

## INDICATOR 10

**Proportion of DCPs that have (a) increased their public expenditure on education; or (b) maintained sector spending at 20% or above**

**Definition:** Total number of DCPs that during the corresponding fiscal year either (i) increased their public expenditure on education, as compared with a base year value, or (ii) have maintained public expenditure on education at 20% or above, expressed as a percentage of total number of DCPs.

**Purpose:** To monitor progress towards increased domestic financing for education, a prerequisite for funding credible education plans and policies.

**Unit of measurement:** Percentage

**Calculation method:** At country-level, calculate total public education expenditure as sum of (i) expenditure on education by all ministries, (ii) expenditure on education by local government, (iii) employer's contribution to non-salary social benefits (if not charged directly to the education ministry's budget). Secondly, calculate the share of education spending in total government spending by dividing total public education expenditure over total public expenditure (excluding debt service), and multiply by 100. The share is calculated for the most recent year (the current year) and for a reference year in the past (the base year). Based on the education shares for the current year and the base year, the aggregate value for the group of DCPs is calculated by dividing the number of DCPs that either increased their public expenditure on education or maintained sector spending at 20% or above over the total number of DCPs, and multiplying by 100.

*N.B. For the aggregate indicator, the current year is the last calendar year. For a DCP, the current year is the country fiscal year that ends in the current year considered for the aggregate indicator.*

**Formula:**

Country level

$$EEShare_{j,t} = \frac{EEEX_{j,t}}{EGEX_{j,t}}$$

Aggregate level

$$f(CRITERIA_{2,j,t}) = \begin{cases} 1, & EEShare_{j,t} \geq 20\% \\ 0, & otherwise \end{cases}$$

$$f(CRITERIA_{1,j,t}) = \begin{cases} 1, & EEShare_{j,t} \geq EEShare_{j,t-1} \\ 0, & otherwise \end{cases}$$

$$PROP_t(CRITERIA_{2,j,t} = 1 \text{ or } (CRITERIA_{1,j,t})) = \frac{\sum_{j=1}^n (CRITERIA_{2,j,t} + CRITERIA_{1,j,t})}{n}$$

where:

$EEShare_{t,j}$  Share of public education expenditure in total public expenditure in country  $j$  in year  $t$

$EEEX_{t,j}$  Public education expenditure in country  $j$  in year  $t$

$EGEX_{t,j}$  Total public expenditure in country  $j$  in year  $t$

$f(CRITERIA_{2,j,t})$  Dummy indicating whether the share of public education expenditure in total public expenditure in country  $j$  in year  $t$  is 20% or above

in year  $t$  was greater than 20%

$f(CRITERIA\_1_{j,t})$

Dummy indicating whether the share of public education expenditure in total public expenditure in country  $j$  in year  $t$  was greater than in year  $t-1$

$PROP_t(CRITERIA\_2_{j,t} = 1 \text{ or } (CRITERIA\_1_{j,t}))$  proportion of DCPs that (i) increased their public expenditure on education, as compared with a base year value, or (ii) have maintained public expenditure on education at 20% or above, expressed as a percentage of total number of DCPs.

$n$  total number of DCPs

**Reporting timeframe:** CY

**Data required:** Expenditure on education; total public expenditure (excluding debt service).

**Data source:** Ministries of Finances, Budget Departments or National Treasuries

**Types of disaggregation:** By FCAC

**Interpretation:** This indicator reflects countries' financial commitment to education. The higher the percentage, the greater the progress towards meeting domestic financing objectives in all DCPs. The indicator should be interpreted in parallel to other country indicators and mitigating circumstances in order to assess a country's commitment to education. These include: (i) demographic context; (ii) security context that may require high military expenses; (iii) conditions of schooling; (iv) effectiveness and efficiency in education expenditure.

**Quality standards:** For a majority of countries, actual expenditures may not be available in time for calculation. In these cases, estimates are made using provisional budget data corrected by an estimated execution rate equivalent to that of the previous year. Execution rates are calculated for (i) total expenditure, and (ii) education expenditure for each ministry, national body that would provision education spending. Both total and education expenditure are disaggregated by capital and recurrent expenditure to make the estimate as reliable possible.

**Limitations:** (i) The budget perimeter (i.e. institutional coverage, of which entities and their related education expenses are considered "public") varies widely by country, in line with variation across those institutions mandated to provide public educational services. In addition, education can also be funded at the infra level, or via decentralized agencies whose budgets (centrally-transferred and locally generated) could be hard to consolidate. In certain contexts, relevant expenditures in budget documents are not systematically identified as being directed towards education; as a result there is a risk that education expenditure could be underestimated. Expenditures should include the social contributions attached to salaries. When employers' contributions are not charged to the budget of individual line ministries but instead draw on a common pool across the whole civil service (often the case for pension schemes), an equivalent to employers' contribution has to be calculated. This is a significant issue in light of the high proportion of education expenditure directed towards salaries; (ii) The % of public expenditure directed towards education calculated at DCP level for the purpose of this GPE indicator is not directly comparable with similar indicators calculated at country level or by international bodies such as UNESCO/UIS. Key items to consider specific here include the exclusion of debt service in total expenditure, the use of actual vs budgeted expenditure, and the education expenditure perimeter; (iii) Education expenditure is considered independent of the source of funding (domestic or external) as long as they are recorded in official budgets. Capital or investment budgets in developing countries are typically subject to fluctuations in response to changes in external support to Government budgets. This could lead to considerable volatility of the DCP indicator when the investment budget is heavily supported by external funding.