrolment in pre-primary education has increased between 2009-10 and 2011-12. However, it has fallen down since 2011-12.
- Enrolment in primary education increased between 2009-10 and 2010-2011, but decreased since the period only to rise in 2014-15.
- Student enrolment in both lower secondary and secondary education have increased since 2009-10 to 2013-14 with average annual growth rates of about 3%.
- The number of students in technical education has remained low over the periods but the average annual growth rate has been high.
- The enrolment in technical learning fell between 2009-10 and 2010-11 but has increased continuously thereafter.
- The enrolment in higher education has risen steadily between the periods with an average annual growth rate of 2.1%.
- The enrolment in non-formal education has declined over the period with a negative growth rate of around 2%.

Due to this, there has been a very slight rise in the average annual growth rate of total formal enrolment as a percentage of enrolment in non-formal education of 0.1%.

Table 1.6 Enrolment at all levels of education, 2014-2015

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	annual growth
Pre-primary	947,278	1,018,573	1,056,430	1,053,054	1,047,117	1,014,339	1.4%
Primary	4,900,663	4,951,956	4,782,885	4,576,693	4,401,780	4,493,072	-1.7%
Lower Secondary	1,604,422	1,699,927	1,812,680	1,823,192	1,828,351	1,853,569	2.9%
Secondary	790,348	811,910	848,569	878,047	896,919	907,715	2.8%
Higher Secondary	280,447	318,426	353,338	387,516	415,343	416,995	8.3%
Technical Education	24,030	20,280	22,467	44,289	44,289	44,289	13.0%

3 Madrasas – Schools managed by Muslims; Gumba / Vihar – School managed by Buddhists; Ashram/Gurukul – Schools managed by Sanskrit

Higher Education	422,728	433,569	446,994	453,808	460,621	469,586	2.1%
Total	8,969,916	9,254,641	9,323,363	9,216,599	9,094,420	9,199,565	0.5%
Non Formal	1,889,931	1,909,712	1,844,510	1,764,993	1,697,538	1,697,538	-2.1%
Total with non formal	10,859,847	11,164,353	11,167,873	10,981,591	10,791,958	10,897,103	0.1%

Figure 1.6 shows the trend followed by the number of students by the level of education between 2009-10 and 2014-15. The data shows that the number of students in pre-primary education has fluctuated slightly over the periods. The enrolment in primary schooling has varied over the periods and has gone down from 2009-10 to 2014-15. The number of students enrolled in both lower and secondary education have gone up steadily between 2009-10 and 2014-15. The enrolment in technical vocational education and training (TVET) has remained at very low level between the periods. However, it has shown a rising trend. The number of students enrolled in higher education has been going up showing that more students are opting for higher studies, which can enhance their employment opportunities and hence standard of living.

Figure 1.6 Variation of enrolment by level

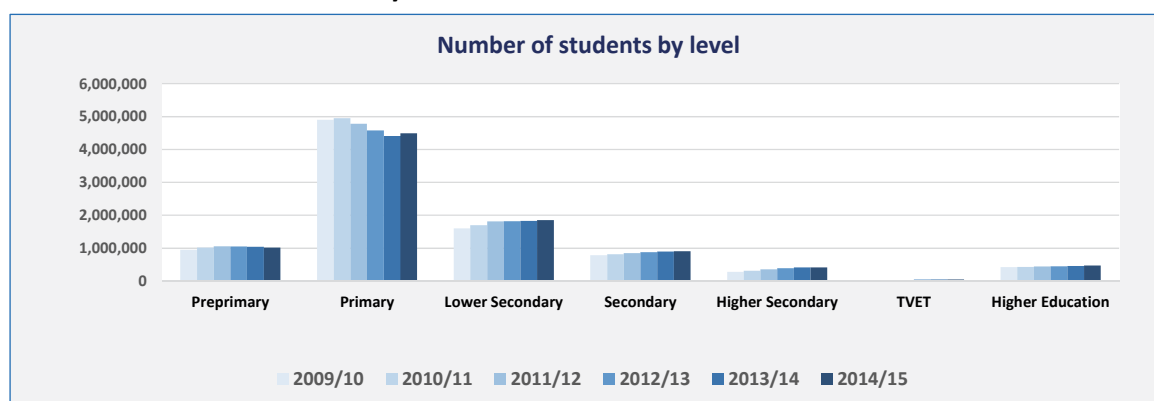
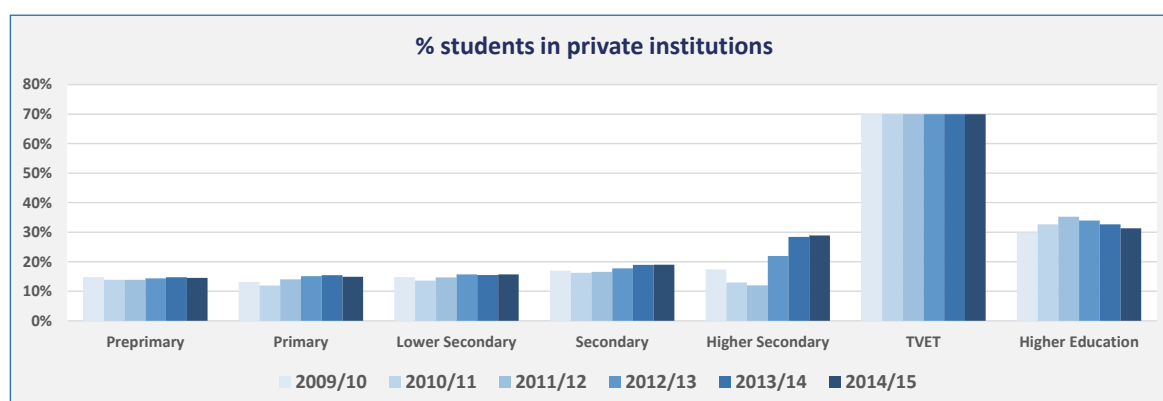


Figure 1.7 shows the change in trend of percentage of students enrolled in private institutions between periods 2009-10 and 2014-15. The share of students enrolled in private institutions for pre-primary education has varied only slightly between the periods. The percentage of students enrolled in private institutions for primary, lower secondary and secondary education have risen between 2009-10 and 2014-15. The percentage of students in private institutions has been highest in technical and vocational education at around 70%. This might be true because most of the institutions providing technical learning are private. The percentage of students enrolled in private institutions for higher education show lot of fluctuations between the periods.

Figure-1.7 Percentage of Students in Private Institutions



1.4 Education financing mechanisms

At Government level, the **Ministry of Education (MOE)** is responsible for formulating and implementing policy pertaining to education at all levels including early childhood, primary and secondary education, technical and vocational training, higher education and non-formal education. Some other Ministries like Defence or Health have also runs some educational institutions under their jurisdiction classified as colleges. The Ministry of Education is supervising, managing and funding fully or partly to the public institutions placed under its authority. Ministry of Education is recorded in the Government Budget with the code 350.

For its management, the education sector is divided into sub-sectors who are managed by different entities within the Ministry of Education:

- **School education** includes early childhood development (ECD), primary (grade 1-5), lower secondary (grade 6-8) and secondary (grades 9-10) education, and is supervised and managed by the **Department of Education (DOE)**. Service delivery is done by a network of community schools (public) and private schools. Conditional and unconditional grants are channelled to the community schools through the **Districts Education Offices (DEOs)** which are the local management offices of the Department of Education and the direct supervisors of the schools.
- **Higher Secondary Education** (Grade 11-12) is supervised and monitored by the Higher Secondary Education Board (HSEB). The Board is affiliating programmes at this level and providing funding to institutions that could be community schools or colleges.
- **Technical and Vocational Education** is placed under the authority of the **Council for Technical and Vocational Education and Training (CTVET)**. CTVET oversees Government, community and private TVET institutions.
- **Higher Education** is organized around 9 public universities and 3 autonomous medical academies (supervised by the Ministry of Population and Health). Besides the public universities and their 90 constituent colleges, 343 Community colleges and 701 private colleges are operating with a financial autonomy, however affiliated to universities for accreditation purpose. The Higher Education system is supervised and monitored by the **University Grant Commission (UGC)** which also distributes grants to universities and community colleges.
- **Non Formal Education** consists mainly in basic literacy programmes. At the Ministry level, those programmes are monitored by the **Non Formal Education Centre (NFEC)**. Programmes are delivered mainly in Community Learning Centres and funded through the Districts Education Offices.

Local authorities include District Development Committees (DDCs), Village Development Committees (VDCs) and Municipalities. Each committee is funding its activities through a DDC (or VDC) Grant Fund for the funding received from the Ministry of Federal Affairs and Local Development (MOLD), and through the District/Village Development Fund for the use of their own resources. In Education, they support community schools and ECD Centres, upon requests introduced by the schools, mainly for renovating facilities and equipment, but also for salaries of facilitators and sometimes teachers, always by transferring money to the school accounts. VDCs are reporting to the District level and Districts are reporting to the central Ministry of Local development.

Development partners contribute to the financing of education either for programmes managed through the financial system of the Government and recorded in the Ministry's budget, or for programmes and projects financially managed outside the budget and recorded in the Technical Assistance book established by the Ministry of Finance.

Parents are paying for registration, tuition or other various user fees, including boarding, to private institutions and to public (community) schools, colleges and universities. Community schools are not charging contributions

from students for grades 1 to 5. The amount of fees is fixed by the school management committees and varies with students' grade. Parents have also to make direct expenditure in addition to the payments made to educational institutions. Those direct expenditure are required by school attendance and include purchase of uniforms and school supplies, transport services to and from school, private extra-tuition. The last survey on households' expenditure was implemented in 2010 by the Central Bureau for Statistics (CBS).

Non-Governmental Organisations (NGOs) are either international NGOs, either local NGOs. International NGOs are funded by foreign sources or Government sources and can implement directly, or often sub-contract local MGOs. They contribute mainly to the financing of non-formal programmes, early childhood development or by supporting community schools. Their participation may be in the form of support to schools with equipment, or training of teachers and staff. They may intervene also in the form of research and advocacy for the expansion and development of basic education for all.

Education provision

Education services are delivered by public (Community or Government) and institutional (private) institutions. Funding and reporting patterns of public institutions differ according to the level of education; Private educational institutions are not subsidized in Nepal and their funding rely on fees charged to the students and their families.

Community schools form the network of public schools providing school education (from ECD to secondary). They can cover the full range of education levels or stop at one level; some are also offering education at the higher secondary level (grade 11-12). Community schools operate under the supervision of the District Education Offices (DEOs). Community schools can be fully aided, partially aided or unaided.

All resources from Government budget are allocated by the DEO and received in the school account:

- on a quarterly basis to pay salaries of teachers (approved, temporary, paid on Rabat or Per Child Funding mechanisms) and other staff;
- Grants for operating costs and conditional grants for specific purposes.

In addition schools can receive financial support from VDCs and/or DDCs, NGOs and the community.

They can also charge exam fees or contributions to parents, however never for grades below 5 in the fully aided schools.

Scholarships are provided to the school for targeted groups of students. The common practice of schools is to make use of this funds for all children enrolled.

Early Childhood Development classes located within community schools (with more local funding) and Higher Secondary classes (grant from HSEB) have specific funding mechanisms.

Community schools should comply with audit requirements and audited accounts are sent to DEOs. Schools are also requested to provide financial information within the school census questionnaire.

At the **TVET level**, mechanisms for financing Government schools are are similar to those of the community schools at lower level, with financial resources received from Government, contributions paid by families, and other contributions received by TVET centres. All revenues are reported in the school end of the year financial report. Audited accounts are communicated at central level to CTVET.

Public Universities and Community campuses are funded through UGC grants and fees paid by students. All resources are received in the institutions' accounts and are used for payment of teaching and non-teaching staff salaries, administrative costs, services costs and investment. Audited accounts are communicated to

UGC. *Medical Academies* received their funding from the Ministry of Population and Health.

Private educational institutions at all levels rely entirely on the fees paid by students to finance their teaching and boarding activities.

Figure 1.8 Mapping of financing sources by type of institution

	Central Government			Local Authorities		Private Entities		Development partners
	M of Education	M of Health	Other Ministries	DDCs	VDCs	Households	NGOs	
Early Childhood Education	ECD centres	X			X	X	X	X
	Community schools	X			X	X	X	X
	Institutional schools						X	
School education	Community schools	X			X	X	X	X
	Institutional schools						X	
	Subsidized religious schools	X			X	X	X	X
	Special needs schools	X			X	X	X	X
Higher secondary	Community schools	X			X	X	X	X
	Institutional schools						X	
Technical education	Public schools/colleges	X					X	X
	Private schools/colleges						X	
	Universities (public)	X					X	X
Higher education	Universities (public)	X					X	X
	Other public colleges	X		X			X	X
	Medical academies		X				X	X
	Private colleges						X	

Expenditure in Education

2.1 The national expenditure for education

In 2014-15, the National Expenditure in Education amounts to at NRPs 196.7 billion.

The National Expenditure in Education covers expenditure from all public, private and external sources of funding, for all levels of education from preprimary to university, and all categories of education providers, public and private. It includes the funding of activities within educational institutions, meaning teaching activities, administration, school meals and boarding, plus direct expenditure borne by families when required by school attendance like the purchase of uniforms, school supplies, transport to school and private tuition.

The level of education financing is indicative of the contribution of education to economic growth, productivity and citizens' personal and social development. The national expenditure for Education represents 9.3% of the Gross Domestic Product (GDP) and close to 7,000 NRPs per inhabitant in 2014-15.

Table 2.1

Education Expenditure

million NRPs

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
National Expenditure in Education	106,258.6	119,209.9	139,606.6	158,183.7	185,302.0	196,684.3
Expenditure at 2014-15 prices	153,993.0	155,907.1	171,222.1	182,033.4	196,172.1	196,684.3
Growth rate at constant prices		1.2%	9.8%	6.3%	7.8%	0.3%
Average per capita (NRPs current)	4,048	4,500	5,200	5,813	6,719	6,942
Total Education expenditure as % of GDP	8.9%	8.7%	9.1%	9.3%	9.5%	9.3%

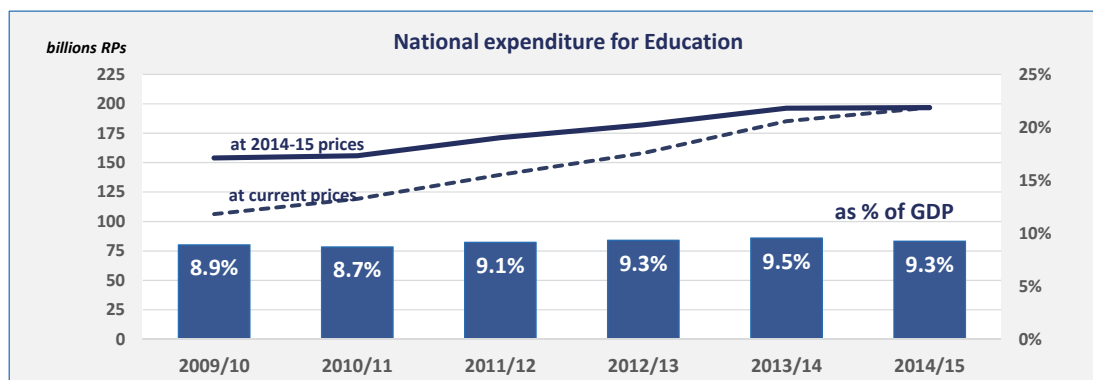
The national expenditure was NRPs 106.3 billions in 2009-10, showing an increase of 85 % in five years, an average of 13% per year.

However, this increase is partially the effect of inflation and the rise in prices.

When total expenditure is expressed at constant prices, the overall increase over the period is 28%, an average of 5% per year. Figure 2.1 illustrates the trend over the years when considering total expenditure increase in real terms. Increases occurred in the years 2011 to 2013, the expenditure for education being in 2014-15 at the same real level than the year before.

The total education expenditure as % of GDP increased from 8.9% in 2009-10 to 9.3% in 2014-15, the highest being in 2013-14 with 9.5%. While GDP was increasing by 3.4% in 2014-15 explains slight decrease of education expenditure with 9.3% in 2014-15.

Figure 2.1 Expenditure for Education and GDP, 2009-2015



2.2 Financing of Education expenditure

The funding of Education in Nepal results mainly from a partnership between Government and Parents; together, they bring in 91% of the total financing of the domain. However, the detailed picture is more complex as Government includes central Ministries, Local Governments and contributions from external partners. The financing patterns can be analysed using different angles.

The various sources of funds can be classified into public and private sectors. The public sector financing of education originates from many sources, which include the Ministry of Education, others' Ministries (e.g. Health, Tourism, and Defense), District Development Committees and Village Development Committees, and Development partners through the financing of Government budget or direct technical assistance. Altogether, public sources represent 43.4% of the national expenditure for education. The Ministry of Education alone represents 35.8% of the total expenditure.

The private sector includes Households, international and local NGOs as well as all funds generated at the school level. Private sources amount for 56.3% of the education funding. Households alone are funding 48.8% of the total expenditure.

Those percentages describe the initial funding of education, when transfers between financing units are attributed to the one who is paying initially. For example, local NGOs are funding education activities by using the funds transferred by international NGOs; their final financing is higher than their initial share. Similarly, households are receiving cash support from public authorities.

Government of Nepal groups all financing accounted for within Government budget, including Local Governments and external sources when recorded in the budget. Government of Nepal bears 42.7% of the total funding for Education.

External Financing groups all funding from Development partners, which could be included or not within Government budget, plus the financing from international NGOs. External financing represents 6.8% of the total expenditure.

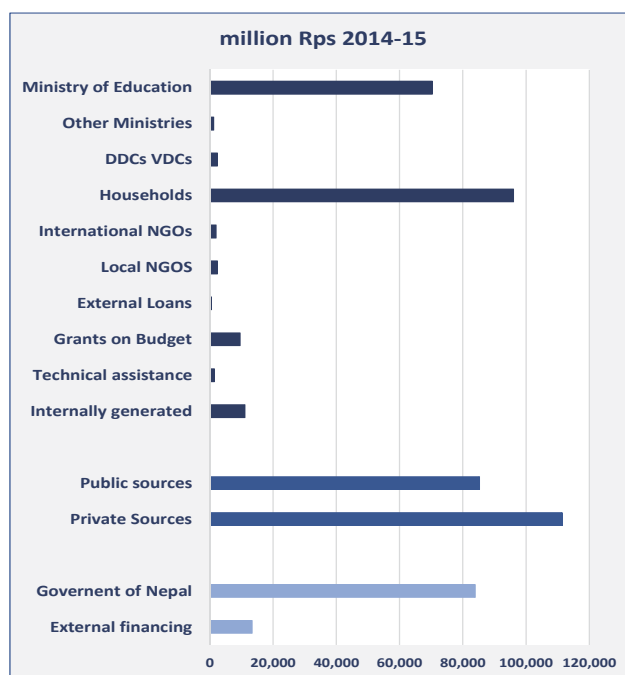
Table 2.2 Financing sources of education 2014-15

Billion NRPs	Final Financing	Initial Financing	%
Ministry of Education	69.8	70.3	35.8%
Other Ministries	1.2	1.2	0.6%
DDCs VDCs	2.3	2.4	1.2%
Households/parents	97.4	96.0	48.8%
International NGOs	0.4	1.9	1.0%
Local NGOS	3.7	2.4	1.2%
External Loans	0.5	0.5	0.2%
Grants on Budget	8.9	9.6	4.9%
Technical assistance	1.4	1.4	0.7%
Internally generated	11.1	11.1	5.6%
Total	196.7	196.7	100.0%

Public sources	84.1	85.3	43.4%
Private Sources	112.6	111.4	56.6%

Government of Nepal	82.7	83.9	42.7%
External financing	11.1	13.3	6.8%

Figure 2.2 Initial financing of education



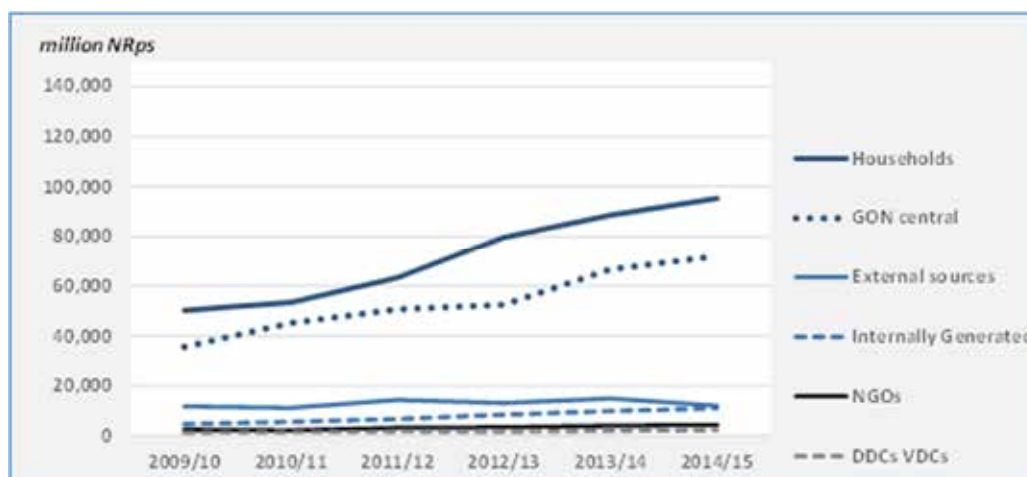
The total education expenditure rose from 106.3 billion in 2009-10 to 196.7 billion in 2014-15. Over the period, the Households maintained the highest expenditure from 50 billion to 96 billion. The main change during the period is the decrease in the share of external financing. Its funding is almost stable, between 11 and 15 billions NRPs, however being a lower 6.8% in 2014-15, compared to 12.7% in 2009-10. The decrease is partly compensated by a higher increase of GON domestic sources.

Table 2.3 Variation in the sources of financing, 2009-2015

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Annual increase
Ministry of Education	34,910.4	44,347.4	49,658.7	51,457.3	65,265.1	70,316.8	15.0%
Other Ministries	551.9	724.9	762.1	681.6	1,065.9	1,221.9	17.2%
DDCs VDCs	1,305.7	1,551.3	1,766.5	1,662.5	2,042.7	2,352.4	12.5%
Households	50,230.9	53,348.2	63,365.1	79,767.5	88,677.1	96,034.9	13.8%
International NGOs	1,494.2	1,529.8	1,629.4	1,729.3	1,829.3	1,928.9	5.2%
NGOs	990.9	686.0	1,581.3	1,705.7	2,141.5	2,376.4	19.1%
External Loans	3,640.7	432.1	561.7	0.0	297.4	463.5	-33.8%
External Grants	7,942.6	10,457.4	12,213.7	11,522.9	12,854.4	9,550.8	3.8%
Technical Assistance	464.0	533.0	1,309.0	1,212.0	1,190.0	1,382.0	24.4%
Internally Generated Funds	4,727.3	5,599.8	6,759.1	8,444.9	9,938.6	11,056.7	18.5%
Total	106,258.6	119,209.9	139,606.6	158,183.7	185,302.0	196,684.3	13.1%

Ministries, DDCs et VDCs	34.6%	39.1%	37.4%	34.0%	36.9%	37.6%	
External Financing	12.7%	10.9%	11.3%	9.1%	8.7%	6.8%	
Households	47.3%	44.8%	45.4%	50.4%	47.9%	48.8%	
Other (local NGOs + IGF)	5.4%	5.3%	6.0%	6.4%	6.5%	6.8%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Figure 2.3 Variation in the sources of financing, 2009-2015



The variation over years in **Government expenditure for education** results from the variation in the total Government budget and from decisions regarding allocations to the education sector.

As already seen in part 1, the total Government budget has increased substantially its fiscal basis in real terms and represents 24.6% of GDP in 2014-15, the highest level during the period (figure2.3). Allocations to education were maintained, but did not benefit from the increased level of Government resources. In 2014-15, Education represents a lower share of 16.1% of Total GON budget, compared to 19.5% four years ago.

Figure 2.4 Government expenditure

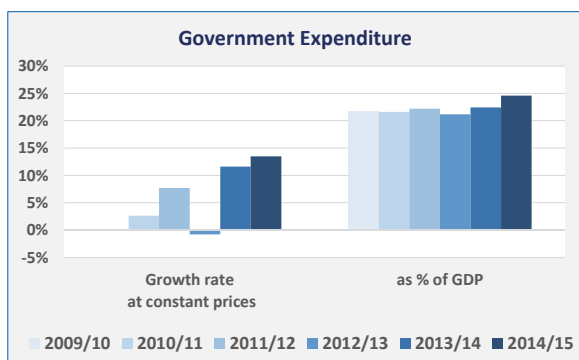


Figure 2.5 Govt expenditure for education

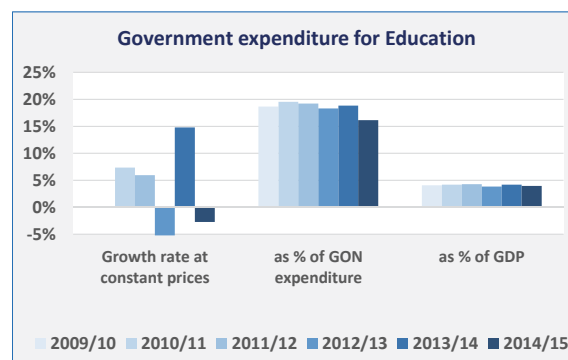


Table 2.4 Variation in Government budget 2009-2015

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total GON Expenditure	259,689.1	295,363.4	339,167.5	358,638.0	435,088.6	522,683.0
Growth rate at constant prices		2.6%	7.7%	-0.8%	11.6%	13.5%
as % of GDP	21.8%	21.6%	22.2%	21.2%	22.4%	24.6%
GON Expenditure for Education	48,351.3	57,513.1	64,962.7	65,324.3	81,525.5	83,905.4
Growth rate at constant prices		7.3%	5.9%	-5.6%	14.8%	-2.8%
as % of GON expenditure	18.6%	19.5%	19.2%	18.2%	18.7%	16.1%
as % of GDP	4.1%	4.2%	4.3%	3.9%	4.2%	3.9%

The contribution of the households to financing of education has remained at a high level and even has increased over the last five years from 47.3% in 2009-10 to 48.4% in 2014-15.

The variation in the share of households can be explained by two developments: the increased access to higher levels of education with higher contributions from students, and the development of enrolment in private institutions.

The number of students has increased at an average of 5.1% per year at higher secondary, TVET and tertiary levels, compared to only 0.1% at the lower levels. Over the 5 years, the highest growth in the number of students is recorded at higher secondary and technical education. The highest levels of education receive heavier investments from the households, and therefore explains the increase in household expenditure.

Private schools development is the second explanation. The share of students enrolled in private institutions has been on the increase at all levels. As parents have to cover the full cost of schooling in private schools, this explains the increase in household expenditure over the years.

As a result, the expenditure of households for education has increased more rapidly than enrolment, and represents 4.5% of GDP in 2014-15, a higher share than 5 years before.

Table 2.5 Variation in Households expenditure 2009-2015

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Enrolment preprimary-university	8,969,916	9,254,641	9,323,363	9,216,599	9,094,420	9,199,565
% Higher Sec TVET & university	8.11%	8.34%	8.83%	9.61%	10.12%	10.12%
% in private institutions	15.0%	13.9%	15.4%	16.9%	17.4%	17.2%
Households Expenditure (m NRPs)	50,230.9	53,348.2	63,365.1	79,767.5	88,677.1	96,034.9
as % of GDP	4.2%	3.9%	4.1%	4.7%	4.6%	4.5%

2.3 Financing of Educational levels

Primary education, which enrolls the larger number of students, receive the largest share of funding with 69.5 bNRPs, 35.3% of the total expenditure for education. Over the last five years, the share of the primary subsector has declined from 41.0 % in 2009-10 to 35.3 % in 2014-15. This is attributed to the decreased enrolment at this level and the development of the higher levels of the system, driving to more funding to the secondary education. Altogether, the basic levels of education are receiving more than one half of the total financing.

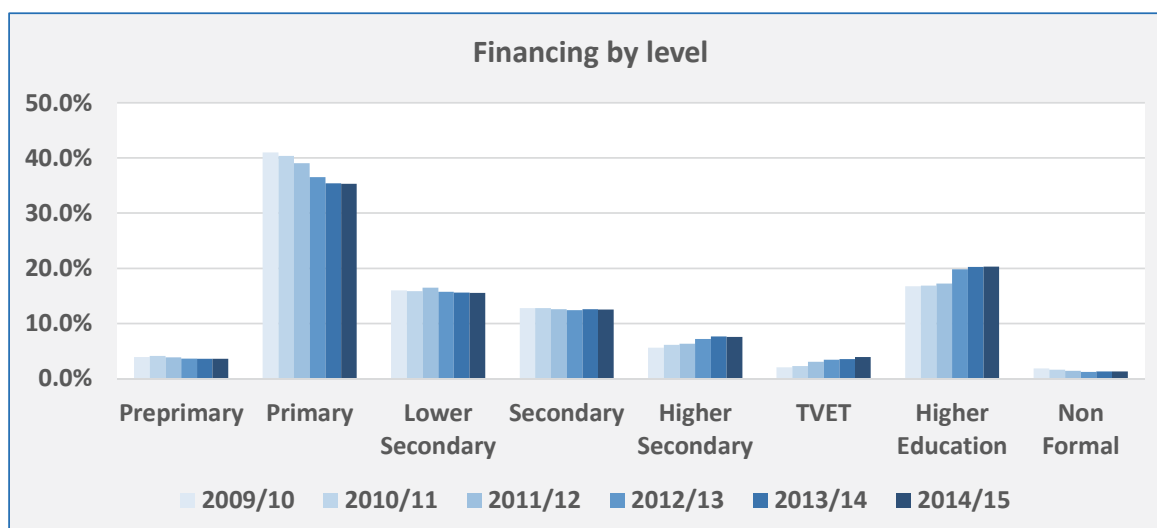
The upper levels of the education system, higher secondary, TVET and Higher education, are facing high increase of enrolment during the period. They are also levels with high unit cost and contributions from families. The funding devoted to those levels was more than doubled during the period, from 25.9 bNRPs in 2009-10 to 62.5 bNRPs in 2014-15. Their share jumped from 24.3% to 31.7%.

Table 2.6 Expenditure by level (in million NRs)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Preprimary	4,179.5	4,883.9	5,375.8	5,764.6	6,667.6	7,113.8
Primary	43,603.3	48,141.7	54,537.7	57,749.7	65,655.4	69,454.6
Lower Secondary	17,020.8	18,905.7	22,988.2	24,950.7	28,907.8	30,551.4
Secondary	13,576.4	15,261.5	17,528.6	19,681.9	23,292.1	24,584.4
Higher Secondary	5,936.5	7,283.3	8,845.8	11,335.5	14,222.4	14,814.3
TVET	2,177.7	2,730.3	4,255.9	5,411.7	6,568.8	7,650.0
Higher Education	17,773.8	20,070.7	24,087.5	31,333.6	37,525.6	39,957.5
Non Formal	1,990.6	1,932.8	1,987.1	1,956.0	2,462.3	2,558.3
Total	106,258.6	119,209.9	139,606.6	158,183.7	185,302.0	196,684.3

in % by level						
Preprimary	3.9%	4.1%	3.9%	3.6%	3.6%	3.6%
Primary	41.0%	40.4%	39.1%	36.5%	35.4%	35.3%
Lower Secondary	16.0%	15.9%	16.5%	15.8%	15.6%	15.5%
Secondary	12.8%	12.8%	12.6%	12.4%	12.6%	12.5%
Higher Secondary	5.6%	6.1%	6.3%	7.2%	7.7%	7.5%
TVET	2.0%	2.3%	3.0%	3.4%	3.5%	3.9%
Higher Education	16.7%	16.8%	17.3%	19.8%	20.3%	20.3%
Non Formal	1.9%	1.6%	1.4%	1.2%	1.3%	1.3%

Figure 2.6 Expenditure by level of education, 2009 to 2015



The financing of the various education levels are not following the same patterns. Government funding is high at the basic levels, representing 62.3% of the resources for primary level, 49.6% for non-formal education, or 47.6% at lower secondary level.

Household funding is predominant at Higher Secondary and Higher Education levels with 70.7% and 69.0% respectively. These levels where parents have to contribute to public institutions, and where the proportion of students enrolled in private institutions are higher.

The following parts will enter into more details on the nature of the expenditure borne by the various financing units and the unit costs for the various providers, presents more explanations to the differences in funding.

Table 2.7 Financing of education levels

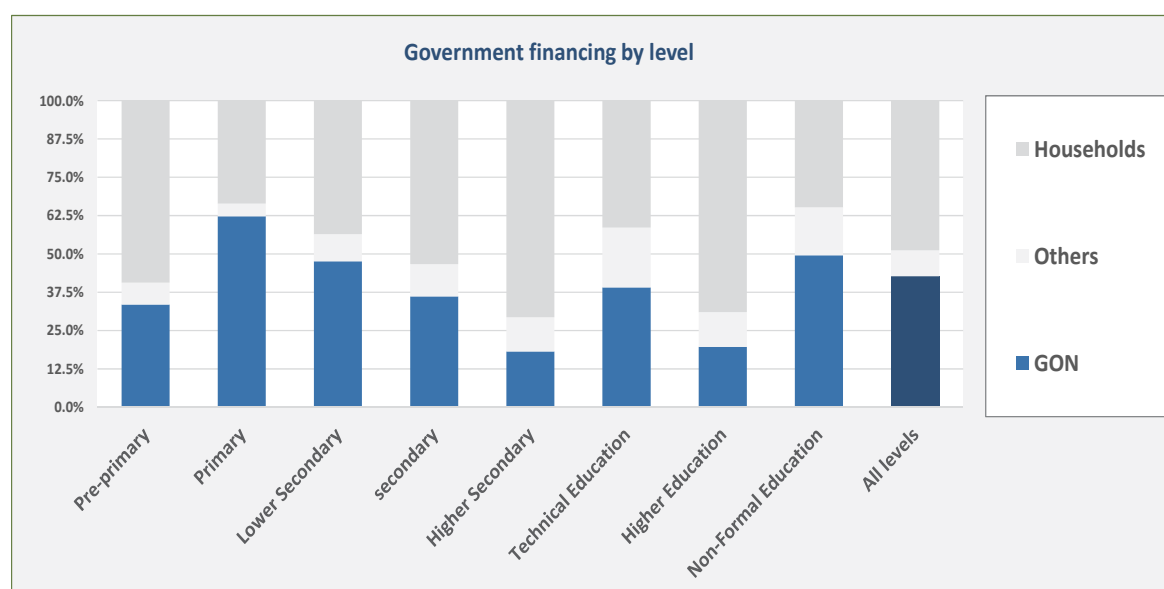
	Pre-primary	Primary	Lower Sec	secondary	Higher Secondary	Technical Education	Higher Education	Non-Formal	All
Total million NRPs	7,114	69,455	30,551	24,584	14,814	7,650	39,958	2,558	196,684
<i>% by level</i>	3.62%	35.31%	15.53%	12.50%	7.53%	3.89%	20.32%	1.30%	100.00%

Financing structure									
% GON central	19.0%	54.1%	40.3%	30.8%	15.4%	19.1%	19.7%	44.3%	36.4%
% External sources	12.3%	6.2%	6.2%	4.7%	2.4%	33.3%	0.0%	11.4%	5.8%
% DDCs VDCs	2.6%	2.2%	1.2%	0.7%	0.5%	0.0%	0.0%	0.0%	1.2%

% Households	59.4%	33.6%	43.5%	53.3%	70.7%	41.4%	69.0%	34.8%	48.8%
% NGOs	3.6%	1.5%	3.7%	3.7%	3.6%	0.8%	0.3%	9.5%	2.2%
% Internally Generated	3.1%	2.4%	5.0%	6.7%	7.5%	5.4%	11.1%	0.0%	5.6%

Government of Nepal	2,386.5	43,293.1	14,532.9	8,883.1	2,695.1	2,989.7	7,856.3	1,268.7	83,905.4
% GON	33.5%	62.3%	47.6%	36.1%	18.2%	39.1%	19.7%	49.6%	42.7%

Figure 2.7 Share of Government in the financing of education levels, 2014-15



2.4 Expenditure of Financing Units

The activities being financed in 2014-15 by the **Government of Nepal** for the various education institutions are presented in Table 2.8 below.

The financing includes what the government disbursed through the Ministry of Education, the other Ministries, including external sources accounted for in the budget, and DDCs and/or VDCs.

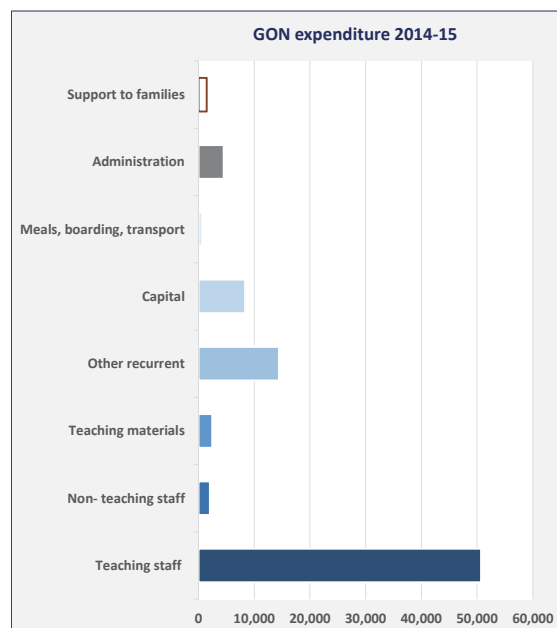
Government is funding mainly salary costs for teachers. It allocated slightly over 60% of its education budget to payment of remuneration of teaching staff working in community schools. At technical education and higher education levels, salaries are paid from the grants provided, which are recorded here with other recurrent expenditure.

Administrative and supervision costs used by central and district offices of the Ministry of Education represent a reasonable proportion of 5.4% of the total GON expenditure.

Table 2.8 GON Funding by activities, 2014-15

	million NRPs	%
Salary costs of teaching staff	50,710	60.4%
Salary cost of non-teaching staff	2,016	2.4%
Textbooks	1,328	1.6%
Teaching materials	1,145	1.4%
Other recurrent for institutions	14,001	16.7%
Capital	8,364	10.0%
Meals, boarding	655.9	0.8%
Total Educational Institutions	78,220	93.2%
staff costs	1,766	2.11%
goods & services	2,632	3.1%
Capital	129	0.2%
Total Administrative offices	4,527	5.4%
Total final financing	82,747	
Support to families	1,462	1.70%
Transfers received	-304	-0.40%
Total initial financing	83,905	100%

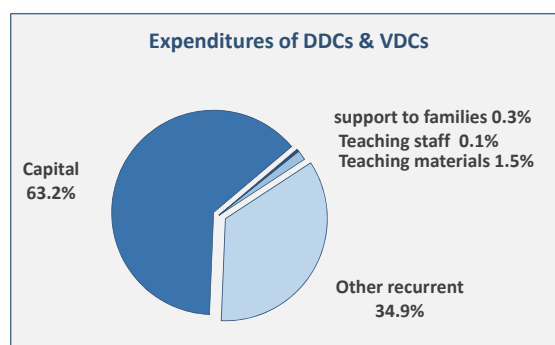
Figure 2.8 GON financing, 2014-15



District and Village Development Committees together are spending NRPs 2.4 billions on supporting Community schools (2014-15).

The funding by DDCs and VDCs is mainly directed to infrastructures and capital expenditure (63.2%) and one third for recurrent support to schools as depicted in Figure 2.9.

Figure 2.9 Financing of DDCs VDCs, 2014-15



Households are the main funders of education activities in the country, bearing 48% of the initial funding. In 2014-15, they have spent NRPs 66.4 billions as payments to educational institutions and NRPs 34.7 billions for the purchase of goods or services required by the attendance to schools such as uniforms, supplies, transport or snacks. In addition, they have paid NRPs 304 millions to Government for exam fees and have received NRPs 1.6 billion as financial support, mainly from Government.

Fees paid to private educational institutions amount for about one half of all expenditure of households. The fees paid to private schools and colleges at higher secondary, technical and higher education levels represent one half of all fees paid and one fourth of the total expenditure of households.

Payments and contributions to community schools at preprimary, primary, lower secondary and secondary levels amount at NRPs 4.1 billions. At upper levels, families are paying NRPs 6.4 billions as fees to public institutions.

Direct purchases of school supplies or other goods and services outside schools represent an average of NRPs 3,180 per student, with large differences according to the level of schooling and the type of institution.

Table 2.9 Expenditure of households, 2014-15

2014-15	million Rps	%
Payments Public institutions	10,574	10.9%
<i>of which up to secondary</i>	4,126	4.3%
<i>of which High Sec and upper</i>	6,448	6.7%
Fees to private institutions	47,159	48.7%
<i>of which up to secondary</i>	22,618	23.4%
<i>of which High Sec and upper</i>	24,540	25.4%
Meals, boarding, transport	4,338	4.5%
Total Payment to schools	62,071	64.2%
Uniforms	6,780	6.9%
Textbooks/supplies	12,772	13.0%
Transport	2,195	2.2%
Others (snacks, tea, etc)	9,699	9.8%
Private tuition	3,858	4.0%
Direct expenses	35,303	35.8%
Total Final financing	97,374	100.0%
Exam fees	304	
support received	1,643	
Total Initial financing	96,035	

International and local NGOs are bringing in NRPs 4.3 billions in 2014-15, bearing 2.2% of the total financing of education. One half is funded by INGOS that transfer NRPs 1.5 billion to local NGOs to implement programmes.

NGOs are mainly supporting community schools through various interventions. When earmarked, the support includes funding school infrastructures, feeding programmes and teaching materials, but also paying for staff salaries.

Figure 2.11 Expenditure of NGOs, 2014-15

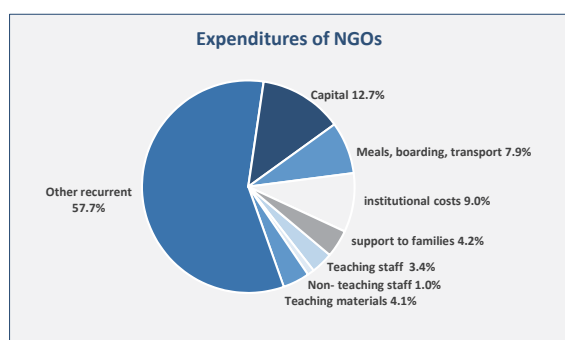


Figure 2.10 Expenditure of households

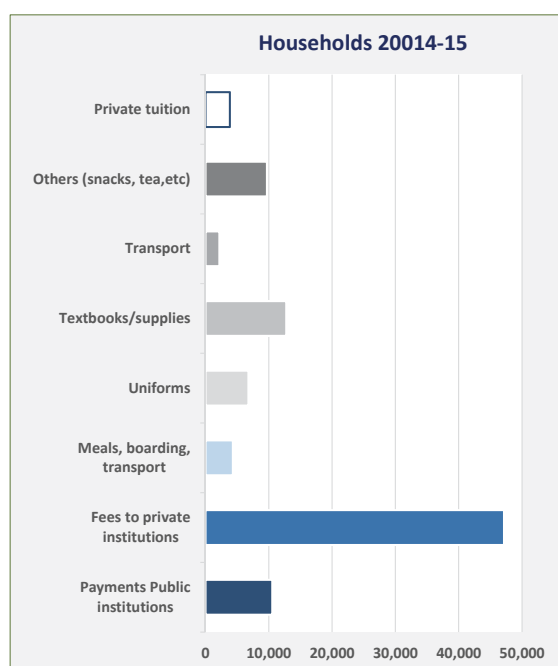
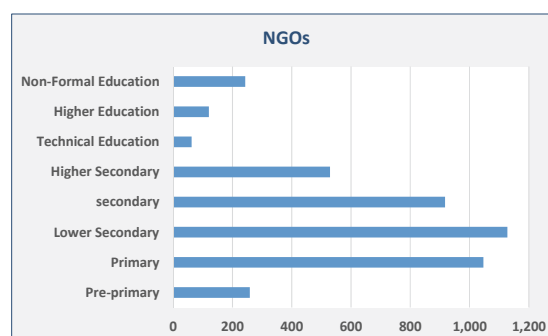


Table 2.10 Expenditure of NGOs, 2014-15

	Million NRPs
Initial funding of INGOs	2,193.8
Transfers to local NGOs	1,543.2
Final funding of INGOs	650.6
Expenditure of Local NGOs	3,654.7
Total NGO sector	4,305.3

Figure 2.12 Expenditure of NGOs by level



2.5 Funding and expenditure of Educational institutions

The National Education Accounts provided estimates of the flows and uses of funds throughout the education system and identified roles played by central government, local governments, international and local donors,

private contributors and households in financing education. The estimates also included funds derived from income generating activities and grants and loans from international community.

Educational institutions are receiving NRPs 162.5 billion as resources to deliver teaching services, ancillary services and ensure the administration and supervision of the system (2014-15). The total expenditure for education results from the total of the funding of institutions and the direct purchases of families for school related items.

Table 2.11 Funding and delivery of education: the mix public-private

Million NRPs 2014-15	Public funding	Private funding	Total
Public providers	75,959	18,401	94,359
Private providers	3,617	58,466	62,083
Administrative offices	5,658	386	6,044
Total funding of institutions	85,234	77,252	162,486
Direct purchase by families		35,303	35,303
Total expenditure for education	85,234	112,555	197,789

The delivery of education services is dominated by public providers. They enrolled a majority of students, they also receive the major part of the resources. However, public providers are funded through a mix of public resources (80%) and private sources of funding (20%).

Private providers at all levels have mobilized NRPs 62.1 billion in 2014-15 to run their activities. It has come mainly coming from private sources. The major part of the NRPs 3.6 billion public resources allocated to private providers are for technical education colleges, short skill development programmes, and for non-formal centres.

Administrative offices mobilized NRPs 6.0 billion. They include the institutional costs of international NGOs for NRPs 386 million. Administrative costs represent 3.7% of the total funding of educational institutions.

Institutions have generated NRPs 11.1 billions of additional resources at school level. Those income are accounted for with private sources. Private providers are mobilizing more internally generated funds, with NRPs 6.3 billion, compared to NRPs 4.8 billions for public providers.

Table 2.12 Funding of educational institutions, 2014-15

millions NRPs

		Central Ministries	DDCs VDCs	Households	NGOS	External on-Budget	Technical assistance	Internally generated funds	Total	Government of Nepal
Pre-primary	Community schools	1,181.1	184.7	273.1	154.7	838.6	0.0	129.1	2,761.3	2,204.4
	Institutional schools	2.3	0.0	2,409.4	41.3	0.0	0.0	94.0	2,547.0	2.3
Primary education	Community schools	34,871.6	1,518.2	1,216.6	608.4	3,189.5	0.0	882.8	42,287.1	39,579.3
	Institutional schools	43.8	0.0	12,532.5	182.5	0.0	0.0	805.8	13,564.6	43.8
Lower secondary	Community schools	11,258.3	373.8	1,216.8	965.4	1,462.4	0.0	1,218.7	16,495.4	13,094.5
	Institutional schools	19.4	0.0	5,420.8	54.9	0.0	0.0	321.7	5,816.8	19.4
Secondary education	Community schools	7,329.3	173.8	1,390.8	817.4	1,010.8	0.0	1,337.9	12,060.0	8,513.9
	Institutional schools	9.2	0.0	5,083.2	49.2	0.0	0.0	314.3	5,455.9	9.2
Higher secondary	Community schools	2,162.1	70.7	2,980.7	488.8	299.7	0.0	826.4	6,828.4	2,532.5
	Institutional schools	3.7	0.0	4,231.1	26.3	0.0	0.0	285.6	4,546.7	3.7

Technical education	Public schools	1,395.8	0.0	185.6	0.0	656.1	115.0	0.0	2,352.5	2,051.9
	Private schools	57.6	0.0	2,566.8	62.6	0.0	0.0	415.4	3,102.4	57.6
Higher education	Constituent colleges	6,121.4	0.0	1,655.4	0.0	0.0	0.0	194.5	7,971.3	6,121.4
	Community colleges	498.3	0.0	1,561.4	0.0	0.0	0.0	202.7	2,262.4	498.3
	Private colleges	457.2	0.0	19,143.4	120.2	0.0	0.0	4,024.3	23,745.1	457.2
All levels	Public Providers	66,053.8	2,321.2	10,573.7	3,034.7	7,468.5	115.0	4,792.1	94,359.0	75,843.5
	Private Providers	1,762.1	23.5	51,497.0	704.5	1,044.3	787.0	6,264.6	62,083.0	2,829.9
	Administrative offices	3,701.5	0.0	0.0	385.7	825.6	1,131.0	0.0	6,043.8	4,527.1
	Total	71,517.4	2,344.7	62,070.7	4,124.9	9,338.4	2,033.0	11,056.7	162,485.8	83,200.5
Community schools		56,802.4	2,321.2	7,078.0	3,034.7	6,801.0	0.0	4,394.9	80,432.2	65,924.6

The total expenditure of providers is estimated at NRPs 157.1 billion in 2014-15. Recurrent expenditure accounted for 85 % and 15 % for capital expenditure.

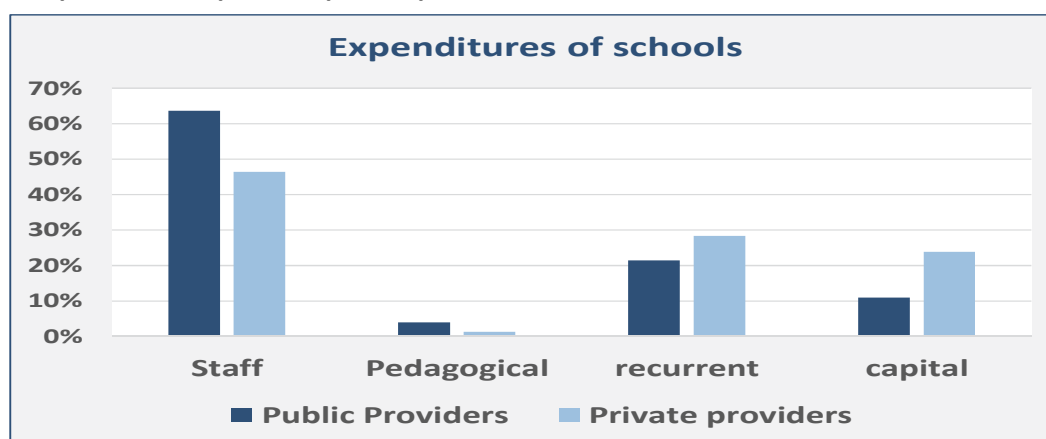
Nationally, personnel remuneration accounted for the largest expenditure share representing 57.1 % of the total expenditure. However, there are variations in expenditure categories between private and public institutions. The public institutions allocated a higher proportion of total expenditure to personnel compared to private institutions. For instance, in public providers personnel remuneration accounted for 63.6 % of total expenses while their counterparts in private sector spent 46.4 %.

Capital expenditure varied significantly across levels of education from a low share of 3 % in public secondary special schools to a maximum of 32 % in public youth polytechnics. Technical vocational colleges allocated the largest expenditure share to investment in both public and private institutions compared to other education levels. Private primary and secondary schools also recorded higher expenditure shares on investments than public schools in the same education category.

Table 2.13 Expenditure of public and private providers, 2014-15

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

Figure 2.13 Expenditure of public & private providers



Community schools are the main providers of education. They mobilized NRPs 80.4 billion in 2014-15, one half of the funding for all providers.

The Government is the main funder of community schools, bringing in NRPs 65.9 billion, 82% of the total resources, through grants from the Ministry of Education, funding from development partners, or from District and Village Development Committees. Their funding is complemented by contributions from parents (7.1 billion or 8.8%), support from NGOs (3.0 billion or 3.8%) and funds internally generated by the schools (4.4 billion or 5.5%).

Community schools are mainly spending for teaching staff costs which amounts to 66% of all expenditure.

Table 2.14 Income & expenditure of community schools, 2014-15

Ressources	Million RPs	Expenditure	Million RPs
Ministry of Education	56,802	Teaching staff	53,193
External on-budget	6,801	Other staff	1,873
DDCs VDCs	2,321	Teaching materials	2,423
Households	7,078	Other recurrent	14,268
NGOs	3,035	Capital	8,133
Internally generated	4,395	Meals	788
Total resources	80,432	Total expenditure	80,678

Figure 2.14 Income of community schools

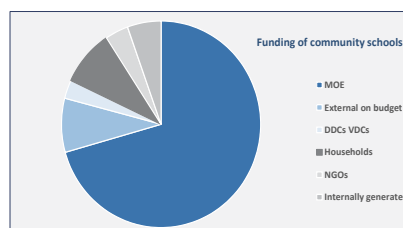
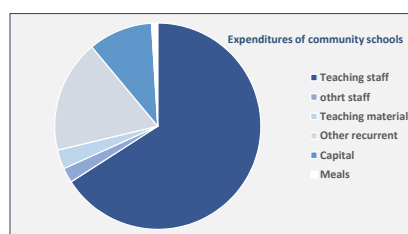


Figure 2.15 Expenditure of community schools



2.6 Expenditure per student

The average financing per student, all levels and all type of providers together, including non formal education, amounts at 18,000 NRPs in 2014-15, of which 14,800 NRPs for the funding of activities at provider level and 3,200 NRPs spent directly by families for school related items.

By level, figures show a large range of situation. The highest spending per student are for technical education and for higher education, with respective averages of 173,000 NRPs and 85,000 NRPs per student.

The lowest averages are for the lowest levels of the education system, with 15,000 or 16,000 NRPs per student at primary and lower secondary levels, and 7,000 NRPs at pre-primay level.

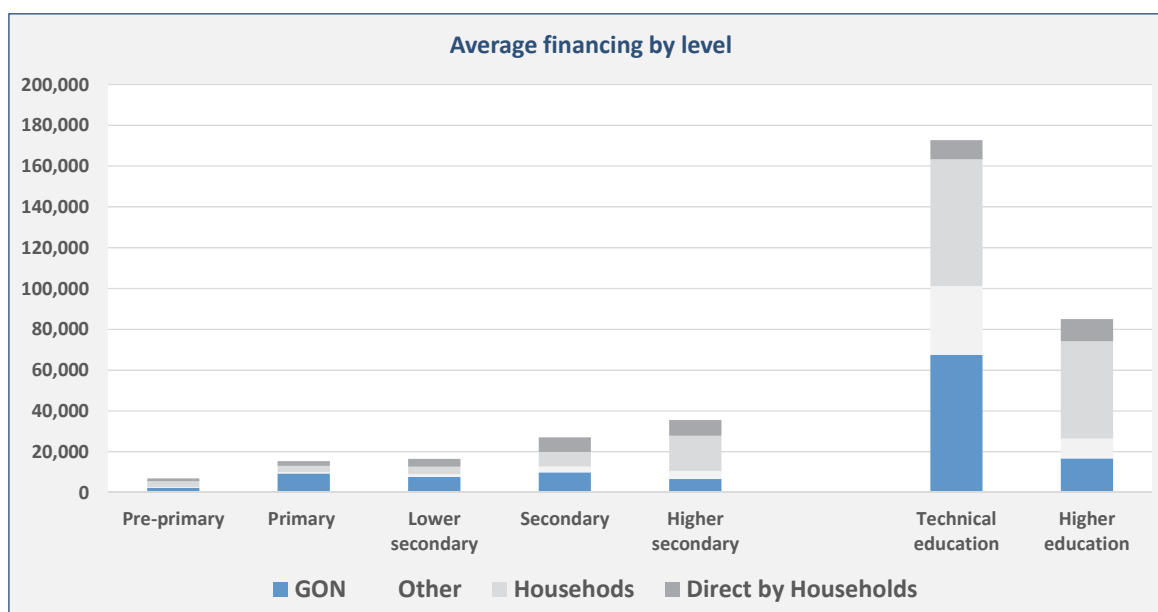
Intermediate values are found for secondary education with 27,000 NRPs and higher secondary education, with 36,000 NRPs per student.

As seen previously, Government of Nepal is taking a higher share of the funding at the basic levels, more than 60% for primary education. This corresponds to a GON spending of 9,400 NRPs per primary student. However, GON average spending per student is higher at technical and higher education levels.

Table 2.15 Unit financing per student, by level and source, 2014-15

	Expenditure of financing units							NRPs		
	Central Ministries	DDCs VDCs	Households	NGOS	External on-Budget	Internally generated funds	Total provider level	Direct Purchase by families	Total	of which from GON
Pre-primary	1,328	182	2,680	236	860	220	5,506	1,508	7,014	2,347
Community schools	1,541	241	356	202	1,094	168	3,602	1,050	4,651	2,876
Institutional schools	16	0	16,400	281	0	640	17,337	4,210	21,546	16
Primary education	8,253	343	3,079	214	854	377	13,120	2,338	15,459	9,426
Community schools	9,513	414	332	166	870	241	11,536	1,556	13,092	10,797
Institutional schools	65	0	18,714	273	0	1,203	20,255	6,862	27,116	65
Lower secondary	6,526	202	3,583	589	923	831	12,654	3,827	16,482	7,626
Community schools	7,291	242	788	625	947	789	10,682	2,737	13,419	8,480
Institutional schools	67	0	18,623	189	0	1,105	19,984	9,684	29,668	67
Secondary education	8,541	191	7,147	993	1,240	1,820	19,932	7,151	27,083	9,949
Community schools	10,062	239	1,909	1,122	1,388	1,837	16,557	5,680	22,236	11,688
Institutional schools	53	0	29,531	286	0	1,826	31,696	13,442	45,138	53
Higher secondary	5,639	170	17,295	1,269	805	2,667	27,845	7,683	35,528	6,591
Community schools	7,291	238	10,051	1,648	1,011	2,787	23,026	6,308	29,334	8,540
Institutional schools	31	0	35,132	218	0	2,371	37,752	11,071	48,823	31
Technical education	32,940	0	62,146	1,413	57,501	9,379	163,379	9,348	172,729	67,502
Public schools/col.	105,050	0	13,969	0	58,034	0	177,053	6,307	183,360	154,429
Private schools/col.	1,858	0	82,795	2,019	0	13,399	100,071	10,651	110,722	1,858
Higher education	16,724	0	47,754	256	0	9,416	74,150	10,941	85,091	16,724
Constituent colleges	40,165	0	11,738	0	0	1,379	53,282	8,927	62,209	40,165
Community colleges	3,393	0	10,632	0	0	1,380	15,405	7,549	22,956	3,393
Private colleges	2,544	0	106,529	669	0	22,394	132,136	15,283	147,419	2,544
All levels	6,521	215	5,696	378	985	1,015	14,810	3,240	18,049	7,593

Figure 2.16 Average financing per student, by level (public & private providers), NRPs



Differences are also large between categories of institutions.

Institutional schools rely almost fully on the fees paid by the parents. However, except for technical education, they are mobilizing almost twice the income per student that their public counterpart are receiving at the same level.

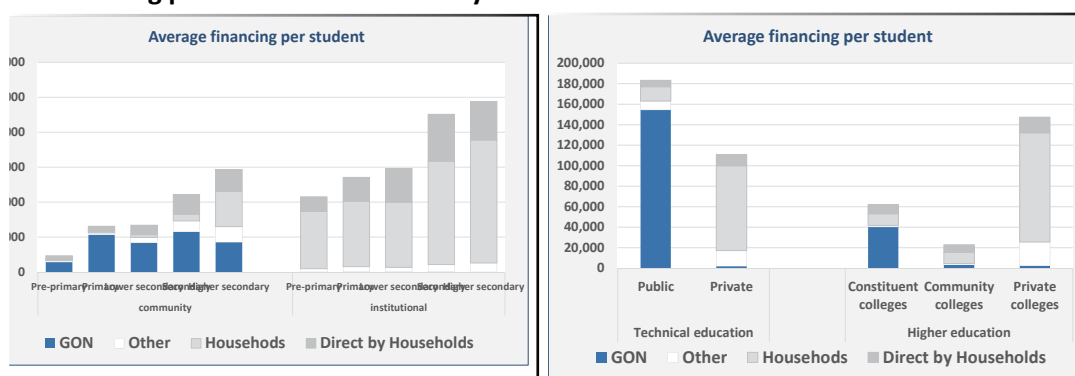
The range of average financing per student within community schools goes from 3,600 NRPs for a preprimary student, to 11,500 at primary, 10,700 at lower secondary, 16,600 at secondary and 23,000 NRPs at higher secondary. This differences results from the different conditions of schooling and the level of remuneration of teachers. The higher students per teacher ratio at lower secondary compared to primary explain the lower unit cost, despite higher salaries.

At technical level, Public schools and colleges are delivering different type of studies, more industry trades, at much higher unit cost than their private counterparts offering more commerce, communication and IT.

At higher education level, community campuses are offering a low cost system for tertiary studies, partially supported by Government grants, while universities constituent colleges, and private colleges are operating with higher funding.

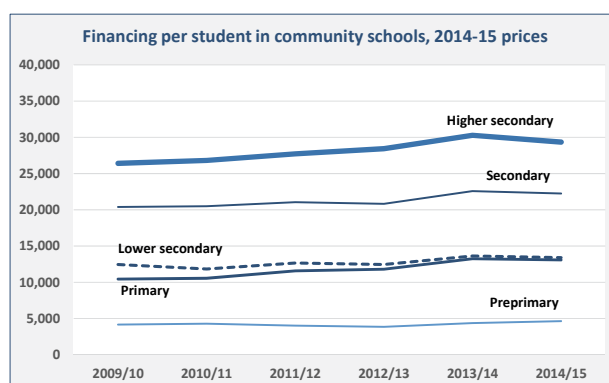
The National Education Accounts provide only with national data, and do not analyze disparities between regions or schools. However when working on individual schools' data, it is clear that the categories are not homogeneous in the level of funding and that large disparities exist between schools in the same category.

Figure 2.17 Financing per student in community and institutional schools



The level of GON funding and the variations in enrolment influence the unit costs per student in community schools. During the period, the average financing has increased in constant prices for all levels, with +20% at primary level, +16% at higher secondary, and only +7% at lower secondary and +9% at secondary education level.

Figure 2.18 Trend in the financing per student in community schools



Teaching activities are the main component of the cost, at all levels and for all types of providers. The cost of ancillary services within institutions are significant for institutional schools that are more often offering canteen, boarding or transport facilities.

Families are buying school related goods and services. Their value increases with the level of education, and is higher when students are enrolled in institutional schools, probably an effect of the higher income of the concerned families.

The purchase of textbooks and school supplies amounts to an average of NRPs 1,172 NRPs per student, and represents 36% of the school related expenses. Low at primary level in community schools (537 NRPs), the average spending goes up to 4,814 NRPs in private higher education.

The purchase of snacks and tea for feeding the children during school time, is the second item with an average of 890 NRPs per student. This average hides a lot of disparities, with a range from 344 NRPs at preprimary community schools, up to 6,768 in private colleges.

Spending for private tuition is a more common practice for students enrolled in institutional schools, with a specific picture at secondary education level in public (NRPs 1,246 per student) and private schools (NRPs 3,305).

The expenditure for uniforms vary less than other items, with a range of averages from 340 NRPs in primary community schools to more than 1,000 NRPs for institutional schools.

The per student spending have to be topped by an administrative and supervision cost for the activities of central and local administrative offices of the Ministry of Education and, for a minor amount, the institutional costs of INGOs.

Table 2.16 Unit financing per student, by activity, 2014-15

Expenditure of financing units				NRPs								
	Teaching activities	Ancillary services	Total provider	Uniforms	Textbooks supplies	Transport	Others snacks...	private tuition	Total	Adminis-tration	Total	
Pre-primary education	4,985	284	5,269	440	452	50	502	64	6,777	237	7,014	
Community schools	3,536	66	3,602	340	313	12	344	40	4,651			
Institutional schools	15,721	1,615	17,336	1,035	1,271	274	1,430	200	21,546			
Primary education	11,986	508	12,494	604	816	87	653	178	14,832	627	15,459	
Community schools	11,317	219	11,536	485	537	10	404	120	13,092			
Institutional schools	18,048	2,206	20,254	1,315	2,412	528	2,092	515	27,116			
Lower secondary	11,742	336	12,078	896	1,424	143	1,016	348	15,905	577	16,482	
Community schools	10,681	0	10,681	768	1,079	10	667	214	13,419			
Institutional schools	17,847	2,137	19,984	1,587	3,281	855	2,894	1,067	29,668			
Secondary education	18,656	662	19,318	1,068	2,305	301	1,840	1,636	26,468	615	27,083	
Community schools	16,556	0	16,556	946	2,001	40	1,447	1,246	22,236			
Institutional schools	28,207	3,489	31,696	1,589	3,605	1,418	3,525	3,305	45,138			
Higher secondary	26,266	1,014	27,280	1,170	2,499	718	2,324	972	34,963	565	35,528	

Community schools	23,026	0	23,026	977	2,167	327	1,931	906	29,334		
Institutional schools	34,242	3,510	37,752	1,646	3,318	1,681	3,290	1,136	48,823		
Technical education	155,463	3,710	159,173	1,219	2,509	1,145	4,141	334	168,521	4,208	172,729
Public schools/col.	177,053	0	177,053	978	2,168	324	1,934	903	183,360		
Private schools/col.	94,771	5,300	100,071	1,322	2,655	1,497	5,087	90	110,722		
Higher education	72,392	1,733	74,125	951	3,939	1,802	3,300	949	85,066	25	85,091
Constituent colleges	53,283	0	53,283	636	3,779	1,463	2,201	847	62,209		
Community colleges	15,405	0	15,405	552	3,025	1,646	1,318	1,010	22,956		
Private colleges	127,607	4,529	132,136	1,522	4,814	2,196	5,769	982	147,419		
All levels	13,837	490	14,327	622	1,172	201	890	354	17,566	483	18,049

The differences in the level of funding are reflected in the level of expenditure of the various providers. The utilization of the resources received shows large differences, mainly between community schools and private institutions.

In community schools, which receive a lower level of funding, the weight of staff costs goes up to 79% of teaching activities at primary level, with a minimum of 53% at higher secondary level.

In institutional schools, the percentage devoted to staff costs amounts to around 53% to 54% of the cost for teaching activities. This percentage is only 43% in private higher education institutions.

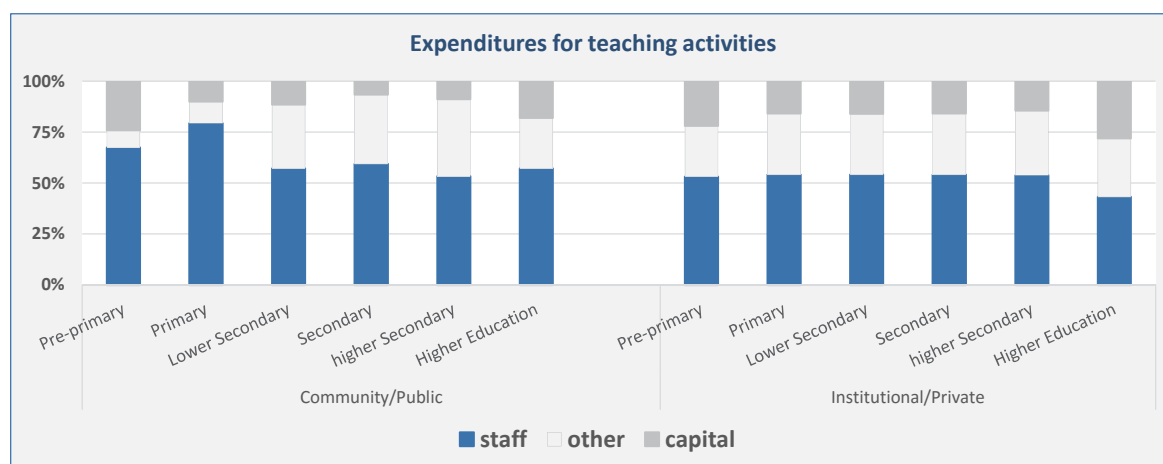
Table 2.17 Unit costs per student (expenditure of providers)

NRPs

	Staff	Teaching materials	Other recurrent	Capital	Ancillary services	Total provider	Direct by families	Admin	Total
Pre-primary education	2,841	117	599	1,072	185	4,814	1,508	237	6,559
Community schools	2,359	134	165	843	66	3,567	1,049		
Institutional schools	7,146	96	3,264	2,944	930	14,380	4,210		
Primary education	8,637	211	1,515	1,314	365	12,042	2,338	627	15,007
Community schools	8,907	227	968	1,122	199	11,423	1,556		
Institutional schools	8,906	138	4,831	2,606	1,359	17,840	6,862		
Lower secondary	6,806	395	3,335	1,493	221	12,250	3,827	577	16,654
Community schools	6,428	443	3,085	1,289	6	11,251	2,738		
Institutional schools	9,022	140	4,860	2,667	1,370	18,059	9,684		
Secondary education	10,570	502	5,530	1,675	427	18,704	7,150	615	26,469
Community schools	9,720	570	5,017	1,081	0	16,388	5,680		
Institutional schools	14,540	229	7,902	4,249	2,252	29,172	13,442		
Higher secondary	13,298	1,059	7,850	2,677	631	25,515	7,683	565	33,763
Community schools	12,140	1,315	7,330	2,007	0	22,792	6,308		
Institutional schools	16,151	428	9,130	4,327	2,185	32,221	11,071		
Technical education	35,304	1,273	64,323	47,068	2,531	150,499	9,348	4,208	164,055

Public schools/col.	26,936	0	104,900	38,775	0	170,611	6,307		
Private schools/col	38,891	1,819	21,547	24,569	3,616	90,442	10,651		
Higher education	34,122	3,778	15,965	17,778	1,543	73,186	10,941	25	84,152
Constituent colleges	29,715	6,567	6,361	9,343	1,054	53,040	8,926		
Community colleges	8,495	1,878	1,819	2,672	302	15,166	7,551		
Private colleges	54,911	2,303	34,385	35,686	2,817	130,102	15,283		
All levels	8,093	418	2,970	2,108	344	13,933	3,239	483	17,655

Figure 2.19 Structure of expenditure for teaching activities by nature of spending, 2014-15



The 2014-15 NEA: detailed tables

15 Synthesis tables in the following section provides the picture of the domain and form the Education Account for one year.

Two tables depicts the global picture of initial financing and transfers between financing units:

Table 1: Expenditure for Education by level and source of financing
Total expenditure (recurrent & capital) of initial Financing Units

Table 2: Transfers between financing units
Total expenditure of initial and final Financing Units

Six tables are describing the financing by level, producing unit and activities. Government of Nepal includes MOE, other Ministries, DDCs VDCs, External loans and Grants on-budget; External sources include External loans, Grants on-budget, Technical assistance off-budget and INGOs:

Table 3: Financing of activities Expenditure of **all financing units**

Table 4: Financing of activities Expenditure of **public financing units**

Table 5: Financing of activities Expenditure of **private financing units**

Table 6: Financing of activities Expenditure of **Government of Nepal**

Table 7: Financing of activities Educational expenditure of **Households**

Table 8: Financing of activities Expenditure from **external sources**

Two tables describe the income (by source) and expenditure (by object) of producing units:

Table 9: Funding of educational providers
Resources by sources of funding, expenditure of final financing units

Table 10: Expenditure of educational providers

Three tables are describing the average financing per student. They are calculated from the previous tables 3, 6 and 7:

Table 11: Average financing per student Expenditure of **all financing units**

Table 12: Average financing per student Expenditure of **Government of Nepal**

Table 13: Average financing per student Expenditure of **Households**

Two tables describe the average income (by source) and expenditure (by object) per student of producing units. They are calculated from tables 9 and 10:

Table 14: Average funding of educational providers per student
Resources by sources of funding, expenditure of final financing units

Table 15: Average expenditure of educational providers per student

Tables 11 to 15 are presenting average costs per student only for a selection of producing units.

The 15 tables for 2014-15 are provided in the following pages.

Table 1: Expenditure for Education by level and source of financing
Total expenditures (recurrent & capital) of initial Financing Units

Year : 2014-2015

	million NRps												
	Levels of Education											Total	
	Pre-primary	Primary	Lower Secondary	Secondary	Higher Secondary	Technical Education	Higher Education	Non-Formal Education					
Ministry of Education	1,352.1	37,576.5	12,305.9	7,578.8	2,277.4	1,459.0	6,634.4	1,132.7	6,634.4	1,132.7	44.3%	70,316.8	35.8%
Other Ministries	-	-	-	-	-	-	-	-	1,221.9	-	0.0%	1,221.9	0.6%
District & Village Dvpt Committees	185.5	1,545.8	375.5	174.6	71.0	-	-	-	-	-	0.0%	2,352.4	1.2%
Households/parents	4,222.6	23,313.0	13,303.9	13,109.9	10,469.1	3,166.3	27,559.5	890.6	27,559.5	890.6	34.8%	96,034.9	48.8%
International NGOs	217.3	864.0	363.6	171.3	69.7	-	-	243.0	-	243.0	9.5%	1,928.9	1.0%
Local NGOS	41.3	182.7	764.3	745.9	459.4	62.6	120.2	-	120.2	-	0.0%	2,376.4	1.2%
External Loans	-	-	-	-	-	463.5	-	-	-	-	0.0%	463.5	0.2%
Grants on Budget	848.9	4,170.8	1,851.5	1,129.7	346.7	1,067.2	-	136.0	-	136.0	5.3%	9,550.8	4.9%
Technical assistance off-Budget	23.0	110.0	46.0	22.0	9.0	1,016.0	-	156.0	-	156.0	6.1%	1,382.0	0.7%
Internally generated funds	223.1	1,691.8	1,540.7	1,652.2	1,112.0	415.4	4,421.5	-	4,421.5	-	0.0%	11,056.7	5.6%
Total	7,113.8	69,454.6	30,551.4	24,584.4	14,814.3	7,650.0	39,957.5	2,558.3	39,957.5	2,558.3	100.0%	196,684.3	100.0%
Public sources (1)	2,409.5	43,403.1	14,578.9	8,905.1	2,704.1	4,005.7	7,856.3	1,424.7	7,856.3	1,424.7	55.7%	85,287.4	43.4%
Private Sources (2)	4,704.3	26,051.5	15,972.5	15,679.3	12,110.2	3,644.3	32,101.2	1,133.6	32,101.2	1,133.6	44.3%	111,396.9	56.6%
Government of Nepal (3)	2,386.5	43,293.1	14,532.9	8,883.1	2,695.1	2,989.7	7,856.3	1,268.7	7,856.3	1,268.7	49.6%	83,905.4	42.7%
External financing (4)	1,089.2	5,144.8	2,261.1	1,323.0	425.4	2,546.7	-	535.0	-	535.0	20.9%	13,325.2	6.8%

(1) Public sources = Ministry of Education, Other Ministries, DDCs & VDCs, External loans, Grants on-Budget, Technical assistance off-budget

(2) Private sources = Households, NGOs, Internally generated funds

(3) Government of Nepal = Ministry of Education, Other Ministries, DDCs & VDCs, External loans, Grants on-Budget

(4) External financing = External loans, Grants on-Budget, Technical assistance off-budget, NGOs

**Table 2: Transfers between financing units
Total expenditures of initial and final Financing Units**

Year : 2014-2015

	<i>million NRps</i>						
	Final financing		Transfers paid		Transfers received	Initial financing	
	million Rps	%	Support to families	other paid		million Rps	%
Ministry of Education	69,840.0	35.5%	780.4	-	303.6	70,316.8	35.8%
Other Ministries	1,221.9	0.6%	-	-	-	1,221.9	0.6%
District & Village Dvpt Committees	2,344.7	1.2%	7.7	-	-	2,352.4	1.2%
Households/parents	97,374.1	49.5%	-	303.6	1,642.8	96,034.9	48.8%
International NGOs	385.7	0.2%	-	1,543.2	-	1,928.9	1.0%
Local NGOS	3,739.2	1.9%	180.4	-	1,543.2	2,376.4	1.2%
External Loans	463.5	0.2%	-	-	-	463.5	0.2%
Grants on Budget	8,876.5	4.5%	674.3	-	-	9,550.8	4.9%
Technical assistance off-Budget	1,382.0	0.7%	-	-	-	1,382.0	0.7%
Internally generated funds	11,056.7	5.6%	-	-	-	11,056.7	5.6%
Total	196,684.3	100.0%	1,642.8	1,846.8	3,489.6	196,684.3	100.0%
Public sources (1)	84,128.6	42.8%	1,462.4	-	303.6	85,287.4	43.4%
Private Sources (2)	112,555.7	57.2%	180.4	1,846.8	3,186.0	111,396.9	56.6%
Government of Nepal (3)	82,746.6	42.1%	1,462.4	-	303.6	83,905.4	42.7%
External financing (4)	11,107.7	5.6%	674.3	1,543.2	-	13,325.2	6.8%

(1) Public sources = Ministry of Education, Other Ministries, DDCs & VDCs, External loans, Grants on-Budget, Technical assistance off-budget

(2) Private sources = Households, INGOs, NGOs, Internally generated funds

(3) Government of Nepal = Ministry of Education, Other Ministries, DDCs & VDCs, External loans, Grants on-Budget

(4) External financing = External loans, Grants on-Budget, Technical assistance off-budget, INGOs

Table 4 : Financing of activities
Expenditure of public financing units

Year : 2014-2015

millions NRps

	Direct financing of educational institutions										Payments outside educational institutions					Transfers between financing units			Total initial financing	
	Teaching activities				Ancillary services			General administration			Total provider	Goods and services required for schooling					Transfers paid	Transfers received		Total final financing
	Employment costs	Goods and services			Meals, boarding, transport	staff costs	goods & services	Capital	Uniforms	Textbooks /supplies		Transport	Others (snacks, tea, etc)	Private tuition	Support to families	Other transfers paid				
Non-teaching staff	Text-books	Teaching materials	Other recurrent	Capital							Capital						Textbooks	Transport	Others (snacks, tea, etc)	Private tuition
Pre-primary education	1,420.1	0.1	69.0	167.6	549.9	118.5	68.8	9.6	2,403.6	-	-	-	-	5.9	-	-	2,403.6	2,409.5		
ECD centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community schools	1,420.1	0.1	69.0	165.3	549.9	-	-	-	2,204.4	-	-	-	-	5.9	-	-	2,204.4	2,204.4		
Institutional schools	-	-	-	2.3	-	-	-	-	2.3	-	-	-	-	-	-	-	2.3	-	-	
Administrative offices	-	-	-	-	-	118.5	68.8	9.6	196.9	-	-	-	-	-	-	-	196.9	-	-	
Primary education	31,290.1	1,185.3	414.3	2,247.3	3,538.6	655.9	1,624.1	58.0	42,460.5	-	-	-	-	942.6	-	-	42,460.5	43,403.1		
Community schools	31,290.1	1,185.3	414.3	2,019.9	3,529.8	655.9	-	-	39,579.3	-	-	-	-	788.7	-	-	39,579.3	39,579.3		
Subsidized religious sch	-	-	-	175.7	-	-	-	-	175.7	-	-	-	-	-	-	-	175.7	175.7		
Special needs schools	-	-	-	16.7	-	-	-	-	16.7	-	-	-	-	-	-	-	16.7	125.9		
Institutional schools	-	-	-	35.0	8.8	-	-	-	43.8	-	-	-	-	-	-	-	43.8	2.3		
Administrative offices	-	-	-	-	-	-	1,624.1	58.0	2,645.0	-	-	-	-	-	-	-	2,645.0	-		
Lower secondary education	9,561.3	498.9	510.0	206.7	918.0	382.3	590.5	24.0	14,181.8	-	-	-	-	397.1	-	-	14,181.8	14,578.9		
Community schools	9,561.3	498.9	510.0	206.7	831.2	1,486.4	-	-	13,094.5	-	-	-	-	341.5	-	-	13,094.5	13,094.5		
Subsidized religious sch	-	-	-	64.1	-	-	-	-	64.1	-	-	-	-	-	-	-	64.1	1.5		
Special needs schools	-	-	-	7.0	-	-	-	-	7.0	-	-	-	-	-	-	-	7.0	53.1		
Institutional schools	-	-	-	15.7	3.7	-	-	-	19.4	-	-	-	-	-	-	-	19.4	1.0		
Administrative offices	-	-	-	-	-	-	382.3	24.0	996.8	-	-	-	-	-	-	-	996.8	-		
Secondary education	6,583.4	235.3	267.5	115.9	617.9	189.3	323.9	11.5	9,052.8	-	-	-	-	58.4	-	-	9,052.8	8,905.1		
Community schools	6,583.4	235.3	267.5	115.9	606.0	706.3	-	-	8,514.4	-	-	-	-	32.6	-	-	8,514.4	8,514.4		
Subsidized religious sch	-	-	-	1.2	-	-	-	-	1.2	-	-	-	-	-	-	-	1.2	0.4		
Special needs schools	-	-	-	3.3	-	-	-	-	3.3	-	-	-	-	-	-	-	3.3	25.0		
Institutional schools	-	-	-	7.4	1.8	-	-	-	9.2	-	-	-	-	-	-	-	9.2	0.4		
Administrative offices	-	-	-	-	-	189.3	323.9	11.5	524.7	-	-	-	-	-	-	-	524.7	-		
Higher secondary education	1,757.1	95.8	125.0	69.4	286.2	85.8	130.7	4.8	2,757.5	-	-	-	-	44.1	-	-	2,757.5	2,704.1		
Community schools (pub	1,757.1	95.8	125.0	69.4	199.7	285.5	-	-	2,532.5	-	-	-	-	43.9	-	-	2,532.5	43.9		
Institutional schools	-	-	-	3.0	0.7	-	-	-	3.7	-	-	-	-	0.2	-	-	3.7	0.2		
Administrative offices	-	-	-	-	-	85.8	130.7	4.8	221.3	-	-	-	-	-	-	-	221.3	-		
Technical education	0.2	-	-	2,460.9	1,358.1	5.2	59.3	121.9	4,005.6	-	-	-	-	0.1	-	-	4,005.6	4,005.7		
Public technical schools	0.2	-	-	1,651.9	514.8	-	-	-	2,166.9	-	-	-	-	-	-	-	2,166.9	-		
Private technical school	-	-	-	22.0	35.6	-	-	-	57.6	-	-	-	-	-	-	-	57.6	-		
Other private institution	-	-	-	787.0	807.7	-	-	-	1,594.7	-	-	-	-	-	-	-	1,594.7	-		
Administrative offices	-	-	-	-	-	5.2	59.3	121.9	186.4	-	-	-	-	-	-	-	186.4	0.1		
Higher education	31.3	-	-	0.4	7,268.3	2.8	7.5	1.5	7,853.4	-	-	-	-	2.9	-	-	7,853.4	7,856.3		
Univ. Constituent colleg	-	-	-	-	5,186.0	478.2	-	-	5,664.2	-	-	-	-	2.9	-	-	5,664.2	2.9		
Community colleges	-	-	-	-	498.3	-	-	-	498.3	-	-	-	-	-	-	-	498.3	-		
Medical academies	31.3	-	-	0.4	1,126.8	63.4	-	-	1,221.9	-	-	-	-	-	-	-	1,221.9	-		
Private colleges	-	-	-	-	457.2	-	-	-	457.2	-	-	-	-	-	-	-	457.2	-		
Administrative offices	-	-	-	-	-	2.8	7.5	1.5	11.8	-	-	-	-	-	-	-	11.8	-		
Non-formal education	66.9	0.5	11.4	199.2	1,038.8	6.4	-	-	1,413.4	-	-	-	-	11.3	-	-	1,413.4	1,424.7		
Non-formal centres	66.9	0.5	11.4	199.2	1,038.8	6.4	-	-	1,323.2	-	-	-	-	11.3	-	-	1,323.2	11.3		
Administrative offices	-	-	-	-	-	19.6	58.9	11.7	90.2	-	-	-	-	-	-	-	90.2	-		
TOTAL	50,710.2	2,016.1	1,328.2	1,444.6	14,921.5	8,479.0	1,766.4	243.0	84,128.6	655.9	1,766.4	2,863.7	243.0	1,462.4	-	-	84,128.6	303.6		

**Table 6 : Financing of activities
Expenditure of Government of Nepal**

Ministry of Education & Other Ministries, DDCs VDCs, External loans and Grants on-budget

Year: 2014-2015

millions NRps

	Direct financing of educational institutions												Payments outside educational institutions				Transfers between financing units			Total initial financing
	Teaching activities						Ancillary services			General administration			Goods and services required for schooling				Total final financing			
	Employment costs	Non-teaching staff		Teaching staff		Goods and services		Capital	Meals, boarding, transport	staff costs	goods & services	Capital	Total provider	Uniforms	Textbooks /supplies	Transport		Others (snacks, tea, etc)	Private tuition	
		Teaching staff	Non-teaching staff	Text-books	Teaching materials	Other recurrent														
Pre-primary education	1,420.1	0.1	69.0	167.6	549.9	118.5	45.8	9.6	2,380.6										2,386.5	
ECD centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community schools	1,420.1	0.1	69.0	165.3	549.9	-	-	-	2,204.4	-	-	-	-	-	5.9	-	-	-	2,204.4	
Institutional schools	-	-	-	2.3	-	-	-	2.3	-	-	-	-	-	-	-	-	-	-	2.3	
Administrative offices	-	-	-	-	-	118.5	45.8	9.6	175.9	-	-	-	-	-	-	-	-	-	175.9	
Primary education	31,290.1	1,185.3	414.3	484.0	2,247.3	3,538.6	655.9	962.9	1,514.1	58.0	42,350.5	39,579.3	942.6	788.7	25.7	125.9	43.8	42,350.5	43,293.1	
Community schools	31,290.1	1,185.3	414.3	484.0	2,019.9	3,529.8	655.9	-	-	-	39,579.3	-	-	-	-	-	-	-	39,579.3	
Subsidized religious schools	-	-	-	175.7	-	-	-	-	175.7	-	-	-	-	-	-	-	-	-	175.7	
Special needs schools	-	-	-	16.7	-	-	-	-	16.7	-	-	-	-	-	-	-	-	-	16.7	
Institutional schools	-	-	-	35.0	-	8.8	-	-	43.8	-	-	-	-	-	-	-	-	-	43.8	
Administrative offices	-	-	-	-	-	-	962.9	1,514.1	58.0	2,535.0	-	-	-	-	-	-	-	-	2,535.0	
Lower secondary education	9,561.3	498.9	510.0	206.7	918.0	1,490.1	382.3	544.5	24.0	14,135.8	13,094.5	341.5	397.1	341.5	1.5	64.1	7.0	14,135.8	14,532.9	
Community schools	9,561.3	498.9	510.0	206.7	831.2	1,486.4	-	-	-	13,094.5	-	-	-	-	-	-	-	-	13,094.5	
Subsidized religious schools	-	-	-	64.1	-	-	-	-	64.1	-	-	-	-	-	-	-	-	-	64.1	
Special needs schools	-	-	-	7.0	-	-	-	-	7.0	-	-	-	-	-	-	-	-	-	7.0	
Institutional schools	-	-	-	15.7	-	3.7	-	-	19.4	-	-	-	-	-	-	-	-	-	19.4	
Administrative offices	-	-	-	-	-	-	382.3	544.5	24.0	950.8	-	-	-	-	-	-	-	-	950.8	
Secondary education	6,583.4	235.3	267.5	115.9	617.9	708.1	189.3	301.9	11.5	9,030.8	8,514.4	32.6	58.4	58.4	0.4	0.4	0.4	9,030.8	8,883.1	
Community schools	6,583.4	235.3	267.5	115.9	606.0	706.3	-	-	8,514.4	-	-	-	-	-	-	-	-	-	8,514.4	
Subsidized religious schools	-	-	-	1.2	-	-	-	-	1.2	-	-	-	-	-	-	-	-	-	1.2	
Special needs schools	-	-	-	3.3	-	-	-	-	3.3	-	-	-	-	-	-	-	-	-	3.3	
Institutional schools	-	-	-	7.4	-	1.8	-	-	9.2	-	-	-	-	-	-	-	-	-	9.2	
Administrative offices	-	-	-	-	-	-	189.3	301.9	11.5	502.7	-	-	-	-	-	-	-	-	502.7	
Higher secondary education	1,757.1	95.8	125.0	69.4	202.7	286.2	85.8	121.7	4.8	2,748.5	2,532.5	43.9	44.1	43.9	0.2	3.7	-	2,748.5	2,695.1	
Community schools (pub)	1,757.1	95.8	125.0	69.4	199.7	285.5	-	-	2,532.5	-	-	-	-	-	-	-	-	-	2,532.5	
Institutional schools	-	-	-	3.0	-	0.7	-	-	3.7	-	-	-	-	-	-	-	-	-	3.7	
Administrative offices	-	-	-	-	-	-	85.8	121.7	4.8	212.3	-	-	-	-	-	-	-	-	212.3	
Technical education	0.2	-	-	1,673.9	1,243.1	79	5.2	59.3	7.9	2,989.6	2,989.6	0.1	0.1	0.1	-	-	-	2,989.6	2,989.7	
Public technical schools	-	-	-	1,651.9	399.8	-	-	-	2,051.9	-	-	-	-	-	-	-	-	-	2,051.9	
Private technical school	-	-	-	22.0	35.6	-	-	-	57.6	-	-	-	-	-	-	-	-	-	57.6	
Other private institution	-	-	-	-	807.7	-	-	-	807.7	-	-	-	-	-	-	-	-	-	807.7	
Administrative offices	-	-	-	-	-	-	5.2	59.3	7.9	72.4	-	-	-	-	-	-	-	-	72.4	
Higher education	31.3	-	-	0.4	7,268.3	541.6	2.8	7.5	1.5	7,853.4	7,853.4	2.9	2.9	2.9	-	-	-	7,853.4	7,856.3	
Univ. Constituent colleges	-	-	-	-	5,186.0	478.2	-	-	5,664.2	-	-	-	-	-	-	-	-	-	5,664.2	
Community colleges	-	-	-	-	498.3	-	-	-	498.3	-	-	-	-	-	-	-	-	-	498.3	
Medical academies	31.3	-	-	0.4	1,126.8	63.4	-	-	1,221.9	-	-	-	-	-	-	-	-	-	1,221.9	
Private colleges	-	-	-	-	457.2	-	-	-	457.2	-	-	-	-	-	-	-	-	-	457.2	
Administrative offices	-	-	-	-	-	-	2.8	7.5	1.5	11.8	-	-	-	-	-	-	-	-	11.8	
Non-formal education	66.9	0.5	11.4	199.2	904.8	6.4	19.6	36.9	11.7	1,257.4	1,189.2	11.3	11.3	11.3	-	-	-	1,257.4	1,268.7	
Non-formal centres	66.9	0.5	11.4	199.2	904.8	6.4	-	-	1,189.2	-	-	-	-	-	-	-	-	-	1,189.2	
Administrative offices	-	-	-	-	-	-	19.6	36.9	11.7	68.2	-	-	-	-	-	-	-	-	68.2	
TOTAL	50,710.2	2,016.1	1,328.2	1,144.6	14,000.5	8,364.0	655.9	1,766.4	2,631.7	129.0	82,746.6	82,746.6	1,462.4	1,462.4	-	-	-	82,746.6	83,905.4	

**Table 8: Financing of activities
Expenditure from external sources**

Year : 2014-2015 Loans, Grants on-Budget, Technical assistance off-Budget and INGOs

millions NRps

	Direct financing of educational institutions												Payments outside educational institutions					Transfers between financing units			Total initial financing
	Teaching activities				Ancillary services				General administration				Total provider	Total final financing	Support to families	Other transfers paid	Transfers received				
	Employment costs	Goods and services			Meals, boarding, transport	Capital	staff costs	goods & services	Capital	Uniforms	Textbooks /supplies	Transport						Others (snacks, tea, etc)	Private tuition		
		Teaching staff	Text-books	Teaching materials									Other recurrent								
Pre-primary education	400.8	-	31.1	21.4	385.3	-	24.4	42.6	9.7	915.3	-	-	-	-	-	-	173.9	-	1,089.2		
ECD centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Community schools	400.8	-	31.1	21.4	385.3	-	-	-	-	838.6	-	-	-	-	-	-	-	-	838.6		
Institutional schools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative offices	-	-	-	-	-	-	24.4	42.6	9.7	76.7	-	-	-	-	-	-	-	-	76.7		
Primary education	212.8	436.2	200.4	554.6	1,330.2	310.9	178.6	523.2	41.3	4,011.4	-	-	-	-	-	-	442.2	691.2	5,144.8		
Community schools	212.8	436.2	200.4	223.2	1,330.2	310.9	-	-	-	3,189.5	-	-	-	-	-	-	392.0	-	3,189.5		
Subsidized religious sdc	-	-	-	70.8	-	-	-	-	-	70.8	-	-	-	-	-	-	-	-	70.8		
Special needs schools	-	-	-	8.0	-	-	-	-	-	8.0	-	-	-	-	-	-	-	-	8.0		
Institutional schools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative offices	-	-	-	-	-	-	178.6	523.2	41.3	743.1	-	-	-	-	-	-	-	-	743.1		
Lower secondary education	60.9	183.8	246.7	348.4	560.4	-	75.2	195.7	17.4	1,783.9	-	-	-	-	-	-	186.3	290.9	2,261.1		
Community schools	60.9	183.8	246.7	315.2	560.4	-	-	-	-	1,462.4	-	-	-	-	-	-	165.1	-	1,462.4		
Subsidized religious sdc	-	-	-	29.8	-	-	-	-	-	29.8	-	-	-	-	-	-	-	-	29.8		
Special needs schools	-	-	-	3.4	-	-	-	-	-	3.4	-	-	-	-	-	-	-	-	3.4		
Institutional schools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative offices	-	-	-	-	-	-	75.2	195.7	17.4	288.3	-	-	-	-	-	-	-	-	288.3		
Secondary education	237.8	86.7	129.4	233.0	269.5	-	35.4	104.3	8.2	1,160.3	-	-	-	-	-	-	25.6	137.1	1,323.0		
Community schools	237.8	86.7	129.4	231.4	269.5	-	-	-	-	1,010.8	-	-	-	-	-	-	15.6	-	1,010.8		
Subsidized religious sdc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Special needs schools	-	-	-	1.6	-	-	-	-	-	1.6	-	-	-	-	-	-	-	-	1.6		
Institutional schools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative offices	-	-	-	-	-	-	35.4	104.3	8.2	147.9	-	-	-	-	-	-	-	-	147.9		
Higher secondary education	35.3	60.5	33.5	62.8	107.6	-	14.5	32.0	3.3	349.5	-	-	-	-	-	-	20.2	55.7	425.4		
Community schools (pub	-	-	-	-	-	-	-	-	-	299.7	-	-	-	-	-	-	20.1	-	299.7		
Institutional schools	35.3	60.5	33.5	62.8	107.6	-	-	-	-	-	-	-	-	-	-	-	0.1	-	349.5		
Administrative offices	-	-	-	-	-	-	14.5	32.0	3.3	49.8	-	-	-	-	-	-	-	-	49.8		
Technical education	-	-	-	1,441.5	924.3	-	-	95.0	121.9	2,546.7	-	-	-	-	-	-	-	-	2,546.7		
Public technical schools	-	-	-	654.5	116.6	-	-	-	-	771.1	-	-	-	-	-	-	-	-	771.1		
Private technical school	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other private institution	-	-	-	787.0	807.7	-	-	-	-	1,594.7	-	-	-	-	-	-	-	-	1,594.7		
Administrative offices	-	-	-	-	-	-	59.0	121.9	180.9	-	-	-	-	-	-	-	-	-	180.9		
Higher education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Univ. Constituent colleg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Community colleges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Medical academies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Private colleges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Non-formal education	32.4	0.2	5.5	8.5	220.3	3.1	26.7	36.6	7.3	340.6	-	-	-	-	-	-	-	194.4	535.0		
Non-formal centres	32.4	0.2	5.5	8.5	220.3	3.1	-	-	-	270.0	-	-	-	-	-	-	-	-	270.0		
Administrative offices	-	-	-	-	-	-	26.7	36.6	7.3	70.6	-	-	-	-	-	-	-	-	70.6		
TOTAL	944.7	742.2	642.5	447.7	2,882.0	3,580.4	310.9	354.8	209.1	11,107.7	-	-	-	-	-	-	674.3	1,543.2	13,325.2		

Table 11: Average financing per student
Expenditure of all financing units

Year : 2014-2015

NRps

	Direct financing of educational institutions															Payments outside educational institutions					Total final financing	Transfers between financing units			Total initial financing
	Teaching activities								Ancillary services							Goods and services required for schooling	Textbooks /supplies	Transport	Others (snacks, tea, etc)	Private tuition		Support to families	Other transfers paid	Transfers received	
	Employment costs				Goods and services				General administration			Meals, boarding, transport	Capital	Total provider											
	Teaching staff	Non-teaching staff	Text-books	Teaching materials	Teaching materials	Other recurrent	Capital	Staff costs	Goods & services	Capital	Uniforms				Textbooks /supplies										
Pre-primary education	1,416	6	-	88	2,872	603	284	140	81	16	5,506	16	440	452	50	502	64	7,014	25	171	196	7,014			
Community schools	1,873	8	-	117	740	798	66	-	-	-	3,602	-	340	313	12	344	40	4,651	33	-	-	4,651			
Institutional schools	-	-	-	-	15,721	-	1,615	-	-	-	17,336	-	1,035	1,271	274	1,430	200	21,546	-	-	-	21,546			
Administrative offices	-	-	-	-	-	-	-	140	81	16	237	-	-	-	-	-	-	237	-	-	-	237			
Primary education	6,981	269	92	128	3,667	849	508	235	373	19	13,121	19	604	816	87	653	178	15,459	228	154	382	15,459			
Community schools	8,556	329	113	157	1,124	1,038	219	-	-	-	11,536	-	485	537	10	404	120	13,092	238	-	-	13,092			
Institutional schools	-	-	-	-	18,035	13	2,206	-	-	-	20,254	-	1,315	2,412	528	2,092	515	27,116	3	-	-	27,116			
Administrative offices	-	-	-	-	-	-	-	235	373	19	627	-	-	-	-	-	-	627	-	-	-	627			
Lower secondary education	5,175	274	275	132	5,020	866	336	228	330	19	12,655	19	896	1,424	143	1,016	348	16,482	233	157	390	16,482			
Community schools	6,212	329	330	158	2,615	1,037	-	-	-	-	10,681	-	768	1,079	10	667	214	13,419	244	-	-	13,419			
Institutional schools	-	-	-	-	17,834	13	2,137	-	-	-	19,984	-	1,587	3,281	855	2,894	1,067	29,668	3	-	-	29,668			
Administrative offices	-	-	-	-	-	-	-	228	330	19	577	-	-	-	-	-	-	577	-	-	-	577			
Secondary education	7,269	264	295	147	9,841	840	662	229	368	18	19,953	18	1,068	2,305	301	1,840	1,636	27,083	82	378	460	27,083			
Community schools	9,058	329	367	184	5,574	1,044	-	-	-	-	16,556	-	946	2,001	40	1,447	1,246	22,236	67	-	-	22,236			
Institutional schools	-	-	-	-	28,197	10	3,489	-	-	-	31,696	-	1,589	3,605	1,418	3,525	3,305	45,138	2	-	-	45,138			
Administrative offices	-	-	-	-	-	-	-	229	368	18	615	-	-	-	-	-	-	615	-	-	-	615			
Higher secondary education	4,228	234	300	184	20,580	740	1,014	224	324	17	27,845	17	1,170	2,499	718	2,324	972	35,528	106	367	473	35,528			
Community schools (pu)	5,945	329	422	258	15,034	1,038	-	-	-	-	23,026	-	977	2,167	327	1,931	906	29,334	148	-	-	29,334			
Institutional schools	-	-	-	-	34,236	6	3,510	-	-	-	37,752	-	1,646	3,218	1,681	3,290	1,136	48,823	2	-	-	48,823			
Administrative offices	-	-	-	-	-	-	-	224	324	17	565	-	-	-	-	-	-	565	-	-	-	565			
Technical education	-	5	-	-	124,794	30,664	3,710	117	1,359	2,752	163,381	3	1,219	2,509	1,145	4,141	334	172,729	2	-	2	172,729			
Public technical school	-	15	-	-	138,293	38,745	-	-	-	-	177,053	-	978	2,168	324	1,934	903	183,360	-	-	-	183,360			
Private technical school	-	-	-	-	93,623	1,148	5,300	-	-	-	100,071	-	1,322	2,655	1,497	5,087	90	110,722	-	-	-	110,722			
Administrative offices	-	-	-	-	-	-	-	117	1,359	2,752	4,208	-	-	-	-	-	-	4,208	2	-	-	4,208			
Higher education	67	-	-	1	71,171	1,153	1,733	6	16	3	74,150	3	951	3,939	1,802	3,300	949	85,091	6	-	6	85,091			
Univ. Constituent college	-	-	-	-	49,892	3,391	-	-	-	-	53,283	-	636	3,779	1,463	2,201	847	62,209	21	-	-	62,209			
Community colleges	-	-	-	-	15,405	-	-	-	-	-	15,405	-	552	3,025	1,646	1,318	1,010	22,956	-	-	-	22,956			
Private colleges	-	-	-	-	127,607	-	4,529	-	-	-	132,136	-	1,522	4,814	2,196	5,769	982	147,419	-	-	-	147,419			
Administrative offices	-	-	-	-	-	-	-	6	16	3	25	-	-	-	-	-	-	25	-	-	-	25			
All levels	4,667	189	122	121	7,910	828	490	182	273	28	14,810	28	622	1,172	201	890	354	18,049	151	169	320	18,049			

**Table 12: Average financing per student
Expenditure of Government of Nepal**

Year : 2014-2015

Ministry of Education & Other Ministries, DDs VDCs, External loans and Grants on-budget

NRps

	Direct financing of educational institutions											Payments outside educational institutions				Transfers between financing units			Total initial financing			
	Employment costs					Teaching activities			Ancillary services			General administration				Total provider	Total final financing	Support to families		Other transfers paid	Transfers received	
	Teaching staff	Non-teaching staff	Text-books	Teaching materials	Goods and services	Text-books	Other recurrent	Capital	Meals, boarding, transport	Staff costs	Goods & services	Capital	Uniforms	Textbooks /supplies	Transport							Others (snacks, tea, etc)
Pre-primary education	1,400	-	-	68	165	542	-	-	-	117	45	9	-	-	-	-	-	6	-	-	2,346	2,352
Community schools	1,853	-	-	90	216	717	-	-	-	-	-	-	-	-	-	-	-	8	-	-	2,876	-
Institutional schools	-	-	-	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16	-
Administrative offices	-	-	-	-	-	-	-	-	-	117	45	9	171	-	-	-	-	-	-	-	-	-
Primary education	6,964	264	92	108	500	788	146	-	214	337	13	564	-	-	-	-	-	210	-	-	9,426	9,636
Community schools	8,536	323	113	132	551	963	179	-	-	-	-	-	-	-	-	-	-	215	-	-	10,797	-
Institutional schools	-	-	-	-	52	13	-	-	-	-	-	-	-	-	-	-	-	3	-	-	65	-
Administrative offices	-	-	-	-	-	-	-	-	214	337	13	564	-	-	-	-	-	-	-	-	564	-
Lower secondary education	5,158	269	275	112	495	804	-	-	206	294	13	7,626	-	-	-	-	-	214	-	-	7,626	7,840
Community schools	6,192	323	330	134	538	963	-	-	-	-	-	8,480	-	-	-	-	-	221	-	-	8,480	-
Institutional schools	-	-	-	-	54	13	-	-	-	-	-	-	-	-	-	-	-	3	-	-	67	-
Administrative offices	-	-	-	-	-	-	-	-	206	294	13	513	-	-	-	-	-	-	-	-	513	-
Secondary education	7,253	259	295	128	681	780	-	-	209	333	13	9,951	-	-	-	-	-	64	-	-	9,951	9,788
Community schools	9,037	323	367	159	832	970	-	-	-	-	-	11,688	-	-	-	-	-	45	-	-	11,688	-
Institutional schools	-	-	-	-	43	10	-	-	-	-	-	53	-	-	-	-	-	2	-	-	53	-
Administrative offices	-	-	-	-	-	-	-	-	209	333	13	555	-	-	-	-	-	-	-	-	555	-
Higher secondary education	4,214	230	300	166	486	686	-	-	206	292	12	6,592	-	-	-	-	-	106	-	-	6,592	6,464
Community schools (pub	5,925	323	422	234	673	963	-	-	-	-	-	8,540	-	-	-	-	-	148	-	-	8,540	-
Institutional schools	-	-	-	-	25	6	-	-	-	-	-	31	-	-	-	-	-	2	-	-	31	-
Administrative offices	-	-	-	-	-	-	-	-	206	292	12	510	-	-	-	-	-	-	-	-	510	-
Technical education	-	5	-	-	37,795	28,068	-	-	117	1,339	178	67,502	-	-	-	-	-	2	-	-	67,502	67,504
Public technical schools	-	15	-	-	124,325	30,090	-	-	-	-	-	154,430	-	-	-	-	-	-	-	-	154,430	-
Private technical school	-	-	-	-	710	1,148	-	-	-	-	-	1,858	-	-	-	-	-	-	-	-	1,858	-
Administrative offices	-	-	-	-	-	-	-	-	117	1,339	178	1,634	-	-	-	-	-	2	-	-	1,634	-
Higher education	67	-	-	1	15,478	1,153	-	-	6	16	3	16,724	-	-	-	-	-	6	-	-	16,724	16,730
Univ. Constituent colleg	-	-	-	-	36,774	3,391	-	-	-	-	-	40,165	-	-	-	-	-	21	-	-	40,165	-
Community colleges	-	-	-	-	3,393	-	-	-	-	-	-	3,393	-	-	-	-	-	-	-	-	3,393	-
Private colleges	-	-	-	-	2,544	-	-	-	-	-	-	2,544	-	-	-	-	-	-	-	-	2,544	-
Administrative offices	-	-	-	-	-	-	-	-	6	16	3	25	-	-	-	-	-	-	-	-	25	-
All levels	4,654	185	122	105	1,285	768	60	-	162	242	12	7,595	-	-	-	-	-	134	-	-	7,595	7,701

**Table 13: Average financing per student
Expenditure of Households**

Year : 2014-2015

NRps

	Direct financing of educational institutions											Payments outside educational institutions					Total final financing	Transfers between financing units			Total initial financing
	Teaching activities					Ancillary services			General administration			Total provider	Goods and services required for schooling					Support to families	Other transfers paid	Transfers received	
	Employment costs	Goods and services				Meals, boarding, transport	Capital	staff costs	goods & services	Capital	Textbooks		Transport	Others (snacks, tea, etc)	Private tuition	Uniforms /supplies					
		Teaching staff	Non-teaching staff	Text-books	Teaching materials																
Pre-primary education	-	-	-	-	2,446	-	234	-	-	-	2,680	440	452	50	502	64	-	-	25	4,188	4,163
Community schools	-	-	-	-	356	-	-	-	-	-	356	340	313	12	344	40	-	-	-	1,405	-
Institutional schools	-	-	-	-	14,784	-	1,615	-	-	-	16,399	1,035	1,271	274	1,430	200	-	-	-	20,609	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Primary education	-	-	-	-	2,750	-	329	-	-	-	3,079	604	816	87	653	178	-	-	228	5,417	5,189
Community schools	-	-	-	-	332	-	-	-	-	-	332	485	537	10	404	120	-	-	-	1,888	-
Institutional schools	-	-	-	-	16,507	-	2,206	-	-	-	18,713	1,315	2,412	528	2,092	515	-	-	-	25,575	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lower secondary education	-	-	-	-	3,248	-	336	-	-	-	3,584	896	1,424	143	1,016	348	-	-	233	7,411	7,178
Community schools	-	-	-	-	788	-	-	-	-	-	788	768	1,079	10	667	214	-	-	-	3,526	-
Institutional schools	-	-	-	-	16,487	-	2,137	-	-	-	18,624	1,587	3,281	855	2,894	1,067	-	-	-	28,308	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secondary education	-	-	-	-	6,486	-	662	-	-	-	7,148	1,068	2,305	301	1,840	1,636	-	-	82	14,298	14,443
Community schools	-	-	-	-	1,909	-	-	-	-	-	1,909	946	2,001	40	1,447	1,246	-	-	-	7,589	-
Institutional schools	-	-	-	-	26,043	-	3,489	-	-	-	29,532	1,589	3,605	1,418	3,525	3,305	-	-	-	42,974	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Higher secondary education	-	-	-	-	16,281	-	1,014	-	-	-	17,295	1,170	2,499	718	2,324	972	-	-	106	24,978	25,106
Community schools (put	-	-	-	-	10,051	-	-	-	-	-	10,051	977	2,167	327	1,931	906	-	-	-	16,359	-
Institutional schools	-	-	-	-	31,622	-	3,510	-	-	-	35,132	1,646	3,318	1,681	3,290	1,136	-	-	-	46,203	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical education	-	-	-	-	58,437	-	3,710	-	-	-	62,147	1,219	2,509	1,145	4,141	334	-	-	0	71,495	71,495
Public technical schools	-	-	-	-	13,969	-	-	-	-	-	13,969	978	2,168	324	1,934	903	-	-	-	20,276	-
Private technical school	-	-	-	-	77,495	-	5,300	-	-	-	82,795	1,322	2,655	1,497	5,087	90	-	-	-	93,446	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Higher education	-	-	-	-	46,021	-	1,733	-	-	-	47,754	951	3,939	1,802	3,300	949	-	-	6	58,695	58,689
Univ. Constituent college	-	-	-	-	11,738	-	-	-	-	-	11,738	636	3,779	1,463	2,201	847	-	-	-	20,664	-
Community colleges	-	-	-	-	10,632	-	-	-	-	-	10,632	552	3,025	1,646	1,318	1,010	-	-	-	18,183	-
Private colleges	-	-	-	-	101,999	-	4,529	-	-	-	106,528	1,522	4,814	2,196	5,769	982	-	-	-	121,811	-
Administrative offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All levels	-	-	-	-	5,298	-	398	-	-	-	5,696	622	1,172	201	890	354	-	-	461	8,935	8,693

**Table 14: Average funding of educational providers per student
Resources by sources of funding, expenditures of final financing units**

Year : 2014-2015

NRps

	Resources of educational providers														Direct expenses of households	Total financing	Public sources	Private sources	Government of Nepal	External financing			
	Ministry of Education	Other Ministries	District & Village Dvpt Committees	Households/parents	International NGOs	Local NGOs	External Loans	Grants on Budget	Technical assistance off-Budget	Internally generated funds	Total financing of providers	Total financing		Public sources							Private sources	Government of Nepal	External financing
												Households/parents	International NGOs										
Pre-primary education	1,328	-	182	2,680	43	193	-	837	23	220	5,506	1,508	2,370	4,644	2,347	902							
Community schools	1,541	-	241	356	-	202	-	1,094	-	168	3,602	1,050	2,876	1,776	2,876	1,094							
Institutional schools	16	-	-	16,400	-	281	-	-	-	640	17,336	4,210	16	21,531	16	-							
Administrative offices	161	-	-	-	43	-	-	10	23	-	237	-	194	43	171	76							
Primary education	8,253	-	343	3,079	38	176	-	830	24	377	13,121	2,338	9,450	6,008	9,426	893							
Community schools	9,513	-	414	332	-	166	-	870	-	241	11,536	1,556	10,797	2,295	10,797	870							
Institutional schools	65	-	-	18,714	-	273	-	-	-	1,203	20,254	6,862	65	27,051	65	-							
Administrative offices	462	-	-	-	38	-	-	102	24	-	627	-	589	38	564	165							
Lower secondary education	6,526	-	202	3,583	39	550	-	898	25	831	12,655	3,827	7,651	8,831	7,626	962							
Community schools	7,291	-	242	788	-	625	-	947	-	789	10,681	2,737	8,480	4,939	8,480	947							
Institutional schools	67	-	-	18,623	-	189	-	-	-	1,105	19,984	9,684	67	29,601	67	-							
Administrative offices	421	-	-	-	39	-	-	91	25	-	577	-	538	39	513	156							
Secondary education	8,541	-	191	7,147	38	955	-	1,216	24	1,820	19,933	7,151	9,973	17,111	9,949	1,278							
Community schools	10,062	-	239	1,909	-	1,122	-	1,388	-	1,837	16,556	5,680	11,688	10,548	11,688	1,388							
Institutional schools	53	-	-	29,531	-	286	-	-	-	1,826	31,696	13,442	53	45,085	53	-							
Administrative offices	9,280	-	-	-	772	-	-	2,070	497	-	615	-	11,847	772	11,350	3,339							
Higher secondary education	5,639	-	170	17,295	34	1,235	-	783	22	2,667	27,845	7,683	6,613	28,914	6,591	838							
Community schools (pub	7,291	-	238	10,051	-	1,648	-	1,011	-	2,787	23,026	6,308	8,540	20,794	8,540	1,011							
Institutional schools	31	-	-	35,132	-	218	-	-	-	2,371	37,752	11,071	31	48,792	31	-							
Administrative offices	445	-	-	-	34	-	-	64	22	-	565	-	531	34	509	119							
Technical education	32,940	-	-	62,146	-	1,413	10,465	24,096	22,940	9,379	163,381	9,348	90,442	82,287	67,502	57,502							
Public technical schools	105,050	-	-	13,969	-	-	33,762	15,617	8,655	-	177,053	6,307	163,084	20,275	154,429	58,034							
Private technical schools	1,858	-	-	82,795	-	2,019	-	-	-	13,399	100,071	10,651	1,858	108,864	1,858	-							
Administrative offices	124	-	-	-	-	-	336	1,174	2,574	-	4,208	-	4,209	-	1,635	4,085							
Higher education	14,122	2,602	-	47,754	-	256	-	-	-	9,416	74,150	10,941	16,724	68,367	16,724	-							
Univ. Constituent college	40,165	-	-	11,738	-	-	-	-	-	1,379	53,283	8,927	40,165	22,044	40,165	-							
Community colleges	3,393	-	-	10,632	-	-	-	-	-	1,380	15,405	7,549	3,393	19,561	3,393	-							
Private colleges	2,544	-	-	106,529	-	669	-	-	-	22,394	132,136	15,283	2,544	144,875	2,544	-							
Administrative offices	25	-	-	-	-	-	-	-	-	-	25	-	25	-	25	-							
TOTAL	6,409	112	215	5,696	35	343	43	815	127	1,015	14,810	3,240	7,720	10,329	7,593	1,019							

Table 15: Average expenditures of educational providers per student

Year: 2014-2015

RPs

	Direct financing of educational institutions											Payments outside educational institutions					Total providers + direct payments		
	Employment costs					Teaching activities				services		General administration			Goods and services required for schooling				
	Teaching staff		Non-teaching staff		Text-books	Goods and services		Capital	Meals, boarding, transport	staff costs	goods & services	Capital	Total provider	Uniforms	Textbooks/supplies	Transport		Others (snacks, tea, etc)	Private tuition
	Teaching staff	Non-teaching staff	Teaching materials	Other recurrent															
Pre-primary education	2,835	6	14	103	599	1,072	185	140	81	16	5,051	440	452	50	502	64	6,559		
Community schools	2,351	8	-	134	165	843	66	-	-	-	3,567	340	313	12	344	40	4,616		
Institutional schools	7,146	-	96	-	3,264	2,944	930	-	-	-	14,380	1,035	1,271	274	1,430	200	18,590		
Administrative offices	-	-	-	-	-	-	-	140	81	16	-	-	-	-	-	-	-		
Primary education	8,414	223	84	127	1,515	1,314	365	235	373	19	12,669	604	816	87	653	178	15,007		
Community schools	8,640	267	99	128	968	1,122	199	-	-	-	11,423	485	537	10	404	120	12,979		
Institutional schools	8,906	-	-	138	4,831	2,606	1,359	-	-	-	17,840	1,315	2,412	528	2,092	515	24,702		
Administrative offices	-	-	-	-	-	-	-	235	373	19	-	-	-	-	-	-	-		
Lower secondary education	6,557	249	251	144	3,335	1,493	221	228	330	19	12,827	896	1,424	143	1,016	348	16,654		
Community schools	6,136	292	296	147	3,085	1,289	6	-	-	-	11,251	768	1,079	10	667	214	13,989		
Institutional schools	9,022	-	-	140	4,860	2,667	1,370	-	-	-	18,059	1,587	3,281	855	2,894	1,067	27,743		
Administrative offices	-	-	-	-	-	-	-	228	330	19	-	-	-	-	-	-	-		
Secondary education	10,296	274	306	196	5,530	1,675	427	229	368	18	19,319	1,068	2,305	301	1,840	1,636	26,469		
Community schools	9,379	341	380	190	5,017	1,081	-	-	-	-	16,388	946	2,001	40	1,447	1,246	22,068		
Institutional schools	14,540	-	-	229	7,902	4,249	2,252	-	-	-	29,172	1,589	3,605	1,418	3,525	3,305	42,614		
Administrative offices	-	-	-	-	-	-	-	229	368	18	-	-	-	-	-	-	-		
Higher secondary education	12,865	453	580	479	7,850	2,677	631	224	324	17	26,080	1,170	2,499	718	2,324	972	35,763		
Community schools (publ)	11,503	637	815	500	7,330	2,007	-	-	-	-	22,792	977	2,167	327	1,931	906	29,100		
Institutional schools	16,151	-	-	428	9,130	4,327	2,185	-	-	-	32,221	1,646	3,318	1,681	3,290	1,136	43,292		
Administrative offices	-	-	-	-	-	-	-	224	324	17	-	-	-	-	-	-	-		
Technical education	35,304	-	-	1,273	64,323	47,068	2,531	117	1,339	2,752	154,707	1,219	2,509	1,145	4,141	334	164,055		
Public technical schools/	26,936	-	-	-	104,900	38,775	-	-	-	-	170,611	978	2,168	324	1,934	903	176,918		
Private technical schools/	38,891	-	-	1,819	21,547	24,569	3,616	-	-	-	90,442	1,322	2,655	1,497	5,087	90	101,093		
Administrative offices	-	-	-	-	-	-	-	117	1,339	2,752	-	-	-	-	-	-	-		
Higher education	28,879	5,243	337	3,441	15,965	17,778	1,543	6	16	3	73,211	951	3,939	1,802	3,300	949	84,152		
Univ. Constituent colleges/	17,829	11,886	764	5,803	6,361	9,343	1,054	-	-	-	53,040	636	3,779	1,463	2,201	847	61,966		
Community colleges	5,097	3,398	219	1,659	1,819	2,672	302	-	-	-	15,166	552	3,025	1,646	1,318	1,010	22,717		
Private colleges	54,911	-	-	2,303	34,385	35,686	2,817	-	-	-	130,102	1,522	4,814	2,196	5,769	982	145,385		
Administrative offices	-	-	-	-	-	-	-	6	16	3	-	-	-	-	-	-	-		
TOTAL/All levels	7,689	404	142	276	2,970	2,108	344	182	273	28	14,416	622	1,172	201	890	354	17,655		

NEA methodology

4.1 A Satellite Account of the National Accounts System

National Accounts system provides with a global and comprehensive picture of the economy, enabling the analysis of financial flows occurring in the different branches of the economy, and proposes macro-economic aggregates such as GDP.

However the Central Accounts are not entering into the details of the financial information needed to meet the requirements of decision-makers, managers or economists interested in a specific area such as education. Central Accounts are using functional classifications to describe transactions for specific sector. When an economic agent has several activities contributing to different functions, the classification is made based on the main activity of the economic agent. The functional classification does not show an expenditure for education when education is not the main activity of the economic agent; to take an example, a training centre for the police would be classified with a security function and not with an education function.

The concept of satellite accounts was defined to fill these gaps. A satellite account is developed for a specific sector/area in order to study in detail whilst still being consistent with the central framework of the national accounts. As its name indicates, it is linked to, but distinct from the central system.

Being anchored in the national accounts system, an NEA benefits from unified concepts in terms of economic territory, classification of economic agents or definition of economic transactions; it relates to other satellite accounts when sharing common areas.

The *System of National Accounts 2008* (2008 SNA) is the latest version of the international statistical standard for the national accounts, adopted by the United Nations Statistical Commission (UNSC). In regard to satellite accounts, the document states “The main reason for developing such a satellite account is that to encompass all the detail for all sectors of interest as part of the standard system would simply overburden it and possibly distract attention from the main features of the accounts as a whole. Many elements shown in a satellite account are invisible in the central accounts. Either they are explicitly

estimated in the making of the central accounts, but they are merged for presentation in more aggregated figures, or they are only implicit components of transactions which are estimated globally.”

A Satellite Education Account or **National Education Account** is, therefore, defined as a comprehensive system of information on financial flows in the field of education. Its aim is to capture and gather all those financial flows within a coherent accounting framework so as to enable the field’s economy to be analysed, both funding and production costs of activities.

Its internal consistency is doubled with efforts to remain consistent with the central framework of the national accounts. Consistency with the central framework is reflected in the use of identical definitions and classifications regarding the economic territory of the country, the classification into institutional sectors, or economic transactions. The similarity of concepts, definitions and classifications makes direct comparisons possible between Education accounts aggregates and those of the national accounts.

A NEA requires a full coverage of the sector. The Education Account cannot limit itself to public institutions nor to educational institutions overseen by the Ministry of Education alone. It covers all educational activities carried out on the national territory. The counterpart of it is that Education Account gathers data which don’t meet the same quality requirements; Simple estimates, in particular, data taken from surveys or trend indices can, in some areas, be found alongside with perfectly calculated accounting data (as for example, the Government budget).

One difference with the central framework: National Education Accounts make the distinction between the concepts of financing unit and producing unit. This makes it possible to reflect the financing patterns as well as the production schemes of education delivery.

Satellite accounts can include non-financial data. In the case of the Nepalese National Education accounts, those non-financial data are related to the beneficiaries of the system, i.e. the students. The relation between financial figures and numbers of students lead to the calculation of average unit cost or financing per student.

4.2 The Education domain

A prerequisite is an accurate determination of the area covered. The common feature of which being the existence of a programme divided into annual cycles and conducted in specialized institutions i.e. primary schools, secondary schools, universities or other educational institutions.

Teaching activities constitute certainly the core of the education domain. They involve a very large number of students. The Nepalese school system accommodates about 9 million students, nearly 33 % of the total population of the country.

However, the education and training system is not strictly limited to the formal school system. Additionally, various forms of training are implemented such as non-formal education and adult education programmes.

On another hand, the effort that the country puts into education is not limited to its input in terms of teaching activities. It also incorporates, in particular, activities related to the definition of educational content, the general administration of the system, at central and local levels, as well as activities aiming at supporting schooling like school meals and residential infrastructures, or the purchase of goods and services required by school attendance such as textbooks and school supplies.

Teaching activities correspond to the international definition given by the “International Standard Classification of Education (ISCED)” published by UNESCO. The new ISCED has been adopted by the UNESCO General Assembly at the end of 2011.

According to this classification, an educational programme is defined as a coherent set or sequence of

educational activities or communication designed and organized to achieve predetermined learning objectives or accomplish a specific set of educational tasks over a sustained period;

- the term “communication” requires a relationship between two or more persons (the teacher and the students) and so does not include simple improvements in skills resulting from practice and experience. Communication may be verbal or non-verbal, direct/face-to-face or indirect/remote, and may involve a wide variety of channels and media;
- the term “organised” supposes objectives, programmes, and institutionalised setting. Self learning does not, therefore, fall within the scope of the domain, neither informal training such as that given by parents to their children;
- the term “sustained period” introduces criteria of duration and continuity. Participation in isolated seminars or conferences does not, therefore, fall within the scope of this term.

Teaching activities refer to the context of the classroom instruction, special classes, training courses, distance learning courses. The definition suits well to the formal school or non formal activities. Some activities, however, which may appear to fit the definition, are excluded from the domain of education: training given by driving schools and pilot schools as well as “education” essentially corresponding to sporting or leisure activities, are not included within the domain, unless it forms part of a school training programme.

Schooling related activities. The scope of the Education account includes a certain number of activities intended to facilitate or support education system attendance by its beneficiaries.

Ancillary services like school meals and accommodation services organised by educational institutions are not educational activities in the sense of the ISCED definition, but contribute to support educational attendance. The Education account only incorporates catering and accommodation organised by institutions. University residences are covered by this definition and are included within the scope of educational expenditure although accommodation expenses for students in private houses are not recorded in the account. This is also a consequence of the institutional nature of the Education account.

Expenditure related to school and university medical care services are included in the Education account. Other healthcare expenses for young people in education are not included.

Transport of students between their homes and the school may be organised by individuals or using collective services. The Education account records transport organised by educational institutions as an ancillary service. When Families are using other means, collective or individual, transport costs to and from school are recorded as a purchase of school related goods and services.

School related goods and services. Attendance at educational institutions requires the purchase of textbooks and educational supplies, professional materials for some types of training and equipment for physical and sporting activities or for practical work. Textbooks may be given to pupils free of charge for some levels of education. Families supplement this equipment and, for further levels of education such as higher education, bear the full cost of these expenses. The Education account takes all these expenses into account, whether they come from teaching institutions, public administrations or directly by families, whatever level of education. This rule reintroduces a functional view of education by including part of the direct expenditure borne by families which do not go through the accounts of training institutions.

The list of school related goods and services is strictly limited to expenditure requested by the school attendance. The following are, therefore, included:

- textbooks or books requested by teachers, not including books and dictionaries purchased solely on families’ own initiative;

- educational supplies and professional equipment required by the training institution;
- sporting equipment if for physical education and sporting activities in educational institutions;
- work wear for technical training or lab coats for physics and chemistry practical lessons;
- transport services to go to school
- private lessons or extra tuition

For practical reasons due to the sources of information, those expenditure are recording following the classification utilized for the households survey.

System organisation. These activities include the management and general administration of the education system, regulatory and supervisory function, and centralised external management of schools by central, regional or local administrative services of the ministry of Education. Expenditure for these activities are recorded in the Education Account. Initiatives aiming to develop new teaching methods and school guidance other than done at school level, are also included in this group of activities. Educational research is grouped together with the system's general administrative activities.

It is important to note that with this definition of education programmes, incorporating criteria of organisation and sustainability, the National Education Account appears as being an account of educational institutions. By adding school related goods and services, it provides a functional vision of educational institutions which is not limited to activities implemented by education providers. Those choices satisfy information requirements related to education system planning and management.

4.3 Classifications and structure

The framework for analysing educational expenditure is aimed at gathering the different financial flows in the domain of education. It should make it possible to bring out a cohesive vision of education finance, the economic stakeholders involved in the funding or production of educational activities, and the nature of the economic transactions carried out.

The framework is based on a vision of the domain of education seen as a list of **activities** and **levels of education**.

Economic agents involved in the domain are classified in two categories: the providers or **producing units**, mainly educational institutions who are delivering the activities, and the **financing units** who are funding but not delivering educational services.

To complete this framework, financial transactions are analysed by nature of operation or **object of expenditure**, remuneration, recurrent, capital...

Beneficiaries, represented by the number of students, are recorded by level of education and producing units.

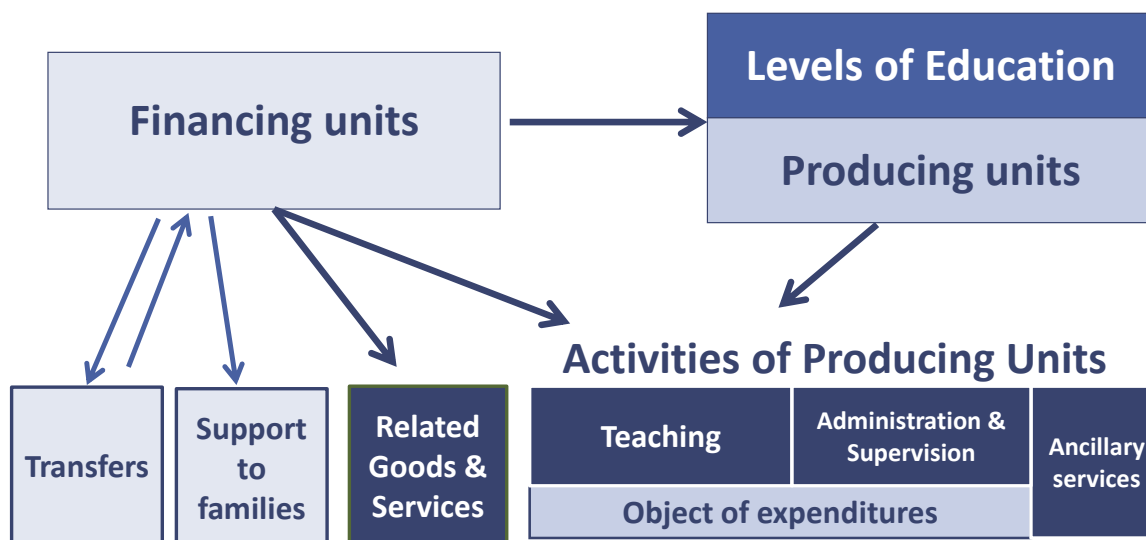
Following this general organization of information, each financial flow in the domain of education has to be characterized by five variables:

- Who is paying for, what is the financing unit?
- Who is receiving and utilizing it, what is the producing unit?
- For which level of education?

- For which activity?
- What kind of expense is it, what is the object of the expenditure?

Each dimension is associated with a list or nomenclature that will form the structure of the accounts.

Figure 4.1 Analysis framework



Levels of education and producing units

The education system of Nepal is organized into levels: Early Childhood or pre-primary school, Primary, Lower secondary, Secondary, Technical Education, and Higher education.

Levels of education and status of institutions are the more important criteria to characterize educational institutions. Educational institutions are for the most part community based and grant-aided. Parallel to those publicly funded schools, private institutional schools are contributing to the delivery of education services.

The categories of providers (or producing units) can be based on their status, public or private. As for funding patterns, it is important to separate the schools that are subsidized. It can easily be combined with levels of education to form a common nomenclature of both levels and providers.

Figure 4.2 Classification of producing units by level of education

<p>Pre-primary education</p> <ul style="list-style-type: none"> ECED centres Community schools (public) Institutional schools (private) Administrative offices <p>Primary education</p> <ul style="list-style-type: none"> Community schools (public) Institutional schools (private) Subsidized religious schools Subsidized special needs schools Administrative offices 	<p>Higher secondary education</p> <ul style="list-style-type: none"> Community schools (public) Institutional schools (private) Administrative offices <p>Technical education</p> <ul style="list-style-type: none"> Public technical schools/colleges Private technical schools/colleges Other private Administrative offices
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<p>Lower secondary education</p> <ul style="list-style-type: none"> Community schools (public) Institutional schools (private) Subsidized religious schools Subsidized special needs schools Administrative offices <p>Secondary education</p> <ul style="list-style-type: none"> Community schools (public) Institutional schools (private) Subsidized religious schools Subsidized special needs schools Administrative offices 	<p>Higher education</p> <ul style="list-style-type: none"> Universities constituent colleges Community colleges Medical academies & other colleges Private colleges Administrative offices <p>Non-formal education</p> <ul style="list-style-type: none"> Non-formal centres Administrative offices
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Financing Units

Financing units provide the necessary resources for undertaking educational activities, but do not themselves produce these activities.

The financing units can be grouped into three main categories:

- Public administrations that redistribute tax resources collected from the economy. This group includes the Central Government and its various ministerial components, and local governments- District Development Committees (DDCs) and Village Development Committees (VDCs)
- Households and private entities including private persons, communities in which the school is located, Churches and Non-Governmental Organisations.
- Development partners, whether governmental or multilateral agencies. Aid provided can consist of loans repayable by the Government of Nepal (in this case, funding constitutes a differed expense for national public administrations); it can also come from non-reimbursable grants and then corresponds to genuine foreign financing.

The classification used for the financing units is organized around three groups, to which should be added resources internally generated by the schools to be able to record in the accounts those income generated at institution level.

Figure 4.3 Classification of Financing units

Government	Ministry of education Other Ministries District & Village Development Committees
Private sector	Households/parents NGO, private foundations International NGOs
Development Partners	Loans Grants on-budget Technical assistance off-budget
Internally generated funds	

Economic transactions and activities

The classification by **object of expenditure** used for analysing the financial flows for education is based on the classical distinction between personnel costs, other recurrent expenses, and capital expenditure or investments, but also strives to set apart expenses of a pedagogical nature (teachers, equipment and materials):

Teaching activities are at the heart of the Education Domain. **Other activities** like general management and supervision, school meals and accommodation, medical care and other ancillary services are equally important. In the case of Nepal, Educational activities have been grouped into three: 1) teaching activities, 2) meals, boarding, medical care and transport organized by the school, and 3) general administration produced by administrative offices.

The activity of general administration and school supervision is produced by the central and local offices of the Ministry of Education and by Local Development committees. Administrative activities at the school level are accounted for with the teaching activities of the school.

Those activities of educational providers are complemented by the purchase of goods and services by families. For practical reasons, the classification to be used by the National Education Account comes from the Central Bureau of Statistics (CBS) Households survey: books and school supplies, uniforms and sport clothing, transport to and from school.

Assistance grants paid to families and students are analysed as an expense for the financing unit. However, these expenses are made to compensate for family outlay. To avoid double accounting in the total educational expenditure, they are considered as transfers between financing units.

The payment of personnel includes salaries and social welfare contributions and payments made by the employer, as well as bonuses and allowances comparable to remuneration. For teachers, pension costs are part of the MOE budget, for non-teaching staff, pensions are paid under the budget of the Ministry of Finance without any counterpart of contributions by each Ministry's budget. In accordance with the definition of personnel cost in the Central Accounts, remuneration is topped by an equivalent to employer social contribution for pensions (31% in 2014-15).

Investment corresponds to operations registered as capital expenditure by accountants: purchase of land, construction, major repair work, large furnishings. No depreciation is noted. Capital expenditure are posted the year they are made. Loan operations are not differentiated. Eventual loan interest is considered as recurrent expenditure.

Figure 4.4 Classification of activities and economic transactions

<i>Activities , Goods & Services</i>		<i>Economic transactions</i>	
<i>Characteristic activities</i>	<i>Teaching activities</i>	<i>Salaries and allowances</i>	<i>Teaching staff</i> <i>Non- teaching staff</i>
		<i>Other current expenditure</i>	<i>Textbooks</i> <i>Teaching materials/stationary</i> <i>Other recurrent</i>
	<i>Capital</i>		
	<i>Meals and boarding</i>	<i>All</i>	
<i>Administration & supervision</i>	<i>Staff salaries and allowances</i>		
	<i>Other recurrent expenditure</i> <i>Capital</i>		
<i>Connected goods and services (Goods and services required for school attendance)</i>	<i>Uniforms</i>		
	<i>Textbooks/supplies</i>		
	<i>Transportation</i>		
	<i>Others (snacks, tea, etc)</i>		
	<i>Private tuition</i>		

The nature of an expense is always analysed from the point of view of the economic agent who pays. Thus school fees paid by families are a recurrent expense for parents and a recurrent income for schools, no matter how they are used by the school for staff salaries, other recurrent expenses or investment. In the tables on school resources, the nature of expenditure is described from the financing unit's viewpoint; in the tables showing school expenditure, it is the final utilization that is described. The diagram below explains the differences between the recording of the object of expenditure for income and expenses of schools.

Figure 4.5 Expenses and resources, different points of view

	Expenses <i>recurrent expenditure</i>	Resources	
Recurrent expenditure of schools	Staff salaries	Funding from public bodies	} Recurrent expenditure of financing units
	Other recurrent expenditure	Funding by Parents and communities	
	Balance of current accounts	External funding	
<hr/>			
Capital expenditure of schools	<i>Investments</i>		} Capital expenditure of financing units
	Actual investments	Balance of current accounts	
	Global Balance	Capital grants	

Activities of educational providers include teaching activities, administration, school meals and accommodation, medical care and other support to students.

Beneficiaries

Non-financial information in the National Education Account is currently limited to the number of students. The number of students is recorded for each education level and each category of producing units. This authorize to calculate

- average financing per student when comparing financing of providers and number of students; this average financing can be detailed by financing unit
- average production cost per student when comparing expenditure of providers and number of students; average production cost can be detailed by object of expenditure

Further development of non-financial information, like classes or teachers could be envisaged.

Analysis of financial flows

The way of organizing information on expenditure – by reducing the dimensions of the economy of the domain to three classifications – allows to meet most of the information needs on education costs **by** differentiating activities in the field of education from the financing units, the producing units (schools) and the nature of the economic operations carried out.

They make it possible to determine:

- The overall level of educational expenditure, which can be compared with large aggregated socio-economic figures (GDP, state budget, population)
- The structure of financing (Who finances education?)
- The cost of the various levels of education and the structure of their financing (e.g.: How much does

primary education cost, and who finances it?)

- The cost of the various categories of schools (public or private) and the structure of their financing (e.g. how much does public TVET cost, and who finances it?)
- The production costs for the various categories of schools, by making a distinction between salaries, operating expenses, investment (e.g. what is the nature of expenditure for private primary schools?)
- Average financing and cost (e.g. how much was spent per student in state general secondary schools, in terms of teaching personnel?)

For this, 15 synthesis tables grouped in six series have been created and form the Education account. They are provided in the chapter 4.

4.4 Sources of information and working method

To assess all financial flows in education, it was necessary to draw on a comprehensive set of sources which allow each to contribute its own share of the information required.

Government Budget: The main source of information is the record of actual expenditure on the Government budget. Data are published in the Budget Red Book. They were complemented by information on allocations to community schools by the Department of Education and from various managing units within the Ministry.

Districts & Villages Development Committees. District Committees are reporting every year to the Ministry of federal Affairs and Local development. Those reports were processed for the year 2012-13 to extract expenditure for education.

Households (Parents): The Nepal Living Standards Survey implemented by CBS in 2010 was mobilized with a specific processing of expenditure by level of education, with a distinction between payment to schools and direct expenditure by parents.

Local NGOs and International NGOs: Reports of DDSs to MOLD include information on the activities of NGOs in their districts, while the Association of International NGOs provide information on amounts transferred to local NGOs. Data from the various sources were combined.

Development Partners: Funding of education activities by external sources are either reported in Government budget for loans or grants on-budget, or mentioned in the Technical assistance book published by Government when external funding is managed directly by the partners. Both sources were mobilized.

Community schools: Information from audited accounts of community schools are reported within the EMIS database of the Department of Education. The source was utilized, both for the resources and expenditure of the schools. It was the only source providing information on the funds generated at school level.

Institutional schools: Several sources were mobilized, EMIS database, preliminary results of a CBS survey on private schools. Results were confronted to the assessment of payments to schools from the 2010 household survey.

CTVET Institutions: Audited account of all public technical schools and regional centres were mobilized and processed.

UGC Institutions: 200 financial accounts of community campuses were processed. It was not possible to mobilize similar information from constituent colleges. Estimates were made based on UGC regular and development grants to universities.

Working process

Data collected have been processed so as to classify following the nomenclatures on education levels and producing units, financing units and activities, and object of expenditure.

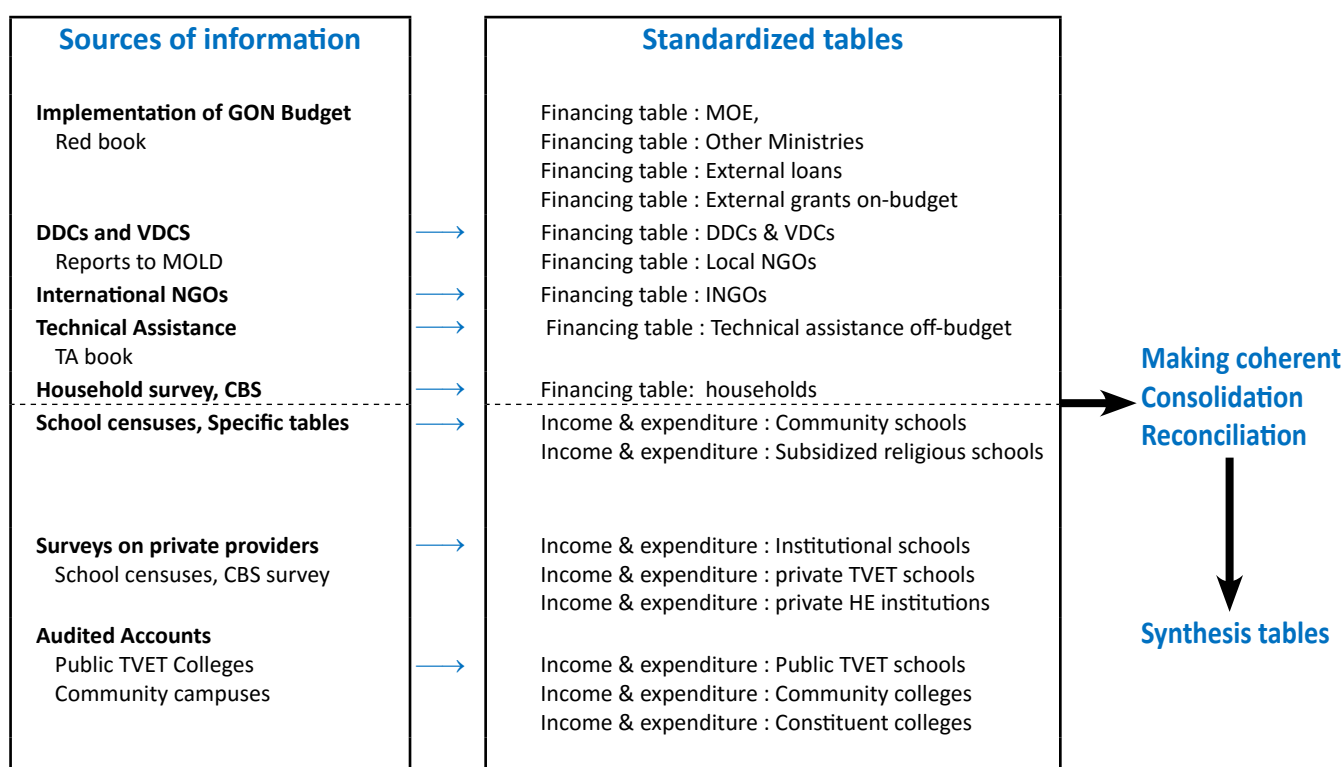
For sources providing information on financing units (GON budget, DDCs & VDCs, external funding, NGOs, Households), data are recorded in intermediate financing tables, cross-referencing education levels and producing units with activities and object of expenditure.

For sources providing information on producing units (school censuses, surveys & audited accounts), data are recorded in an Income and Expenditure table, cross-referencing the origin of resources (financing units) by activities and object of expenditure. The lower part of the table shows expenditure by object of expenditure, i.e. the final utilisation of resources.

After having processed financial data coming from each source of information and converted into standardized tables, the final step consists in bringing together, reconciling, and making the information coherent. Estimates from different sources are confronted and decisions made.

Reconciled data lead to the 15 synthesis tables which constitute the National Education accounts, making it possible to develop various analyses on financial flows in the education domain.

Figure 4.6 Working method





Government of Nepal
Ministry of Education
Central Bureau of Statistics



United Nations
Educational, Scientific and
Cultural Organization



International Institute
for Educational Planning

UNESCO
INSTITUTE
for
STATISTICS

National Education Accounts
In Nepal

Expenditure for education
2009-2015

UNESCO / IIEP - UIS
July 2016



GLOBAL PARTNERSHIP
for EDUCATION
quality education for all children

Global and Regional Activities Programme
Education Financing

Development of methodologies to improve national reporting on financial flows



Government of Nepal
Ministry of Education
Singha Durbar, Kathmandu