Background paper prepared for the
Education for All Global Monitoring Report 2015

*Education for All 2000-2015: achievements and challenges*

**Trends in Government Expenditure for Public Education, 2011-13**

Development Finance International

2015

This paper was commissioned by the Education for All Global Monitoring Report as background information to assist in drafting the 2015 report. It has not been edited by the team. The views and opinions expressed in this paper are those of the author(s) and should not be attributed to the EFA Global Monitoring Report or to UNESCO. The papers can be cited with the following reference: “Paper commissioned for the EFA Global Monitoring Report 2015, Education for All 2000-2015: achievements and challenges” For further information, please contact efareport@unesco.org
This report has been commissioned as a background paper for the 2015 Education for All Global Monitoring Report in order to assess the financial resources available towards meeting the EFA goals. At this critical juncture in defining the post-2015 education goals, it is hoped that this analysis can help to provide insights which can improve financial commitments, as this agenda is being crafted.

It presents a comprehensive and comparable dataset on public education spending across multiple countries (45 countries in total) and years (2011-13), and analyses trends which are highly relevant to the post-2015 goals. It looks, in turn, at the value of this dataset and challenges in its compilation; trends in budgeted education spending levels; trends in education spending as % of GDP and total government spending; shares of spending by different levels (primary, secondary etc); shares by different types of spending (wages, non-wage recurrent and capital); sources of funding (government and donors). It also compares planned and actual spending for different levels. It concludes with recommendations on the way forward.
EXECUTIVE SUMMARY

On the basis of the analysis of 45 countries budgets for 2011-13, this report finds:

- It remains very difficult and time-consuming to compile accurate and up-to-date spending data.
- There has continued to be considerable real rises in education spending, even since the global economic crisis in 2008, but with a lower proportion of countries managing to increase spending.
- A falling number of countries are meeting the EFA % of GDP target, and spending is rising only very slowly as a proportion of GDP; a higher proportion are meeting the % of total spending target, but the average proportion of total spending is virtually unchanged.
- There are very large variations in shares of different levels (partly due to different age ranges and ways of classifying spending) with on average 69% spent on primary and secondary combined.
- A very high proportion of education spending (average 85%) is recurrent, and a high proportion (average 56%) on wages. Countries with lower figures reflect large donor project spending classified as "capital" investment even when it is not.
- Within this dataset, a very high proportion of education spending is funded by governments (86%) rather than donors. Compared to other sectors and areas of MDG spending, education receives the highest overall proportion of government expenditure, suggesting this is seen as a key priority sector for governments.
- A small number of countries remain highly donor-dependent, raising concerns about sustainability of spending unless local revenues can be boosted. The highest proportion of donor spending is on "other" education, and virtually no donor funds go to secondary education. These patterns will need to change dramatically post-2015.
- Implementation rates are generally high (97-99%), especially in primary and secondary education, and when compared to other sectors. Nevertheless, at all levels of spending, there are a few countries with worrying shortfalls.

The report presents recommendations of two types:

1. For **improved monitoring of spending under the post-2015 framework**, the report recommends:
   a. Establishing a robust framework of global standards for timely global monitoring and country reporting.
   b. Establishing by end-2015 a much more comprehensive multi-country baseline picture.
   c. Countries need to improve information available from budgets, including ensuring, including publishing budgets and actual spending more rapidly; and disaggregating data by level, type, funding source based on global standards.
   d. Steps by donors to classify their on- and off-budget flows to education much more clearly and report them to governments more rapidly.

2. For future **monitoring and analysis of education spending**, the report suggests:
   a. Updating the current dataset annually and expanding its country coverage.
   b. Analysing why more countries are reaching % of total government spending than GDP targets, setting financial targets for spending to reach the post-2015 goals, and calculating estimated financing gaps.
c. Analysing spending on each year of education and per capita for the age cohort.

d. Splitting out additional classifications for different levels of education, such as pre-primary/ECD, lower/upper secondary, technical/vocational, and adult education. Determining what share of expenditure within each level is for administrative expenditure versus implementation is also important.

e. Splitting out additional classifications for different target groups within education in order to enhance future understanding of the equity of spend, for instance; special/education for children with disabilities; assessing gender data and breaking down regional data within countries, where large inequity in spend often exists.

f. Comparing country data on donor funding with DAC numbers, to assess different findings; as well as looking in more detail at allocations of donor budget support.

g. Commissioning 5-6 case studies (representing different trends and levels of transparency) to analyse in more depth some of the factors influencing spending amounts, allocations, and the influence of donor funding; as well as to identify feasibility and costs of potential post-2015 benchmarks.
1) Background and Objectives of the Paper

The 2015 Education for All Global Monitoring Report will review how much the Education for All (EFA) movement has contributed to ensuring that all children, young people and adults enjoy their right to an education that meets their basic learning needs. The 2015 GMR report will provide a definitive global assessment of overall progress towards the six EFA goals established in Dakar in 2000, providing lessons for the framing of post-2015 education goals and strategies.

In particular, the 2015 GMR analyses financial resources available to education, taking into account the roles of governments, international development institutions, households and the private sector. One clear lesson from the past 15 years is that we need a better framework for financing progress towards international education goals.

The parties that signed the Dakar Framework for Education For All (EFA) set out six goals, and a broad commitment to ensuring quality education for all. While the Millennium Development Goals (MDGs) committed, by 2015, that children everywhere will be able to complete a full course of primary schooling. The Dakar Framework for Action also promised that no country seriously committed to Education For All would be left behind due to lack of resources, but failed to identify how much all parties should commit to different levels of education, while the MDG commitments had no financial targets attached.

Over the years, two international benchmarks of spending have been established. The first sets a target of spending 20% of total government budgets on all levels of education. The second widely accepted goal for education is to spend 6% of GNP on education. These finance targets have inspired some of the analysis within this report (see chart 2 and 4, for instance), and it is clear that at present many countries are far away from meeting these finance targets.

As the world moves forward in deciding on the new post-2015 framework, the Muscat global education goals, outlined in Oman in May 2014, have set out an ambitious new agenda for education and learning, which will both inform the Sustainable Development Goals and will be discussed and agreed at the World Education Forum in the Republic of Korea, in May 2015.

Currently, the Muscat Agreement has a goal to reach 4-6% of GNI spent on education, and 15-20% of total government budgets on education. However, there are currently no financing targets set out in draft of the Open Working Group’s SDG targets, or the Means of Implementation. Moreover, there is some resistance to having stand-alone education financing target within the post-2015 framework. Yet if one baseline lesson is to be drawn from financing progress on the Education for All framework (EFA) and Millennium Development Goals (MDGs), it is that without building in targets to improve accountability for finance, the goals have failed to mobilise sufficient funding behind them. This is particularly important given the significantly expanded vision which the post-2015 targets will likely contain.

The dataset and analysis contained in this report have lessons which are highly relevant to the emerging post-2015 goals. This presents the current state of data on public education spending across 45 countries, and analyses what they show about recent trends. To inform the World Education Forum in Seoul, Republic of Korea, in May 2015, the analysis contained in this report identifies requirements for tracking progress at different levels of education and stages of life, in ways that will be relevant for a post-2015 global education framework. For example, the post-2015 goals will almost certainly include an expansion in commitments to the years of education for young people, into secondary schooling, as well as pre-primary and youth training and vocational education. The targets will also almost certainly focus on vastly improving learning outcomes, which will increase spending on inputs, particularly the salary and non-salary recurrent spending to increase education quality. Yet data on these disaggregated aspects of education spending (by level and type) remains patchy, more often than not it is out-of-date, making it difficult to establish any kind of baseline for post-2015 spending levels.
Since 2008, UNESCO has been working with Development Finance International to improve the timeliness of data on public education spending, by examining the most recent country budget documents and reports on actual spending. In 2013, Development Finance International and Oxfam International jointly launched the Government Spending Watch (GSW) initiative, which monitors public education spending disaggregated between overall and primary education, into recurrent and capital types, and source of funding (government revenue and aid). It provides this information for the period 2009-12 for 57 countries (for more details, see www.governmentspendingwatch.org).

This report builds on the GSW initiative, by providing even more detailed analysis of public education spending data for 45 low, middle and high income countries, from all UNESCO regions. It analyses:

- Challenges of collecting government spending data and the value of this dataset (section 2)
- Trends in budgeted education spending levels in constant dollar terms (section 3)
- Trends in education spending as a % of GDP and % of total government spending (section 4)
- Shares of spending by different levels - primary, secondary, tertiary and other (section 5)
- Shares of spending by different types - salary, non-salary recurrent and capital (section 6)
- Shares of spending by source of funding - government versus donors (section 7)
- Planned compared to actual spending on education by country and level (section 8)
- Finally, it makes overall recommendations for the post-2015 framework and future work (section 9).

In addition to this report, the work has prepared a country-by-country database containing budgeted and actual spending for each year (budgeted only for 2013) as well as notes on methodological issues for each country, and related to the data.
2) Challenges of Compiling Data and Value of the Dataset

The 45 countries analysed in this study have been chosen for their relative transparency of data on public education spending, in terms of levels and types of spending, and source of funding. To identify them, 109 countries were examined using budget documents and spending implementation reports. These included all 34 low-income countries (LICs) and all 50 lower-middle income countries (LMICs), as well as 17 upper-middle income countries (UMICs) and 8 high-income countries (HICs). They included all Least Developed Countries.

From these 109 countries:

i) 45 were identified as being good candidates for this exercise because they had available data on public education spending, disaggregated by level, type and source of funding, for 2011-13;

ii) 42 had data on education spending but not with the requisite breakdowns for 2011-13;

iii) 7 had data available but in such a decentralized complex format that it would have been very time-consuming to aggregate it to present a complete national picture; and

iv) 14 had no data publicly available on education spending (in most cases because they do not make publicly available budget or actual spending data, or were in conflict during this period);

A list of the 45 countries covered by the study is attached as Annex A.

It then required around 6-person months of work to compile the data into the format for the database. This reflects a) dispersal of data across multiple documents in each country; b) presentation of data in multiple different formats, notably for different governments, but also for different levels of government (and often different formats for different units of the same level of government).

Overall, in mid-2014, it remains very hard to compile a global up-to-date picture of education spending. The difficulties accessing these data have four implications for a post-2015 development framework:

a. UNESCO should work with GSW, as well as international organisations, such as the Global Partnership for Education or UNICEF, to measure educational outcomes and track financial commitments, and engage with civil society networks involved in tracking education spending, such as the Global Campaign for Education, to ensure that a strong framework of global standards on financial reporting is established by end 2015. This must enable timely global monitoring and country reporting on public education spending, to support implementation of the post-2015 framework as part of the “means of implementation” discussion.

b. It should also work with these partners to establish rapidly a much more comprehensive multi-country baseline picture of education spending levels for 2014.

c. To support these efforts, it is relatively easy to envisage measures which countries could take to make disaggregated education spending data more available. For instance, countries in group 2 (discussed below in the report) could:

   a. Make public budget documents even more rapidly (within 3 months of parliament agreement) available.

   b. Publish data on actual spending more rapidly (within 6-12 months of the fiscal year end, even if in estimated data pending final auditing); and

   c. Publish data disaggregated by level of education (primary, secondary, tertiary and other) as well as by type of spending and source of funding (government, donor etc.)
d. **Donors also need to facilitate this process** by classifying and disaggregating their on- and off-budget flows to education much more clearly (currently many donor flows which involve recurrent or salary spending are classified as capital spending in budgets due to lack of disaggregation).

In addition, all countries need to work towards developing ways to disaggregate according to spend on different beneficiaries if they are to start working towards measuring the strong commitments towards equity which is a key cross-cutting theme in the emerging post-2015 agenda, including in education. Work carried out by DFI for other projects, indicates that other disaggregations essential for the post-2015 framework are available for even fewer countries. So, for the same sample:

- Data are easily available in only 13 countries for pre-primary education or early childhood development (30 group these with primary); 9 countries on special education (primarily targeted at disabled children); 15 countries on vocational and technical education separated out from broader secondary or tertiary; and 7 countries on adult education and literacy efforts.

- Data are estimated by less than 10 countries for education spending separated by gender; and

- Data are available in less than 15 low- and lower-middle income countries disaggregated by region within the country, in order to analyse whether funding is being allocated according to need.

All these types of data will be essential to monitor the post-2015 education agenda, and so will need to be included in global monitoring standards and preferably the 2014 baseline.

### 3) Trends in Real Budgeted Education Spending

As Chart 1 shows, average budgeted education spending\(^4\) rose considerably in real terms (by 8.2\%) between 2011 and 2013. The rise was much faster in 2013 (5.4\%) than in 2012 (1.6\%).

Overall, spending fell in 15 countries and rose in 28 over the two-year period: but whereas in 2012 only 45\% of countries managed to increase spending, 60\% managed to in 2013. This is a slightly less positive picture than in 2009-11 when 76\% of countries increased real spending.\(^5\)

Interestingly, spending on education appears to follow a broadly similar trajectory as other areas of social spending in recent years, in terms of this becoming increasingly constrained after the economic crisis. Although it appears education has fared better than some other sectors, and slightly better than overall social spending.

Evidence from the Government Spending Watch database in 2013 - which measures spending across countries in different MDG sectors – shows that for 52 developing countries covered, while more countries have managed to increase real term spending across seven MDG sectors than have cut spending, the rate of real growth across seven MDG sectors has slowed sharply, from 7\% in 2009, to 3\% in 2010–11, and only 1\% in 2012.\(^6\)

Within the countries analysed in this dataset there is considerable variation among countries. For instance, spending in the Dominican Republic rose by 92.6\%. This was due to a previously announced government commitment, following on from a major national campaign to increase education spending from 2\% of GDP to 4\%. In Liberia, a large rise of 174\% was partly down to new donor commitments, which followed after the development of a costed plan, and increased oversight powers, and led to increased donor confidence (and hence new donor commitments behind that plan.\(^7\)). Increases in Peru (22.7\%), and Rwanda (37.1\%) are largely a reflection of good economic growth, and an overall commitment to continue to incrementally increase social spending, and education spending within that. Although Peru has recently announced new commitments which will see this increase above growth rates in the coming years. Angola has also seen a rise in overall spending of 39.2\%, which is broadly in
line with overall increases across all social sectors, again, encouraged by overall good economic growth, driven by extractives. Cote d’Ivoire, meanwhile, has seen new donor commitments to the education sector account for their increases in education spending.

Meanwhile, Mali’s budget has fallen by 60.4%, due largely to recent political instability and conflict. In Spain, a reduction in education spending is due to sharp cuts in social spending after the economic crisis. A number of Southern African countries (South Africa, Lesotho and Swaziland) have seen sluggish growth after the impact of the economic crisis, and this is having an effect on overall budgets and the ability to raise education spending.

Chart 1: % Change in Planned Total Education Spending 2011-13 (US$ Constant)
4. Education Spending as a % of GDP and Total Spending

This section looks at how education spending (from government sources) is performing compared to the targets of 6% of GDP, and 20% of total government spending.

4.1. Education Spending as % of GDP (Target 6%)

Chart 2 shows that only 9 countries (Bhutan, Cape Verde, Kenya, Lesotho, Moldova, Mozambique, Solomon Islands, Vanuatu and Zimbabwe) met the % of GDP target in their 2013 budgets.

This is down from 2011 when 12 countries met the target (also including Honduras, Sao Tome and Swaziland) and 2012 when 11 did. Nevertheless there is a high degree of consistency among the countries meeting the target, and also among those coming close (Sao Tome in 2011 and 2013, South Africa in 2012-13, New Zealand in all 3 years, Tonga and Honduras in 2013 and Australia in 2011). In addition, 28 countries allocated more than 4% of their GDP to education spending in 2013.

There is also a high consistency among countries far from the target, with Mali, Sri Lanka and Timor Leste spending less than 2% of GDP in each year.

Table 1. % GDP commitments and trends, 2011-13

<table>
<thead>
<tr>
<th>2011-2013 (overall change from 2011 and % in 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2%</td>
</tr>
<tr>
<td>Increase</td>
</tr>
<tr>
<td>Stayed the 'same'</td>
</tr>
<tr>
<td>Decrease</td>
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</tbody>
</table>

4.2. Trends in Education Spending as % of GDP

As shown in Chart 3, the trends in education spending as a percentage of GDP have been mixed. Of the 42 countries for which three years of data are available, exactly 50% (21) have increased spending as a % of GDP, and 50% have reduced it. According to the GSW 2013 report, this is broadly similar to the 2008-12 trend where the split was 55% increasing, 45% reducing.

On average across all countries, spending has increased by 0.08% of GDP. This seems to be a slower rate of increase than in the immediate post-global economic crisis period (2008-11), when spending rose by 0.3% of GDP (for a broader range of countries).
While this is disappointing, education has fared better than other sectors post-financial crisis. Spending across six sectors from 2009-2012 by Government Spending Watch shows that spending on MDG sectors as a whole was very much in line with trends in overall spending in 2009, but while total spending rose by a further 1% of GDP from 2009 to 2012, MDG spending has fallen by almost 1% of total spending over the same period. Within this, some sectors have fared particularly badly, for instance, agriculture spending rose by just 0.06% of GDP between 2008 and 2012, much less than spending on education. The countries with the largest increases in spending as % of GDP have been Liberia, Dominican Republic, Solomon Islands and Angola. All except the Solomon Islands were countries which were considerably below the 6% of GDP target. On the other hand, only Sao Tome (which was previously meeting the 6% target) and Mali (due to conflict) saw spending fall by more than 1% of GDP.

Chart 2
Education Spending as a % of GDP
(2013 Planned)
Chart 3
Change in Total Education Spending as % of GDP, 2011-2013
4.3. Education Spending as % of Total Government Spending (target 20%)

Chart 4 shows that 13 of the 45 countries (Benin, Bhutan, Cote d'Ivoire, Dominican Republic, Guatemala, Honduras, Kenya, Moldova, Nicaragua, Solomon Islands, Tonga, Vanuatu and Zimbabwe) met the % of total spending target in their 2013 budgets, with Honduras and Zimbabwe allocating more than 25% of their budgets to education.\textsuperscript{17}

This is a considerable rise from 2012, when only 8 countries met the target (Bhutan, Dominican Republic, Kenya, Solomon Islands and Tonga did not); and from 2011, when only 9 did.

Several countries such as Cape Verde, Mozambique, Nepal and Swaziland have been consistently coming close to target. In total, 28 countries allocated over 15% of their budget to education in 2013. On the other hand, 6 countries are allocating less than 10% of their budget to education in 2013, and Mali\textsuperscript{18}, Sri Lanka and Timor Leste have been consistently falling well short at only around 5% of total spending.

There is a mixed picture for how countries have chosen to allocate overall increases to education. For instance, Benin has seen increases to both primary and secondary, as has the Dominican Republic. This is positive in terms of spending that is supportive of the EFA agenda. Guatemala has seen increases spread relatively evenly across the different levels of education. Cote d'Ivoire and Nicaragua have registered small increases in primary school education, but much larger increases in secondary and tertiary. Kenya has boosted spending on tertiary comparatively more than either primary or secondary (although secondary has also seen a boost). Finally, Zimbabwe has increased spending more on tertiary relative to other levels. Clearly, increases in spending being directed at tertiary and university level potentially takes away from spending which supports EFA/MDG spending, as well as the emerging areas of post-2015.

4.4. Trends in Education Spending as % of Total Spending

As shown in Chart 5, the trends in education spending as a percentage of total government spending have also been mixed. Of the 42 countries for which three years of data are available, 20 (48%) have increased spending as a % of GDP, but 22 (52%) have reduced it. This exactly matches the split reported in the GSW 2013 report for trends during 2008-12 (for a broader range of countries).\textsuperscript{19}

On average across all countries, spending is virtually unchanged (having increased by only 0.001% of total spending).\textsuperscript{20}

The country with by far the largest increase in the % of total spending has been the Dominican Republic (13.7%), followed by Benin with 3.6% and Tanzania with 2.3%. As a result of its spending increase, the Dominican Republic met the target of allocating 20% of total government expenditure for the first time in 2013. On the other hand, the largest falls were for Honduras (5.4%), Mali (due to conflict, 3.9%) and Australia (3.1%). Honduras continued to meet its EFA target, despite this cut, and allocates the most overall expenditure of all countries (see chart 4 below).
Chart 5
Change in Total Education Spending as % of Total Government Spending, 2011-13

Dominican Republic
Benin
Tanzania
Solomon Islands
Bhutan
Sierra Leone
New Zealand
Tonga
Rwanda
Kenya
El Salvador
South Africa
Sao Tome
Peru
Liberia
Jordan
Nicaragua
Sri Lanka
Norway
Jamaica
Average % Change
Afghanistan
Guatemala
Jordan
Liberia
Peru
Timor Leste
Angola
Sao Tome
South Africa
El Salvador
Kenya
Rwanda
Tonga
New Zealand
Sierra Leone
Bhutan
Solomon Islands
Tanzania
Benin
Dominican Republic
5) Education Spending by Different Levels

Chart 6 shows education spending disaggregated by different levels – primary, secondary (or primary and secondary where these are specified together – for 16 countries), tertiary and other.

There are very large variations among countries in shares of different levels of education, as follows:

- The shares of primary education spending in total education spending range from 22% in Armenia to 66% in Jordan, with two-thirds of countries for which data are available exceeding 40%.

- The shares of secondary in total education spending vary from 2% in Tonga to 51% in Armenia, with two-thirds of countries being below 25%.

- The combined shares of primary and secondary education average 69%, but exceed 80% for 8 countries (Bangladesh, Bhutan, Cameroon, Cote d’Ivoire, Djibouti, Jordan, Lesotho and Zambia) and falls below 60% for 10 countries (Cape Verde, Dominican Republic, Ecuador, Moldova, Nicaragua, Peru, Solomon Is., Timor Leste, Tonga and Vanuatu).

- The average share of spending going to tertiary education is 17.8%, but it exceeds 25% for 8 countries (Ecuador, Kenya, Nicaragua, Sao Tome, Solomon Is., Sri Lanka, Tanzania and Zimbabwe), and falls below 10% for 7 countries (Cape Verde, Dominican Rep, El Salvador, Jordan, Lesotho, Vanuatu and Zambia).

- The average share of spending on “other” education is 13.4%, but it exceeds 25% in 7 countries (Cape Verde, Dominican Rep, Guatemala, Liberia, Timor Leste, Tonga and Vanuatu).

A large proportion of these variations is almost certainly explained by different classifications of spending on the same age groups, especially between primary and secondary education. For example, “primary” education can cover pupils aged between 5-6 and 10-15 years. Armenian primary education covers only 3 years of schooling, while Jordan covers 10 years. Looked at in this light, the levels of money the two countries spend on primary education seem much closer (7.3% per year in Armenia, 6.6% in Jordan). The same is true of the ages at which children begin “primary” education, and at which they finish “secondary” education, which vary across countries by 3-4 years.

Some countries also put special education (for disabled children) in with the appropriate age cohort, whereas others classify it under “other” education. Similarly, some countries merge pre-primary education and early childhood development with primary education, and others within the category of “other education”. Finally, some countries apportion overall (including central ministry) administrative costs to the different levels of education, whereas others do not (leaving it in “other”).
Chart 6
Share of Spending by Different Levels of Education
(2013 - Planned)
6) Education Spending by Different Types

Chart 7 shows the breakdown of education spending between recurrent and capital spending, for 34 countries. The average proportion of education spending on recurrent is 85%, with 15% on capital. These results are broadly similar to those found by Government Spending Watch 2013, which reported a recurrent spending share of 78% across 55 countries.\textsuperscript{21}

However, 8 countries spend more than 95% of their education budget on recurrent spending (Australia, Guatemala, Honduras, Jamaica, Nepal, New Zealand, Tanzania and Tonga), with Nepal and Tonga reaching 99%. On the other hand, 6 countries are below 60% (Afghanistan, Bhutan, Djibouti, Dominican Republic, Liberia and Sao Tome). Many of the countries which spend higher proportions of their education budgets on “capital” spending are countries receiving large amounts of project aid, so it may well be that a major explanation for the variations is that project aid (whether spent on recurrent or capital items) is generally classified in recipient country budgets as “capital” spending. This skews the amount reflected in capital versus recurrent, especially in highly donor dependent countries, and thus does not reflect the normal ratios of capital versus recurrent spend in education.

Chart 8 shows a more detailed breakdown which separates out wages from other recurrent spending. This breakdown is available only for a smaller number of countries (18 countries).

The data indicates that on average 56% of the education budget (or two-thirds of the recurrent budget) is spent on wages. However, again these proportions vary dramatically, with only one-third of the budget being spent on wages in Liberia, Mali and the Solomon Islands, compared with two-thirds or more in Djibouti, Honduras and Swaziland. Many countries with lower proportions of wages appear to reflect the fact that donors classify project-based funding as “capital” spending, which often means that any donor funds used for paying wages from these projects are not being classified correctly, given wages tend to be by far the largest spend in education.\textsuperscript{22}
7) Education Spending by Source of Funding

Charts 9 to 14 show the proportions of spending funded by government domestic revenue and donor funds, for total education spending and the different levels of education spending.23

Chart 9 shows the proportions of government and donor funding for total education spending. On average, 86% of education spending is government funded, and only 14% funded by donors, which is the highest ratio of government spending, versus donor spending, across all the MDG sectors analysed by GSW.24 It should be noted, this is slightly higher than the GSW 2013 numbers (which found a government share of 82%), partly because several UMIC and HIC countries are included which have no donor education funding on their budgets.

In terms of countries of interest within the overall dataset, there was no donor funding for education in 2013 in Mali, New Zealand, Peru, South Africa and Spain. This is largely unsurprising given the HIC and MIC status of most countries. However, for Mali, this is more surprising, and appears to be due to donors cutting on-budget aid during the years studied due to conflict, and probably explains their overall spend declining trends – or at least in part why they have one of the lowest % GDP spend.25 On the other hand, donors funded 60% of education spending in Liberia and 52% in Tonga, raising severe questions about the sustainability of education spending unless revenue can be boosted, especially as aid for education looks likely to continue to reduce in coming years.

It should be noted that the analysis of donor funding is based only on funding which is ‘on-budget’ spending, as the GSW analysis aims to identify spending directly aligned to government’s own priorities. This means that off-budget education expenditure by donors – sometimes considerable sums - is not recorded in this study. This includes sometimes large expenditures recorded within the DAC creditor system. This includes scholarships for students in donor countries, which is arguably not ‘real aid’, and can be a huge percentage of spend for some donor countries.26 Given it was beyond the scope27 of this study to make comparisons across the DAC figures, potential discrepancies between on-budget and off-budget is not recorded within this study, but this does need increased scrutiny moving forward – especially in looking at the post-2015 agenda.

In terms of different age groupings, primary education (Chart 10) has the highest share of its spending funded by donors, at an average of 19%. Three-quarters of primary education spending in Liberia, and almost half in Tonga, is funded by donors. In countries which publish combined primary and secondary data (Chart 11), almost a quarter of this combined spending is donor-funded in Mozambique, Nepal and Sri Lanka.

Most countries receive little or no donor funding for secondary education (Chart 12), with the average being only 3%, and the highest level only 10% in Tonga. This will need to change dramatically post-2015 if the new goal of universal secondary education is to stand any chance of being achieved.

A relatively low proportion of tertiary spending (only 12% on average) is donor-funded (Chart 13), with almost all countries receiving less than 10% donor funding. However, more than a third of tertiary spending is donor-funded in Liberia and the Solomon Islands, and almost two-thirds in Tonga.

A high share of “other” education is donor funded (Chart 14), with the average at 23%, more than three quarters in Liberia and Mozambique, and more than half in the Solomon Islands and Tonga. This reflects multi-level programmes for girls’ education, special education and other education support such as teacher training, school lunches etc, as well as donor funding of pre-primary education/Early Childhood Care and Development programmes (ECCD).
Chart 9
Total Education - Government vs Donor Funding (2013 Planned)

- Average
- Tonga
- Tanzania
- Swaziland
- Sri Lanka
- Spain
- South Africa
- Solomon
- Sierra Leone
- Sao Tome
- Peru
- New Zealand
- Mozambique
- Mali
- Liberia
- Jamaica
- Honduras
- Benin

Chart 10
Primary Education - Government vs Donor Funding (2013 Planned)

- Tonga
- Tanzania
- Swaziland
- Solomon Islands
- Peru
- New Zealand
- Liberia
- Jamaica
- Benin
Chart 11
Primary+Secondary Education - Government v Donor
(2013 Planned)

- Sri Lanka
- Spain
- South Africa
- Sierra Leone
- Nepal
- Mozambique
- Mali

Chart 12
Secondary Education - Government vs Donor Funding
(2013 Planned)

- Tonga
- Tanzania
- Swaziland
- Solomon Islands
- Peru
- New Zealand
- Liberia
- Jamaica
- Benin
8) Budgeted Compared to Actual Education Spending

Charts 15 to 19 compare budgeted and actual education spending, in order to show whether there are significant shortfalls which might be undermining progress on the Education for All goals. The sample of countries for this comparison is very limited (to only 13) by the shortage of actual spending data.

Average implementation rates for total education spending were 98% in 2011, 97% in 2012 and 99% in 2013, and implementation rates fell below 90% only in the Dominican Republic in 2011-12 (but rose to 96% in 2013) and Timor Leste in 2012.

In primary education, the picture was even more positive, with average implementation rates of 105% in 2011, 98% in 2012 and 104% in 2013. Implementation fell below 90% only in Peru and Tonga in 2012.

In secondary education, implementation rates were comparable to primary education - excluding exceptionally high implementation in Tonga they reached 103%, 96% and 106% in the 3 years covered.

Shortfalls of actual spending do, however, appear to be a significant problem in tertiary and higher education. Average implementation rates reached only 88%, 83% and 96% in the three years, and they fell short of 90% in around one third of countries.

There also seem to be some significant implementation problems in “other” education. Average implementation rates rose from 92% to 102% in 2011-12, but then fell back to 88% in 2013. In each respective year, 5, 4 and 3 countries fell more than 10% short of their budgeted spending, with Guatemala and Timor Leste having consistent problems.

Nevertheless, implementation problems appear to be much lower than in most other MDG-related sectors, with gender-related and WASH spending in particular showing major shortfalls. The water and sanitation sectors are particularly prone to poor absorption rates, with significantly lower actual expenditure than is allocated at the beginning of the year. This is due to a number of factors, including donor funds for large scale projects often showing lower absorption rates than domestic resources and disparities in the absorption rates of capital and recurrent budgets (with capital spending being significantly proportionally higher than the education sector due to fewer recurrent wage allocations, which appears to explain some of the absorption problems in water and sanitation).
9) Recommendations for Post-2015 Framework and Future Analysis

Based on the above analysis, several clear recommendations emerge for the post-2015 education-related development framework, as well as for future monitoring and analysis to support that framework.

1. Improved Monitoring Post-2015

In spite of the prominence of education in the MDGs, it remains very difficult in a large number of countries to track spending beyond overall aggregates. For the post-2015 development framework:

- UNESCO should collaborate with GSW, as well as international organisations, such as the Global Partnership for Education or UNICEF, working on measuring educational outcomes and tracking financial commitments, and engage with civil society networks involved in tracking education spending, such as the Global Campaign for Education, to ensure that a strong framework of global standards for financial reporting is established by end 2015. This must enable timely global monitoring and country reporting on public education spending, to support implementation of the post-2015 framework as part of the “means of implementation” discussion.

- UNESCO should also take measures to establish rapidly a much more comprehensive multi-country baseline picture of education spending levels for 2014.

- To support these efforts, it is relatively easy to envisage measures which countries could take to make disaggregated education spending data more available. Most countries (42) who have data on education spending but not with the requisite breakdowns for 2011-13 should:
  a. make public budget documents even more rapidly (within 3 months of parliament agreement)
  b. publish data on actual spending more rapidly (within 6-12 months of the fiscal year end, even if in estimated data pending final auditing); and
  c. publish data disaggregated by level of education (primary, secondary, tertiary and other) as well as by type of spending and source of funding, using a consistent classification system based on global standards

- Donors also need to facilitate this process by classifying and disaggregating their on- and off-budget flows to education much more clearly (currently many donor flows which involve recurrent or salary spending are classified as capital spending in budgets due to lack of disaggregation), and reporting these flows to governments much more consistently and rapidly.

These measures are even more urgent for data relating to new post-2015 goals, such as pre-primary education, lower and upper secondary, early childhood development, special education, vocational and technical education, and adult education and literacy; as well as disaggregated by gender and regional within each country.

2. Trends in Education Spending

- The findings in this report continue to paint a picture of considerable real rises in education spending, even since the global economic crisis in 2008, but with a lower proportion of countries managing to increase spending. National campaigns and donor commitments explain the more positive stories, conflict and policy changes the negative ones.

- A falling number of countries are meeting the EFA % of GDP target, and spending is rising only very slowly as a proportion of GDP; a higher proportion are meeting the % of total spending target, but the average proportion of total spending is virtually unchanged.

- There are very large variations in shares of education spending by different levels. Those among primary and secondary spending are often explained by different country age ranges for these
classifications, meaning that in future, country spending targets should be related to the numbers of years of education, as well as the size of the population in that age cohort. However, even for primary and secondary combined, there is variation between 42% and 87%. Much of this is due to different ways of classifying spending, and efforts should be made to standardize this post-2015.

- A very high proportion of education spending (average 85%) is recurrent, and a high proportion (average 56%) on wages. Countries with lower figures for both of these reflect large amounts of donor project spending classified as "capital" investment even when it is not. Post-2015 more effort should be made for all sectors to reclassify donor money according to what it is actually spent on.

- A very high proportion of education spending is funded by governments (86% average) rather than donors. However, there is a small number of countries which remain highly donor-dependent, raising concerns about sustainability of spending unless local revenues can be boosted. The highest proportion of donor spending is for "other" education, reflecting multi-level programmes for girls education, special education and pre-primary; primary is second, tertiary next, and virtually no donor funding goes into secondary education. These patterns will need to change dramatically post-2015 with more emphasis on universal secondary education.

- Implementation rates for education spending are generally high (97-99%), higher than many other MDG sectors. There are even higher figures in primary and secondary education (often exceeding planned levels), and any shortfalls concentrated in tertiary and higher, and other education. Nevertheless, in all levels, there are a few countries with worrying shortfalls.

Future work on monitoring and analysis of education spending should focus on the following aspects:

- It will be essential to continue to update the current dataset annually, and to expand it to a broader group of countries as advances in country and donor transparency are made.

- Work could be conducted on why more countries seem to be reaching the % of spending target rather than the % of GDP target, as well as on potential targets for spending to reach the post-2015 goals, and estimated financing gaps, compared to current spending levels.

- Analysis could be conducted of spending on each year of education and per capita for the age cohort, such as children with a disability, marginalised groups etc, rather than just of levels.

- Future analysis could split out additional sub-classifications such as pre-primary/ECD, special, technical/vocational, and adult education; as well as assessing data disaggregated by gender and region where these exist.

- Comparisons could be made between country data on donor funding, and DAC data, to assess the different perspectives on donor-related issues.

- Much richer explanations for the trends identified and potential future spending levels are best provided by case study analyses. In particular, these would allow more identification of factors influencing spending amounts, allocations across levels and types, and the influence of donor funding. It would also allow more detailed analysis of what potential new post-2015 benchmarks might be feasible, taking into account country circumstances, and how much they would cost.
## ANNEX 1: TABLE OF COUNTRIES EXAMINED FOR THE STUDY

<table>
<thead>
<tr>
<th>COUNTRIES INCLUDED (45)</th>
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<tbody>
<tr>
<td>Afghanistan</td>
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<td>Angola</td>
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<td>Armenia</td>
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<td>Dominican Republic</td>
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<td>Ecuador</td>
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<td>El Salvador</td>
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ENDNOTES

1 This report was compiled by a team headed by Matthew Martin and including David Waddock, Maria Holloway, Lance Karani and Jeannette Laouadi. Additional inputs have been made by Richard Watts and Jo Walker.
2 Note, this is only for on-budget donor commitments, as this study does not look at off-budget. Please see donor section in this report for further explanation.
3 As agreed in the EFA Muscat agreement: http://unesdoc.unesco.org/images/0022/002281/228122e.pdf
4 A time series is not available for Djibouti or Moldova, so the average is for 43 countries.
6 Ibid
7 This information was supplied by the Global Campaign for Education’s inputs and links with in-country civil society groups. It also appears that some off-budget aid was included within official budget documents for the first ever year, which might also be inflating overall figures.
8 Both Swaziland and Lesotho have been badly hit by slowdown in the South African economy and large reductions in receipts from the Southern African Customs Union (SACU)
9 Within this report countries’ progress is measured against GDP, given this information is analysed using the GSW methodology which uses GDP across all sectors. However, it should be noted that the international target for spending on education is based on GNP.
10 Mali saw very large reductions from previous years within the sample for this study 2011-2013, as they saw large reductions in aid to the sector as a result of political and civil unrest. Mali has previously been meeting the EFA target, and is likely to get back on track in coming years.
11 Some countries in the ‘stayed the same’ registered very slight changes either as an increase or a decrease. However, these are so marginal they are classified as staying the same.
12 Moldova only had 2012 available, hence we classified as staying the same
14 Ibid
15 Note this is for the years 2009-2012 and so is not across the same years as the education data. The analysis covers the following MDG sectors: agriculture, education, environment, health, gender, social protection, water and sanitation.
16 Ibid
17 These findings are broadly consistent with GSW 2013 which finds that 16 of 55 countries met the target in 2011, but only 10 in 2012. The 2013 GSW report did not examine the GDP target, and hence there is no comparison to this target for previous years for this analysis.
18 See footnote 10
20 Ibid
21 Ibid
22 This assumption needs further clarification to test this against through more detailed country studies to affirm whether this is indeed the case.
23 Note that GSW classifies donor budget support as being government funding of education, because it is the government which takes the decision to allocate the spending of the budget support to education.
25 See footnote 10 above
26 These are currently captured in the OECD Development Assistance Committee (DAC) Creditor Reporting System (CRS) database often as “imputed student costs”. Many aid advocates believe this practice should be stopped, and, indeed some DAC donors do not classify this spending within their education aid budgets.
27 As noted above, the dataset chosen for this study focused on looking at ‘on-budget’ donor aid, however, it is a potential area for future investigation and work would be to analyse off budget education spend.
28 Available here: http://www.governmentspendingwatch.org/research-analysis/latest-analysis/51-mdg-spending-in-developing-countries,