

# Tracking of Nepal Government's Pledge For Global Partnership for Education 2022

**Education is a human right.** Education is crucial for equipping citizens with knowledge and tools to engage and contribute to their communities and to break cycles of violence and poverty, end exclusion and transform societies.

**Education is Fundamental Rights.** Every Citizen shall have right to get free and compulsory education up to basic level and free education up to secondary level<sup>1</sup>.

**Sustainable Development Goal 4 (SDG 4) of equitable and inclusive quality education and lifelong opportunities for all, cannot be achieved without adequate and sustainable financing for education.**

**Government spending on education should be measured by two main indicators or benchmarks: 6% of GDP or 20% of national budgets should be spent on education.<sup>2</sup>**

## NEPAL'S BUDGET FOR FISCAL YEAR 2022/23

The government of Nepal allocated an annual budget of NRs 1.793 trillion for the fiscal year 2022/23. The objective of the budget is to achieve a self-reliant economy by prioritizing agriculture, industrial development, expansion of hydroelectricity and transmission lines, and promoting foreign investment and tourism. The GoN has allocated NRS 1.793 trillion for the fiscal year 2022-23 which is an increase of 5.5% as compared to the fiscal year 2021-22. The recurrent expenditure has received 42% of the total expenditure (NRS.753.40 billion). The amount allocated to fiscal transfer has increased by 11.11%, while the allocation for financing has increased by 10.5%. However, NRS 380.38 billion has been allocated for capital expenditure which is just 1.8% more than the amount allocated in the previous fiscal year.

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	%
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
2022/23	1793.8373	1183.235*	65.96	380.385	21.21	230.218	12.83

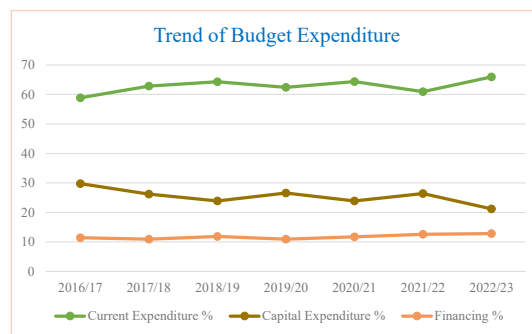
Source: Red Book of seven different years

\*Recurrent expenditure from federal govt is 753.4029 billion and Fiscal transfer is 429.8322 billion.

<sup>1</sup> Constitution of Nepal 2015

<sup>2</sup> Archer, D. (22<sup>nd</sup> June 2020) Domestic Resource Mobilisation for Education: What Should the Global Partnership for Education Do in Its New Strategy. NORRAG.

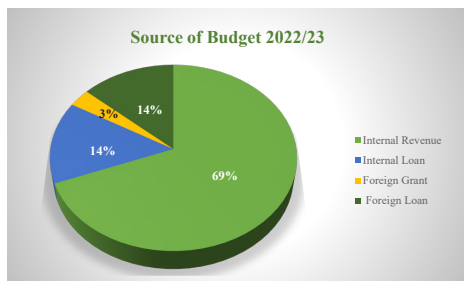
As of February (eight months) of the current Fiscal Year, the Federal Revenue has increased by 19.6 percent as compared to the corresponding period of the previous Fiscal Year and reached NRs. 6.57 billion (Budget 2022/23). Federal expenditure increased by 180 percent to Rs. 674.61 billion. By the end of the Fiscal Year 2078/79, the budget deficit of the Federal Government was Rs. 21.31 billion. Such deficit was Rs. 29.26 billion in the corresponding period of the previous year (Budget 2022/23).



## SOURCES OF BUDGET

(NRs.in billion)

In the total budget of government for the fiscal year 2022/23, the government generate the budget from the different sources. The table and chart below presents the details;



Year	2022/23	
Sources	Amount	%
Internal Revenue	1240.1179	69.13%
Internal Loan	256	14.27%
Foreign Grant	55.4583	3.09%
Foreign Loan	242.2611	13.51%
<b>Total</b>	<b>1793.8373</b>	

Source: Red Book 2022/23

The government has aimed to collect NRS 1.240 trillion, through tax (92%) and non-tax (8%) sources. The government has attempted to reduce reliance on external debt by decreasing it by 21% as compared to the previous fiscal year. For decreasing reliance on external debt, government has planned internal sources to finance its expenditure as internal debt collection has increased by 31% compared in last three years.

## NEPAL'S ALLOCATION FOR EDUCATION SECTOR

The budget has allocated NRS 196.4 billion to the Ministry of Education, Science and Technology for both recurrent and development expenditures for the education sector. This is only 10.98% of the total budget which is far below the government's pledge to allocate 15-20% budget for education in the GPE financing conference in 2021. This is not the case of this fiscal year only, the budget allocation for the education in terms of strengthening education sector has been never satisfying from the past few years where the budget is going downsizing.

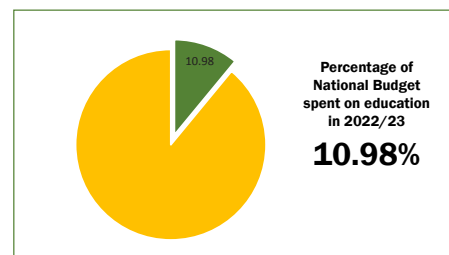
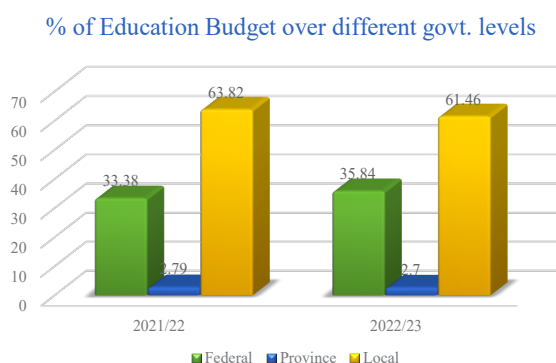
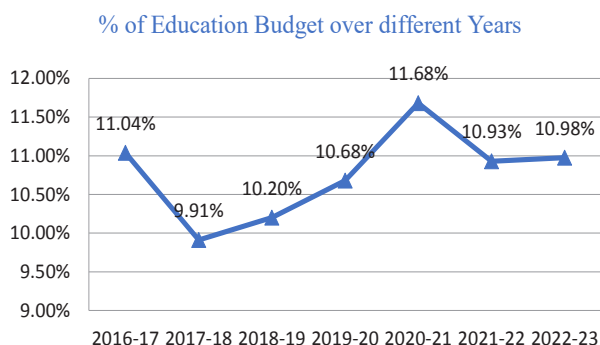


Table below presents about the share of education budget over different years

Education Budget over different Years

Year	Total budget (in billion)	Education Budget (in billion)	% of Education Budget
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%
2022-23	1793.8373	196.8931	10.98

## EDUCATION BUDGET ALLOCATED FOR DIFFERENT GOVERNMENT LEVELS



After analyzing the two years budget allocation, it is evident that the share of budget to local government in this fiscal year is decreased. Increasing share of education budget to the federal level and decreasing share to the local level again puts question about the essence of federalism.

## FOREIGN ASSISTANCE IN NEPAL'S EDUCATION BUDGET

**Table: Share of foreign assistance in Education Budget (in NPR 10 Million)**

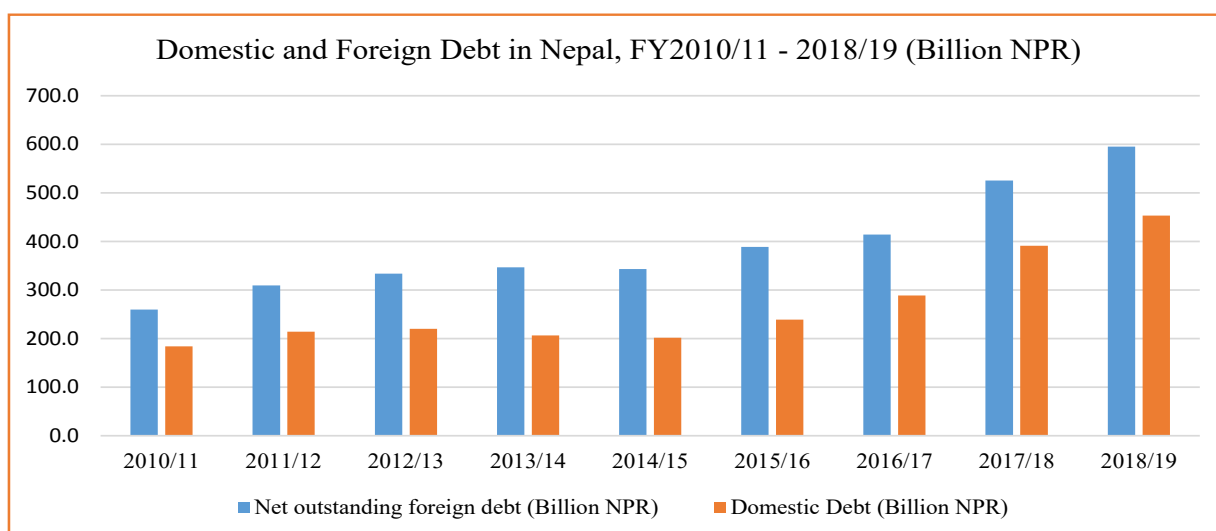
Fiscal Year	Amount	Share of Education Budget (Percent)
2013/14	1,794	22.16
2014/15	1,236	13.47
2015/16	1,519	15.40
2016/17	1,034	8.88
2017/18	1,096	8.65
2018/19	1,287	9.57
2019/20	1,746	10.66
2020/21	2,451	14.28

Source: Nepal Ministry of Finance (budget booklets of concerned fiscal year)

**Table: Joint Financing Funds (JFPs) indicative disbursement for FY 2019/20**

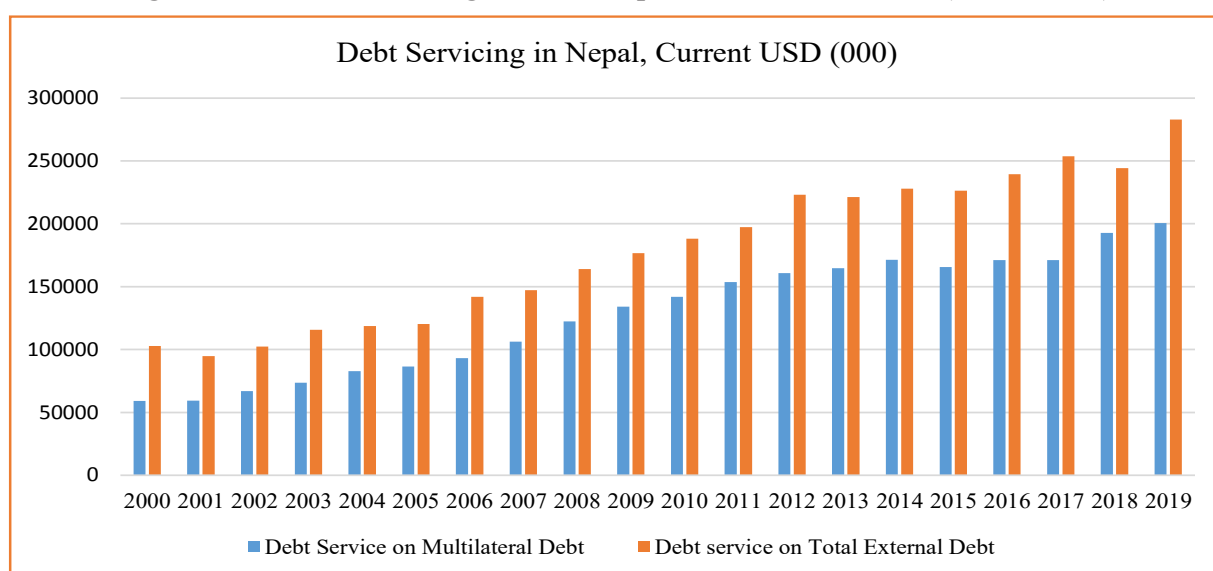
Joint Financing Partners	JFP Currency (million)	USD (million)	Type of Funds
ADB	US\$ 31	US\$ 31	Loan (DLI)
European Union	€9.72	US\$ 11.08	Grant (Fixed/DLI)
Finland	€5	US\$ 5.7	Grant (Fixed/DLI)
GPE	US\$ 5.3	US\$ 5.3	Grant (Fixed/DLI)
JICA	JPY300	US \$ 3	Grant (Fixed)
Norway	NOK 64	US\$ 7.5	Grant (Fixed)
UNICEF	US\$ 0.5	US\$ 0.5	Grant (Fixed)
World Bank	US \$ 33	US \$ 33	Loan (DLI)
USAID	US \$2	US \$2	Grant (Fixed/DLI)
Total		US\$ 99.08	

Source: Ministry of Education, ASIP and AWPB 2019/20, P21



Source: Ministry of Finance 2020

Figure: Domestic and Foreign Debt in Nepal, FY2010/11–2018/19 (Billion NPR)



Source: World Development Indicators 2021

Figure: Debt Servicing in Nepal, Current US\$ (000)

#### Comparison of 2021/22 budget and project budget of 2022/23

Details	Budget in 2022/23	Budget in 2021/22	% changes
Pre-primary and primary education	65.8673	60.4446	8.97
Secondary Education	17.8749	16.7925	6.45
Non- formal Education	46.0508	46.8169	-1.64
Subsidiary services to education	62.2249	50.9954	22.02
Education research Development	1.5142	0.0205	72.86
Education not else categorized	3.361	4.9712	-32.39
Total Budget	196.8931	180.0411	

With the review of current allocation in comparison to the previous year, the share of budget has been increased drastically in education research and development. There is an increase of 22.02% to the subsidiary services to education and 8.97% to the pre-primary and primary education. This indicates that the attention of government towards research and development has been slightly increased. Details of subsidiary services are not mentioned clearly in the red book and thus it is difficult to analyse how this increase of budget affects the overall mission of public education strengthening.

# Recommendations



1. Fulfill the commitments they have made to provide free and compulsory quality education for all and deliver on pledges made towards that goal at all international, regional and national forums, notably the Global Partnership for Education Financing Summits.
2. Maintain and increase the education budget, to get learners affected by COVID-19 back into school. Specifically:
  - a. Deliver on commitments made to domestic financing within the Incheon 2030 Framework to Action, to protect the progress being made towards the achievement of SDG4, by allocating at least 4% to 6% of gross domestic product (GDP) to education and/or allocating at least 15% to 20% of public expenditure to education;
  - b. Improve monitoring and financial planning
3. Prioritise education within COVID-19 response and recovery plans including:
  - a. Innovative strategies to reach out to all learners that does not deepen inequalities
  - b. Working in close partnership with civil society, develop curriculum recovery strategies, including providing necessary support to educators to facilitate catch up for all learners
  - c. Establish crisis and post-crisis response mechanisms
  - d. Ministries of Finance and Education should appoint a government focal point to collaborate with GCE coalition coordinators.
4. Increase their tax base in order to enable an increase in domestic resources for education. States must also examine new tax sources and work towards a minimum tax-to-GDP ratio of 20%. The IMF suggest most countries could increase their tax to GDP ratios by 5% in the medium term (3 to 5 years), and NCE Nepal believes all countries should develop ambitious strategies to do this using fair, progressive taxes.

## For Further Information



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