

# Analysis of Education Budget of Fiscal Year

2021/22



**National Campaign For Education Nepal (NCE Nepal)**

## Analysis of Education Budget of Fiscal Year 2021/22

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Published Date: 2021

Support:

**EDUCATIONOUTLOUD**  
advocacy & social accountability

**GPE** Transforming  
Education

**ASPBAE**  
Asia South Pacific Association  
for Basic and Adult Education

**Design & Production:** Dream Graphic Press

# Preface

National Campaign for Education Nepal (NCE Nepal) with ECOSOC status organization is a national network of different 409 member organizations that includes I/ NGOs, teacher organization, journalists and community organization working for strengthening of the public education system in Nepal by ensuring the educational rights of children and adults that are provisioned in the constitution. NCE Nepal has been engaged in the education campaigning through research, capacity enhancement initiatives, community mobilization and networking.

NCE Nepal believes that the quality education should be an uncompromised agenda of the nation reaffirming the commitment of Nepal government to allocate at least 20% of the budget and at least 6% of the GDP to the education sector. 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 ensured without proper investment in education. For this, the federal, province and local governments make policies, generate revenue and allocates fund, manages school, and ensure that education is provided as per the Constitution. For tracking the government's action against the commitment made in terms of funds allocation, NCE Nepal since last decade has been continuously working in terms of tracking the national, province and local level budget and its share as well as sensitivity and size to the education sector. This has helped to provide insight regarding the funding priority of the government towards education sector. Also, tracking of the national, province as well as local budget has helped to make the government accountable regarding its funding commitment made at several national, regional as well as global forums.

NCE Nepal is recognized for its evidence-based advocacy and research works by the government agencies, development partners, CSOs working from national to grass root level as well as member organizations of NCE Nepal. NCE Nepal appreciates the support received from our partner organizations like Global Campaign for Education (GCE) and Asia South Pacific Association for Basic and Adult Education (ASPBAE) for enhancing the capacity of the coalition in terms of evidence generation and critical analysis of the budget from the 4 S Framework (share, size, sensitivity and scrutiny). Support from Global Partnership for Education via Out Loud was crucial for carrying out this research work. Additionally, I would like to thank the education experts, researchers, editors and advisory committee, NCE Nepal Board Members and all the member organizations for providing suggestions and inputs in the advocacy works initiated by NCE Nepal as well as supporting in our research and analysis works. I would also like to thank the secretariat team for their contribution and coordination in this research work.

Regards,

**Dilli Ram Subedi**

President

# Acronyms

COVID-19	Corona Virus Disease 2019
CSO	Civil Society Organization
CTEVT	Council for Technical Education and Vocational Training
ECED	Early Childhood Education and Development
ECOSOC	Economic and Social Council
GDP	Gross Domestic Product
I/NGO	International/Non-Governmental Organization
MoEST	Ministry of Education, Science and Technology
MoF	Ministry of Finance
NCE Nepal	National Campaign for Education Nepal
NNRFC	National Natural Resources and Fiscal Commission
NPC	National Planning Commission
NRs	Nepalese Rupees
PEMP	Prime Minister Employment Program
SDG	Sustainable Development Goal
SSDP	School Sector Development Plan
UGC	University Grants Commission
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Scientific and Cultural Organization
USD	United States Dollar

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## BACKGROUND

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NCE Nepal believes that the quality education should be an uncompromised agenda of the nation reaffirming the commitment of Nepal government to allocate at least 20% of the budget and at least 6% of the GDP to the education sector. 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. For tracking the government's action against the commitment made in terms of funds allocation, NCE Nepal since last decade has been continuously working in terms of tracking the national budget and its share as well as sensitivity and size to the education sector.

With the objective of analyzing the share and size of the budget of the fiscal year 2021/22 along with the priority of the government, NCE Nepal has tried to research and analyze the budget on the different indicators and areas. The research looks into account the expenditure/utilization of the fiscal year, equity and gender lens on budget allocation as well as the commitment on education financing.

This analysis is based on the review of available secondary data which included analysis of the budget red book, budget speech, Inter government fiscal transfer Act, and Economic survey, Labor Force Survey, Macroeconomic update 2020, Monetary Policy, Nepal Development Update 2021, Report of United Nations Development Program (UNDP) 2020 etc. Further, review of budget analysis conducted by NCE Nepal over the past fiscal years was also referred for the study. Hence, after the review of the available literatures, the study team analyzed the related data and information to create the draft of the analysis. The analysis drafted was reviewed by the communication and publication team of NCE Nepal.

## OBJECTIVES

The major objectives of the analysis is to identify the major areas that are prioritized by the federal governments for the FY 2021/22. The other specific objectives of this study include the following:

- Monitor and analyze the budget allocation to education sector in the current context of federal government's budget announcement of fiscal year 2021/22.
- Identify and analyze the areas of prioritization by the federal government in terms of allocation, utilization and efficiency.
- Identify key advocacy messages in terms of advocacy and campaigning on the issues of education financing

## MACRO-ECONOMIC INDICATORS OVERVIEW

National Planning Commission recently published the 15th five-year plan (FY 2020-FY 2024) taking also into account the effect of COVID-19 pandemic on the government's priorities and the economy. This plan is considered as a first phase of a 25-year long-term economic vision that aims to position Nepal as a high-income country with per capita income of USD 12,100 by FY 2044. Its theme is 'generating prosperity and happiness' and aims to create the foundation of prosperity and happiness through economic, social and physical infrastructures to accelerate economic growth.

By FY 2024, the government wants to achieve a double-digit growth rate, increase per capita income of USD 1,595, reduce population under absolute poverty line to 9.5%, and increase share of formal sector employment to 50% (Economic Survey, 2021).

Table below shows the details of economic growth and inflation rate over the years.

### Economic Growth and Inflation Rate

Years	Forecasted		Actual	
	Economic growth rate	Inflation	Economic growth rate	Inflation
2015/16	6	7	0.8	10
2016/17	6.5	7.5	6.94	6.7
2017/18	6.9	6	5.9	4.2
2018/19	8	6.5	6.3	4.2
2019/20	7	4.5	7.1	4.6
2020/21	7	6	-2.12	3.5
2021/22	4.01			

Source: National Budget 2021/22 and Economic Survey 2020/21

Nepal's economic growth rate has reached a negative level of 2.12 percent, it is for the first time in the last two decades. This is higher than the economic damage caused by the 2015 earthquake. For the fiscal year 2021/22, it has been estimated to reach by 4.01 with the expectation of gradual improvement in the health crisis and delivery caused COVID-19. However, this is been rather challenging to achieve the expected economic growth due to the second wave of COVID 19.

The Economic Survey, 2021 estimates that per capita GDP will increase by 5.8 percent to US \$1,191 in the current fiscal year which was \$1126 in last fiscal year. Accordingly, the Human Development Index of Nepal has improved from last year to 0.602 for the year 2020 (UNDP, 2020).

## BUDGET FOR FY 2021/22

The government of Nepal unveiled the annual budget for FY 2021/22, with a total budget size of NPR 1647.57 billion, which is 11.73 percent higher compared to FY 2020/21 budget of NPR 1,474.64 billion. Out of the total budget, NPR 1004.36 billion has been allocated for recurrent expenditure, NPR 435.24 billion has been allocated for capital expenditure, and NPR 207.98 billion has been allocated for financing purposes. NPR 386.71 billion has been allocated as the fiscal transfer.

Table below provides details of federal budget against the nature of expenditure.

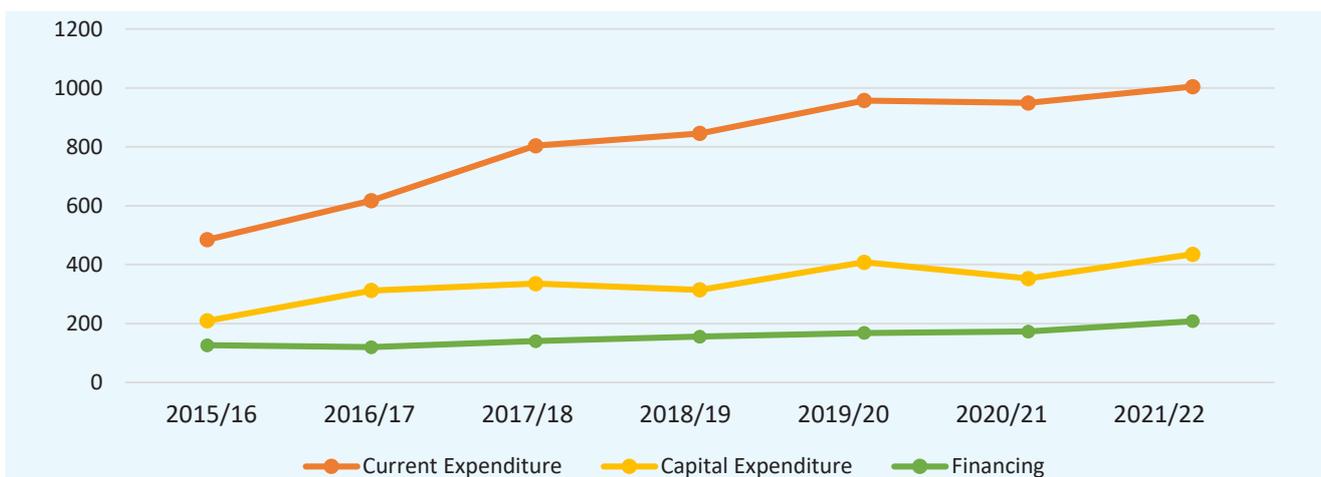
### Total Federal Budget against the Nature of Expenditure

(NRs. in billion)

Year	Total budget	Current Expenditure		Capital Expenditure		Financing	
	Amount	Amount	%	Amount	%	Amount	%
2015/16	819.16	484.26	59.12	208.87	25.5	126.32	15.42
2016/17	1048.92	617.16	58.84	311.95	29.74	119.81	11.42
2017/18	1278.99	803.53	62.83	335.18	26.21	140.29	10.97
2018/19	1315.16	845.45	64.28	314	23.88	155.72	11.84
2019/20	1532.9671	957.1014	62.44	408.006	26.62	167.86	10.94
2020/21	1474.6454	948.9406	64.35	352.918	23.93	172.787	11.72
2021/22	1647.5767	1004.359	60.96	435.24	26.42	207.978	12.62

Source: Red Book of seven different years

### TREND OF BUDGET EXPENDITURE



The government's budget deficit is 8.1 percent of the GDP (MoF, 2021). As of February of the current Fiscal Year 2020/21, the Federal Revenue has increased by 4.6 percent as compared to the same period of the previous Fiscal Year and reached Rs. 501.97 billion.

## SOURCES OF BUDGET

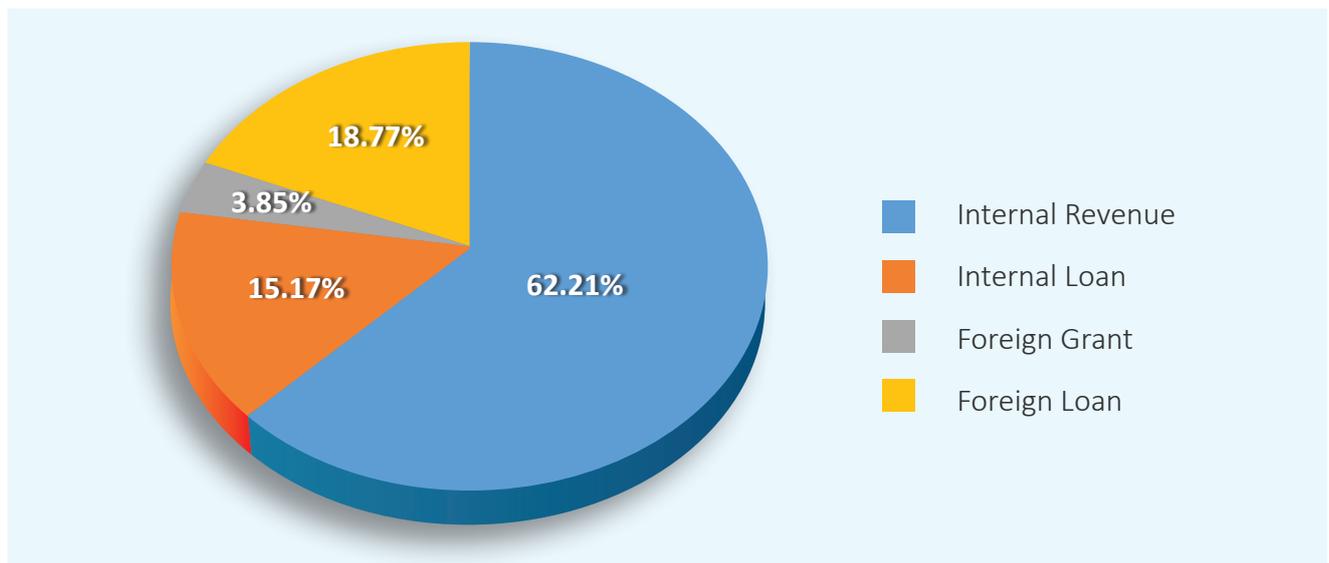
In the total budget of government for the fiscal year 2021/22, the government generated the budget from the different sources. The table and chart below presents the details;

(NRs.in billion)

Year	2021/22	
Sources	Amount	%
Internal Revenue	1024.907	62.21%
Internal Loan	250	15.17%
Foreign Grant	63.3762	3.85%
Foreign Loan	309.2932	18.77%
<b>Total</b>	<b>1647.577</b>	

Source: Red Book 2021/22

### Sources of Budget 2021/22



Out of the total budget, 77.38% is funded from the internal source (i.e. internal revenue and internal loan) which was 75.59% in the current fiscal year. Apart from it, 18.77% is funded from foreign loan which is a decrease in comparison to 20.31% of the current fiscal year. Foreign grant for FY 2021/22 budget is 3.85% which was 4.10% in current year. This shows that, the domestic financing in total government's budget has been increased despite of challenges in mobilizing the internal source because of COVID-19.

## EDUCATION SECTOR OVERVIEW

Nepal's new constitution created a significant opportunity for education development. Constitutional provision has ensured the right to basic education, compulsory and free education up to the basic level, free education up to the secondary level, free access to higher education for the disabled and economically backward people, education in mother tongues and the right to open schools and other educational institutions, among others. School-level education as per the constitutional provision falls under the jurisdiction of local government, and the involvement of local government and local communities can be expected to deliver better results, as the beneficiaries of education play a central role in school management. However, experience of last four year shows that local government faces significant challenges in meeting this responsibility effectively. There is a shortage of experts, and local leaders are not sufficiently experienced to handle these challenges appropriately; more generally, local institutions have limited human and financial resources.

National Education Policy, 2019 aims to produce competent, skilled and tech-savvy human resources for the transformation of the country so that the country can notch up the goal of 'Prosperous Nepal, Happy Nepali' by leading the country to the path of prosperity. Nepal had also set a target of eliminating illiteracy within two years through formal and non-formal education. However, this lofty goal of the government is again pushed back by the COVID-19 crisis. Economic hardship further added by the COVID-19 pandemic makes progress toward educational equity more difficult despite gender-specific and other targeted policy interventions and provisions.

The COVID-19 outbreak has caused lockdown throughout the country and it has also caused the shut down all schools in Nepal. The Education Sector has been severely affected by the COVID-19 crisis from the onset. It is estimated that more than 8.1 million children and youths could be affected by this crisis as they have not been able to go to school and are facing challenges to continue their learning. However, significant effort was made to promote home-based learning through radios and television. The reopening of schools is guided by the "School reopening framework in the context of COVID-19" released by the Government of Nepal's Ministry of Education, Science and Technology (MoEST) however, with just four months of reopening, nation again moved into the lockdown scenario. The Government worked to set up alternative learning mechanisms. Though, it is still early to predict the impact of school closure, review of alternative learning in year 2020 suggest that the following adverse effects could occur, when school closure takes a longer time;

- Children from poor households who were significantly depending on school feeding programs would be deprived affecting their health and nutrition.
- Children and youths will be more involved in supporting income generating activities for the household, such as in farming and other household productive works, leading them to low interest in education and learning gradually.
- Increased digital divide as all of the children do not have access to alternative learning especially digital learning.

- Misuse of mobile and electronic devices in the name of virtual classes.
- After the lockdown period, some parents may not directly bring their young children back to ECED centers (out of fear) or because of financial constraints in the aftermath of COVID, thus reversing the positive increase of ECED services that Nepal has observed over the past years.

## BUDGET ALLOCATION FOR EDUCATION SECTOR

Out of the total budget, the Ministry of Education, Science and Technology (MoEST) has been allocated a budget of NPR 180.04 billion for the coming fiscal year 2021/22 which is only 10.93% of the total budget, rather decreased by 0.8% in compared to the previous year which was 11.68%.

Table below presents about the share of education budget over different years.

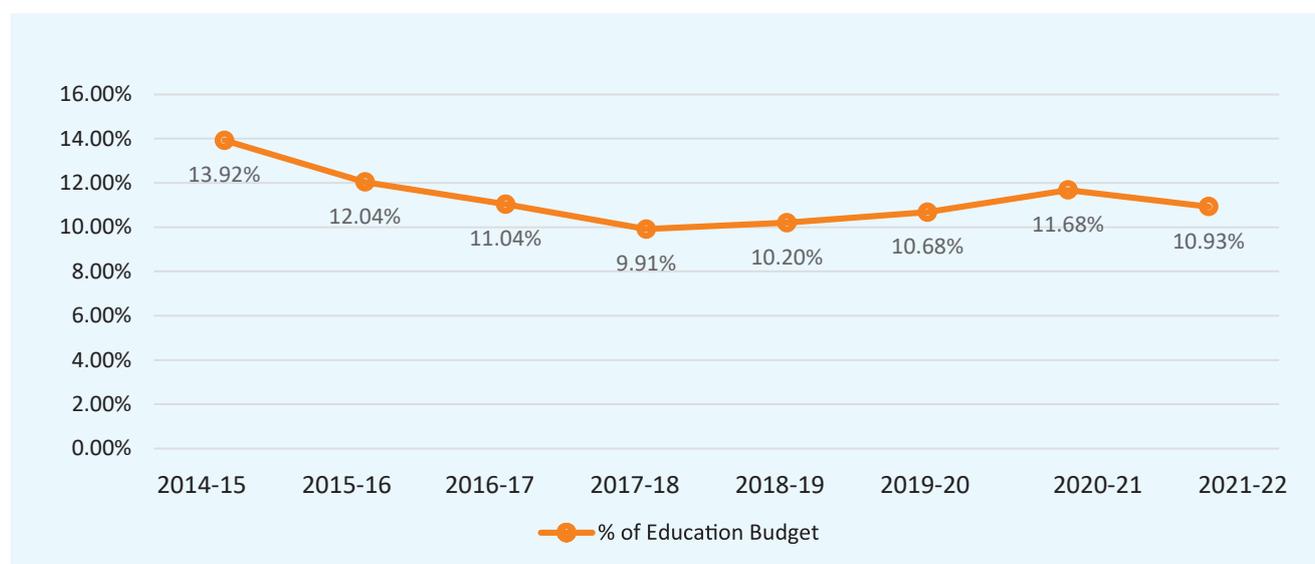
### Education Budget over different Years

(NRs.in billion)

Year	Total budget (in billion)	Education Budget (in billion)	% of Education Budget
2014-15	618.1	86.03	13.92%
2015-16	819.46	98.64	12.04%
2016-17	1048.9213	115.83	11.04%
2017-18	1278.9948	126.74	9.91%
2018-19	1315.1617	134.1875	10.20%
2019-20	1532.9671	163.7559	10.68%
2020-21	1474.6454	172.1922	11.68%
2021-22	1647.5767	180.0411	10.93%

Source: Red Book of seven different years

### % of Education Budget over different years



As of May 31, 2021, 0.48 million people of Nepal are affected by COVID-19 and out of which 0.0056 million people have already lost their lives. Due to this, there has been second wave of school closure in the nation affecting the education of more than 7 million students. The decreasing trend of education budget in this critical situation shows that there is no much seriousness of the government regarding education strengthening.

## EDUCATION BUDGET AGAINST NATIONAL COMMITMENTS

The average financing gap to achieve the SDGs is estimated to be NRs 585 billion per year for the entire period of 2016 to 2030 (SSDP, 2016). It is an average 8.8% of GDP for 2016-19, 12.3% of GDP for 2020-22, 13% of GDP for 2023-25, and 16.4% of GDP for 2026-30. The overall annual financing gap is estimated at 12.8% of GDP throughout the period of 2016 to 2030 (NPC, 2020).

The education budget of this fiscal year 2021/22 is way below the commitment made by government in international forums (Incheon Declaration 2015) as well as in national forums which is to allocate 15-20% from national budget and 4-6% from the GDP. Even the election manifesto of the current ruling party also mention for allocating at least 20% of the total national budget and at least 6% of GDP to the education sector. However, this has not been translated in to the action while declaring budget from the government, hence education sector in Nepal is still under financed.

## EDUCATION SECTOR BUDGET ACROSS DIFFERENT GOVERNMENT LEVELS

Nepal has adopted the process of annual budgeting by three spheres of government since 2018 as per the Constitution of Nepal 2015. Constitution envisages federal restructuring as a means to address the aforementioned political, social and economic issues by delegating sovereignty among all three spheres of government based on the 'self-rule' and 'shared-rule'. The Constitution provides executive, legislative and limited judicial authority to local units. As a result, the jurisdiction of local governments has significantly increased under the federal structure. The geographical area of most new local units is larger than that of local units under the previous system. The Constitution gives local governments the authority to raise taxes, establish a local treasury, and present and approve the annual estimates of revenue and expenditure through their municipal assemblies through legislation. Further, local governments have the authority to make laws within their fiscal jurisdictions, devise plans and policies, and prepare annual budgets and implement them. Nepal's fiscal federalism is based on the notion that "single penny expense is not levied without the consent of parliament". To adhere to this norm, Nepal's Constitution has clear provisions with regard to the financial procedures of the federal, provincial and local governments.

From the federal government's budget, the total share of education budget has been allocated to the federal, province and local government.

Table below shows the share of education budget for the different government units.

Share of Education Budget at different Government Units								
	2021/22		2020/21		2019/20		2018/19	
<b>Federal</b>	60.1067	33.38	56.3489	32.72	65.2817	39.87	46.2152	34.44
<b>Province</b>	5.0234	2.79	5.0989	2.96	4.2532	2.60	2.8573	2.13
<b>Local</b>	114.911	63.82	110.744	64.31	94.221	57.54	85.115	63.43

Source: Red Book of four different years

The table and bar graph above shows share of education budget allocated to the federal, province and local level over the four years. We can see that, the share of local budget has been slightly decreased in FY 2021/22 to 63.82% which was 64.31% in FY 2020/21. Similarly, the share of federal budget has been slightly increased to 33.38% which was 32.725 in FY 2020/21. The share of province budget is 2.79% in FY 2021/22. Though, in line with constitutional provision of functional assignments under the new federal structure, the local governments are provided larger amount, the gradual decrease in the size of the local government and increase in the portion of the federal budget may indicate the centralized mindset of the federal government. One of the reason is that federal government has increased federal level programs in the school education which may be beyond the notion of federalism and empowering the local governments.

### % of Education Budget Allocation as per Government Units



### Education budget over different govt. units in 2021/22

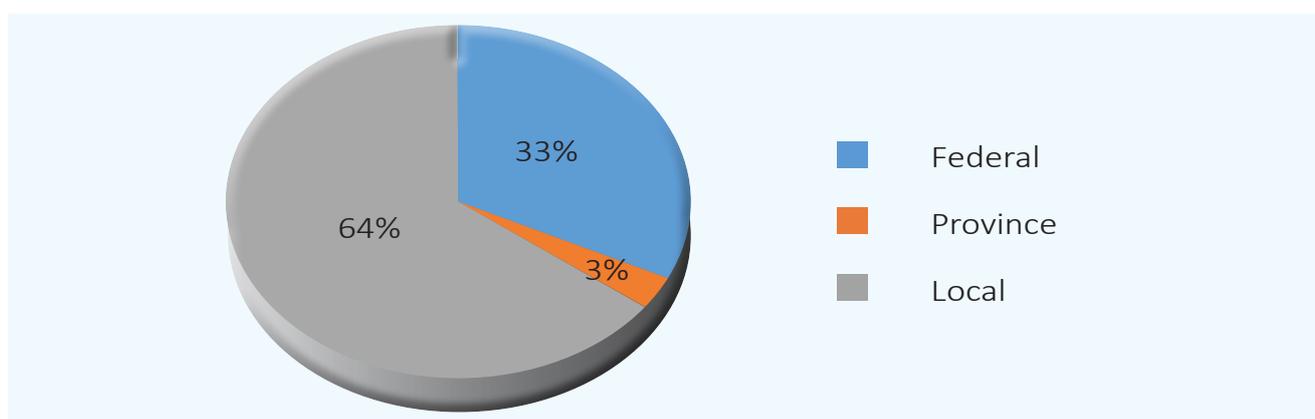


Chart above shows the share of education budget of 2021/22 over different government units. With this, we can expect that the federal government is also optimistic and progressive towards the realization of the educational outcomes from the local level allocating the budget to fulfill the educational responsibilities as enshrined by the constitution to the local government.

## BUDGET FOR PROVINCE AND LOCAL GOVERNMENT

The provincial and local governments receive revenue-sharing grants, fiscal equalization grants, conditional grants and a portion of natural resources royalties, in line with the recommendation of the National Natural Resources and Fiscal Commission (NNRFC), a permanent constitutional body responsible for the grant design in Nepal. The NNRFC provides annual recommendations to the Ministry of Finance on the revenue and resource sharing model, as per the constitutionally mandated rules codified in the National Natural Resources and Fiscal Commission Act, 2017 and the Intergovernmental Fiscal Arrangement Act, 2017.

### Source of Finance for Federal, Provincial and Local Governments

Federal	Province	Local
Revenue	Revenue (own)	Revenue (own)
Foreign grants	Federal grants	Federal grants
Foreign loan	Federal loan	Provincial grants
Domestic borrowing	Foreign loan	Federal loan
Printing Currency (Occasionally)	Domestic loan	Domestic borrowing

Source: National Natural Resources and Fiscal Commission (NNRFC), 2019

Table above provides information regarding different sources of finance for federal, province and local governments. Fiscal transfers to different provinces and local governments, owing to their disparate characteristics, differ substantially in terms of grant size. These fiscal transfers provide additional financial resources to provincial and local governments to implement their infrastructure and socio-economic development projects and programs. The fiscal transfer mechanism is, therefore, expected to be a game-changer because of its efficiency and effectiveness in the provision of public goods and efficient public service delivery.

Table below provides information regarding the amounts provided as grants to the province and local level in the budget of fiscal year 2021/22.

### Amounts provided as grants to Province and Local levels

(NRs. in billion)

Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Province	103.7025	57.9548	35.8731	5.7246	4.15
Local Government	283.0147	94.5578	173.4985	6.6483	8.3101
Metropolitan city	10.0928	3.2495	6.3211	0.3201	0.2021
Sub-metropolitan city	9.7684	3.6194	5.7176	0.2190	0.2124

Municipality	123.9606	41.1013	76.9966	2.6005	3.2622
Rural Municipality	139.1929	46.5876	84.4632	3.5087	4.6334
<b>Total</b>	<b>386.7172</b>	<b>152.5126</b>	<b>209.3716</b>	<b>12.3729</b>	<b>12.4601</b>

Source: Intergovernmental Financial transfer 2021/22

## COMPOSITION OF EDUCATION SECTOR SPENDING

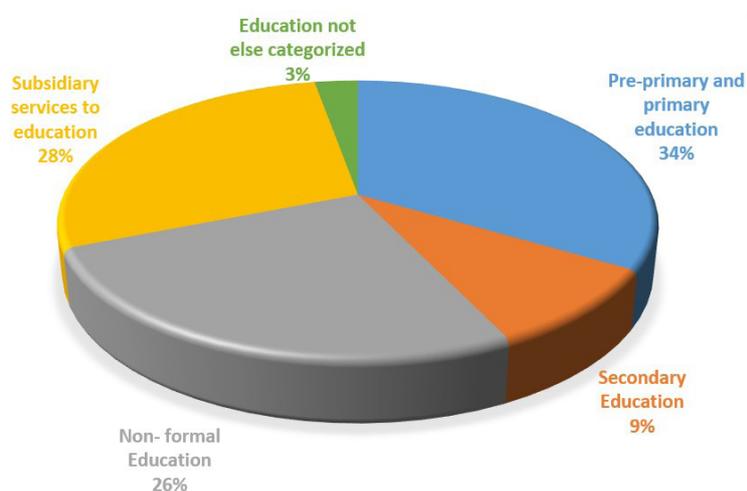
Out of the total education budget, it has been allocated to six different categories. Table below shows its details.

(NRs.in billion)

Heading		Total	Federal	Province	Local
<b>Education</b>	Amount	180.0411	60.1067	5.0234	114.9110
	%	100%	39.87%	2.60%	57.54%
<b>Pre-primary and primary education</b>	Amount	60.4446	0.5656	0	59.879
	%	33.57	0.94%	0	99.06%
<b>Secondary Education</b>	Amount	16.7925	0	0	16.7925
	%	9.32	0	0	100%
<b>Non- formal Education</b>	Amount	46.8169	3.554	5.0234	38.2395
	%	26.00	7.59%	10.73%	81.68%
<b>Subsidiary services to education</b>	Amount	50.9954	50.9954	0	0
	%	28.32	100.00%	0.00%	0
<b>Education research Development</b>	Amount	0.0205	0.0205	0	0
	%	0.011	100%	0	0
<b>Education not else categorized</b>	Amount	4.9712	4.9712	0	0
	%	2.76	100%	0	0

Source: Red Book 2021/22

## Education Budget 2021/22 for Different Categories



Out of it, the largest share i.e. 33.57% has been allocated for pre-primary and primary education of which local government has major responsibility and some responsibility relies with the federal government too. Apart from it, 28.32% of total education budget is allocated for subsidiary services to education with the overall responsibility of federal government. Education research and development has lowest share of education budget i.e. 0.011% which shows that the government doesn't have much more focus upon the research and development.

(NRs.in billion)

Details	Budget in 2021/22	Budget in 2020/21	% changes
Pre-primary and primary education	60.4446	58.955	2.53
Secondary Education	16.7925	16.2826	3.13
Non- formal Education	46.8169	52.8382	-11.40
Subsidiary services to education	50.9954	38.4702	32.56
Education research Development	0.0205	0.0203	0.99
Education not else categorized	4.9712	5.6259	-11.64
Total Budget	180.0411	172.1922	

Source: Red Book 2020/21 and 2021

From the table above, it can be seen that the share of education budget to non-formal education has been decreased in FY 2021/22 by 11.40% and also share of education not else categorized has been decreased by 11.64%. Amidst the COVID-19 pandemic situation, where there is large number of out of school children and youths, there is a need of higher investment in the non-formal education so that these children and youths could also be the part of the learning process. Reduction of budget in this sector, indicates that non-formal education, adult learning and lifelong learning is not much priority of the government. Apart from this, the share of budget to subsidiary service to education has been dramatically increased by 32.56% however, the services that comes under this subsidiary services could not be detailed out and extracted from the information available in the red book. There has been slight increase in the share of budget to the other sector also.

## MAJOR EDUCATIONAL PROGRAMS

As defined by the policy and programs of the government for the fiscal year 2021/22, there are certain special priority programs for the education sector for which the budget has also been allocated. Majority of the programs are the continuation of the previous programs.

(NRs.in billion)

Some Major Programs	2021/22	2020/21	2019/20
President Educational Improvement Fund	10	6	5
Mid-day Meal	8.73	7.52	5.95
Free text books and Sanitary Pad distribution	4.79	9.58	2.21
Math, Science and English subject volunteer teacher mobilization	2.66	2.23	1.5
Salary to ECED facilitators	5.55	-	-
Grant through University Grant Commission for higher education	18.34	17.43	17.64
Alternative Learning Program	1.20	-	-

Source: Budget Speech 2021/22, 2020/21 & 2019/20

Table above shows some of the major programs of government for this fiscal year. There has been dramatic increase in the budget for President Educational Improvement Fund. However, this fund is much focused for the infrastructure development of the centrally selected schools. Though it contributes in the school's physical structure, there is critique from the stakeholders that these programs are from the centralized mindset and local government are kept aloof in implementing this program. Hence, there is a huge question upon this ambitious plan of the government unless this budget goes for local government to implement. Also, this has paid little attention for developing the software of classroom like teaching pedagogy, teacher's development and instructional materials upliftment. Apart from this, there is slight increase in the funds for mid-day meal. Since schools are closed and from the previous year's experiences, there is little chance to reopen the schools for the maximum months of academic years. Hence, there is chance of being day meal budget to be unutilized. The good sign is to allocate the budget through UGC, this will contribute the tertiary education be research oriented. However, no such budget has been allocated for the research of the school education, the research on impact of COVID-19 in school education sector etc. Also, there has been drastic decrease in the funds for text books and sanitary pads distribution for FY 2021/22. Government has prioritized for increase of remuneration of ECED facilitators and alternative learning program during this budget.

For the past three years, the budget prepared and declared by government led by Communist Party has been focusing on providing free education. Along the same lines, this year's budget also has declared the same agenda of previous years that includes incorporating all the students under the education umbrella and prioritizes making education up to secondary level free and compulsory. In addition, traditional education methods like Gurukul, Madrasa, and Gumba will be included in the formal education system. The budget for FY 2020/21 also entailed in making the remaining 24 districts of Nepal fully literate and announcing Literate Nepal. While all of these plans for increasing literacy are commendable, the way it is implemented has to be revisited because it has failed in the past. High student-teacher ratio in lower secondary schools, lack of access to education materials, low instructional time allocated to teaching and learning, problems with teachers' professional development, etc have been cited as some of the reasons behind this failure.

### CONTRIBUTION OF BUDGET TO ACHIEVE EDUCATIONAL INDICATORS

Government has set the major educational indicators for the fiscal year 2021/22, which is expected to contribute to the overall education sector as envisioned by SDG and SSDP. The table below shows the actual status of the educational indicators at the end of fiscal year 2020/21 and the expected status of the indicators at the end of fiscal year 2021/22.

S. N.	Indicators	Unit	Expected until the end of FY 2020/21	Actual at the end of FY 2020/21	Expected until the end of FY 2021/22	Contribution by the budget to improve the indicator
1	Enrollment rate in pre-primary education	%	89.5	87.6	89.5	1.9
2	Class one students enrollment rate with experience of ECED	%	73	70.2	73	2.8
3	Net Enrollment Rate					0
a	Basic Level (Grade 1-8)	%	95	94.7	96	1.3
b	Secondary Level (Grade 9-12)	%	53	51.2	54	2.8

4	Retention rate					0
a	Up to grade 8	%	92	82.2	84	1.8
b	Grade 9-12	%	25	29.2	30	0.8
5	Gender equity ratio (net enrollment rate to school education)					
a	Primary Level (Grade 1-8)	ratio	1	0.99	1	0.01
b	Secondary Level (Grade 9- 12)	ratio	1	1.01	1	-0.01
6	Literacy Rate (above 5 years)	%	88	85	88	3
7	Literacy Rate (15-24 years)	%	94	89	95	6
8	Students obtaining mid-day meal	No. of districts	77	77	77	0
9	Free Sanitary pad for girls in Community Schools	No. of local govt	753	753	753	0
10	Community school with Internet facility	%	55	41	60	19
11	Construction of new classroom	No	105945	105945	111316	5371
12	Easy enrollment rate in higher education	%	16	14.1	16.5	2.4
13	Skill development training (short term)	trainee	499700	509.5	549.463	39.963
14	Technical education training	trainee	460600	460.6	543.6	83
15	Training of Trainers for Technical and Vocational Education	trainee	8403	8403	11903	3500
16	Quality assurance and accredited campus	No.	90	60	95	35
17	Skills testing	No.		406845	441845	35000
18	Extension of Science laboratories in Province level	No.		3	7	4
19	Extension of access to Technical Education (collaborative programs with local government without access)	No of local govt.		635	660	25

Source: Budget Speech 2020/21, 2021/22

It can be inferred from the table above that the priority of government for FY 2021/22 has been for short terms skill development training as well as testing of the skills as the increase in these targets are high. Apart from it, government has also prioritized for increasing the internet access and building the classrooms. Considering the current need, the budget for the FY 2021/22 has rightfully included that the path of the new academic year will be taken forward through virtual classroom operation, online education and even through television as well as radio. The effort of the government towards moving for digital literacy as mentioned in the policy and program is positive one however, it also has a huge risk of digital divide in the education sector leading ultimately to widening of socio-economic gap in the nation. With the lessons learnt in 2020, it has been inferred that there is likelihood of larger children dropping from the education system and never returning back to school as they are beyond the digital access.

# 04 CHAPTER-IV

## GENDER RESPONSIVE BUDGET ALLOCATION

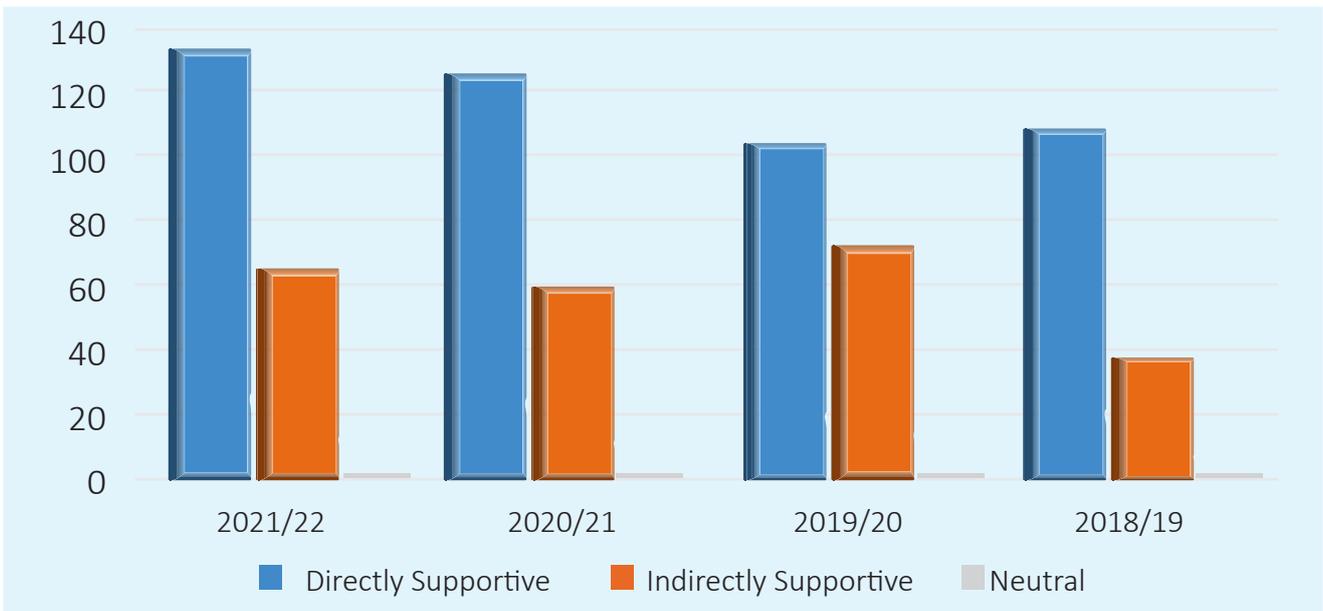
Table below shows the gender responsive allocation of the education budget over last four years.

*(NRs.in billion)*

Year		Directly Supportive	Indirectly Supportive	Neutral	Total
2021/22	Amount	122.002	57.6561	0.383	180.041
	%	67.76	32.02	0.21	
2020/21	Amount	116.6305	54.6706	0.4111	171.712
	%	67.92	31.84	0.24	
2019/20	Amount	96.4569	66.8533	0.4457	163.756
	%	58.90%	40.82%	0.27%	
2018/19	Amount	100.2956	33.8766	0.3365	134.509
	%	74.56%	25.19%	0.25%	

Source: Red Book 2021/22, 2020/21, 2019/20, 2018/19

### Gender Responsive Education Budget Over Years



Source: Red Book 2021/22, 2020/21, 2019/20, 2018/19

It has been four years that the government has started reviewing budget from the gender lens. The share of education budget to the directly supportive gender responsive programs is 67.76% which is almost similar in comparison to last year's allocation. Besides, 32.02% budget is responsive to contribute to the indirectly supportive gender responsive programs. 0.21% budget is neutral in terms of gender responsiveness. This indicates that the government have somehow prioritized gender mainstreaming in its budget. With the increase in gender disparity in terms of education due to COVID-19 impacting the education of girls, we can be optimistic that the government gender responsive programs could support in attainment of gender equity and equality in terms of education, learning and skills development.

## CONTRIBUTION OF BUDGET TO YOUTH AND EMPLOYMENT

It has been reported that 60 % of the country's labor force have lost their jobs since the nationwide lockdown was imposed from late March of 2020 as majority of the economic activities were shut down, threatening the survival of small and informal enterprises (Nepal Economic Forum, 2020). Surge in unemployment following the pandemic has increased the number of people who are at risk of poverty.

Hence, government has tried to address the youth and unemployment challenges from the current budget. NPR 12 billion has been allocated for the Prime Minister Employment Program (PEMP) with the aim of generating an additional 200,000 employment opportunities in the upcoming fiscal year. Likewise, NPR 400 million has been allocated to facilitate employment for 100,000 people through skill-based training, and NPR 1 billion has been allocated to strengthen institutions providing technical, vocational, and skill training to generate 25,000 employment opportunities. This is almost similar to the budget allocation in terms of size and scope as of the allocation in FY 2020/21. The scope of facilitating employment through skill-based training has been widened from 50,000 people to 100,000. This seems to be the ambitious target as the target of 2020/21 was also way beyond achievement. Similarly, the government has also announced that youths will be provided loans of up to NPR 2.5 million at 5% interest rate with their university credentials as collateral.

Despite of these programs, it is expected that the shocks to employment from the COVID-19 pandemic could lead to increased unemployment rates and heighten the inequality with the most vulnerable sections disproportionately bearing the impact with the low educational targets and priorities of the government for skills development and non-formal education,.

## EFFICIENCY IN ALLOCATION AND UTILIZATION

The major concern of the education system over the past decades is not only of the insufficient allocation of funds but of inefficient implementation/utilization of the allocated funds. Table below provides the percentage of spending made out of the total budget allocated for fiscal year 2019/20.

(NRs. in billion)

S.N	Particulars	Budget for 2019/20	Actual Expenditure for 2019/20	% of spending as per allocated budget
1	Ministry of Education, Science and Technology	23.8987	2.2304	9.33
2	Education and Human Resource Development Center	0.7063	0.4962	70.25
3	Curriculum Development Center	0.0558	0.0547	98.03
4	Education Quality Examination Center	0.0173	0.0169	97.69
5	School Teacher Bookstore	19.1498	16.8946	88.22
6	Commission	18.7301	18.0845	96.55
7	National Education Board	0.2711	0.1396	51.49
8	Council	2.0242	1.3416	66.28
9	Academy	0.4284	0.2219	51.80
	TOTAL BUDGET (at central level)	65.2817	39.4804	60.48

Source: Budget Speech 2021/22, Red Book 2020/21, 2021/22

It can be inferred from the table above that, out of the total 65.2817 billion budget allocated at central level in FY 2019/20, only 60.48% budget was utilized/spent in the whole fiscal year. This implies that around 40% funds was freeze for the whole year. Investment in education is vital to ensuring a healthy, prosperous future for the nation, and jump-starting this investment would create hundreds of thousands of new jobs contributing to the economic growth in long-run. However, the problem of budget freezing in the nation is hindering the progress as anticipated.

There is a need to understand this challenge in budget execution which is repeatedly the problem in every fiscal year. There is a need to fully understand weaknesses in the budget execution process. Is it transparent? Are there clear lines of accountability? Is information on execution of the budget available on a timely, reliable, and accurate basis? Is it thus consistent with the principles of good governance? are yet to be identified and monitored by the government.

Table below provides information regarding the funds for the fiscal year 2021/22 along with the change in funds estimation for 2020/21 after the end of eight months' period.

S.N	Particulars	Estimate for 2020/21	Revised Estimate of 2020/21	Deviation % in the budget	2021/22 (In billions)					
					Total Budget	Sources			Nature of expenditure	
						Nepal Govt	Foreign		Current	Capital
							Grant	Loan		
1	Ministry of Education, Science and Technology	0.5686	0.5356	5.80%	1.258	0.827	0.431		1.1797	0.0783
2	Library-3 (Dilliraman, Keshar, National)	0.1307	0.1026	21.50%	0.1318	0.1318	0	0	0.0303	0.1015
3	Food Program for Education	0.4578	0.2564	43.99%	0.5656	0.0965	0.4691	0	0.5646	0.001
4	Education for All-ECED	0.016	0.0068	57.50%	0.0175	0	0.0175	0	0.0175	0
5	Vocational Education and Training Development Plan-Second	2.8794	1.4961	48.04%	3.9702	0.0088	0	3.9614	3.9534	0.0168
6	Reading Skill Promotion Program	0.1243	0.0604	51.41%	0					0
7	SSDP- Central Level	10.0583	2.2312	77.82%	1.9502	1.6597	0.284	0.0065	1.922	0.0282
8	President Education Improvement Program				10	2.45	1.1	6.45	10	0
9	Education and Human Resource Development Center	1.775	1.7253	2.80%	1.3549	1.3549	0	0	1.3518	0.0031
10	Education Development and Coordination Unit	0.655	0.6291	3.95%	0.8169	0.8169	0	0	0.7685	0.0484
11	Curriculum Development Center	0.061	0.0598	1.97%	0.0671	0.0671	0	0	0.0627	0.0044
12	Education Quality Examination Center	0.0203	0.0201	0.99%	0.0205	0.0205	0	0	0.0205	0
13	School Teacher Bookstore	0.0321	0.0301	6.23%	0.0288	0.0288	0	0	0.027	0.0018
14	Teacher Pension Facility	17.9992	17.481	2.88%	18	18	0	0	18	0
15	University Grant Commission	16.4614	15.4617	6.07%	18.3462	16.5062	1	0.84	18.3462	0
16	Teacher Service Commission	0.1518	0.1458	3.95%	0.1538	0.1538	0	0	0.1528	0.001
17	Nepal National Commission for UNESCO	0.0166	0.0161	3.01%	0.017	0.017	0	0	0.017	0
18	Medical Education Commission	0.5442	0.5289	2.81%	0.8209	0.8209	0	0	0.8194	0.0015

19	Higher Education Improvement Program	1.7514	0.9072	48.20%	0.6385	0.5785	0	0.06	0.6385	0
20	National Education Board	0.3	0.2914	2.87%	0.3	0.3	0	0	0.3	0
21	CTEVT	1.475	0.8741	40.74%	1.2863	0.5014	0.7849	0	1.2863	0
23	Nepal Science and Technology Academy	0.3908	0.3578	8.44%	0.3625	0.3625	0	0	0.2675	0.095
<b>Total (at the central level)</b>		<b>55.8689</b>	<b>43.2175</b>	<b>22.64%</b>	<b>60.1067</b>	<b>44.7023</b>	<b>4.0865</b>	<b>11.3179</b>	<b>59.7257</b>	<b>0.381</b>

Source: Budget Speech 2021/22, Red Book 2020/21, 2021/22

From the table above, it can be seen that out of 55.8689 budget allocated to education sector at central level, the revised estimate after eight months of execution deviated by 22.64% highlighting the huge question about the efficient utilization of the allocated funds. Funds for SSDP implementation at central level, funds under CTEVT programs, higher education improvement program, reading skill promotion program, food program for education, education for all-ECED etc. has been highly unutilized in this review of eight months. With this, it can also be assumed that this year 2020 non-utilization would pose a large impact in attaining equitable and inclusive education.

Apart from this, for FY 2021/22, 60.1067 billion budget is allocated for the central level. Out of this budget, huge portion is financed by internal sources (44.10 billion) whereas some is by foreign grants (4.08 billion) and foreign loan (11.3179 billion). It can also be seen that more than 99% of the budget for central level is allocated for current expenses (59.73 billion). This again implies question about the educational strengthening as capital expenditure is core for sustainable development.

## KEY MESSAGES AND RECOMMENDATIONS

Amidst the ongoing COVID-19 crisis and the accompanying nationwide lockdown, the education sector of Nepal has experienced a drastic downturn of events. The new budget focuses largely on addressing the control and treatment of COVID-19 with emphasis on procuring vaccines, building the necessary infrastructure, and ensuring the availability of medical supplies including oxygen. Similar plans were made in the previous budget as well, but the progress was very disappointing.

The annual budget for the fiscal year 2021/22 seems quite ambitious and while there are a lot of positive aspects that the budget has addressed, the endorsement might be quite challenging. Another difficult challenge can be seen as achieving the government's economic growth rate target of 4.01%. With elections scheduled in six months, we can be skeptical about the endorsement of such a huge budget.

Creative development activities with positive thinking are also aimed to be conducted to alleviate the impact on students due to the pandemic. These plans give a much needed boost in the digital learning as it implies that past approaches of traditional education have to be revamped if literacy and inclusion are to be achieved and if the divide is to be narrowed. However, the implementation part is most critical.

The education sector is facing challenges in implementation and execution associated with changing federal structures. Local and province governments are being allocated significant shares of the budget, but there is issues of their capacity, governance and accountability to ensure that allocated budget are well utilized and leverage the outcomes.

- The budget allocation to the education sector has substantially decreased admits the need of increased efforts to ensure learning continuity of children, youths and adults. The funding gap to address the education need in COVID-19 situation is high and current budget allocation is not able to address it. Focus is to be made on increasing the funds as per the national and international commitments.
- While SDG 4 is on the mid way of implementation, there is a need to increase efforts and implement strategic measures toward achieving key targets as defined by SDG 4 as there is significant funding gap for SDG 4 implementation.
- There is a notable financing need to cater for sector budget requirements, especially on (i) teacher capacity building, (ii) inclusive and equitable education, as well as (iii) quality education at all levels. In addition, there is a need for further analysis of the fiscal space for education amid the COVID-19 crisis which has heavily affected Nepal's macroeconomic landscape.
- There is high inefficiency in the utilization of funds. Thus, empowering local governments and incentivizing schools have to be practiced immediately, otherwise the expected results will yet again only remain as expectations and the further budgets to come will only lose value.
- In order to revamp the traditional education approach with digital access, school management committees, as well as local governments have to be empowered and strengthened. Moreover, internet service providers such as Nepal Telecom and Ncell have to be persuaded to provide the necessary service to students at minimal cost and fulfil their corporate social responsibility.
- In order to tackle the learning crisis, there is need for monitoring the impacts of the pandemic on the education sector by the government. This will require better information on how well education systems are functioning. This includes better information on the levels and sources of funding and how these funds are used to ensure that education is available to all.
- It is necessary to ensure the financial sustainability that government need to allocate the budget for the activities which are sustainable and ensure the governance, accountability, and efficiency to further ensure cost effectiveness and long-term sustainability.
- Ensure budget implementation reports are made public and easily available to the general public.

## NATIONAL CAMPAIGN FOR EDUCATION NEPAL (NCE- NEPAL)

National Campaign for Education Nepal (NCE- Nepal) in UN ECOSOC special consultative status is a civil society movement with mandates to lobby and advocacy for ensuring quality education for all. The history of NCE-Nepal traced back in April 2003, after obtaining membership from the international network, Global Campaign for Education (GCE). As GCE Nepal network decided to broaden its spectrum on advocacy, all coalition members felt a need of it legal identity. As a result, NCE-Nepal was formally established on 2010 as civil society movement to ensure the right to equitable, inclusive quality education for all.

NCE-Nepal is a campaign for undertaking collective efforts and coordinating among individuals/ organizations engaged in promoting the human rights to quality education in Nepal. It works as a watchdog to ensure everyone's rights to education and advocates for the same. It focuses on strategic interventions related to policy advocacy, networking, lobbying and campaigning at the district, regional, national and international levels. Currently, it has 409 member organizations including 48 General members and 361 affiliated members ranging from international and national non-government organizations, federation, education media organizations and teachers' community to grassroots institutions working in the field of education and child rights. Besides, it has district coalition in 30 districts covering 7 provinces of Nepal. NCE-Nepal is also a member of Asia South Pacific Association for Basic and Adult Education (ASPBAE) and Global Campaign for Education (GCE). In addition to this it has recently registered as a member of Inter Agency Network for Education in Emergencies (INEE). Being a member of GCE and ASPBAE, NCE-Nepal has access to engage to debates on education issues at local, regional and international forums. It is one of the recognized CSO network to contribute in the national policy making process for education in Nepal as acknowledged by the Government.

### **Vision**

Equitable inclusive quality public education for all in Nepal.

### **Mission**

Lead the creative campaigning to hold the government accountable and to ensure right to quality public education in Nepal with civil society organizations, social justice movements progressive academia and marginalized communities.

### **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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