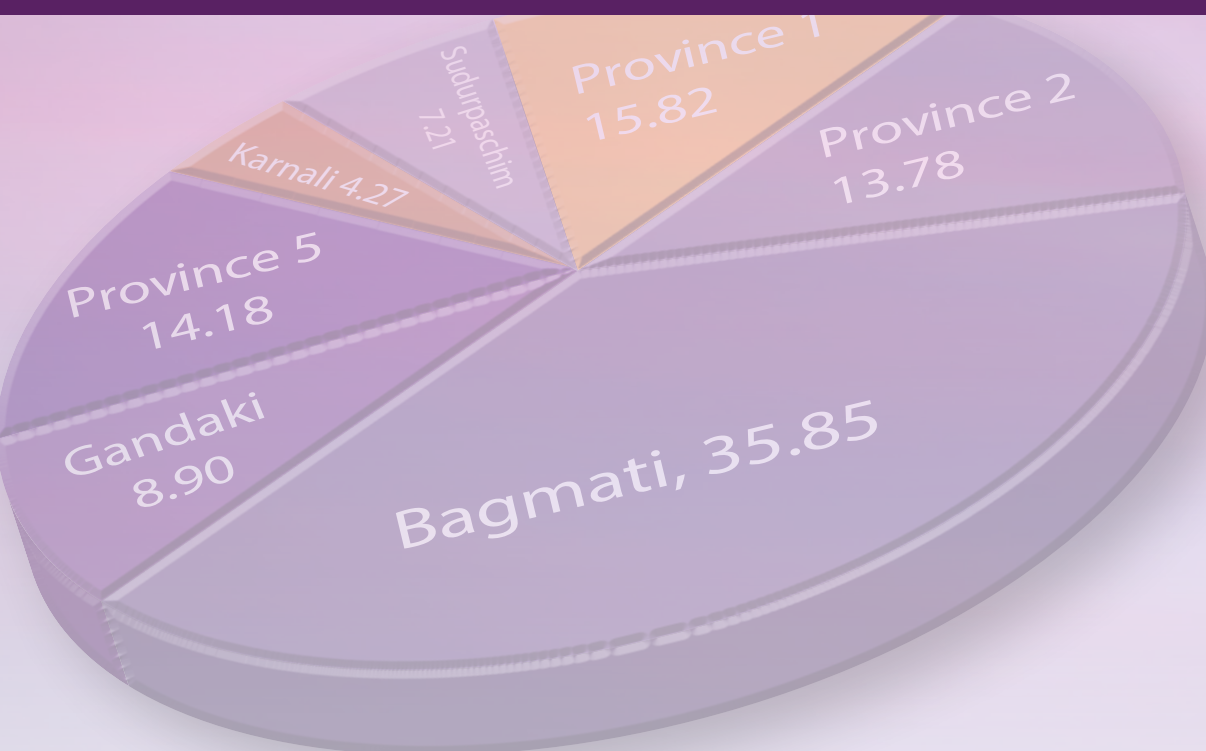


Analysis of the

# **BUDGET OF PROVINCE GOVERNMENTS**

For F.Y 2021/22 : An educational Overview



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

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For F.Y 2021/22 : An educational Overview

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## Preface

National Campaign for Education Nepal (NCE Nepal) is a national level network organization working towards ensuring the right to education and lifelong learning of children and adults in Nepal through advocacy, lobbying and campaign activities. Established in 2003 as a Nepal Chapter of Global Campaign for Education (GCE), NCE Nepal also holds the status of UN ECOSOC. Along with capacity enhancement of civil society organizations, advocacy through research and evidence is one of the priority works of NCE Nepal. NCE advocates that education should be an uncompromised agenda of the state and that Nepal government should allocate at least 20% of the total budget and at least 6% of the GDP to the education sector as committed in the national and international forums.

As per the constitution, providing the free and compulsory basic education and free secondary education is the duty of the state. With the restructuring of the government into federal, province and local level, each level of government allocates certain amount of budget in the education sector. Province governments also allocate budget in the education sector to advance its educational plans and policies as guided by the constitution. This research work is, therefore, carried out to track the priority areas and dimensions of the education budget.

I would like to express my gratitude towards Education out Loud (EOL), Global Campaign for Education (GCE) and Asia South Pacific Association for Basic and Adult Education (ASPBAE) for their support in conducting this research. NCE Nepal is always thankful to its member organizations, board members and advisors for their valuable suggestions in the research and evidence generation works. I would also like to thank the Research and Publication team of NCE Nepal for their support in finalization of the report. My special thanks to NCE Nepal Secretariat team for their coordination in producing this report.

Regards

**Dilli Ram Subedi**

President

# Acronyms

COVID-19	Corona Virus Disease 2019
FY	Fiscal Year
GDP	Gross Domestic Product
HDI	Human Development Index
NCE Nepal	National Campaign for Education Nepal
NER	Net Enrollment Rate
NPR	Nepalese Rupees
SDG	Sustainable Development Goals
SSDP	School Sector Development Plan
USD	United States Dollar

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## BACKGROUND

National Campaign for Education Nepal (NCE Nepal), a national network of 409 various organizations across the country working in the sector of education and child rights, has been continuously engaged on the analysis of the budget in each fiscal year from the educational viewpoints. Since 2018, after the federalism in the nation, three level of governments are in the existence. As per the Constitution, every government has their own roles and responsibilities also for managing education related rights of children. Governments need to prepare their own annual plans and policies and allocate budget. Hence province governments allocate budget to support their annual plans and policies. NCE Nepal has been making analysis of the provincial budgets along with the socio- economic dimensions of the provinces since they start to allocate their budget by 2018. Since the information and data availability has huge diversity in each province, attempt has been made to keep the information in the much easier form of understanding. This analysis provides an overview of the major dimensions that are at the frontier of the provincial government's budget and the areas within the educational indicators that need to be prioritized more. Besides, the socio-economic condition of the provinces along with its recent educational status has also been presented. This study also reveals out the sources of the funds for the fiscal year, priority expenditure areas as well as the nature of expenditures to be made out of it.

## OBJECTIVES

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

- Identify and analyze the share of budget that contributes for the development of education sector of the respective provinces
- Identify the areas that are highly prioritized by the province government and the ones that are less prioritized.
- Analyze the socio-economic condition of the provinces along with its recent educational status.

## METHODOLOGY

The analysis is solely based on the review of secondary data in relation to the budget allocation. The review included the budget speeches, red books, inter government fiscal transfer documents, reports from Finance Comptroller General Office, reports from Nepal Rastra Bank, various articles published in regards to federal budget, provincial budget and education indicators of SDGs and SSDP. Further, review of budget analysis conducted by NCE Nepal over the past fiscal years was also referred for the study. After the review of the available literatures, the study team interpreted the related data and information to produce this analytical report. The report is further reviewed by the research and publication team of NCE Nepal, then finally come up with this report.

## SOCIO-ECONOMIC STATUS OF DIFFERENT PROVINCES

This section deals with the status of the provinces in terms of the selected socio-economic indicators. Due to the diversity of the population, geography as well as the topography of the provinces, there is huge diversity in the socio-economic status of the provinces also. Table below includes the Gross Domestic Product (GDP) of each province, their contribution in the national GDP, per capita income, human development index (HDI), poverty index and expected economic growth rate.

Status of Some Socio-Economic Indicators for different Provinces								
Particulars	Province no. one	Province no. two	Bagmati Province	Gandaki Province	Lumbini Province	Karnali Province	Sudur Paschim Province	National Average
GDP (in thousand)	663.60	563.15	1608.40	372.16	595.57	175.57	294.37	4266.32
% of total national GDP	15.82%	13.78%	35.84%	8.90%	14.18%	4.27%	7.21%	100%
Per Capita Income	USD 934	USD 799	USD 1534	USD 1043	USD 868	USD 606	USD 685	USD 1191
Economic Growth Rate Expected	3.54	3.52	4.65	3.56%	3.81%	3.77%	3.56%	4.01%
Human Development Index	0.504	0.421	0.543	0.513	0.468	0.427	0.431	0.587

Source: Labor Force Survey, 2018; Economic, social and financial status of Nepal, Nepal Rastra Bank, 2077  
Province Government's Budget 2021/22

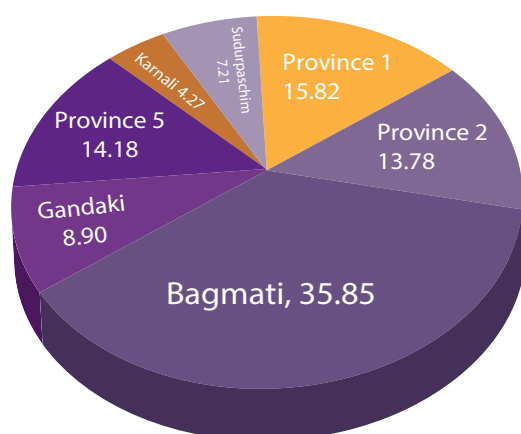


Figure: Contribution of different provinces to the GDP of the nation in 2020/21.

This year, the overall national GDP is affected by the COVID situation and so is the provincial GDP. Among the seven provinces, Bagmati Province has the highest share in the overall GDP's contribution i.e., 35.84% whereas Karnali Province has lowest share i.e., 4.27%. This Gross Domestic Product of the provinces is linked with the Per Capita Income of the people living in the provinces. In addition, figure aside shows the proportion of different provinces to the GDP of the nation.

Besides, the Human Development Index of Bagmati Province is higher whereas Province No. 2 and Karnali Province holds lower Human Development Index. This indicates that

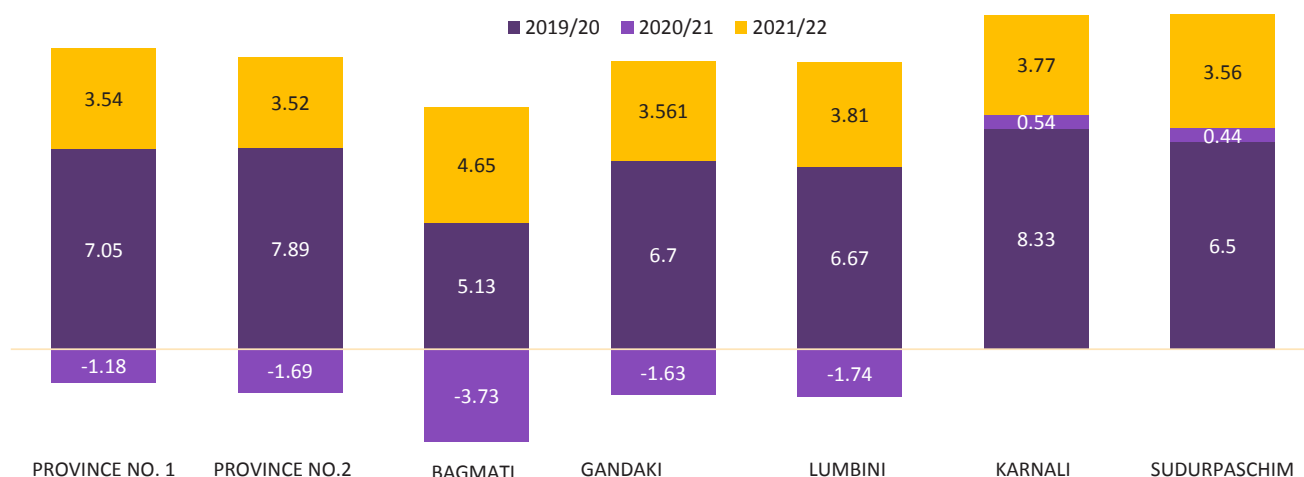
Bagmati Province have higher education level, a higher life span and higher gross national income per capita than other provinces and Karnali Province have lowest among all.

Table below shows the GDP growth rate of different provinces over three years.

GDP growth Rate							
	Province No. 1	Province No.2	Bagmati province	Gandaki Province	Lumbini Province	Karnali Province	Sudur Paschim Province
2019/20	7.05	7.89	5.13	6.7	6.67	8.33	6.5
2020/21	-1.18	-1.69	-3.73	-1.63	-1.74	0.54	0.44
2021/22	3.54	3.52	4.65	3.561	3.81	3.77	3.56

In year 2020/21, all the provinces of Nepal experienced negative growth rate of GDP except the Karnali and Sudur Paschim Province that they achieve 0.54 and 0.44 percentage GDP growth rate respectively. This fall of GDP in 2020/21 is a result of impact of COVID-19 in the economic sector of Nepal. The impact of COVID is expected to continue even in 2021/22 also. Amongst the provinces with negative GDP in 2020/21, Bagmati province experienced a highest GDP reduction.

### GDP GROWTH RATE OF PROVINCES



The projection of 2021/22 shows that government has expected to increase in the economy of the nation. It has been expected to recover from the low base in FY 2020, as a result of the gradual lifting of nationwide lockdown, and also make an increase in the domestic demand. The ongoing vaccination campaigns against the coronavirus disease (COVID-19) pandemic is expected to help to strengthen the economic impetus. However, the situation is not much predictable due to the wave of third variant of COVID pandemic spreading in the nation. The main downside risk to the outlook centers on a resurgence of COVID-19 infections. Besides, political uncertainties and policy inconsistencies, as well as recurrent natural calamities like floods and landslides have also undermined the growth prospects. A weaker than expected regional and global recovery would limit employment opportunities abroad for Nepalese workers, constrain remittance and earnings from exports, and dampen Nepal's growth.

### EDUCATIONAL INDICATORS OF DIFFERENT PROVINCES

The table below provides information regarding the education status related indicators of different provinces.

Educational Indicators of Different Provinces								
Particulars	Province No. 1	Province No.2	Bagmati province	Gandaki	Lumbini	Karnali	Sudur Paschim	National
No. of schools	6958	4164	7054	4349	5728	3191	4230	35674
No. of teachers and teaching staffs	30851	19476	30132	22385	24158	12590	16584	156176
No. of students	1170521	1293101	1426037	597682	1249625	543806	801607	7072379
% of girl student	50.21	50.72	49.09	48.96	49.69	51.88	51.20	50.20
Net enrollment rate (total) (1-8)	96.8	85.7	96	97	95.6	94.9	96.5	94.7



NER boys	97.1	87	96.7	97.1	96	95.8	97	95.2
NER girls	96.5	84.4	95.3	97	95.2	94	96	94.1
Net enrollment rate (total) (9-12)	53.5	45.8	55	52.7	49.9	49.4	51.9	51.2
NER boys	52.3	47	53.2	52.9	49.4	49.7	52.1	50.9
NER girls	54.6	44.6	56.8	52.6	50.4	49	51.8	51.4
Student Teacher ratio								
Basic (1-5)	19	50	18	13	30	31	31	26
Basic (6-8)	42	97	39	33	65	70	65	53
Secondary (9-10)	38	70	31	27	49	61	53	43
Secondary (11-12)	81	118	75	55	85	91	53	75
School Student ratio								
Basic (1-5)	69	191	69	49	103	85	91	91
Basic (6-8)	100	198	88	80	128	115	115	113
Secondary (FI9-10)	112	208	84	81	127	120	121	115
Secondary (11-12)	136	156	107	106	156	192	139	135

Source: Economic Survey, 2021

Data above indicates that among the total 35,674 schools in Nepal, Bagmati Province has more schools compared to other provinces. Similarly, Karnali province has 3191 schools which is lowest number in comparison of other provinces. In addition, the distribution of teachers and teaching staffs is also as per the number of schools. Out of the total 156,176 teachers and teaching staffs in the nation, 30,132 are in the Bagmati Province which is the largest number. But there are only 12,590 teachers and teaching staffs in Karnali Province which is the lowest numbers in compared to other provinces. Looking into the number of students, Province 2 has high number compared to those provinces. This indicates that there the problem of teacher and teacher staffs' distribution based on the numbers of students and it needs of redistribution of teaching staffs in the provinces. The student teacher ratio of Province 2 at all levels is also highest among all the other provinces and same is the case of school student ratio of this Province 2. The school student ratio of Province no.2, Lumbini Province, Karnali Province and Sudur Paschim Province is higher than the national average. This scenario is same in the case of the school student ratio of those provinces at all the educational levels.

Nepal has made good progress in terms of gender parity in education and almost all the provinces have their female student ratio nearby half of their total student population. However, this scenario is not in case of the net enrollment rate dis-segregated by gender. The net enrollment rate of girls at basic level is lower in all the provinces compared to the enrollment rate of girls. In this case also, Province 2 holds lowest net enrollment rate at basic i.e. 85.7% and only 45.8% at the secondary level. The enrollment rate at secondary level seems still poor in all the provinces as the highest net enrollment rate of Bagmati Province also stands at just 55%. This indicates that still there are large population of secondary school aged children who are not in the mainstream of school education.

## OVERVIEW OF BUDGET OF DIFFERENT PROVINCES

The table below provides the information of grant and revenue of different provinces as well as the budget allocation patterns for the fiscal year 2021/22.

Budget for FY 2021/22							
Headings	Provinces						Amt in billion
	One	Two	Bagmati	Gandaki	Lumbini	Karnali	Sudur Paschim
Total	32.4692	33.7914	57.7209	30.0567	40.9597	36.5466	30.3395
Federal Govt grant	15.2957	13.1882	16.1743	12.6198	15.0902	14.7868	14.1253
Foreign Grant	1.2592	0.7152	0.7525	0.4099	0.5223	0.790455	0.4795
Revenue collection by Province Govt	15.9142	19.888	40.7941	17.027	25.3472	20.9693	15.7346
% of budget in terms of sources							
Fed Govt. Grant	47.11	39.03	28.02	41.99	36.84	40.46	46.56
Foreign Grant	3.88	2.12	1.30	1.36	1.28	2.16	1.58
Revenue collection	49.01	58.86	70.67	56.65	61.88	57.38	51.86

Source: Red Book of Province Governments 2021/22

### Source of budget of different provinces

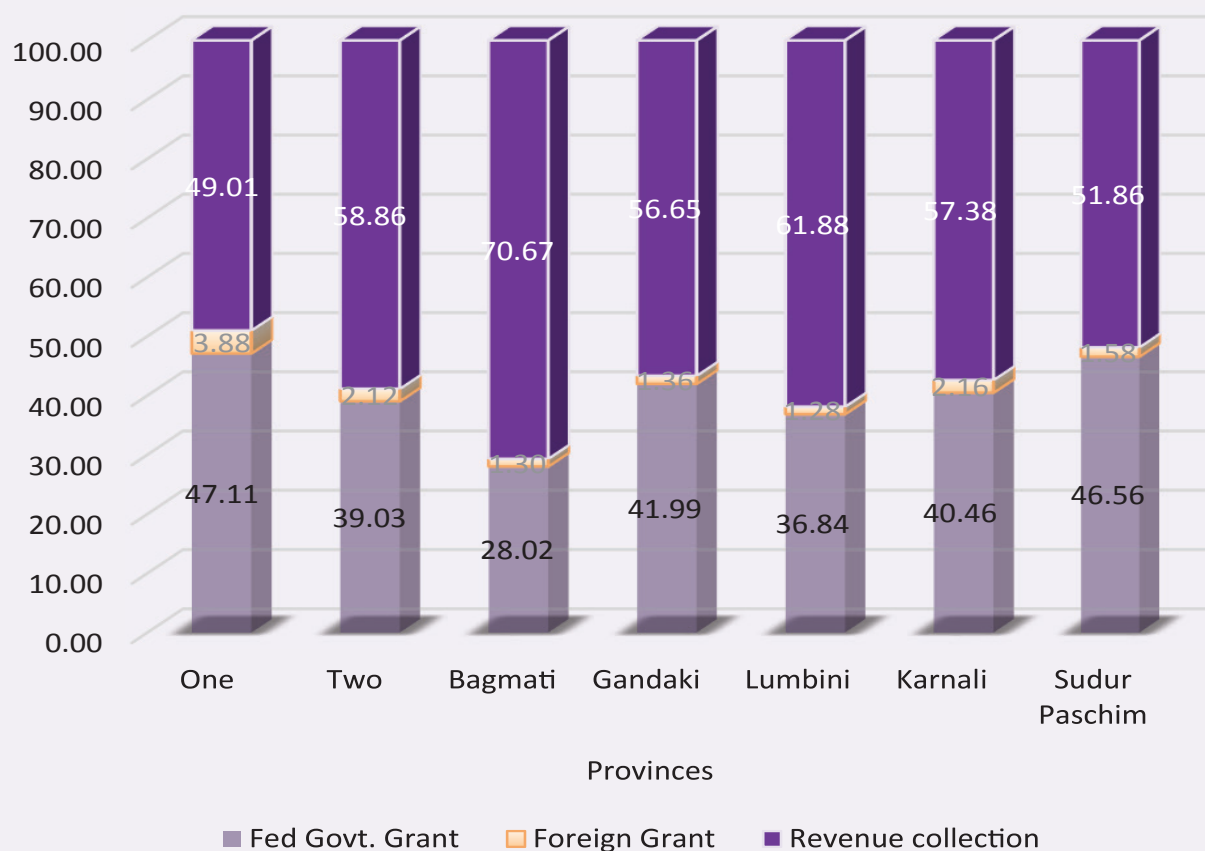


Figure aside shows the share of budget of different provinces from three different sources such as federal grant, foreign grant managed through federal government and revenue collection by the

province. The total budget of Province 1 is 32.4692 billion which is financed 47.11% from the direct grant by federal government, 3.88% by the foreign grant managed via federal government and 49.01% is financed by province government itself through its revenue collection. The share of province revenue collection is highest for Bagmati province where out of the total 57.7209 billion budget of the province, 70.67% is financed through the province revenue collection, 28.02% through federal government grant and 1.30% through the foreign grant via federal government. For province no. 2, the share of revenue collection by province government is 58.86% out of its total budget of 33.7914. Similarly, the share of revenue collection by Gandaki province is 56.65% out of its total budget of 30.0567 billion. Lumbini province has 40.9597 billion budget out of which 36.84% is the direct grant provided by the federal government, 1.28% as foreign grant managed by federal government and 61.88% as revenue collection by the province government. The share of revenue collection by Karnali Province is 57.38% out of its total budget of 36.5466 billion and 51.86% by Sudur Paschim Province out of its total budget of 30.3395 billion. This data indicates that Bagmati Province and Lumbini Province are a bit more progressive in terms of revenue generation at the province level in comparison to that of the other provinces. However, still provinces are highly dependent upon the federal grants for their budget.

### BUDGET ALLOCATION IN TERMS OF EXPENDITURE

Table below provides information regarding the budget allocation of different provinces in terms of expenditure.

	Province No. 1	Province No.2	Bagmati	Gandaki	Lumbini	Karnali	Sudur Paschim
<b>Total Budget</b>	32.46	33.79	57.72	30.05	40.95	36.54	30.33
<b>Recurrent</b>	14.16	15.64	26.02	13.07175	14.94	21.65	10.66
<b>Capital</b>	15.05	18.05	29.7	16.73785	21.17	11.5	17.65
<b>Financing</b>	0.03	0.1	2	0.2404	4.84	3.39	0.3
<b>Financial transfer to local level</b>	3.22						1.72

The Province no. 1 government has unveiled a budget of Rs. 32.46 billion for the fiscal year 2021/22. Out of the total allocation, Rs. 14.16 (43.63 percent) billion has been set aside for recurrent expenditure, Rs. 15.05 billion for capital expenditure (46.37 percent), Rs. 3.22 billion (9.91 percent) for financial transfer at the local level and Rs. 30 million (0.09 percent) for financial management.

Province no. 2 government has unveiled a budget of Rs. 33.79 billion. The budget has Rs. 15.63 billion allocations to recurrent, Rs. 18.5 billion to capital and Rs. 100 million to financing expenditures with 46.26 per cent, 53.44 per cent and 0.30 per cent share in the budget respectively.

Bagmati Province government has presented a budget of Rs. 57.72 billion. The allocation for recurrent expenditure is Rs. 26.01 billion (45 per cent), while Rs. 29.7 billion (51 per cent) has been allocated for the capital budget and Rs. 2 billion (4 per cent) financing.

Gandaki province has announced a budget of Rs. 30.03 billion out of which, the size of recurrent, capital and financing is Rs. 13.6 billion, Rs. 16.7 billion and Rs. 734 million respectively. The share of the recurrent budget is 43.5 per cent, capital 55.7 per cent and financing 0.8 per cent.

Lumbini province has budget of Rs. 40.95 billion for FY 2021/22 out of which, Rs. 14.93 billion is to recurrent, Rs. 21.17 billion to capital and Rs. 4.84 billion for financing expenditures. The share of recurrent, capital and financing in the budget is 36.47 per cent, 51.71 per cent and 11.82 per cent respectively.

Karnali Province government has unveiled a budget of Rs. 36.54 billion for the upcoming fiscal year. In the total budget, Rs. 21.65 billion (59 per cent) has been allocated for capital expenditure and Rs. 11.49 billion (31 per cent) for recurrent expenditure and Rs. 3.39 billion (10 per cent) for financial transfer.

Sudurpashchim Province government has presented a budget of Rs. 30.33 billion for the fiscal year 2021/22. The province government has allocated Rs. 10.66 billion (35.1 per cent) for the recurrent expenditure, Rs. 17.65 billion (58.2 per cent) for capital expenditure, Rs. 1.72 billion (5.7 per cent) for inter-governmental finance transfer and Rs. 300 million (1 per cent) for financing.

## OVERVIEW OF MAJOR PROGRAMS OF PROVINCIAL PLANS & POLICIES AND BUDGET FOR FY 2021/22

This chapter depicts the summary of the major highlights of the plans and policies of all the provinces in the socio-economic sector.

### Province 1:

- Allocating NPR 440 million for the prevention, treatment, and handling of COVID-19
- Allocating NPR 234.9 million to the Chief Minister Education Reform program.
- Vocational, technical and skill-based education emphasized along with developing curriculum, formulating provincial education policy, providing sanitary pads, and arranging nurses to all secondary schools of the province.

### Province 2:

- Allocating NPR 200 million for the procurement of oxygen cylinders, COVID-19 testing kits, and other pertinent medical equipment to contain the pandemic
- Allocating NPR 150 million to the youth employment program for youths who have lost their jobs due to the pandemic
- Continuation of '***Beti Bachao, Beti Padhao (Save daughter, Teach daughter)***' plan.
- Arrangements to transform Province 2 into an education hub by establishing one library in each district and one technical school in each state constituency in the upcoming FY.

### Bagmati Province:

- Monthly allowance of NPR 3,000 to be issued to children who have lost their parents to COVID-19
- Allocation NPR 2 billion for making loans accessible to generate production and employment

### Gandaki Province:

- NPR 50,000 in relief to be extended to families who have lost their members to COVID-19
- Monthly allowance of NPR 5000 provided to children who have lost their parents

### Lumbini Province:

- Prioritizing health and agriculture sectors along with the recovery of affected economic sectors
- Allocating NPR 350 million for the Smart Farm Village program that is implemented in all local levels

### Karnali Province:

- Prioritizing reform and expansion of healthcare and infrastructure development
- NPR 539.3 million to be employed in the handling, testing and treatment of COVID-19
- The “Pratek Ghar Sorojgar” (Each Household Employed) program to be granted NPR 1 billion for poverty and unemployment alleviation

### Sudurpaschim Province:

- Prioritizing reform and expansion of healthcare services and infrastructure development
- Allocating NPR 1.17 billion for public school reform together with the development of physical infrastructure in these schools
- Grant from “Province Self-Employment Development Fund” to the unemployed youth

Review of the plan of different provinces highlights that Province no. 1, Province no. 2 and Sudur Paschim Province has somehow prioritized education in their plans by mentioning explicitly about the educational improvement and development. However, focus of other province seems to be mostly on the economic recovery and health care services.

## EXPENDITURE STATUS OF DIFFERENT PROVINCES

Table below shows the review of expenditure status of fiscal year 2020/21 of different provinces of the first eight months.

FY 2020/21 Expenditure status of eight months								
	Budget	Expenditure	% of expenditure	Current Budget	Current expenditure	Capital Budget	Capital Expenditure	% of capital expenditure in total expenditure
Province No. 1	40.9	13.365	32.67	18.918	6.733	21.942	6.632	49.6
Province No. 2	33.561	5.128	15.28	14.2	2.585	19.201	2.544	49.6
Bagmati Province	51.435	13.035	25.34	23.173	6.469	26.262	5.967	45.8
Gandaki Province	34.842	8.626	24.75	13.991	2.963	20.351	5.662	65.6
Lumbini Province	36.353	13.256	36.46	17.392	7.012	18.96	6.243	47.1
Karnali Province	33.745	4.525	13.41	12.616	2.454	21.129	2.071	45.8
Sudur Paschim Province	33.382	7.311	21.90	15.93	3.757	17.153	3.554	48.6
Total	264.218	65.246	24.70	116.22	31.973	144.998	32.673	50.1

Source: Financial Comptroller General Office, 2021

From the table above, it can be seen that out of the total budget of all the province government, only 24.70% was utilized in the first eight months and there is huge amount of funds that is unspent over the period. This problem of budget freezing is very critical for the economic growth of the nation. The efficiency of the province government in terms of budget utilization is also questionable due to such ongoing trend of poor utilization of the allocated funds.

### Expenditure status of Province governments for FY 2020/21

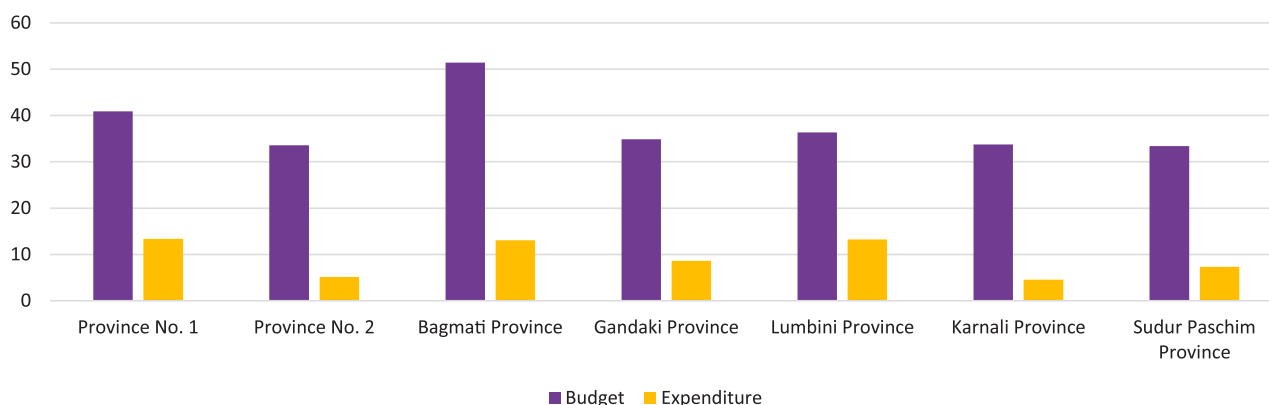
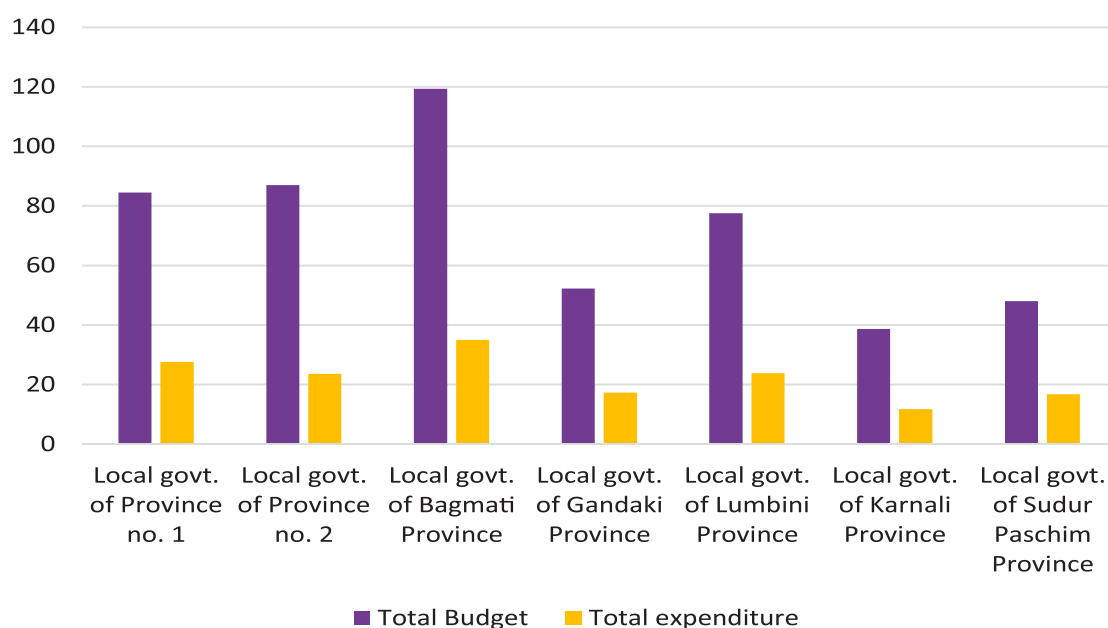


Table and chart below shows the expenditure status of several local governments of different provinces in the first eight months of the fiscal year 2020/21. The data below indicates that the expenditure of local government in last eight months is only 30.73% which implies that around 70% budget was unutilized in the first eight months of the budget disbursement.

FY 2020/21 Expenditure status of eight months			
		Total expenditure	expenditure in %
Local govt. of Province no. 1	84.5289	27.5808	32.63
Local govt. of Province no. 2	86.9384	23.5536	27.09
Local govt. of Bagmati Province	119.338	35.0442	29.37
Local govt. of Gandaki Province	52.248	17.3028	33.12
Local govt. of Lumbini Province	77.526	23.8578	30.77
Local govt. of Karnali Province	38.7208	11.7801	30.42
Local govt. of Sudur Paschim Province	48.0147	16.7991	34.99
<b>Total</b>	<b>507.315</b>	<b>155.9184</b>	<b>30.73</b>

Source: Financial Comptroller General Office, 2021

### Expenditure status of local governments of Provinces for FY 2020/21



Province no. 2 has lowest expenditure rate of only 27.09% in the first eight months. Similarly, the expenditure rate of Bagmati province is also poor with only 29.37%. The expenditure rate of local governments of Sudur Paschim Province was highest at 34.99% among the local governments of all the provinces. Successful implementation of the budget is an important tool to address the expectations of the people. Besides, it also ensures liquidity in the banking sector, generates employment opportunities for the people, and acts as an indicator of the efficiency of the state. In the situation of Nepal where infrastructure is very poor, low spending by the province and local government creates a binding constraint on economic growth, delaying the improvement of people's living standards.

### EDUCATION BUDGET OF DIFFERENT PROVINCES

Table below provides an overview of the budget allocated for the education sector by different provinces along with their share in the total budget of the province.

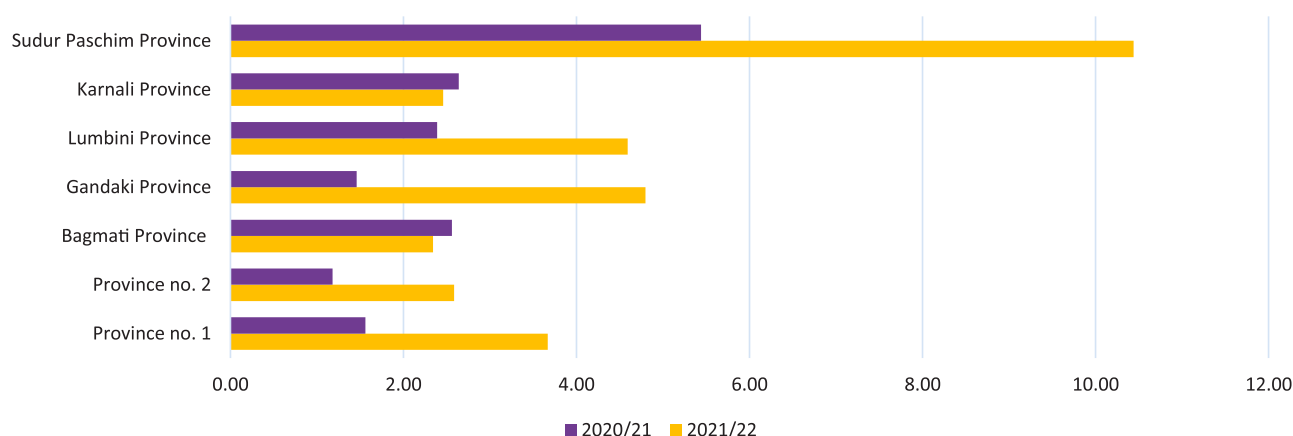
Education Budget of Different Provinces for F.Y 2021/22							
Particulars	Province no. 1	Province no. 2	Bagmati Province	Gandaki Province	Lumbini Province	Karnali Province	Sudur Paschim Province
Total Budget	32.4692	33.7914	57.7209	30.0567	40.9597	36.5466	30.3395
Education Budget for F.Y 2021/22	1.1908	0.8740	1.3519	1.4422	1.8805	0.8987	3.1671
% of budget for education sector in 2021/22	3.67	2.59	2.34	4.80	4.59	2.46	10.44
% of budget of education sector in 2020/21	1.56	1.18	2.56	1.46	2.39	2.64	5.44

Source: Red book of Different Provinces for FY 2021/22 and FY 2020/21

In the current fiscal year 2021/22, the education budget allocated by the federal government is 10.20%. In the similar context where the country has moved into the structure of federalism, the percentage of budget allocated by the provincial government for the education sector also shows very low. The maximum percentage of budget allocated to the education sector is by Sudur Paschim Province as 10.44% of total province budget, which is almost more than double in percentage than other provinces. Education has been in the least priority for the Bagmati Province and Province 2 as they have allocated only 2.34% and 2.59% respectively of its total budget to the education. The scenario is disappointing for other provinces as well. Province no. one has allocated only 3.67% of its total budget to the education sector, 4.80% by Gandaki Province, 4.59% by Lumbini Province and 2.46 % by Karnali Province. The percentage of budget is shown by figure alongside. Similarly, in comparison to the last fiscal year, all the provinces Province no. 1, Province no.2, Gandaki Province, Lumbini Province and Sudur Paschim Province seems to be highly progressive in terms of allocation of the budget to the education sector as their percentage contribution of the budget to the education sector has been highly increased in 2021/22 in comparison to that of 2020/21. However, the contribution of budget to education sector has been decreased in terms of Bagmati Province and Karnali Province in comparison to previous fiscal year.



### % of Education Budget of Provinces



This indicates that in the current COVID pandemic, province governments have not put education as a cross cutting and crucial sector for the overall economic improvement. Only Sudur Paschim Province has envisioned programs and policies that could promote the education status of the population of that province.

### SEGREGATION OF EDUCATION BUDGET

Table below shows the segregation of budget of education sector by different provinces under different sub-heads.

Segregation of Education Budget 2021/22							Amt in Billion
Particulars	Province No.1	Province no. 2	Bagmati	Gandaki	Lumbini	Karnali	Sudurpaschim
Total Education Budget	1.1908	0.874	1.35188	1.4422	1.8805	0.89869	3.1668
Informal Education	0.7236	0.5758	1.0316	0.8268	0.8105	0.56379	0.563
Education Research Development	0.0329	0.27916		0.0870			0.065
Education not else categorized	0.1285	0.019068	0.2702	0.2302	1.07		
Subsidiary services to Education	0.2350	-		0.2982		0.3349	2.5388
Graduate level education	0.0708		0.05				

Source: Red book of Different Provinces for FY 2021/22

The data shows that informal education has been priority area for all the provinces and large portion of the budget of all the provinces has been allocated to address this. This is one of the good moves of the province government as this budget might help to bring back those children, youths and adults into the learning process who are left out by the formal education system due to several constraints amidst this pandemic situation. However, in case of Sudur Paschim Province, the largest share of budget is for Subsidiary services to education. Apart from this, education research and development has been prioritized by Province 1, Province 2, Gandaki Province and Sudurpaschim province only. This shows that for research and development of education has been priority agenda for those provinces thereby implying the possibility of education system being developed based on the needs and feasibility analysis. Similarly, graduate level education has been prioritized only by Province 1 and Bagmati Province.

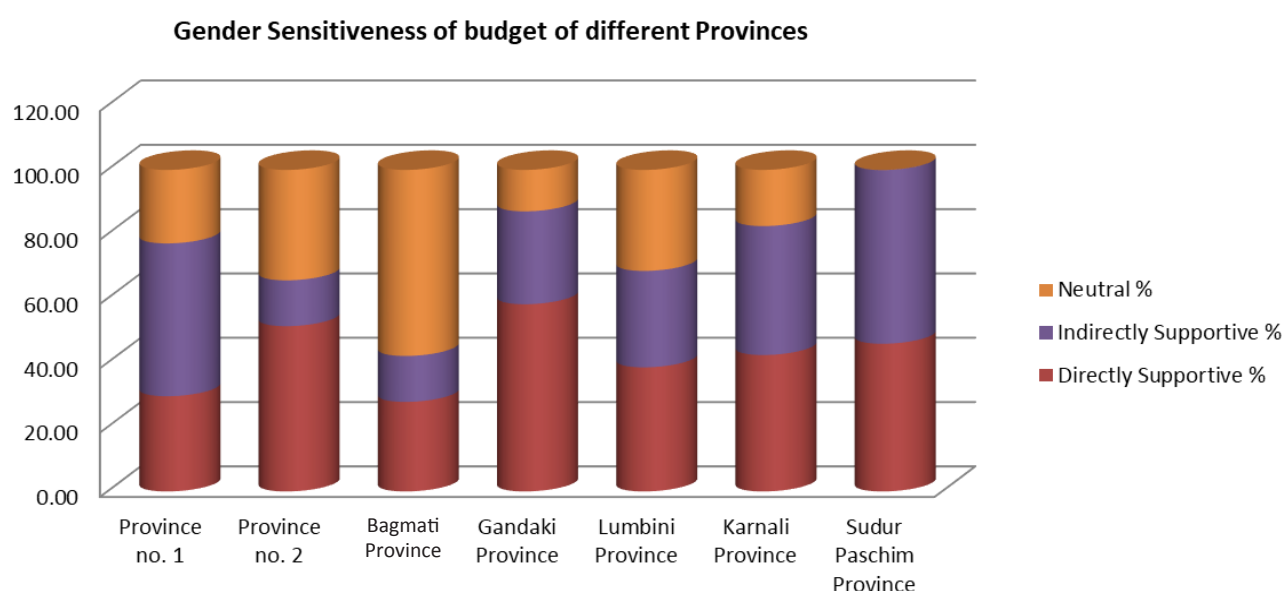


## OVERVIEW OF BUDGET OF DIFFERENT PROVINCES IN TERMS OF GENDER RESPONSIVENESS

Table below provides the overview of budget of different provinces in terms of the gender responsiveness. The budget has been allocated as directly supportive for the gender issues, indirectly supportive and neutral i.e. which does not provide any impact in the gender issues.

Gender Responsive Budget of Social Development Ministry							
Particulars	Province no. 1	Province no. 2	Bagmati Province	Gandaki Province	Lumbini Province	Karnali Province	Sudur Paschim Province
Directly Supportive	9.6179	17.3703	16.0779	17.5004	15.8119	15.5050	2.7036
	29.62	51.40	27.85	58.22	38.60	42.43	45.93
Indirectly Supportive	15.4316	4.8167	8.2479	8.6861	12.2832	14.6562	3.1804
	47.53	14.25	14.29	28.90	29.99	40.10	54.04
Neutral	7.4196	11.6043	33.3950	3.8701	12.8645	6.3897	0.0018
	22.85	34.34	57.86	12.88	31.41	17.48	0.03

Source: Red book of Different Provinces for FY 2021/22



Among all other provinces, budget of Gandaki Province is designed highly to support the gender issues with 58.22% of its budget targeted for directly supportive actions in gender and 28.90% for indirectly supportive actions in gender. Sudur Paschim also is sensitive to address the gender issues as it has 45.93% budget for directly supportive actions and 54.04% for indirectly supportive actions in terms of gender. However, the budget of Bagmati province, Province 2 and Lumbini Province are less sensitive to address the issues of gender as their target is highly in the neutral activities and programs.

## INTER- GOVERNMENTAL FISCAL TRANSFERS OF DIFFERENT PROVINCES

Tables below explain the intergovernmental fiscal transfer of different Provinces of Nepal. Henceforth, Province 1 does not have funds allocated for the special grant to the local governments. Out of the total budget of 32.4692 billion of Province 1, 3.2242 billion has been allocated as part of its fiscal transfer to the local government out of which 1 billion is for financial equalization grant, 0.8542 billion is for conditional grant and 1.37 billion is for the complementary grant.

Intergovernmental Fiscal Transfer of Province No. 1					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Metropolitan city					
Sub-metropolitan city					
Municipality					
Rural Municipality					
<b>Total</b>	<b>3.2242</b>	<b>1.0000</b>	<b>0.854174</b>	<b>1.37</b>	<b>0</b>

Source: Intergovernmental Fiscal transfer of Province no. 1

Table below provides the overview of intergovernmental fiscal transfer of Province no. 2.

Intergovernmental Fiscal Transfer of Province No. 2					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Metropolitan city	0.0504	0.0329	0	0.0075	0.01
Sub-metropolitan city	0.1048	0.0673	0	0.015	0.0225
Municipality	1.0571	0.6921	0	0.146	0.219
Rural Municipality	0.7027	0.4077	0	0.118	0.177
<b>Total</b>	<b>1.9150</b>	<b>1.2000</b>	<b>0</b>	<b>0.2865</b>	<b>0.4285</b>

Source: Intergovernmental Fiscal transfer of Province no. 2

Out of the total budget of 33.7914 billion, Province no. two has allocated 1.9150 billion for the local governments. Out of this allocation, 1.2 billion is allocated as the financial equalization grant, 0.2865 billion as complementary grant and 0.4285 billion as the special grant to the different local government units of this province. The highest share of budget has been provided to the municipalities and the lowest portion to the metropolitan city. There is no budget allocation for the conditional grant by Province no. 2.

Table below provides the overview of intergovernmental fiscal transfer of Bagmati Province.

Intergovernmental Fiscal Transfer of Bagmati Province					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Metropolitan city	0.3889	0.1772	0.1717	0.0399	0
Sub-metropolitan city	0.1167	0.0299	0.0568	0.0300	0
Municipality	3.0708	0.6420	1.1008	1.1792	0.1489
Rural Municipality	3.9291	0.6509	1.3337	1.6691	0.2755
<b>Total</b>	<b>7.5056</b>	<b>1.4999</b>	<b>2.6631</b>	<b>2.9182</b>	<b>0.4244</b>

Source: Intergovernmental Fiscal transfer of Bagmati Province

Out of the total budget of 57.7209 billion, Bagmati Province has allocated 7.5056 billion for the local governments. Out of this allocation, 1.5 billion is allocated as the financial equalization grant, 2.66 billion as the conditional grant, 2.91 billion as complementary grant and 0.4244 billion as special grant. The highest share of budget has been provided to the rural municipalities and the lowest portion to the sub metropolitan city.

Table below provides the overview of intergovernmental fiscal transfer of Gandaki Province.

Intergovernmental Fiscal Transfer of Gandaki Province						
Amt in billion						
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant	Revenue Distribution
<b>Local Government</b>						
Metropolitan city	0.1497	0.0210	0.025	0.06	0	0.043701
Municipality	0.8075	0.3234	0.059	0.155	0.08	0.190076
Rural Municipality	1.5739	0.7057	0.174	0.412	0.116	0.16624
Complementary Grant for Administrative Building Development	0.5500					
Grant for complementary, special and conditional grant projects	0.4500					
<b>Total</b>	<b>3.5310</b>	<b>1.0500</b>	<b>0.258</b>	<b>0.627</b>	<b>0.196</b>	<b>0.400017</b>

Source: Intergovernmental Fiscal transfer of Gandaki Province

Out of the total budget of 30.0567 billion, Gandaki Province has allocated 3.5310 billion for the local governments. Out of this allocation, 1.05 billion is allocated as the financial equalization grant, 0.258 billion as the conditional grant, 0.627 billion as complementary grant and 0.196 billion as the special grant to the different local government units of this province. Besides, 0.40 billion is also allocated as revenue distribution to the local governments which will be distributed on the need basis. The province government has allocated a fund of 0.55 billion as complementary grant for administrative building development and 0.45 billion as grant for complementary, special and conditional grant projects in lumpsum basis. This lumpsum basis of fund allocation does not have clear distribution channel shown in the inter-governmental fiscal transfer details of the province. The highest share of budget has been provided to the rural municipalities and the lowest portion to the metropolitan city. The province does not have sub-metropolitan city.

Table below provides the overview of intergovernmental fiscal transfer of Lumbini Province.

Intergovernmental Fiscal Transfer of Lumbini Province					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Sub-metropolitan city	0.3849	0.0641	0.1690	0.1199	0.0320
Municipality	1.5115	0.2469	0.4014	0.6392	0.2240
Rural Municipality	2.6378	0.3889	0.7170	1.0939	0.4380
Unidentified	0.3081			0.0021	0.3060
Total	4.8423	0.6999	1.2874	1.8550	1.0000

Source: Intergovernmental Fiscal transfer of Lumbini Province

Out of the total budget of 40.9597 billion, Lumbini has allocated 4.8423 billion for the local governments. Out of this allocation, 0.70 billion is allocated as the financial equalization grant, 1.2874 billion as the conditional grant, 1.8550 billion as complementary grant and 1 billion as the special grant to the different local government units of this province. The highest share of budget has been provided to the rural municipalities and the lowest portion to the sub metropolitan city. The province does not have metropolitan city. Besides, 0.3081 billion has been allocated in lump sum as complementary and special grant for unidentified project.

Table below provides the overview of intergovernmental fiscal transfer of Karnali Province.

Intergovernmental Fiscal Transfer of Karnali Province					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Municipality	1.3459	0.3295	0.5854	0.33	0.101
Rural Municipality	1.9940	0.4705	0.65448	0.67	0.199
Unidentified			0.06		
Total	3.3998	0.8000	1.29988	1	0.3

Source: Intergovernmental Fiscal transfer of Karnali Province

Out of the total budget of 36.5466 billion, Karnali province has allocated 3.3998 billion for the local governments. Out of this allocation, 0.80 billion is allocated as financial equalization grant, 1.2998 billion as conditional grant, 1 billion as complementary grant and 0.3 billion as special grant. 0.06 billion is allocated as conditional grant for unidentified projects. This province only has municipality and rural municipality.

Table below provides the overview of intergovernmental fiscal transfer of Sudur Paschim Province.

Intergovernmental Fiscal Transfer of Sudur Paschim Province					
Amt in billion					
Particulars	Total	Financial Equalization Grant	Conditional Grant	Complementary Grant	Special Grant
Local Government					
Sub-metropolitan city	0.0651	0.0231	0	0.0344915	0.0075
Municipality	0.7538	0.3401	0	0.26525	0.1485
Rural Municipality	0.9056	0.3614	0	0.30026	0.244
<b>Total</b>	<b>1.7245</b>	<b>0.7245</b>	<b>0</b>	<b>0.6000015</b>	<b>0.4</b>

Source: Intergovernmental Fiscal transfer of Sudur Paschim Province

Out of the total budget of 30.3395 billion, Sudur Paschim Province has allocated 1.7245 billion for the local governments. Out of this, 0.7245 billion is allocated in the form of financial equalization grant, 0.60 billion in the form of complementary grant and 0.4 billion in form of special grant. The province does not have budget allocation for the conditional grant. The highest share of budget has been provided to the rural municipalities and the lowest portion to the sub metropolitan city. The province does not have metropolitan city.

## CONCLUSION

Out of the seven provinces, the total budget increased only by four provinces; Province 2, Bagmati Province, Lumbini Province and Karnali Province. However, in terms of education budget, Province no. 1, Province no.2, Gandaki Province, Lumbini Province and Sudur Paschim Province seems to be highly progressive as their percentage contribution of the budget to the education sector has been highly increased in 2021/22 in comparison to that of 2020/21. The contraction of budget for other provinces could be attributed to the decline in revenue collection amid the pandemic. The budget of Province 1 contracted by the highest percentage while the biggest budget expansion was that of Lumbini Province. The provincial budgets have displayed a sense of urgency in containing the pandemic with every province allocating a certain sum for the testing, treatment, and prevention of COVID-19. Gender sensitiveness of budget has been taken into account by all the provinces which figures out the responsiveness of the province government towards the gender issues. However, utilization of these budget to the gender specific issues and programs is another crucial thing to be taken into consideration.

In addition, provinces are still highly dependent upon the federal grant for their budget. The revenue generation of all provinces except Bagmati Province is below 62%. For bringing intended tangible results, the provincial governments have to start with finding ways to strengthen their revenue collection and then work towards effective implementation and monitoring of their respective activities.

Utilization of the allocated funds is a huge challenge as province government and local government has below 25% and 30% of budget utilization rate in the first eight months of budget allocation. Large portion of fund remains frozen for the whole fiscal year thereby leading to the non-execution or low execution of the development programs. Efficient monitoring mechanism and also capacity development of the local and province government should be focused. Educational spending must be from the initial

quarter. Training to the local governments and other stakeholders to prepare procurement plans and tender documents is among the measures that the government can adopt for reasonable capital spending right from the first quarter of this fiscal year. For this, the fiscal transfer should be planned from the very beginning of the fiscal year so that the local government can plan for spending from the beginning. Delay in fiscal transfer is often one of the major challenges in efficient utilization of the funds. The capacity of province and local government in terms of the efficient utilization of the funds is a bottleneck in the implementation of the set plans and programs. Thus, there is an extreme need of empowerment of the local governments for the educational transformation and to achieve the educational indicators set. Local government can work towards the efficient utilization of the allocated funds and also focus on the generation of the resources at the local level for the public education. Otherwise, the educational pathway of Nepal might be at risk evident by inefficient funds utilization, promoted digital divide, increased privatization in education, increased drop out of children and also the shortage of skilled labor manpower in the market.

Conclusion in terms of allocation; utilization/efficiency, resource mobilization, gender budgeting, intergovernmental fiscal transfer, plans and programs etc.

## 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.



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