

Metadata for Other Policy Relevant Indicators

Government expenditure on education (amount)

Government expenditure on education in US\$ or in PPP\$ (millions)

Definition

Total general (local, regional and central) government expenditure on education (current, capital, and transfers), in millions US\$ or PPP\$ (at purchasing power parity), in nominal or constant value (taking into account inflation). It includes expenditure funded by transfers from international sources to government.

Expenditure on education refers to expenditure on core educational goods and services, such as teaching staff, school buildings, or schoolbooks and teaching materials, and peripheral educational goods and services such as ancillary services, general administration and other activities.

Purpose

To measure the emphasis of government spending on education.

Calculation Method

Total government expenditure for a given level of education (e.g. primary, secondary, tertiary, or all levels combined) in national currency is converted to US\$, PPP\$, and where it is expressed in constant value, uses a GDP deflator to account for inflation. The constant prices base year is normally three years before the year of the data release. For example, in the September 2021 data release, constant PPP\$ values are expressed in 2018 prices.

- Total government expenditure by level of education, in PPP\$

$$XE_{l,t,PPP} = \frac{XE_{l,t,NCu}}{PAN_{US,PPP,t}}$$

Where :

$XE_{l,t,PPP}$ = total government expenditure for level l of education, in financial year t , in PPP \$

$XE_{l,t,NCu}$ = total government expenditure for level l of education, in financial year t , in national currency NCu

$PAN_{US,PPP,t}$ = purchasing power parity conversion factor (for GDP), measured in the specific country currency units per international (US) dollar, in financial year t

- Total government expenditure by level of education, in US\$

$$XE_{l,t,US} = \frac{XE_{l,t,NCu}}{PAN_{USc,t}}$$

Where :

$XE_{l,t,US}$ = total government expenditure for level l of education, in financial year t , in US \$

$XE_{l,t,NCu}$ = total government expenditure for level l of education, in financial year t , in national currency NCu

$PAN_{USc,t}$ = DEC alternative conversion factor (Local currency unit per US\$), in financial year t . The DEC alternative conversion factor is the underlying annual exchange rate used for the World Bank Atlas method. As a rule, it is the official exchange rate reported in the IMF's International Financial Statistics. Exceptions arise where the World Bank makes further refinements.

Interpretation

The extent of the indicator value denotes the government policy priority for education. The pattern of the indicator over time should reflect any substantial variations in education budgets.

When disaggregated by level of education, this indicator can inform about the emphasis of government policy priority across levels of education.

Type of data source

Administrative data, financial data from ministries of finance or education, national accounts books from the national statistical office.

Disaggregation

By level of education.

Data required

Government expenditure on education by level of education, conversion factors to US\$ and PPP\$.

Data Sources

Data on education expenditure are received from country governments responding to the annual UIS survey on formal education or to the UNESCO-OECD-Eurostat (UOE) data collection. The data used to fill the questionnaire on education expenditure may come from annual financial reports prepared by the Ministry of Finance or the Ministry of Education, or national accounts books prepared by the National Statistical Office. Conversion factors to US\$ or PPP\$ are sourced from the World Bank.

Quality assurance

The indicator should be produced based on consistent and actual data on total government expenditures on education and data on conversion factors to US\$ or PPP\$. Government expenditure on education should include those incurred by all concerned ministries and levels of administration. The fact that the fiscal year and educational year budget periods may be different should also be taken into consideration.

The UIS maintains a global database used to produce this indicator and defines the protocols and standards for data reporting by countries.

Limitations and comments

As an absolute measure, the indicator essentially informs about the volume of expenditure that the government allots to education. Relating this amount, for example, to total government expenditure for all sectors including education, could be more insightful about the government policy priority for education (over other public sectors).

In some instances data on total government expenditure on education refers only to the Ministry of Education, excluding other ministries which may also spend a sizeable part of their budget on educational services.