



**Knowledge hub**  
-  
**Collection of best practices**

**Summary of the best practice**

1. Title of the best practice (e.g. name of policy, programme, project, etc.) \*

EDUCATION FINANCE WATCH

2. Country or countries where the practice is implemented \*

Not applicable (accessible to any country)

3. Please select the **most relevant** Action Track(s) the best practice applies to \*

- Action Track 1. Inclusive, equitable, safe, and healthy schools
- Action Track 2. Learning and skills for life, work, and sustainable development
- Action Track 3. Teachers, teaching and the teaching profession
- Action Track 4. Digital learning and transformation
- Action Track 5. Financing of education

4. Implementation lead/partner organization(s) \*

World Bank and UNESCO

5. Key words (5-15 words): Please add key descriptive words around aims, modalities, target groups etc. \*

education finance, government education spending, private education spending, aid

6. What makes it a best practice? \*

It can be applied in a y country looking to track education financing trends

## Description of the best practice

### 7. Introduction (350-400 words)

This section should ideally provide the context of, and justification for, the practice and address the following issues:

- i) Which population was affected?
- ii) What was the problem that needed to be addressed?
- iii) Which approach was taken and what objectives were achieved? \*

The Education Finance Watch (EFW) is a collaborative effort between the World Bank and UNESCO's Global Education Monitoring (GEM) Report that draws together and summarizes the available information on patterns and trends in education financing around the world. The two entities seek to publish the EFW every year soon after the main annual release of public expenditure and development assistance data at the end of the year - following a similar format and exploring annual changes in the main sources of education funding (namely governments, households, and development assistance). Each year the EFW also aims to shine a spotlight on an important education financing issue. The spotlight for the 2021 EFW for example, was on the impact of Covid-19 and provides a snapshot of how education budgets changed in response to the pandemic.

Why is EFW important and or necessary? One plausible answer is that there exist large spending inefficiencies and inequalities across many education systems that undermine the optimal use of resources and weaken the desired education spending outcomes. It is also vital to ensure that progress in the education sector is monitored on the basis of information on funding levels and how these funds are used. This is also central to accountability and ensuring that commitments to improve education outcomes are backed up by adequate funding. Without this information, it is impossible to track trends in education funding and to tackle spending inequalities and inefficiencies. Therefore, in order to achieve national and international education goals, the EFW fits this imperative by availing robust information on global patterns of spending, the distribution of education spending by the type of funder, across different education segments, etcetera. This helps inform strategic resource mobilisation, and expenditure for education through benchmarking patterns in countries experiencing better education spending outcomes by those countries that are not achieving the same.

## 8. Implementation (350-450 words)

Please describe the implementation modalities or processes, where possible in relation to:

- i) What are the main activities carried out?
- ii) When and where the activities were carried out (including the start date and whether it is ongoing)?
- iii) Who were the key implementation actors and collaborators? (civil society organizations, private sector, foundations, coalitions, networks etc.)?
- iv) What were the resources needed (budget and sources) for the implementation?

\*

As mentioned earlier, the EFW is designed to be an annual report documenting education finance patterns globally across different funders of education (i.e., governments, private sector, and aid) and across different levels of education (basic, secondary, and tertiary education). The most recent been the Education Finance Watch 2021 which takes stock of the global education finance landscape for the past 10 years prior to the Covid-19 pandemic. It includes education finance patterns across LICs, LMICs, UMICs and HICs by governments, households, and development partners and in basic, secondary, and tertiary education. The report also highlights how the pandemic has and or threatens to alter education spending patterns globally. This initiative is implemented by the World Bank and UNESCO - through its GEM report initiative. Some of the notable activities / processes involved include the following:

- The EFW combined information on government spending on education from three main sources: UNESCO Institute of Statistics (UIS), the International Monetary Fund (IMF) and the World Bank's EdStats database.
- Upon completion of the report, it was then disseminated online through the World Bank's portal and as well as UNESCO's GEM report portal.
- To understand the short-term impact of the Covid-19 pandemic on education budgets, information was collected for a sample of 29 countries across all regions.<sup>9</sup> The sample represents about 54 percent of the world's school and university aged population. The information collected was then verified with World Bank country teams. The dataset includes budget data for two years before the onset of the Covid-19 crisis and the first budget after the Covid-19 crisis, allowing for a comparison of trends before and after the crisis began.

## 9. Results – outputs and outcomes (250-350 words)

To the extent possible, please reply to the questions below:

- i) How was the practice identified as transformative? (e.g., impact on policies, impact on management processes, impact on delivery arrangements or education monitoring, impact on teachers, learners and beneficiary communities etc.);
- ii) What were the concrete results achieved with regard to outputs and outcomes?
- iii) Has an assessment of the practice been carried out? If yes, what were the results? \*

The following are some of the findings of the EFW 2021 which can be used to better understand the global education financing landscape and enable stakeholders make informed decisions relating to education spending.

Two-thirds of low- and lower-middle-income countries, included in the data collected for EFW, have cut their education budgets since the onset of the Covid-19 pandemic. In comparison, only a third of upper-middle and high-income countries have reduced their budgets. These budget cuts have been relatively small thus far, but there is a danger that future cuts will be larger, as the pandemic continues to take its economic toll, and fiscal positions worsen. These differing trends, imply a significant widening of the already large spending disparities seen between low- and high-income countries.

Prior to the Covid-19 pandemic, global education spending grew steadily, with low- and middle-income countries registering the fastest growth. Global education spending grew annually in real terms by 2.6 percent per year between 2009 and 2019. This rate of increase is slower than global economic growth rates and masks two diverging trends. HICs, which account for about two-thirds of global education spending, only slightly increased their spending over the 10-year period. By contrast, rates of growth were much faster in low- and middle-income countries, where spending on education rose by 5.9 percent a year, such that by the end of the period it was more than 77 percent higher in real terms than at the start. The contribution of households, governments and development assistance to global education spending has remained relatively constant over time, with governments contributing around 82 percent, household's 17 percent, and development assistance less than 1 percent.

Governments, households, and development partners—in that order—are the main funders of education. Governments are the largest funders of education in all income groups, while the direct contribution of households to education spending tends to be greater in poorer countries. Household spending on education is several times larger than official development assistance in both low- and lower-middle-income countries. The importance of aid for education funding is also very different among income groups.

Government funding for education as a share of national income has not changed significantly over the last decade for any income grouping as a whole. Current levels of government spending in low- and lower-middle-income countries fall short of the levels required to achieve the SDGs. Furthermore, large differences in education spending as a share of GDP between low-income and high-income countries are not due to differences in the priority accorded to education in government budgets but due to differences in the share of overall government spending in GDP.

Disparities in spending on education per child or young person between rich and poor countries are large and have continued to widen. Households in low- and lower-middle-income countries, however, tend to contribute a greater share of total education spending than those in upper-middle and high-income countries. As a share of national income, household spending on education in low-income countries tends to be approximately six times greater than spending by households in high-income countries. This is also reflected in their share of overall education spending. For example, in 2018–19, households in low-income countries accounted for 43 percent of total education spending, compared to only 16 percent for households in high-

income countries.

On the other hand, aid has remained at about 0.3 percent of donor countries' gross national income for the last 15 years. Since 2009, total aid as a share of the national income of recipient countries has increased for low-income countries but fallen for lower-middle-income countries. The share of aid allocated to different education levels has remained relatively stable

## 10. Lessons learnt (300 words)

To the extent possible, please reply to the following questions:

- i) What were the key triggers for transformation?
- ii) What worked really well – what facilitated this?
- iii) What did not work – why did it not work? \*

1. Even using all three of these international data sources, only 61 percent of countries reported government education as a percentage of GDP in 2018. Information on spending at different education levels was available in only 17 percent of countries, much of that incomplete and sometimes inconsistent. While the UIS database provides the majority of data used in EFW (79 percent), other sources tend to provide more information for the most recent years. For the year 2018, for example, it provided only 45 percent. This suggests that although a time lag is inevitable in the reporting of cross-country data it is possible to reduce it.

2. The EFW has drawn together the three main sources of government spending data, but differences in approaches to measurement mean that different sources of data provide different magnitudes for core education indicators. For example, there was an absolute difference of 0.7–0.8 percentage points between the World Bank, IMF and UIS datasets in the value of education spending as a percentage of GDP for countries showing information in more than one dataset. Reducing these differences, by trying to align definitions and approaches, could yield markedly better data coverage and quality.

3. The Covid-19 section of EFW also shows that although information on spending is frequently available online, it is buried in government budget documentation that is generally neither easy to find nor to interpret. Working with countries to develop protocols to use readily available information on government budgets and spending could also improve the quality and timeliness of spending data.

4. Finally, there has been significant progress on developing better tools for collecting information on education spending through, for example, utilizing a National Education Accounts approach and strengthening education modules in household expenditure surveys conducted regularly by national statistics offices (IIEP, UIS, and Pôle de Dakar 2016, Oseni et al. 2018). What is now most clearly needed is to encourage wider adoption of these approaches by providing technical support to statistical and planning agencies at the country level.

## 11. Conclusions (250 words)

Please describe why may this intervention be considered a “best practice”. What recommendations can be made for those intending to adopt the documented “best practice” or how can it help people working on the same issue(s)? \*

Global spending on education has increased continuously in absolute terms over the last 10 years but the signs are that the pandemic may interrupt this upward trend. Since 2010, funding for education has grown most rapidly in low- and lower-middle-income countries, where the gaps between the funding needed to achieve the SDGs and current allocations are the widest. The EFW has highlighted the pandemic’s impact on household income and donor funding, and this is likely to reduce education funding. The impact of these reductions is likely to be felt most acutely in low- and lower-middle-income countries, where these sources of funding make up a large share of total education spending. Although the data collected for EFW on government education budgets paints a mixed picture, the deterioration in government finances over the medium term suggests that without concerted efforts to prioritize education, the outlook for mobilizing the required resources for education will worsen.

The policies that countries adopt to protect and increase education funding will differ, but most can make better use of the funds allocated for education. The severity of the health and economic shock caused by the pandemic will determine to a large extent the policies required to finance the response in a given country, and thereby minimize disruptions to the development of education there. However, EFW has highlighted that education systems in many countries face significant challenges in using funding effectively. The pandemic has brought these spending inequalities and inefficiencies into sharp focus, and over the medium term it is vital that spending be aligned more tightly to improvements in education outcomes

The pandemic also highlights the critical importance of monitoring the patterns and trends in funding of education. Tackling the global learning crisis and monitoring the impacts of the pandemic 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. As EFW has shown, more can be done with existing data sources to sharpen the picture of education financing. But efforts to build capacity and systems to collect and track education spending are also needed to improve both the quality and coverage of existing sources.

## 12. Further reading

Please provide a list and URLs of key reference documents for additional information on the “best practice” for those who may be interested in knowing how the results benefited the beneficiary group/s. \*

Al-Samarrai et al (2021). Education Finance Watch 2021.

<https://documents1.worldbank.org/curated/en/226481614027788096/pdf/Education-Finance-Watch-2021.pdf>