



National Campaign for
Education Nepal (NCE-Nepal)

RESEARCH REPORT ON FINANCING GAP IN EDUCATION

Context of ensuring the rights to education as envisioned in Constitution of Nepal

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FOREWARD

National Campaign for Education Nepal (NCE Nepal) is a national network of 339 member organizations including that of I/NGOs, teachers, journalist group, and community based organizations, parents and other organizations working for equitable, inclusive, quality and lifelong learning opportunities for all in Nepal. Focusing on evidence based policy advocacy in achieving equitable, inclusive and quality education and lifelong opportunities for all, NCE Nepal since 2003 has been working in promoting rights to education for all. It is a civil society movement whose mandate has been expanded to raise the voice of voiceless so as to guarantee quality education in an equitable basis. NCE Nepal mainly has been focusing on holding the government agencies accountable for their educational commitments made in national and international forums for the public education strengthening.

NCE Nepal always believes in the evidence based advocacy because of which it gets involved in the various research works so as to obtain the real scenario. This research work on Education Financing Gap is prepared with the objective to analyze the required investment so as to ensure the free and compulsory education as envisioned by the Constitution of Nepal and the current investment gap. I believe that this research will profoundly supplement all the educational stakeholders in planning for the equitable, inclusive and quality education for all. This effort of NCE Nepal was highly acknowledged by the policy makers, educationists as well as the community stakeholders during the primary consultation organized. Furthermore, I believe that this material will be a good reference document for the donor agencies and the international community's so as to review on how are we going to achieve the Education Sector Plan with this deficit financing.

I sincerely would like to acknowledge the contribution of Prof. Dr. Binay Kusiyait who completed the research work with full dedication and passion. I express my sincere appreciation to our supporting organizations Global Campaign for Education (GCE) through its Civil Society Education Fund (CSEF), Asia South Pacific Association for Basic and Adult Education (ASPBAE) and Open Society Foundations (OSF).

In addition to this, I am very much thankful to Ministry and Department of Education for their support in obtaining the information so as to shape this report. I am also thankful to Research and Publication Team for their support in finalization of report. My special thanks to the NCE Nepal Secretariat team for their dedication and vision without which the work would not have been much effective. I would also like to thank all the member organizations of NCE Nepal, collaborating partners, Executive committee members, Advisors and all the well wishers of NCE Nepal for their continuous support and team spirit.

Thank you
Kumar Bhattarai
President

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As per the constitution, providing the free and compulsory basic education and free secondary education is the duty of the state. Such duty cannot be visualized without proper investment in education. In this connection, the nation has encompassed the way that especially the federal and local government makes policy, generates revenue and allocates funds, manages schools, and ensures that education is provided as per the Constitution. One of the key issues and challenges of school education in Nepal is under financing for quality inputs in schools. The question arises regarding here how much funding gap prevails between required budget and existing budget in school funding.

Debate on the relationship between student outcomes and school funding is most crucial. Enhancing quality of schools is a huge challenge in terms of providing universal and equitable access, participation and completion of school education by all children with an acceptable level of learning to move to the immediate upper level of schooling. The decreasing trend of budget allocation to the education sector has been a biggest challenge in strengthening public education system in Nepal.

This study on school finance is the result of the cooperation extended by different individuals and institutions. I record my heartfelt gratitude to all of them. First of all, I would like to extend my sincere thanks to all respondents of study, without which this study would not have taken this shape.

I am extremely grateful to the National Campaign for Education-Nepal (NCE Nepal) for providing me this opportunity as a researcher to carry out this study. I express my gratitude to Mr. Ram Gaire, NCE-Nepal for his encouragement and support to undertake this study. I also express my deep appreciation to Dr Hari Prasad Lamsal, Joint Secretary, Ministry of Education, Science and Technology his support at all stages of the study and for practical suggestions to fine-tuning the report. Without his support and encouragement this study report would not have seen the present shape. Special thanks go to Ms Shradha Koirala, NCE-Nepal for her kind support at every stage of study.

Binay Kumar Kushiyait, PhD

EXECUTIVE SUMMARY

As per Constitution of Nepal, 2015 “Every citizen shall have the right to get compulsory and free education up to the basic level and free education up to the secondary level from the State. But the main problem has been inscribed in the context of budget allocation by State. Given the status of government investment in school education, it has many rooms to doubt about free education. Hence this study has focused on the financial provisions and investment in the context of providing free education as set in the Constitution of Nepal. The overall objective of this study is to present the existing funding status and to explore the actual gap in education financing in Nepal particularly with respect to the constitutionally provisioned free and compulsory basic education and free secondary education. For this purpose, study collects and analyzes both quantitative and qualitative data. Government published documents such as, Budget Speech; Red Books, Annual Work Plan and Budget, and School records were also the sources of information.

The education budget is fluctuating and is decreasing in the recent years. The budget allocation in education in terms of GDP is less than 5 percent. How the education budget is reallocated to different sub-sectors of education? is another important dimension for study. Out of the education budget, the highest share is consumed by the primary education, followed by secondary education. Highest share of budget of school allocation goes for the teacher’s salary. Schools receive fund from public and private sources. According to the Ministry of Education (MOE and UNESCO, 2016), of total education expenditure, 56.2 percent funding was found as a private sources including household contribution and 43.8 percent was found as a public funding. The study reveals that the students studying in private schools have received higher level of funding as compared to their counterpart who are studying in public schools. The pre-primary education students who are studying in private schools are receiving higher share of fund as compared to their public education counterpart in all levels.

The calculations in the study are made using recent norms and some assumptions based on features of school education. The total size of investment needed for school education is a sum of Rs. 197.85 billion current budget where as the present education budget only evidents of Rs. 71.89 billion. Thus, this will incur an additional financial burden of Rs. 129.56 billion on the State. This is nearly more than double of the current financial layout. But this calculation does not include the budget required for the construction of physical facilities and school environment improvements. If we include these also, the required amount will further go up. Another matter is that, in order to enhance the quality of school education - school, students and teacher-support systems need to be developed invariably. As per an estimate, every school should compulsorily spend a minimum of 20 percent of the total education budget in its quality enhancement. While considering the total school education budget at Rs. 197.85 billion, 20 percent required for quality enhancement would translate into a sum of around Rs. 40 billion.

Looking all of these, it shows that there is an urgent need to increase the budget to education. As per the commitment made by the government in international forum, the education budget should be at least 20 percent of public national budget. Thus, there is a need of re-engineering the existing education budget, school education budget and share of current and capital budget with a view to give more focus on quality of education. In order to mitigate the existing gaps, there is a need to explore the alternative sources of financing.

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ACRONYMS

ASIP	Annual Strategic Implementation Plan
AWPB	Annual Work Plan and Budget
CTEVT	Council for Technical Education and Vocational Training
DDCs	District Development Committees
DOE	Department of Education
GDP	Gross Domestic Product
GoN	Government of Nepal
ECED	Early Childhood Education Development
ECD	Early Childhood Development
HT	Head Teacher
IIEP	International Institution for Education Planning
ICT	Information Communication Technology
MOE	Ministry of Education
MOES&T	Ministry of Education, Science and Technology
NGOs	Non Government Organizations
NPC	National Planning Commission
NRs	Nepalese Rupees
PCF	Per- Child Funding
PPE	Pre-Primary Education
PTA	Parent Teacher Association
PTR	Pupil Teacher Ratio
SDG	Sustainable Development Goal
SMC	School Management Committee
SSDP	School Sector Development Plan
UNESCO	The United Nations Educational, Scientific and Cultural Organization
VDCs	Village Development Committees

SETTING THE CONTEXT

Constitution of Nepal 2072 (2015) has restructured the State and the distribution of power and duties in three levels of structure: federal, provincial and local. These levels shall protect the fundamental rights and duties according to constitution. Among several fundamental rights and duties, one of the most important rights is related to education. Under this, every citizen shall have the right of access to basic education and every citizen shall have the right to get free and compulsory education up to the basic level and free education up to the secondary level from the State (GoN, 2015). Pursuant to this provision, every Nepali citizen does possess the right of attaining free education till the school level. Moreover, the Constitution has listed school education within the powers of Local level. This infers that the expenditure towards school education is also made through the local level. Nonetheless, this report shall focus itself on the financial provisions and investment of free education as set in the Constitution.

As per the constitution, providing the free and compulsory basic education and free secondary education is the duty of the federal, provincial and local government. This structural transformation of the nation has encompassed the way that the federal, provincial and local government makes policy, generates revenue and allocates funds, manages schools, and ensures that education is provided as per the Constitution. With this, generally it can be expected that the federal structure of the nation with current responsibility to the local government, promotes efficiency, establishes institutional legitimacy, improves quality of teaching learning, addresses cultural differences and linguistic pluralism and most importantly, provides alternative to the financing gap from the local level.

In theory, 'education is not free goods, many cost involved in it'. In other words, one or the other shall have to shoulder the cost if education is to be made free. Then, who will foot the bill? The answer is evident: It is the obligation of State to discharge the constitutional commitment. As such, the State itself will be liable to bear the entire costs towards education up to the secondary level. As it has been inscribed in the Constitution itself, the State cannot retract on this. However, given the status of government investment in school education, it has given many rooms to doubt about free education. In recent years, the government has gradually constricted its investment in education. As per the budget allocation sheet published by the Ministry of Finance (red book), the State investment (public budget) in education during 2010/11 was 17.11 percent of the total budget which has now shrunk to 9.91 percent during 2017/18. Due to this downward and regressive trend on educational investment, it is natural to cast aspersion on the fulfillment of this constitutional commitment. Hence, it is expedient that we become serious and wary on this issue in time. Despite of the commitments made by the government in the various national and international forums (especially in Incheon Declaration on Sustainable Development Goals - SDGs4) allocating at least 15 to 20 percent of the national budget and 4 to 6 percent of GDP to the education sector, sufficient fund has not been allocated.

Therefore, this research tried to find out the total financing gap in implementing constitutionally provisioned education rights. In addition to this, this also suggests the government the possible ways of financing including that of domestic financing to fulfill the gap and harmonize the government's commitment to appropriate national budget. This may help to policy makers, practitioners, and rights holders for budget allocation, expenditure, governance and utilization.

The other aim is to disseminate information on budget formulation and dissemination processes in education sector.

OBJECTIVES

The overall objective is to present the existing funding status and to explore the actual gap in education financing in Nepal particularly constitutionally provisioned free and compulsory basic education and free secondary education. More specifically the study attempts:

- To find out the trends and patterns of budget allocated in the heading of current and capital budget and its sufficiency to improve the quality of schools for education;
- To find out the total gaps in different aspect of quality education; minimum enabling conditions for quality education, teacher management, and
- To suggest/recommend the possible ways of financing to fulfill the gap to influence policy makers for better budget allocation and expenditure.

REVIEW OF THE STUDY IN THE CONTEXT OF SCHOOL FINANCE POLICY

The education system of Nepal consists of two broad levels: school education and higher education. Council of Technical Education and Vocational Education is mandated to run technical vocational education (technical secondary education and diploma level education) in the country which is equivalent to the school education. However, recently government tried to adopt the policy TEVT diploma as a part of secondary education. The financing which we are discussing here exclude the public funding to technical vocation education currently running under the CTEVT. Out of the total education budget, about 84 percent of the budget in 2016/17 seems to be spent on school education. It indicates that the school finance is very important for allocation of government budget in the case of constitution obligation.

The school system in Nepal reflects a case of growing participation of the private sector. Among the total students in the country, the share 15.3 percent of the total students at the primary, 15.6 percent at the basic, and 22.4 percent at the secondary levels (grade 9-12) (DOE, 2016). Similar level of share is also seen in a study carried out by Bhatta and Pherali (2017). However, the private schools are mostly concentrated in the urban and semi-urban locations, providing access to children of relatively better off - families economically, socially and politically. The main issue of school finance in Nepal can be argued to be the issue of financing the public sector community schools where above 80 percent of the students and the poor, largely rural, children go.

Adequacy, equity and efficiency are three major concerns of education Financing (Lamsal, 2014). These are also considered as the key challenges of education financing. Adequacy is based on the principle that government should provide enough funding with a view to ensure that all students to be able to meet academic expectations. The notion of equity in school funding focuses on strategies for closing the gap between local government's abilities to raise revenues for their schools so that economic and ecological circumstances do not become a major obstacle. Since local funds are commonly based at least in part on property taxes, less wealthy local units are not able to raise as much money for schools as wealthier local units, leaving their children at a considerable disadvantage (<http://www.edweek.org/ew/issues/school-finance>). Efficiency focuses on the best and optimum utilization of available resources with a view of reducing the wastages.

School finance policy is discussed as it is incorporated in the legal provisions such as the Education Act 1971

(Ninth Amendment, 2017), and the Education Rules 2002. These policies are also reflected on periodic development plan, periodic education plan (in this case School Sector Development plan) and government's annual budget speech and programs. Based on these policy documents, Ministry of Education every year prepares the Annual Strategic Implementation Plan (ASIP) associated with the Annual Work Plan and Budget (AWPB). The education act and regulation, in particular, includes the school grants and the fees to be levied by schools in accordance with the provisions in education rules.

Public funding to schools in Nepal are provided by the Ministry of Education (MOE) under the grant title which covers teachers' salary, free text books, scholarships for all dalit children, 50 percent girls, all children with disabilities, children of martyrs, etc. After state restructuring, as per the Inter-governmental Fiscal Transfer Act 2018 (BS 2074), local governments are receiving four types of grants (equalization, conditional, special and matching) through the local government red book system. Grants to schools are also recorded in the local government red book and sent to the local government through inter-government fiscal transfer, under the conditional grants.

Till last year, the ASIP prepared by the Department of Education (DOE) was the main basis for the overall expenditures on education from pre-primary to secondary level. Particularly, this underpins in detail the amount of funds for school education, including early childhood development and pre-primary, primary, secondary, literacy and non-formal education, supervision and management support, etc. But from this year onward, funds to schools are transferred through the inter-governmental transfer of funds as such it should be done the fiscal commission. Unless the Commission is fully operational, existing agencies are preparing the annual work plan and budget for the school.

The guiding principles for school finance in the education sector are included in the periodic development plan (14th three year development plan at present) and periodic education development plan (school sector development plan) and ASIP/AWPB every year, Government's annual policies and programs together with the budget speech, which is based on the decisions of the National Planning Commission (NPC), Ministry of Finance, Ministry of Education, etc. The major portion of the education budget is allocated to school education, which is more than 84 percent of the total education budget, reflecting the priority of the government of Nepal to provide basic and secondary education to all, especially for the girls and the disadvantaged ones.

Based on the principles given in the Constitution of Nepal 2015, State ensures the provision of cost free and compulsory education. Cost free education includes free admission, waiver of tuition fee, free textbooks to students of community schools and incentives to students and schools. The state is equally committed to free and compulsory basic education and aims to implement it. In line with the spirit of Constitution of Nepal, recently, Ministry of Education together with Nepal Law Commission has drafted a preliminary Bill for providing on the Right to Education, which has been readied and is being floated for study and discussion (This Bill is under the discussion, the essence of the bill is extracted from a circulated copy during the interaction session organized by the Nepal Law Commission in 2017). That Bill provides for numerous arrangements such as education till the secondary level to remain free, and that the household families not required paying any forms of fees (charges or donations save for voluntary donations, grants, aid or rewards). Moreover, all students to be supplied with text books and uniforms, provision of midday meal, educational aids, and the conferment of financial aid for the children from regions and communities lagging behind the prescribed indices in terms of human development indices, etc. has been figured out in that Bill. In case the State can properly invest in these indices, then we can hope that the journey of free education as envisaged by the Constitution will be fulfilled.

In Nepal, the funding sources to schools are generally categorized into public sources and private (non-public) sources as both the sources include several categories including contribution from parents (Kushiyait, 2018). Public sources include funds from the federal government and local government till now, but from next year education receives funding from three governments-federal, provincial and local. The funds from the federal government are channeled through its own budgeting system (red book system)

which is made up of internal revenues, external support received through bilateral and multi-lateral agreement, and other borrowings. It means the support to the government from external donors is kept under the heading of public budget in Nepal.

Private sources in Nepal include the support from individual, households, communities, charitable organizations, non-governmental organizations and international non - governmental organizations. Schools receive both monetary and non - monetary contribution from individual, firms and communities. Generally, government allocates funds to school's account through its own mechanism by using certain criteria whereas private sources include both the monetary and non- monetary contribution. But the private support may vary from place to place depending upon the wealth capacity and level of education. Only the public schools receive government budget; private schools do not receive any funds directly from the government. Private schools are fully dependent upon parental support through students' fees. As per the Education Regulation 2002 (BS 2059), Private schools (running under the public trusts concept) receive government support in the form of tax waives in certain items, such as in the purchase of vehicles for students, educational materials and extracurricular materials.

METHODS OF STUDY

The overarching research question of this study was: "What is the current gap in education finance for ensuring the rights to education for all as envisioned by Constitution of Nepal?" The study was carried out to answers the following questions:

- What are the sources (e.g. revenue, debt, etc) and their shares in current budget allocation to education sector?
- How much budget has been allocated, for supporting children's right to education, in ministries?
- How much budget has been allocated to strengthen the access and quality of public education, disaggregated by different areas?
- What kinds of gaps (in numeric) exist for the implementation of Constitutionally provisioned education right for all?
- What is the actual budget required to provide free and quality education per child and what is the current budget provided? What is the amount of gap per children in terms of financing?
- What are the government's mechanisms and or the processes (of each ministries mentioned above) that exists for the effective implementation of education budget?

For this purpose, it was necessary to collect and analyze both quantitative and qualitative data. Government Budget, red-book of ministry of finance, School records and interviews with head teachers and others in the school were the primary sources of information at the school level. In order to explore the allocation of budget in different categories, ASIP/AWPB of Department of Education was also reviewed and analyzed. During the field survey for preparing case study on school finance, secondary source of information of selected schools were extensively used. In this context, desk review of relevant literature was undertaken to inform the case study as a useful background for conducting field research.

Case studies involved the collection and analysis of specific information and data from schools by conducting a field study. Given the limitation of time and resources, six schools were selected from two provinces-2 and 5. At school level head teachers, teachers and accountants were consulted for collecting relevant information for the case study.

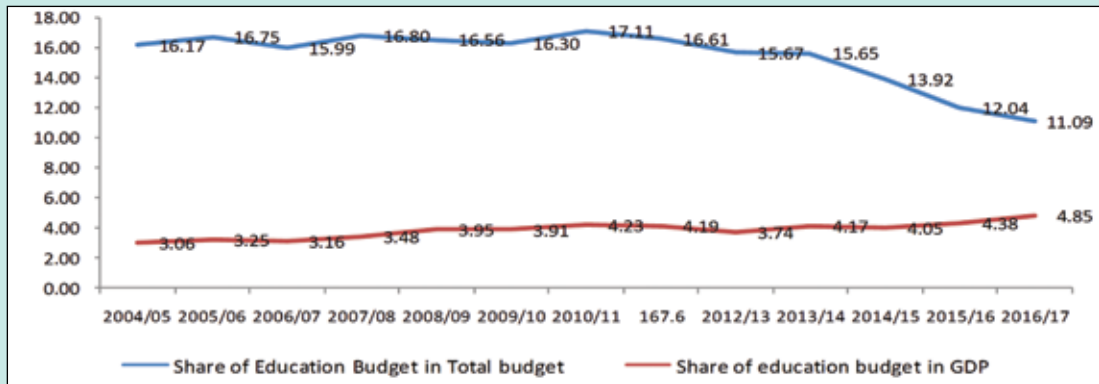
TREND AND PATTERN OF BUDGET ALLOCATION FOR SCHOOL FINANCE

Responsive government aims to equip its citizens with good quality education. The delivery of quality education will only be possible once the country has strong, effective and efficient education system. Among others, good funding system is one of the characteristics of education system which takes into account of accuracy, fairness and transparency while funding to schools with the aim of ensuring the quality of a child's education does not depend on the place where he or she lives.

Allocation of public funding to education

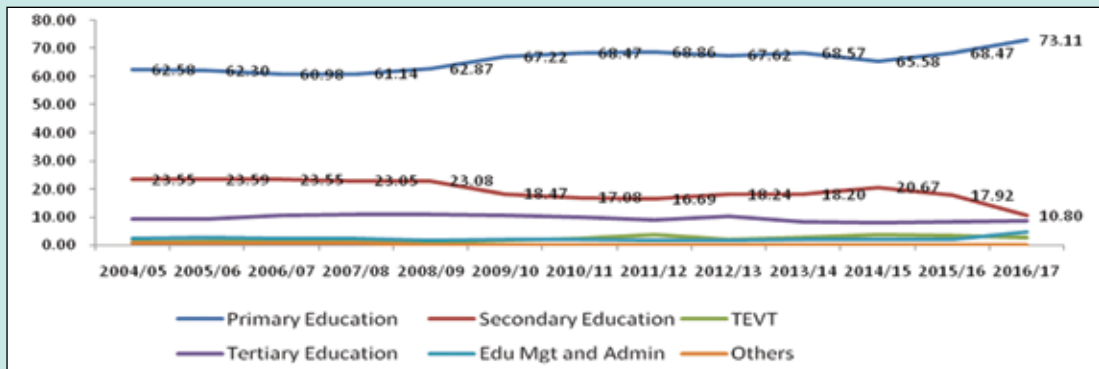
The allocation of public funding to education varies year to year, and is not predictable. In some year it reaches up to 17 percent whereas sometimes it went down to about 10 percent. So the education budget is fluctuating, (decreasing in recent years). The allocation of education budget against Gross Domestic Product (GDP) and National Public Budget is given below (Figure 1).

Figure: 1. Allocation of public funding to education (2004/05-2016/17)



The chart above shows that the budget allocation in education in terms of GDP is more or less consistent. However, the share of education budget against national public budget is fluctuating and declining at the end. Budget allocation to education is one aspect; on the other how the education budget is reallocated to different sub-sectors of education is another important dimension. The chart below shows the shares of public education budget as per the levels of education (Figure 2).

Figure: 2. Shares of public budget as per the levels of education (2004/05-2016/17)



Out of the education budget the highest share is consumed by the primary education, followed by secondary education. Till 2008/09, secondary education budget includes the budget of both lower secondary and secondary. After 2009/10, education system was restructured under School Sector Reform Program, where basic education includes both the primary and lower secondary whereas secondary only includes the secondary education. This has resulted changes in budget allocation. So the allocation to primary and secondary education varied significantly after 2009/10 because of restructuring of school education. The share of budget in other categories remained more or less same in all the years which are presented in the chart above.

Current and capital budget

Schools of Nepal are receiving fund under the heading of grants but it is very difficult to mention what percentage of budget goes to schools under the current heading and what percentage is under the capital heading. The entire budget to schools is kept under simple grant headings. Inter-governmental fiscal transfer act has provisioned in a different way than the method ministry used earlier. While discussing with the officials of Ministry and Department of Education, they expressed that about 70 percentage of the school education budget goes to the teacher's salary. One of the calculations done by the Department of Education for the internal consumption showed that the following shares are allocated under different items from the grants given to schools.

Allocation of teacher salary (DOE, 2012)

- % of primary teacher salary in primary education budget: 53.24
- % of secondary teacher salary in secondary education budget: 99.52
- % of school teacher salary in school education budget: 62.27
- % of school teacher salary in total budget: 57.57

If we include ECED and non-formal facilitator (flexible and alternative schooling), the share of salary in school education budget will be 67.30 percent.

Allocation of budget (school education) in major areas (DOE, 2012)

- Share of budget in physical facilities: 7.13%
- Share of budget in scholarships: 2.99%
- Share of budget in free textbooks: 2.58%
- Share of budget in management costs to schools: 3.04%
- Share of budget in non-salary costs to schools based on number of students: 2.68%
- Share of budget to alternative and flexible school facilitators: 0.15%
- Share of budget to ECED: 1.06%

School Sector Development Plan (SSDP) and its Budget

School Sector Development Plan (2073/74-2079/80) intends to allocate the 4 percent of GDP and minimum of 15 percent of national budget to education sector. This will be maintained as a shared responsibility.

Resource envelope and cost estimate of SSDP

The total costs for SSDP is calculated in three different scenario of seven-year SSDP (2016–23), five-year SSDP (2016–21) and the first three years (2016–18). The estimated budget for these different scenarios is given below (Table 1);

Table 1: Resource envelope and cost estimates of SSDP for three different scenarios (Current price)

Items	Scenario	7-year program (2016-2022)		5-year program (2016-2021)		3-year program (2016-2018)	
		NPR billion	\$ billion	NPR billion	\$ billion	NPR billion	\$ billion
Education sector	Plausible	1378	13.1	840	8	430	4.1
	High	1630	15.5	912	8.7	440	4.2
	Low	896	8.5	577	5.5	322	3.1
SSDP envelope	Plausible	1119	10.655	682	6.498	350	3.33
	High	1324	12.61	740.36	7.05	357.69	3.43
	Low	728	6.93	468.75	4.46	261.53	2.49
SSDP expenditure		1110.58	10.58	678.36	6.46	349.53	3.33
Recurrent		1012.85	9.65	616.63	5.89	317.72	3.04
Capital costs		97.73	0.93	61.73	0.57	31.81	0.29
% capital costs		8.8		9.1		9.1	

(Source: SSDP, 2073/74 - 2079/80 p112)

The table above presents an overview of the projected total resources available for the SSDP and the education sector as a whole for the three-year, five-year and seven-year implementation periods. As such, under plausible scenario it is estimated that \$3.3 billion, \$6.5 billion and \$10.66 billion will be available to implement the SSDP during the three, five and seven years respectively. The share of capital cost is 9.1 percent for the three year and five-year program, and 8.8percent for the seven-year program.

Allocation of SSDP budget by levels and themes

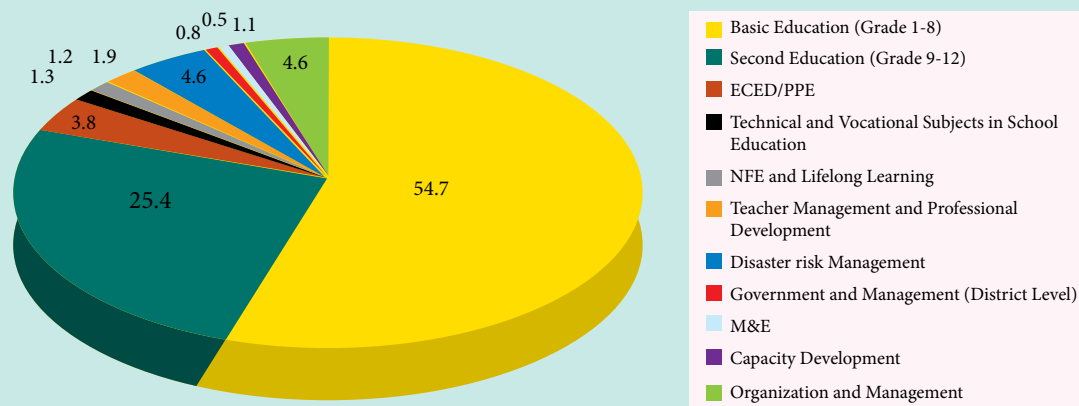
SSDP program covers the entire school education (from early childhood to grade 12). Of them basic education (ECED/PPE to grade 8) consumes the highest share of education budget followed by secondary education (grades 9 to 12). The estimated allocation of SSDP budget in different levels and themes are given below.

Table 2: Allocation of SSDP budget by levels and themes 2016/17 - 2020/21 in (Current price)

SN	Items	Amount in (NPR million)	Amount in (US\$ million)	Share of total (%)
1	ECED/PPE	25800	246	3.8
2	Basic education (grades 1-8)	371289	3536	54.7
3	Secondary education (grades 9-12)	172314	1641	25.4
4	Technical and vocational subjects in school education	9071	86	1.3
5	NFE and lifelong learning	8011	76	1.2
6	Teacher management and professional development	13534	129	1.9
7	Disaster risk management	31364	299	4.6
8	Governance and management (district level)	5216	50	0.8
9	M&E	3508	33	0.5
10	Capacity development	7249	69	1.1
11	Organization and management	31321	298	4.6
	SSDP (excluding DRR)	678361	6461	100
	DRR under NRA	75099	715	
	SSDP (Including DRR)	753459	7176	

(Source: SSDP, 2073/74 - 2079/80 p115)

Figure: 3 Allocation of SSDP budget by levels and themes 2016/17 - 2020/21 in (Current price)



(Source: SSDP, 2073/74 - 2079/80 p115)

SSDP program will support expenditure from 2016 to 2021. In comparison to the SSRP period the share of secondary education is estimated to increase under the SSDP (25.4%) considering the new secondary education programs. According to SSDP document, these programs include the provision of separate head teacher positions, the availability of more qualified Mathematics, Science and English teachers, the promotion of Science Education, the Model School Program and ICT based teaching and learning materials.

SSDP expenditure framework by cost categories

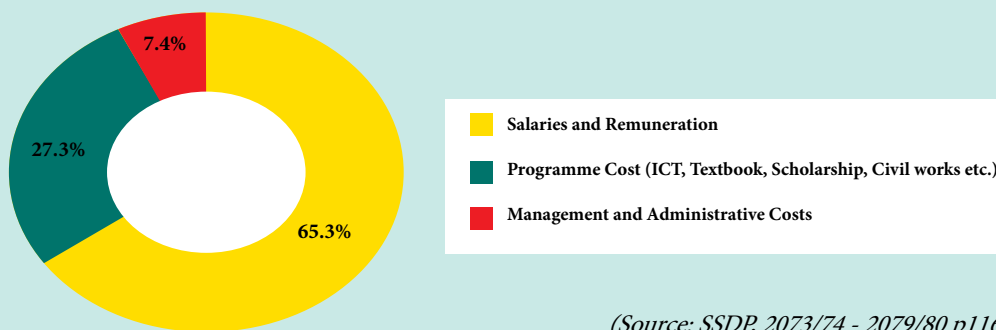
The SSDP estimated expenditure is also further categorized in different themes or areas. This is indicative framework which gives an impression about the areas who consumes the budget. The allocation by cost categories at current price is given below.

Table 3: SSDP expenditure framework by cost categories (2016/17-2020/21) (current prices)

SN	Item	Amount (NPR million)	Amount (\$ million)	Share of total (%)
A	Salaries and remuneration	443,144	4,220	65.3
B	Programme cost	184,684	1,759	27.3
1	ICT	14,364	137	2.1
2	Textbooks and learning materials	45,283	431	6.7
3	Scholarship and incentives	40,516	386	6.0
4	Civil works	36,131	344	5.3
5	Equipment and fixtures	7,325	70	1.1
6	Training and capacity development	18,149	173	2.7
7	All other items	22,915	218	3.4
C	Management and administration costs	50,525	481	7.4
	School sector total	678353	6461	100.0

(Source: SSDP, 2073/74 - 2079/80 p116)

Figure: 4: SSDP expenditure framework by cost categories (2016/17-2020/21) (current prices)



(Source: SSDP, 2073/74 - 2079/80 p116)

The most of the SSDP budget will consume by the items of salaries and remuneration (65.3%), followed by programme costs (27.3%) and management and administrative cost (7.4%). Under program costs civil works (5.3%), textbooks and learning materials (6.7%) and scholarship and incentives (6.0%) account for an estimated 18 percent of costs. The budget estimated for training and capacity development of staff, managers and teachers amounts to only 2.7 percent of the total estimated budget.

Funding Sources of Schools

Schools receive fund from different sources. If we observe minutely, only two sources i.e. public and private are applicable to fund schools. Whether school receives fund from public or private sources, it is mandatory to maintain accuracy, to ensure the fairness, and to follow transparency. These should not only be maintained in expenses, it should maintain from allocation to the auditing. If we review the school funding system of other countries, mixed experiences are seen. Most of the developed countries are used any of the following methods. For example, Most of the States of USA use the factors, such as accurate student counts, weight for low income students, weight for students with disability, weight for English language support, per student-based cost, district poverty factor, district cost of living factor, district tax effort factor, small district factor, adequacy target calculated to fund schools.

A study carried out by the Ministry of Education, UNESCO Montreal and IIEP revealed that the funding sharing patterns on education is as follows (MOE and UNESCO, 2016);

Table 4: Funding sharing patterns on education, 2016

Funding sharing source	Final (NRs) in billion	Percent
Ministry of Education	70.3	35.9
Other Ministries	1.2	0.6
DDCs/VDCs	2.3	1.2
Households/parents	96.7	48.4
International NGOs	0.7	1.1
Local NGOs	3.5	1.1
External Loans	0.5	0.2
Grants on Budget	8.9	4.8
Technical assistance	2.0	1.0
Internally generated	11.1	5.6
Total	197.2	100.0
Public sources	85.2	43.8
Private Sources	111.9	56.2
Government of Nepal	83.2	42.8
External financing	23.1	12.8

(Source: Ministry of Education and UNESCO/IIEP, 2016)

Figure: 5 Funding sharing patterns on education, 2016



Source: Ministry of Education and UNESCO/IIEP, 2016

The table and chart above give overall picture on how expenditures are distributed in different actors or categories. One of the most remarkable aspects of the study is that public authorities are funding 43.8 percent of education expenditure whereas more than 56.2 percent are being covered by the private sources including household contribution.

Pattern/Model of Budget Allocation in Education

The school funding model includes the combination of any two or more while funding to school.

- **Formula funding:** A formula is developed to fund school which is comprised of different variables such as number of students, poverty level of the location/community, local tax efforts, and number of pupil from targeted groups, geographical areas and remoteness. In order to use formula to fund school, the concept of school zoning or school catchment area or school district must be adhered. Such concept may not be applicable at present in Nepal because we do not have the legal location map for each school, or we are in a situation of absence of school zoning. The formula is based on following factors;
 - Base cost or basic cost - each school unit will receive the basic cost irrespective of their student numbers or location they reside. These costs will differ for primary, basic and secondary level school. This is a sort of basic threshold for schools. Sometimes this is also named as flat grants, equal grants to all schools irrespective of their size, location and characteristics.
 - Formula variable - formula is composed of from different variables of which each receives the weight or multiplier. Formula factor includes student (including language, disability, etc.), school related factor (catchment area, property tax, poverty level, etc.).
 - Adequacy goal costs - to meet the gaps, adequacy gaps.
- **Per pupil funding:** The total allocation to school is based on the per pupil allocation. State decides the actual amount required to perform teaching and learning of children then allocate to respective schools based on number of students.
 - Foundation grants: Such grants ensure that all schools have minimum amount of funding per pupil. This helps to ensure the adequate funding to school based on per pupil funding.
- **Mix (funding based on different units)** - funding based on combination of pupil, teacher and other items.

In Nepal, schools are funded on the basis of different variables. Most of the public fund goes to teacher salary, in some cases it is assumed that more than 70 percent of the school budget is being allocated for teacher salary. Textbooks, scholarship and non- salary costs (school improvement funds) are being allocated on the basis of number of students. The management costs are also allocated on the basis of number of institution, such as Early Childhood Education Center. In this way, we have used the mixed model of school funding.

Status of Per Student Cost in Education

Upon computing the cost in education, one has to take into account both the direct and indirect costs. In addition, there is also a practice of computing opportunity cost of education in it also. Nonetheless, the government while investing in education seems to allocate education budget, by considering primarily the direct costs. Likewise, apart from the government, the expenses made by the families and communities also are deemed as important in educational attainment. Hence, we tend to calculate the per student cost made by the government as well as by the families as the educational cost. Nevertheless, the government, through its budget, allocates certain amount so as to impart free education. If we are to divide the amount allocated by the government for any level in education by the total number of students of that level, we can derive the per student cost of that level.

On the basis of education budget of 2016/17 and number of students quoted in the Flash Report of 2015/16, if we calculate per student cost, it stands at Rs. 16,445 at the basic level and falls to Rs. 11,659 at the secondary level (grades 9-12). As the participation of private sector is higher at the higher secondary level, it is natural that the per-student cost goes down for this level.

Until today, the costs incurred by Nepali students of all levels in course of attaining education, such as school uniform, bag, stationery, mid-day meal expense, transportation and other costs are being borne by the household families. This expense shall vary depending on the economic status of a household family. Pursuant to a study undertaken by me in 2008 in poor household families, it was found that they tend to expend up to 40 percent of their total income in primary education. In the same vein, data shows that there is a contribution of up to 15 percent in the total household expenses. The per student cost at primary level remains exist at Rs. 1827. There is no discord that if we account for the inflationary effects and high heeled families, then this cost will drastically shoot up (Kushiyait, 2009).

The study carried out the Ministry of Education and UNESCO/IIEP (2016) shows the following status in terms of per child expenditure in education.

Table 5: Status in terms of per child expenditure in education 2016

Level of Education	Public/Community Institution				Institutional/Private Institution			
	Total	Government (%)	Household (%)	Others (%)	Total	Government (%)	Household (%)	Others (%)
Preprimary	3,602	52	8	40	17,336	0.1	94.6	5.3
Primary	11,536	66	2	31	20,254	0.3	92.4	7.3
Lower secondary	11,251	58	6	36	19,984	0.3	93.2	6.5
Secondary	10,681	85	14	1	31,696	0.2	93.2	6.7
Higher Secondary	16,556	40	48	12	37,752	0.1	93.1	6.9
TVET	1,77,053	87	8	5	89,159	2.1	92.9	5.1
Higher education	56,525	65	16	18	1,32,136	1.9	80.6	17.5

(Source: Ministry of Education and UNESCO/IIEP, 2016)

The table above shows that status of the per child expenditure in education by both public and private sources. It reveals that the students studying in private schools have received higher level of funding as compared to their counterpart who is studying in public schools. The pre-primary education students who are studying in private schools are receiving higher share of fund as compared to their public education counterpart in all levels.

Current per student allocation in public schools

Per pupil allocation/expenditure (tuition fee) in private schools varies school to school depending upon the nature and size of the schools. In some cases, per student expenditure exceeds 3,00,000 NRs per month whereas majority falls under the category of NRs 50,000 per year. On the other per pupil allocation in public education from the government funding looks different.

The amount of public budget to a child is calculated by dividing the actual allocation in different levels of education by the number of students of respective levels of education. Only those students who are studying in community schools are used to calculate the per child allocation from government sources. Per pupil allocation in public education from the government funding looks like as follows (Table: 6);

Table 6 : Per child allocation by years (NRs)

Level	2012/13	2013/14	2014/15	2015/16	2016/17
Total	9,839	12,865	13,798	15,781	19,056
Primary (G1-5)	5,960	7,703	8,288	9,645	11,909
Lower Secondary (G6-8)	6,509	8,176	8,654	9,810	11,734
Basic (G1-8)	6,116	7,841	8,396	9,696	11,857
Secondary (G9-10)	10,929	13,997	14,762	16,273	18,948
Higher Secondary (G11-12)	15,035	20,894	21,850	23,199	25,134
Secondary (G9-12)	12,141	15,999	16,812	18,330	20,880

(Calculation is based on the basis of total number of students in community schools and amounts of budget allocated to different levels of education)

Different scholars have explored different unit cost of per child allocation/expenditure in different levels of education because they have used different assumptions as there is not standard and uniform formula to calculate these. If we see the trend of school education budget, it consumes 84 to 86 percent of education budget, which is further divided into different levels of school education. If we calculate the per child allocation from another perspectives the allocation would appear as below;

Table 7: Per child allocation by years (NRs) 2016-17

Items	2012/13	2013/14	2014/15	2015/16	2016/17
Education budget in NRs 000	63,431,397	80,958,000	86,030,000	98,643,000	116,361,000
% of Basic education budget	67.62	68.57	65.58	68.47	73.11
% of Secondary education budget	18.24	18.20	20.67	17.92	10.80
Amount of budget in Basic education in NRs 000	42,890,609	55,510,573	56,420,362	67,535,991	85,074,570
Amount of budget in Sec education in NRs 000	11,572,372	14,732,847	17,782,103	17,679,161	12,562,930
Students studying in Community Basic schools	5,422,616	5,268,701	5,209,898	5,173,042	4,990,095
Students studying in Community Secondary schools	1,024,479	1,024,411	1,025,015	1,077,895	1,116,262
Per child allocation in Basic level(NRs)	7,910	10,536	10,829	13,055	17,049
Per child allocation in Secondary level (NRs)	11,296	14,382	17,348	16,402	11,254

Calculation is based on the basis of red book allocation and students from consolidated report of DOE 2016/17

CASE STUDY OF SCHOOLS FROM PROVINCE NUMBER TWO AND FIVE

This study is also based on observation of three schools from Dhanusha and three from Palpa. Among these, a short description about school of each of the two schools one from Dhanusha and one from Palpa selected for a closer look at schools is presented in the following boxes (Boxes 1, and 2).

Box: 1 Shree Janta Higher Secondary School Giddha-Belapatti, Dhanusha School Profile

This school, situated in the province 2 of Nepal, has a population of diverse castes and ethnic groups, with distinct cultural identity. This school is located in the northern part of the district and adjoining with hulaki road of Dhanusha district and 15 KM far from. The area is inhabited by mixed ethnic and caste groups, such as, yadav, Mandal, Kumhar, Sah, Maithil Brahmin, Tatma, Chamar, and Muslim etc. Maithili is mostly used as local language. However, the medium of instruction is Nepali, with transitional support in local language by teachers in their respective classes. Agriculture and wage labour are main sources of livelihood, which is nearly 75 percent of the local population. The catchment area of school is spread over about 5 km.

Characteristics of School

The school offers grade 1-12, which is considered as secondary education in Nepal and TEVT in veterinary science class also offers in grade 9-12. Being a public/community school, this school is fully supported by government but 11 teachers' gets salary from community source. The school has massive support from the parents, the local community. The total numbers of children enrolled are 1741 (890 girls and 851 boys). There are 45 teachers and PTR is 1:39. Teachers meet qualification standards set by the education regulation. Qualification of the Head teacher is-M. Ed. with five year of experience as HT and 25 years as teacher. SMC and PTA are the main structures involved in the internal functioning and management of the school. Meetings are held regularly as per needs; and meeting minutes are maintained by HT.

School finance

This school was established 65 years ago in 2008 BS. Many significant positive changes are noticeable in school buildings, furniture, playground and equipment such as use of computer for administrative purposes, with a plan for organizing and managing the use of computer in classrooms for effective teaching and learning of children. Physical infrastructure is adequate but these infrastructures still lack modernity. However, new building is going to construct with DOE support. Per-child spending of this school is estimated at NRs.12505 with regard to grades 0-12.This should be interpreted in light of per child funding at NRs. 11774 for school education (grades 1-12) at the national level. Recently, school presented its annual budget for 2074/75 in local government is NRs 2,66,42,485 which required about 50 lakhs additional budget. The school wants to expense the additional budget on teaching materials including lab materials for science and technology, building construction, computer and internet facilities, ECD management and expansion of library.

To conclude, this school has been ensuring the highest percentage of SLC results (95%) in the district. Hence, we categorize this school as under financed, with the remark that the general opinion about the overall functioning of the school is highly positive; and there is harmony between parents, teachers and students in this school for achieving still better results and performance in regards to internal efficiency and learning achievement of students.

Box 2: Ganga Secondary School, Palpa

School Profile

This school in the Palpa district is located in the province- 3 of Nepal. This area inhabited mainly by Brahmin, Chhetri and Dalit community. Nepali is a local language of this area. Majority of population of this area is engaged in agriculture, wage labour and jobs provided by government. Distance/ accessibility of school to households is not a problem – with children coming to school in less than one hour. Drastic positive changes in school was noticeable in terms of school buildings, equipments, etc. Physical infrastructure is adequate.

Characteristics of School

The school offers grade 1-12, which is considered as secondary school in Nepal. The total numbers of pupils enrolled are 677 (in 2074/75 session) excluding pre-primary. There are 32 teachers including 6 secondary and 4 lower secondary. Teachers meet qualification standards set by regulation. Head teacher has also experienced with long teaching career. PTR of school is 1:21.

School finance

SMC and PTA are the main structures involved in the internal functioning and management of school. Meetings are not fixed; held as per needs; minutes are maintained by HT; General opinion regarding parental involvement is good; there is harmony between parents, teachers and students in this school. Total budget of school for 2074/75 is 1.40 crore. Per- child spending of school is NRs. 20, 679, which is almost double of the national average. Grants, rent of land, chanda and fee are major source of school fund. Lack of transparency of income and expenditure of school is evident. Adequacy of budget is a distant dream in terms of providing quality of education.

ESTIMATION OF BUDGET FOR SCHOOL EDUCATION

In order for the State to render free school education, it has assumed liability to bear entire expenses of education and a commitment has been expressed to make basic education free and compulsory and secondary education free. The essence of compulsory education is to equitable access and enables the completion of education cycle of entire students. Class repetition and grade/school drop-out are major causative factors behind the non-completion of education cycle. In the meantime, it is a matter of concern that the status of investment from the government is dwindling by the day. Thus, the decline in educational investment may also be construed as the State walking back on its commitment towards education. However, the provisions of new Constitution have not provided such leeway for the State. The country has already admitted the constitutional compulsion of assuming the financial liability of education. Rather, attention needs to be centered on how the Federal, Provincial and Local governments can muster

additional internal and external resources so as to spike investment in education. Moreover, it would be worthwhile to proceed now for framing and estimating the budget of forthcoming year with adequate resources.

Government of Nepal, by far, has been contemplating and practicing free education by allocating amounts in heads like salaries of teachers, scholarships, construction works, lump sum school operation cost, non-salary costs etc. Now a pertinent question is looming as to whether this is, in fact, a criterion for free education or not. In line with the spirit of our Constitution, recently, a preliminary draft of a Bill for providing on the Right to Education has been readied and is being floated for study and discussion. That Bill provides for numerous arrangements such as education till the secondary level to remain free, and that the household families not required paying any forms of fees, charges or donations save for voluntary donations, grants, aid or rewards. Moreover, all students of basic education to be supplied with textbooks and uniforms, provision of midday meal, educational aids, and the conferment of financial aid for the children from regions and communities lagging behind the prescribed indices in terms of human development index, etc. figure out in that Bill. In case the State can properly invest in these indices, then we can hope that the journey of free and compulsory education as envisaged by the Constitution will be fulfilled.

The budget required for ensuring the teachers, non-teaching staff, student facilities, ECD facilities are calculated based on certain assumptions.

Teacher requirements and their salary

The table below includes the total number teachers at present and required teachers as per the norms given in education regulation 2059.

Table 8: Available and required teachers as per the existing norms given in Education regulation

Levels of Education	Number of schools	Norms of teacher allocation	Total number of required teachers	Total	Available teachers at present	Additional required teachers
Basic - Grade 1-3	5,436	3	16,308	134,863	102,307	32,556
Basic - Grade 1-5	23,711	5	118,555			
Basic - Grade 6-8	11,255	4	45,020	45,020	24,846	20,174
Secondary - grade 9-10	6,171	5	30,855	30,855	11,697	19,158
Secondary - Grade 11-12	2,705	4	10,820	10,820	6,000	4,820
Total			221,558	221,558	144,850	76,708

(Source: Calculation based on norms and assumptions)

The table shows that, at present, there are 1,44,850 teachers (government funded) working in school education. As per the Education regulation 2002 (BS 2059), the number of teachers required by school (minimum number of teachers as per the individual class) are also given in the table. Based on the minimum teachers required for school as per the given norms above, total requirement is about 221,558 teachers which resulted huge gaps of more than 76 thousands teachers in the country. However this table does not

estimate the requirement of teachers for the schools who have two or more than two sections. If we include and calculate for this, the gap may even go up.

The existing allocation in teacher salary and gap is given the table below (the salaries as per norms set by the Government);

Table: 9 Total budget required for additional teachers in NRs

Levels of teachers	Total additional teachers required	Salary per month	13-months salary	Total salary required
Primary	32,556	2,170	288,210	9,382,964,760
Lower Secondary	20,174	23,500	305,500	6,163,157,000
Secondary	23,978	30,500	396,500	9,507,277,000
Total	76,708	76,170	990,210	25,053,398,760

(Source: Calculation based on norms and assumptions)

The table above gives an idea on how much budget is required to provide teachers in each school as per the existing norms. As in other countries teachers are considered the largest component to consume the public education budget. This table only includes about the additional teachers as per the school, and number of classes. In order to ensure the teachers for the schools having additional classes (extra sections), it is certain that the number of required teachers will be increased.

ECD Number and their salary

ECD centers are also considered important for the holistic development of children as it is also equally important to make them ready (both psychologically and physically) before they enter grade 1. In line with the sustainable development goals, there is a need to ensure the quality ECD services to all children irrespective they live. It is assumed that the existing number of ECD center will fair enough if they are strengthened.

Table 10 : Number of ECD Centers

ECD	Number of ECD Centers	Salary per month	13-months salary	Total required amount for salary	Total requirements
Facilitators	30,448	22,170	288,210	8,775,418,080	15,199,641,600
Support Staff	30,448	16,230	210,990	6,424,223,520	

(Source: Calculation based on norms and assumptions)

At present there are 30,448 ECD centers running in the country. Each ECD has only one facilitator who are also low paid and such center do not have any support staff. In order to ensure the functioning of such centers, every ECD should have one facilitator and one support staff, and they should be paid as per the government norms. Now government spends about 2 billion NRs whereas the total required budget for this item is more than 15 billion NRs. The details are given in a sheet below under the summary table.

School personnel requirements and their salary

The table below shows the total number of non-teaching staff at each level of school.

Table 11 : Number of non-teaching staff required for schools

Levels	Total number	Support Staff	Khardar	Nayab Subba	Total	Assumptions
Basic- Grade 1-3	5436	5436	0	0	5436	One support staff
Basic - Grade 1-5	12516	12516	0	0	12516	One support staff
Basic- Grade 1-8	5084	10168	5084	0	15252	Two support staff and one Khardar
Secondary - Grade 1-10	3466	6932	3466	3466	13864	Two support staff, one Khardar and one NayabSubba
Secondary - Grade 1-12	2705	5410	2705	2705	10820	Two support staff, one Khardar and One NayabSubba
	29207	40462	11255	6171	57888	

(Source: Calculation based on norms and assumptions)

The total number of non-teaching staff required for schools in Nepal (minimum number of staff as per the norms given in table above) is about 58,000. But these numbers are distributed in different categories of non-teaching staff. At present schools are receiving lumpsum grants to manage the non-teaching staff, which is extremely low paid (meaning they have not been receiving their salaries as per the norms set by the government). In order to provide their salaries as per the norms, the total requirement is given about 13.7 billion NRs whereas existing allocation is about 2.3 billion NRs resulting gap of about 11.4 billion NRs. The assumptions to calculate the total requirements are given as follows;

Table 12 : Number of non-teaching staff required and estimated budget required for them

	Support Staff	Khardar	Nayab Subba	Total
<i>Number</i>	40462	11255	6171	
<i>Salary per month</i>	16,230	22,170	23,500	
<i>13-months salary</i>	210,990	288,210	305,500	
<i>Total required budget</i>	8,537,077,380	3,243,803,550	1,885,240,500	13,666,121,430

(Source: Calculation based on norms and assumptions)

The tables (table 9 and 10) above gives an idea about the total number of non-teaching required for community schools in Nepal. These numbers are calculated based on the assumptions of minimum number of non-teaching staff for all schools. These tables also reveal the total estimated budget required to pay the salaries of these non-teaching staff. The details are given in a sheet below under the summary table.

Students related costs

As per the Constitution, students have right to receive the free and compulsory basic education and free secondary education. First country should define the meaning of free and compulsory basic education, and free secondary education as there is no universally accepted definition of free and compulsory basic education and free secondary education. The draft Right to Education Bill has included some of the provisions of the free and compulsory basic education. The assumptions below are made based on the assumptions included in the draft bill and other international practices. The unit costs are also assumed with the best assumption model with a view to cover the minimum level of requirement for students in each item. The unit costs also vary as the grade increases because their living may differ with the increase in age. The table below includes the basic items, unit costs and total budget required for these items.

Table 13: Total number of students, unit costs for different items and required budget

Items	Primary	Lower secondary	Basic	Secondary	Secondary	Secondary	School Education
	Grade 1-5	Grade 6-8	Grade 1-8	Grade 9-10	Grade 11-12	Grade 9-12	Grade 1-12
Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
Text books							
Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Per unit costs in NRs</i>	400	500		700	800		
<i>Total required budget in NRs</i>	1,380,009,200	770,036,000	2,150,045,200	537,354,300	278,890,400	816,244,700	2,966,289,900
Stationary							
Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Per unit costs in NRs</i>	2,000	3,000		4,000	5,000		
<i>Total required budget in NRs</i>	6,900,046,000	4,620,216,000	11,520,262,000	3,070,596,000	1,743,065,000	4,813,661,000	16,333,923,000
Mid-day meal							
Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Items</i>	NRs 20 per day for 200 days	NRs 25 per day for 200 days		NRs 30 per day for 200 days	NRs 35 per day for 200 days		
<i>Per unit costs in NRs</i>	4,000	5,000		6,000	7,000		
<i>Total required budget in NRs</i>	13,800,092,000	7,700,360,000	21,500,452,000	4,605,894,000	2,440,291,000	7,046,185,000	28,546,637,000
Insurance							
Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Per unit costs in NRs</i>	1,800	2,000		2,300	2,500		
<i>Total required budget in NRs</i>	6,210,041,400	3,080,144,000	9,290,185,400	1,765,592,700	871,532,500	2,637,125,200	11,927,310,600

Uniform

Total number of students in community schools	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Items</i>	Two sets in a year	Two sets in a year		Two sets in a year	Two sets in a year		
<i>Per unit costs in NRs</i>	2,500	3,000		3,500	4,000		
<i>Total required budget in NRs</i>	8,625,057,500	4,620,216,000	13,245,273,500	2,686,771,500	1,394,452,000	4,081,223,500	17,326,497,000

Targeted scholarships

<i>Total number of students in community schools</i>	3,450,023	1,540,072	4,990,095	767,649	348,613	1,116,262	6,106,357
<i>Targeted students- 20 percent of total students</i>	690,005	308,014	998,019	153,530	69,723	223,252	1,221,271
<i>Per unit costs in NRs</i>	2,500	3,000		3,500	4,000		
<i>Total required budget in NRs</i>	1,725,011,500	924,043,200	2,649,054,700	537,354,300	278,890,400	816,244,700	3,465,299,400

<i>Per student school improvement grants in NRs</i>	500	600		700	800		
<i>Total budget for SIP in NRs</i>	1,725,011,500	924,043,200	2,649,054,700	537,354,300	278,890,400	816,244,700	3,465,299,400

<i>Total budget in NRs</i>	40,365,269,100	22,639,058,400	63,004,327,500	13,740,917,100	7,286,011,700	21,026,928,800	84,031,256,300
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(Source: Calculation based on norms and assumptions)

The above table includes the cost requirements for text books, stationary, midday meal, insurance, uniform, scholarship and school improvement plan grants. The requirement in each items are based on the assumptions given in the table (as an unit cost) and total number of students studying in community schools in students studying in community schools in 2016. There are not allocation in some of items such as uniform, insurance, midday meal and stationary as it is difficult for the existing allocation. The existing allocation in the rest of the items are given in the summary tables below. The table shows in order to provide all these facilities to the students, the requirement is about 84 billion NRs (63 billion NRs for basic and 21 billion for secondary). The unit costs should be considered as independent variable if we change them the required amount may vary significantly. Therefore the required budget given above is based on the assumptions mentioned above.

Summary of the total requirements

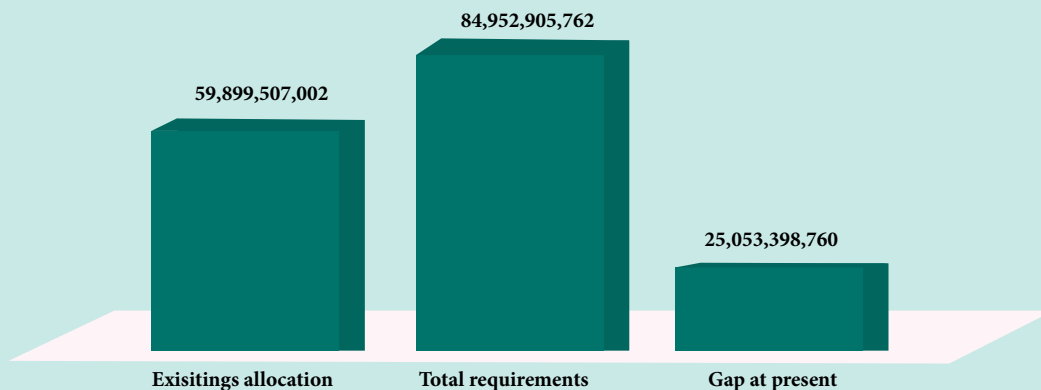
Based on the above tables, the table below includes the summary of the existing allocation in different items, total requirements based on certain assumptions and norms and gaps at present to cover the requirements. On the basis of above conditions, estimation of required school budget and gap at present in school finance is presented in table 12.

Table 14 : Estimation of required school budget, 2018

Items	Existing allocation	Total requirements	Gap at present
Teacher salary	Amount (NRs)	Amount (NRs)	Amount (NRs)
Primary	41,064,822,066	50,447,786,826	9,382,964,760
Lower secondary	10,311,395,258	16,474,552,258	6,163,157,000
Secondary	8,523,289,678	18,030,566,678	9,507,277,000
Sub-total	59,899,507,002	84,952,905,762	25,053,398,760
Textbooks	24,61,046,000	2,966,289,900	505,243,900
Scholarship	2,181,119,000	3,465,299,400	1,284,180,400
ECD	2,032,545,000	15,199,641,600	13,167,096,600
School staffs (Karmachari)	2,290,604,000	13,666,121,430	11,375,517,430
Mid day meal	1,176,235,000	28,546,637,000	27,370,402,000
Insurance	0	11,927,310,600	11,927,310,600
Stationary	0	16,333,923,000	16,333,923,000
Uniform	0	17,326,497,000	17,326,497,000
SIP grants (Non-salary)	1,852,298,000	3,465,299,400	1,613,001,400
Sub-total	11,993,847,000	112,897,019,330	100,903,172,330
Total	71,893,354,002	197,849,925,092	125,956,571,090

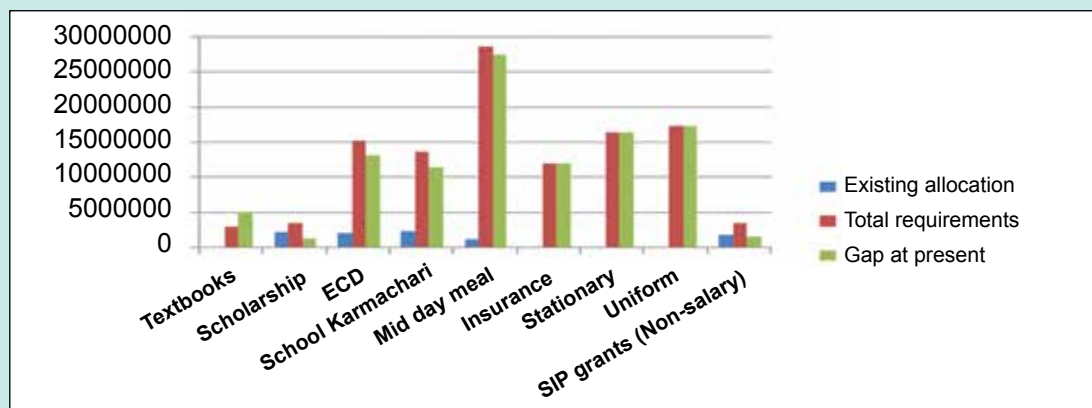
Source: Calculation based on the assumptions given above.

Figure 6: Estimation of required school budget for Teachers, 2018



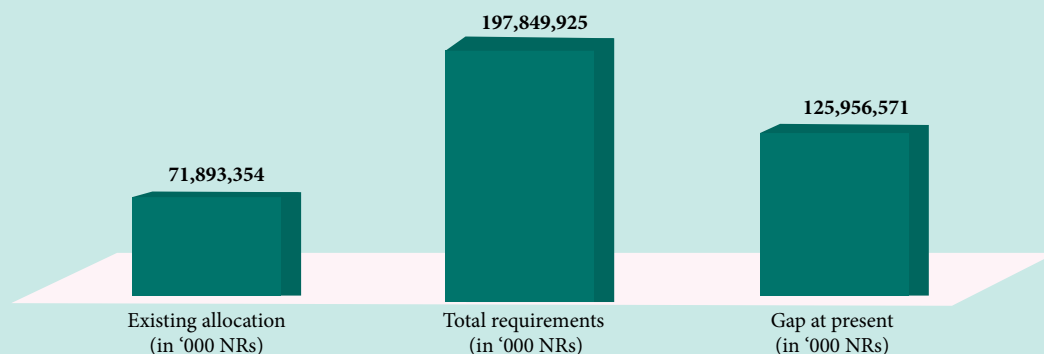
While discussing the commitment of free education, at the school education, the current allocation of Rs. 71.89 billion seems to be way below sufficient. This sum seems to have been determined on the basis of students studying in community schools. The students enrolled in institutional schools are excluded from this calculation.

Figure 7: Estimation of required school budget for Scholarship, ECD, Mid-day meal, Stationary and Uniform, 2018 (NRs `000)



Similarly, if we are to include the per students expense for midday meal of Rs. 25 per day for 200 days for basic level students and Rs. 30 and 35 per day for 200 days for secondary and higher secondary (11-12) level respectively, then sum of Rs. 27.37 billion needs to be earmarked. Likewise, if we set aside Rs. 3000 covering uniforms for basic level and Rs 3500 and Rs 4000, for secondary and higher secondary (11-12) level respectively, then the amount of Rs. 17.32 billion needs to be arranged for. Nearly 10 percent students from the age group of basic school level are currently away from schools. If we are to introduce them also into the provision of free education, this amount shall spike further.

Figure 8: Estimation of required school budget for total Gap, 2018



The above details offer a basis to calculate the size of investment or the additional amount to be managed by the State of Nepal so as to implement the constitutional sentiment of making the school level education (1-12) free. A sum of Rs. 197.85 billion current budget for school education is needed. Thus, altogether, incur an additional financial burden to the tune of Rs. 125.95 billion on the State. Thus, if we are to add this Rs.125.95 billion on top of the present education budget of Rs. 71.89 billion, then it would reach a figure of Rs. 197.85 billion. This is nearly more than double the current financial layout.

The above calculation does not include the budget required for the construction of physical facilities and school environment improvements. If we include this the required amount it will further go up.

Another matter is that in order to enhance the quality of school education - school, students and teacher- support systems need to be developed invariably. It would be equally expedient to garner expenses at this end also. In addition to the expenses towards free education, it would be urgent to also foot the costs incurred in heads such as capacity building of teachers (training and incentives), use of audio-visual material, co-curricular activities and development of sports, tour, and additional coaching for maintaining the quality of school education. As per an estimate, every school should compulsorily spend a minimum of 20 percent of the total education budget in its quality enhancement. While considering the total school education budget at Rs. 197.85 billion, 20 percent required for quality enhancement would translate into a sum of around Rs. 40 billion.

Though the Constitution has conferred the power of management and operation of school education to the Local levels, it is not possible at the moment that the expenses required for sustaining free education could be mustered from these levels. Thus, the federal government should step in to provide for the same and assume liability thereof. The Provincial governments also cannot get rid from its responsibility and liability. Hence, in order to guarantee free and quality education, the Union and Provincial governments shall have to make adequate investments in this regard. Moreover, it is compulsory that the Local levels should allocate certain percent budget from their sources so as to retain their ownership in this area.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Education is the main precursor of human development. Attainment of education is also a matter of human rights. Once the Constitution of Nepal has established this as a fundamental right, it is all natural that State liability in this sector will eventually rise up. Thus, education will become a top priority in any State investment. In order to impart free and quality education, it is expedient that the current investment rate is beefed up. Gap at present school finance system is found very huge. More than twice times the current school budget is required to maintain free and quality education in terms of financial obligations. On one hand, the State is required to invest on indicators or standards associated with free and quality education; and on the other, it also has to mobilize resources for ensuring such investment. It is urgent that the federal, Provincial and Local governments increase their investments in education by means of education tax and other internal sources. For this to happen, the various levels of government should be better off paying special attention to the mobilization of internal as well as external resources.

As the Local governments have been endowed with a special responsibility in the operation and management of school level education, it has accordingly amplified the role of these governments for the fiscal mobilization and management to meet this obligation. Moreover, the Provincial governments also should be made accountable in this regard. If it is done, then only, one may hope that the citizens will be benefited from free and quality public education as provided by the Constitution and may expect that the prospects of reforms in the declining public school education may also finally set off.

Recommendations

From the study findings, the recommendations can be made.

1. There is an urgent need to increase the budget to education. As per the commitment made by the government international forum, the education budget should be at least 20 percent of public national budget.
2. The available education budget should be used from the perspectives of investment which maximizes the benefits of the expenditures in the long run.
3. There is a need to re-engineering the existing education budget, school education budget and current and capital budget with a view to give more focus on quality of education.
4. In order to mitigate the existing gaps, there is a need to explore the alternative sources of financing.
5. All schools should have at least minimum enabling conditions for ensuring the equitable access to quality education.
6. Greater emphasis should be given to teacher management as it is the largest component of budget consumption.

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NCE Nepal: Introduction

Along with the national and international wave of celebrating the Global Action Week 2003, Global Campaign for Education (GCE) Nepal, started with the collective efforts by small group of people and the resources, got its way forward for carrying out the advocacy interventions in Nepal's education system. In the process of initiating the educational advocacy and campaigns as a loose network till 2009, all the coalition members of GCE Nepal felt that there was a need to register the organization as a legal entity for carrying out advocacy interventions in education. As a result, NCE-Nepal was established on 5th April 2010 to succeed the GCE Nepal.

NCE- Nepal now is a civil society movement whose mandate has been expanded to raise the voice of the voiceless so as to guarantee quality education in an equitable basis. Being a national member of GCE, NCE Nepal reflects the voice from the grassroots level to the national and international community by acting locally, regionally and internationally. Currently, it has 339 members including those from International and National non-government organizations, federation, education media organizations, teachers' community as well as the grassroots institutions working in the field of education and child rights. NCE-Nepal is therefore a platform for sharing experiences and learning among the members who have common issues of concern.

NCE-Nepal mainly focuses on holding the government agencies accountable for their educational commitments made in the national and international forums for the public education strengthening. Similarly, NCE-Nepal critically engages with the government and its agencies involved in education for ensuring the quality, inclusive, equitable and lifelong learning opportunities for all.

Vision

Every citizen is educated and empowered to improve their well being and enjoy full potential in a justful, equitable, inclusive and peaceful society.

Mission:

To facilitate empowerment and improvement of the lives of poor, marginalized and excluded children, youth and adult through research, policy advocacy, capacity building of stakeholders, solidarity building, resource mobilization, networking, education resource and information dissemination and act as a watch dog and pressure group.

Goal:

To ensure equitable, inclusive, free, compulsory and quality education for children, youth and adult as their fundamental right to education in Nepal.

For More Details:



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