

# DILEMMAS AND PERSPECTIVES OF FINANCING NEPAL'S SCHOOL EDUCATION

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## Abstract

*When concerns are growing that the elementary education should be fundamental rights, the challenges with financing of education is getting deeper for Nepal. This paper tries to explore the possibilities of bearing educational cost by the state. As elementary education has been made compulsory and free in line with international commitments and theoretical concerns, but the financial provision are not equipped to address the commitments. The present programmes, actions, strategies and budgets mark gaps with each other and with the resources. The existing institutional mechanism does not convince to be optimistic even in near future. The only hope remains with a reform in an institutional set up with committed professionals who can adrenalize the educational governance, which is also full of challenges; or seek alternatives from the local society and early practices.*

## Key words

Dilemma; fundamental rights; perspectives; school education; financing

## Introduction

The issue of financing on school education is pertinent at present for two reasons; first the dependency of foreign aid has been increasing since the first development plan 1956, at the same time school education has been treated as free and compulsory. In such situation the question that (state or non-state) should finance school education is important. Should Nepal be able to finance school education or

to increase the dependency on foreign aid? In this line the paper analyzes financing pattern of school education of Nepal at present envisioning some alternatives of financing approach in Nepal.

Education is considered as both a private and a social investment that is shared by individual students, their families, employers, government, and other groups. The sharing arrangements vary considerably from

country to country, both in the proportions and mechanism of public and private funds allocated to education by which the costs of education are financed. The fact educational investment took an increasing share of the national budget reflected the high priority given to education. Government of Nepal believed it would promote economic growth and provide the skilled manpower needed for development (Psacharopoulos & Woodhall, 1997).

During the 1960s and 1970s most of the expansion of education was financed by increased public expenditure on education, which rose in relation to national income and public expenditure as whole. According to World Bank estimates, the proportion of GNP devoted to education in developing countries rose on the average from 2.3 percent in 1960 to 4.5 percent in 1984, and the proportion of the national government budget rose from 11.7 percent in 1960 and 16.1 percent in 1984.

### Education as a right

Before the Nepal Interim Constitution, 2007, Nepal agreed to follow the international conventions such as international declaration on human rights since the UN was established. The UN Declaration of Human Rights (1948), the 1959 Declaration of the Rights of the Child, the 1966 International Covenant on Economic, Social and Cultural Rights, the 1989 Convention on the Rights of the Child, the 1990 World Declaration on Education for All, the 1990 World Declaration on the Survival, Protection and Development of Children, the 1995 Beijing Declaration and the 1996 Amman Affirmation all express a commitment to education as a right. On the issue of "free" education, however, there has been some shift over the years (UNICEF, 2003). The welfare notion of state on free and compulsory education led many challenges on its financing part. Nepal's interim constitution 8th amendment also stated that "Every citizen shall have the right to receive free education from the state up to secondary

level as provided for in the law (UNDP, 2010).

### Education free for all

Over the past 50 years there has been a shift away from the early view that education should be "free" at school level education. Article 26 of the 1948 UN Declaration declares that "Education shall be free, at least in the elementary and fundamental stages." Article 13 of the 1966 International Covenant on Economic, Social and Cultural Rights extends this with a call for "progressive introduction of free education" at the secondary and higher education levels, and introduces the phrase "available free to all" with regard to primary education. Article 28(1)(a) of the CRC (1989) invokes the same phrase "available free to all" with regard to primary education, but takes a slightly more nuanced position with regard to secondary education (UNICEF, 2003): "Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child and take appropriate measures such as the introduction of free education and offering financial assistance in case of need" (UNICEF, 2003).

The World Conference on Education For All which followed in March 1990 in Jomtien offered an "expanded vision of basic education", but avoided a specific commitment to "free" education, as did the World Summit for Children (September 1990) which endorsed the Jomtien Framework for Action and enshrined the key commitments in a set of Goals for Children and Development in the 1990s (UNICEF, 2003).

### Theoretical discussion

'Education' has become such an incomprehensible term that all most all professions/professionals correlate the impacts on different field attributed by education. Develop mentalist evaluates education as an overarching healer (major

component) to various problems (Sen, 2001). Educationist, with no doubt are happy with the claim and are active theorizing the growing educational concerns coupled with other institutional areas. The benefits of education go beyond individual (French, 1957). He exemplified, a single industrial genius will suffice the expenses of the education of the whole town. This is how Marshal relates education to innovation and evaluates the importance of education. Marx strongly advocates about the free public education as it is an important assets for every society (as cited by Kellner, 2002). Growing with these concerns, education has marched a long way. To present, Education for All, Millennium Development Goals are global consensus accepting education as a crosscutting issues to address various problem. The state ensures the right to education of every child (GON, 2007). This compels to consensus 'education as an important component' and a rationale for investment in Education. But at the meantime, as the benefits are widespread a question; "who should invest in education?" is also equally important. Whether, the state alone should carry the role or there should be some other to share the responsibilities. Hopefully, peeping into some of the theoretical concern could help to develop rational arguments on the subject. A brief discussion on some position has been discussed here.

Looking to the history, the different wage started with the different skills people possesses (Benson, 1963). This is where the many economists find the education interlinking to development – then taken synonymously to economic development. Other piecemeal studies including Carnoy (1982) marked a step; the educational attainment 'additional education' made increased level of income. The confusions were over; education is also a big industry in terms of expenditure (Johnson, 1963). Johnson also claims the product 'educational services' must be cheap as possible and of quality. This indicates education growing importance as social good. Still who should

invest/finance the education stood another important concern. Further, Notion of Human Capital got infused in educational investment after Schultz (1963). Educational investment can bring more increased national output compared to increase in land, man-hours (working hours) and physical reproducible (materialistic) capital (Schultz, 1963). This legibly marked the need of national financing for education. Friedman (1963) also argue that the school financing to be different to market economy.

The important concern; who should pay for education? is based on the benefits received from education. Looking at this side, we see economics argue education as a public as well as private good. Many scholars consider education as a quasi-public good (Kitaev, 1999). On this ambiguity, Psacharopoulos and Woodhall (1997) had discussed three legibly marked reasons for financing the education by the public sector. The first reason is that the social benefit of education exceed private benefits; the second reason is to favor equity; and the third reason is that providing education publicly is more efficient-'subject to economies scale' (ibid.). The present practices are based on these grounds moreover the recent development establishes education as fundamental rights (UN, 1959). All these have heavily compelled the global practices that the school should be financed by the state.

Making a glimpse of ongoing practices, Nepal public education financing is not entirely contributed by the government/public sector. In this decade, the share of foreign aid in governments education budget has remained in an average around 25 percent and out of total 33160 schools, 5103 are institutional schools (MOE, 2012). Looking at the trend of contribution of resources to education by sources of India; the 11.6 percent aids and 20.4 percent private, (total 33 percent) has reduced to 11.6 percent in 3 decades: 1950-1980's (Varghese & Tilak, 1991) and is now estimated to be less than it. This quick comparison shows there are higher challenges to Nepal to finance

the education publicly. This demands some more discourse for possible intervention to finance education publicly or find alternative path.

## Historical perspective

Demand for free and compulsory education, financing on education for Nepal is becoming more challenging. Philosophically, policy is moving towards the education is state's obligation. In the 1950s, following the political change, educational programme became a major concern for public (Awasthi, 2008). The first five year plan for education (1956 – 1961), which in turn, was based on the report of Nepal National Education Planning Commission (NNEPC, 1956) sought to universalize free and compulsory primary education by 1985 (Bhatta, 2009). From that time, the state has been increasing the liabilities in the education sector. People's aspiration led to government to initiate the educational reform programmed to respond the country's educational needs (Awasthi, 2008).

From the first development plan to the recent one education has been taken as one of the important sectors for the government's investment. Since the 10th plan the focus of education has been directed towards equitable access and inclusion of disadvantaged groups, particularly focusing on Dalits, marginalized ethnic groups, people with disability, girls and people living lagging regions (NPC, 2002, 2007, 2010). If we see the amount of budget proposed in each development plan, education sector gets highest amount. In the same way, in recent years each year government has been spending the highest portion of budget in education sector ranging from 16 to 17 percent (MOF, 2010, 2011). In the meantime Sector Reform Programme (SSRP) 2010-2016 has been implementing.

## School sector reform plan and education financing

With the dominant influence of human development concept, social development, inclusion, targeting poor and marginal people has been the focus of development strategy of developing countries in a global level since 1990s. Moreover, the ten year long insurgency taken place in Nepal has been commonly understood as the result of exclusionary development process of the country. This has been well reflected in our development plan and policies. The Tenth Plan states that equitable access to basic social services and facilities is especially important for mainstreaming the very poor and deprived communities (NPC, 2003). Specific to education sector, the plan aimed at improving the access to and quality of primary education with expanding literacy programs to improve the livelihoods of deprived groups, especially girls, Dalits and disadvantaged group (NPC, 2003). These strategies have made the state more responsible for its peoples' education. In this regard, the interim constitution of Nepal 2007 has additionally emphasized for people's rights to education. The fundamental right ensures that every citizen shall have the right to free education from the State up to secondary level as provided for in the law (GON, 2007). The three year plan 2008-10 and interim plan 2011-13 also have been formulated on the same line.

The SSRP, the present education plan, has embodied all these internal political dimensions as well as international educational development agenda such as the EFA and MDGs where state has taken more liability to provide school education to its citizen. Technically, SSRP has brought all other on-going Nepal's educational programs such as Education for All (EFA), Secondary Education Support Programme (SESP), Community School Support Programme (CSSP) and Teacher Education Project (TEP) as a single plan in order to achieve three main objective (i) expanding access and equity, (ii) improving quality and relevance, and (iii) strengthening the institutional capacity of school education system.

### **SSRP and increased educational expenditure**

To ensure equity and access, quality and relevance, the SSRP has envisioned for restructuring school education especially with introduction of vocational education at secondary level, expansion of ECED and alternative forms of education, quality improvement measure and equitable access. The different provisions of SSRP as mentioned below have made the plan more expensive.

1. SSRP plans to provide one year ECED class for all children of age four with. It needs to run ECED classes in more than 30,000 government school.
2. SSRP envisions changing the present school level cost structure, teacher salaries to non-teacher salary from 85:15 to 70: 30. Since, teacher or salary scale is not possible to cut; increasing the share of non-teacher share leads a sharp rise in education budget.
3. To enhance quality, SSRP envisions changing the teacher classroom ratio of 1:1, a pupil teacher ratio of 40:1, to create minimum enabling condition in school. These all provisions need significant demands of additional resources.
4. SSRP's aims to secure the physical need and facilities of the school as it designs multiple financing modalities in school such as block grants, ear marked grants, performance based grants for improving efficiency and SIP/need based grants.

As a result, SSRP purposes to increase government resource allocation in education sector from the current 17.0 percent to 18.6 percent, gradually leading to 20 percent of the total national budget by 2015. For detail see annex 1.

### **SSRP growing dependency on foreign aid**

Due to envisioned high cost of education

financing, SSRP put forwards the concept of shared responsibility of financing between and among the Governments (national and local), development partners and the community as well.

SSRP already accept the fact that government alone cannot finance the educational system of Nepal. SSRP expects around one quarter of the SSRP financing from donor agencies. Pooling donors involve through JFA modality (SWAP) whereas non pooling partners are supposed to involve through bilateral agreements in the whole program. I/NGO contribution has been supposed for specific development activities such as literacy/ neo-literacy, ECED, multilingual education, special needs education, advocacy, and capacity development.

The SSRP envisions the financing also from local communities in recurrent costs, and participate in school construction and rehabilitation activities with voluntary labor, materials and financial resources. Likewise, SSRP has considered the role of local bodies for financing in the SSR Plan activities crucial. However, in the current context, the local government agencies such as VDCs, municipalities and DDCs are not operational.

The public expenditure data of the country shows that government has not been able to spend in education sector even for the first two year plan, as per planned by SSRP. the planned amount for education sector was 46.8 billion and 52.4 billion rupees for FY 2009/10 and 2010/11 respectively whereas the actual expenditure remained 35.4 billion (less than 10 billion rupees) and 46.4 billion rupees (6.2 billion rupees) in these two years respectively. For detail see annex 2. Government has presented the income-expenditure plan of FY 2012/13 same as of FY 2011/12 only 56.6 billion against the planned amount of 63.4 billion rupees. It signifies the evaluation mid-term review of SSRP. There has been financing gap, gap between available resources and cost of the SSRP and this gap will be sharply

widened in the coming years (MOE, 2012). For detail see annex 3. Moreover, the political situation of the country is still chaos. There is no elected representative in local bodies. The SSRP provisions are yet to approve by the cabinet.

To sum up, the government, even after taking help from other partner, has not been able to meet its education finance as per the plan. In this situation it will be naïve to imagine that government alone can finance Nepal's present education system.

### **Alternative approach of financing education**

The dependency of the state on foreign aid and assistance has been increasing in the recent era. While analyzing the trend of financing education based on the recent government education plan SSRP justifies that the dependency has been growing and concluded that it seemed difficult that Nepal alone can finance school education.

However, we derive some alternative approach of financing education of Nepal from the example of the world. How developing countries like Nepal preceded financing education with some theoretical base. In so doing, we have envisioned three different ways to financing school.

The school represents an example of what can be done if many rural communities think outside the box and come up with programs and solutions that do not necessarily depend on government funding and support. It is very difficult to bring the perception of the rural community with secondary literature however; there is some empirical study on irrigation that shows how Nepalese rural community institutionalized a knowledge system that may offer a way out for the financing school education. "In the present context whereby the budget allocated by the government is insufficient to run schools, the local authority has not been able to manage sufficient financial support (since

it cannot levy taxes to support schools) and primary schools are forbidden to charge fees of any kind; this issue is really a challenging for several schools" (Santwona Memorial Academy Educational Research Center, n.d.).

### **Take schools to the household**

Alternative financing in school education system can be changed based on the subjective mode, artistic mode and locational mode (Koirala, 2011). The root cause of school expenditure has been increased as the structure of school because 95 percent of school budget was spent on the teacher's salary. So it is important to increase the local institutionalization rather than framing in the national framework. Instead of forcing students to go to school, teachers must go to the village to teach students. Koirala (2011) in the similar line opines that it is the time to change the keys of school structure. First key of school education was set up in the classroom that advocate the certain standards in the classroom, second key was to bring the out-of-school children in the frame and third is the structured attitude of the educators. These all four keys were important to increase the expenditure of the school education. Perhaps, it may reduce the whole administrative expenditures of the school even helpful to increase the access of the students in school education creating a holistic learning atmosphere in an inclusive manner the concept may be similar to the concept of Illich (1971) "Children learn in school. Children can be taught only in school. I think these unexamined premises deserve serious questioning. We have grown accustomed to children. We have decided that they should go to school, do as they are told, and have neither income nor families of their own. We expect them to know their place and behave like children. We remember, whether nostalgically or bitterly, a time when we were children, too. We are expected to tolerate the childish behavior of children" (ibid.). Nepal Educational Act 2054 has a provision of cost bearing, cost sharing and cost recovering

approach to minimize the gap of financing in school education.

## Conclusion

When the entire globe is convince challenges are visible as the state dependency on foreign aid is retained. The country has marched closer to success in access, but other challenges are increasing. The country commitment to 'education as a right' and 'education free for all' and education to competency and output oriented has deepened the challenges. The ambitious school sector reform program is a good program in terms of later challenges discussed above, but the calculation show a gap to manage the resources to meet its objective. This clearly visualizes the gap in between the planning including budget and program. The trends show the financing gaps are even widening in prospects to financing the education. Unless, we cannot see the educational requirements and feasibility from our own perspectives and plan accordingly, it is very difficult to cover the educational costs. Further, they could still be some other alternatives; opting for cost efficient administration; institutionalizing the schools at local level; drafting the classical ways of operations of institutions, which needs more exploration and research.

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