

EDUCATION FINANCE WATCH 2022

10 Facts about Education Financing during COVID-19

The Education Finance Watch (EFW) is a collaborative effort among the World Bank (WB), the Global Education Monitoring (GEM) Report, and the UNESCO Institute of Statistics (UIS). The EFW aims to provide an annual analysis of trends, patterns, and issues in education financing around the world.



1 Government financing for education has not kept pace with the needs to recover from the learning crisis amplified by COVID-19

The COVID-19 pandemic has worsened the global learning crisis. The pandemic's impact on global learning losses is large and unequally distributed—between and within countries. It is estimated that global learning losses from COVID-19 could cost this generation of students close to US\$21 trillion in lifetime earnings. This far exceeds the original estimate of US\$10 trillion made immediately after the pandemic outbreak, and even the US\$17 trillion estimated in 2021 (Azevedo et al. forthcoming).

1

In 2020,¹ 51 percent of the sample countries reduced their spending on education year on year, (in 2019 it was 28 percent), a trend observed in both higher and lower income countries. **Approximately 41 percent of lower income countries reduced their spending on education after the onset of the COVID-19 pandemic, with an average decline in spending of 13.5 percent.** Sizeable contractions in education spending in lower income countries, where learning poverty is greater, risk exacerbating the learning crisis.

2

Education spending lost space in the spending allocations in national budgets of low- and lower-middle income countries in 2021 and 2022. In higher income countries, education as a share of total government budgets remained stable in 2019–2021 and in 2022 it was higher than in 2019. **In lower income countries, the education share fell in 2020, rebounded slightly in 2021 but fell again in 2022 below 2019 levels.**

3

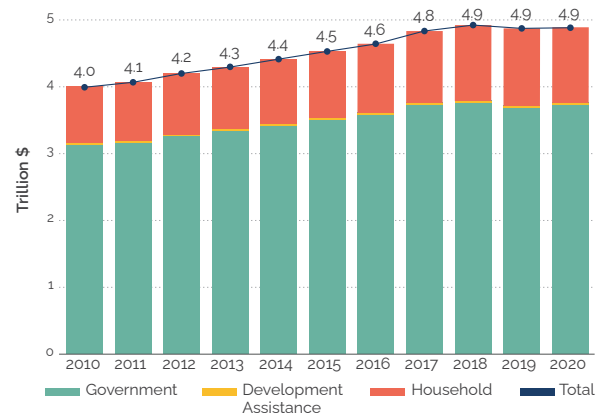
Since 2010, total global education spending steadily rose until 2018, after which it has been constant. **Total global education spending in 2020, the first year of the Covid-19 pandemic, remained on par with 2019, at US\$4.9 trillion, but with significant differences in spending in different country income groups. Spending increased in high-income countries (from an increase in domestic government spending) and low-income countries (driven mainly by external aid) and decreased in middle-income countries (total of US\$35 billion).**

4

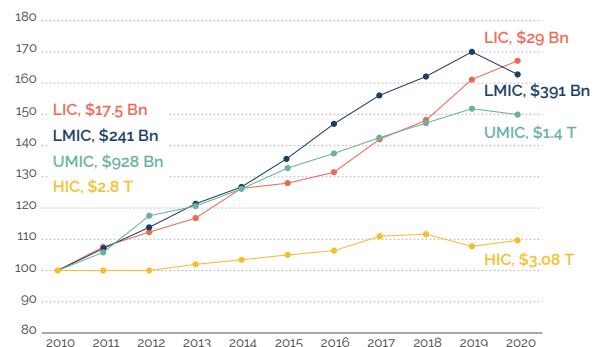
¹ The most recent year with the most updated data

Figure 1: Total spending on education remained constant in 2020

a. Government, household, and official development assistance spending on education, constant 2020 US\$, trillion, 2010 – 2020



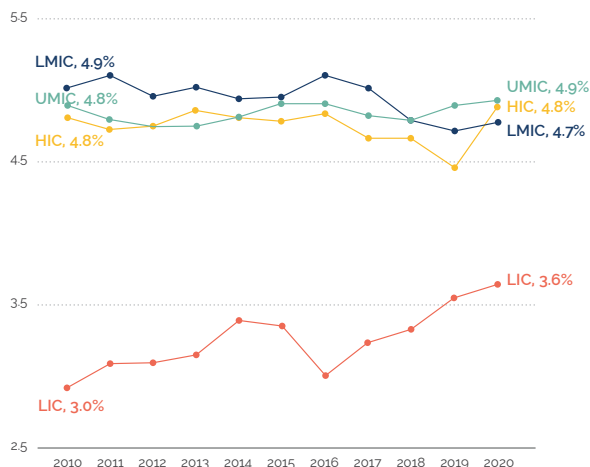
b. Growth in real education spending, by country income group 2010 – 2020 (2010 = 100)



Source: Own estimates using EFW database

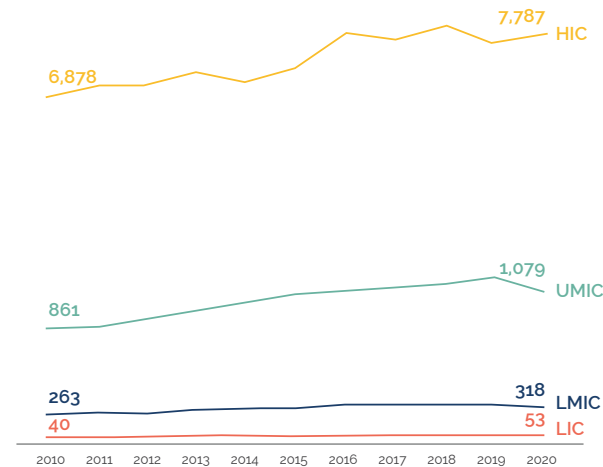
Figure 2: In low-income countries, public spending grew as a share of GDP but remained very low in per capita terms

a. Government education spending as percentage of GDP by income group, 2010-2020



Source: Own estimates using EFW database. Note: Estimates on spending as percentage of GDP include interpolated values. Interpolation was done to fill missing data and ensure comparable sample of countries in all periods.

b. Total public education spending per capita (constant 2020 US dollars) by income group, 2010-2020



Source: Own estimates using EFW database. Note: To calculate, total public education spending is divided by total pre-primary to tertiary school-age population. Estimates (interpolated values) are used for missing country level data.

5

Per capita government spending on education was higher in all regions in 2019-2020 than 2014-2015 except for Latin America and the Caribbean. However, there was considerable cross-country variation. One-third of lower-middle-income countries and half of upper-middle-income countries spent less per capita on education in 2019-2020 than they did in 2014-2015. Government per capita spending in sub-Saharan Africa (US\$254) and South Asia (US\$358) was less than one-tenth of per capita spending in Europe and Central Asia and less than 5 percent of spending in North America.

6

A neglected aspect of education financing is that households in low- and lower-middle-income countries bear 39 percent of the total cost of education compared to just 16 percent in high-income countries. Moreover, within countries, the richest spend far more on education as a share of their budget, further entrenching inequality.

7

Although total aid to education reached a record high of US\$18.1 billion in 2020, an overall increase of 15 percent from 2019, this increase was largely driven by estimates to education spending derived from aid directed to overall budget support to countries aimed at alleviating the impacts of the COVID-19 pandemic.

8

Overall, bilateral donors collectively decreased their aid directly earmarked to education by US\$349 million from 2019 to 2020, with 26 bilateral donors reducing their direct commitments to education in 2020.

9

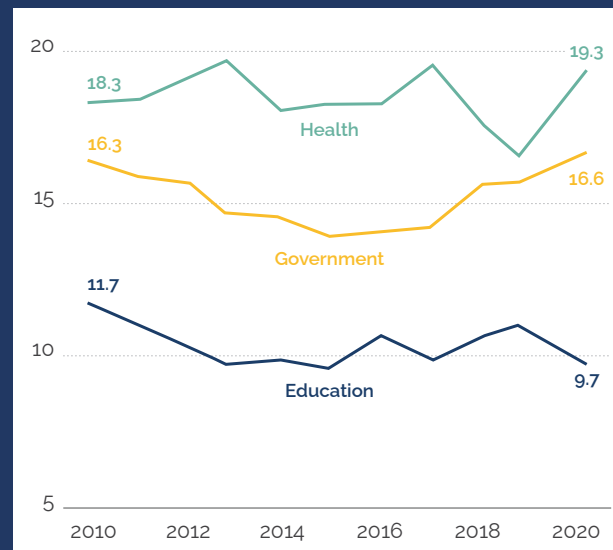
Data availability has increased considerably. Nevertheless, challenges remain, with just 1 percent of countries reporting 2020 spending according to level of education.

10

Diminished political prioritization of education could lead to reduced human capital development, slower economic development, and fewer public resources available for education financing. The data in the EFW shows that Governments should prioritize education sector investments to mitigate the potential global learning losses from COVID-19, and the potential cost to this generation of students.

Figure 3: The share of earmarked aid to education declined over 10 years, and below the allocation to the health sector

Education, government and civil society, and health, population policies/programs and reproductive health as a share of total sector allocable aid, 2010-2020



Source: Own estimates based on the OECD CRS database (2022).

