



Myanmar 2018 Education Budget Brief

KEY MESSAGES

- ▶ The budget allocations to the Ministry of Education were 1,784 billion MMK in 2017/18. Over the past 6 years, it has more than doubled as a portion of the total Union's budget, and now represents the 7.75% of total government's expenditure.
- ▶ Ministry of Education has been within the 5 main budget holders, after electric power and energy, planning and budgeting, defense, and the envelope of funds transferred to local governments.
- ▶ The Ministry's Department of Basic Education has received 77% of budget allocations, while the Department of Higher Education has received 17%. The 2 programmes together represent more than 94% of the total government's expenditure in education (2017/18, in line with previous years).
- ▶ At the Ministry level, execution rate have ranged between 98% in 2013/14 and 93% in 2016/17.
- ▶ More than 83% of budget allocations were provided for current expenditure, and the rest - almost 17% - went for capital expenditure. These proportions – approximately 5-to-1 - have remained quite similar since 2015/16, while both categories increased significantly in nominal value.
- ▶ States and Regions' delegations for basic education have been receiving transfers from the Union level department, to manage their programmes. The criteria used to establish allocations have been based on inputs (teachers); universe of beneficiaries (students), efficiency in expenditure. The applications of these criteria have ensured a steady, regular increase in allocations over the past years, Equity-adjusted allocations could be used to invest more where the need is higher, eg reducing the gap in education outputs.

Introduction

In its latest update to its PFM Strategy, MoPF stressed on the need for transparency of public financial management system, and encouraged the release of budgetary information to stakeholders and the public, referring inter alia to a budget in brief.

The 2018 Education Budget Brief of Myanmar is a joint initiative of MoE and UNICEF, aiming at supporting the sector's efforts to strengthen Public Financial Management (PFM), drawing a line between the sector's **budgetary decisions**, its **financial management** and the **results in education**. The aim is to encourage transparency and

accountability in the allocation and utilization of resources, with a view to strengthen the budgetary processes, and improve the service delivery outcomes.

This initiative was encouraged by the recent scale-up of UNICEF **Public Finance for Children (PF4C)** in Myanmar. PF4C's overarching goal is to contribute to the realization of children's rights by supporting the **best possible use of public budgets**. For this purpose, UNICEF will engage with all relevant stakeholders, establish processes and deploy a number of tools – amongst which the Budget Brief was considered the most viable to initiate the work on education.

A **Budget Brief** analyzes the size and composition of budget allocations and expenditure in the most recent fiscal years. It offers an initial look into the patterns of expenditure, the links to programmes and territories, efficiency and equity of spending. It aims at synthesizing complex budget information, and make it available to different stakeholders; putting forth key messages and recommendations to support public financial decision-making processes, and leverage domestic resources for children.

This exercise has been initiated within the Working Group of the Education sector, and has been made possible by the commitment and openness of several different professionals, within the Ministry and Development Partners (DPs). In light of that, the work presented is the result of a joint data collection, analysis and agreement on recommendations.

There are 2 main sources of information used in this Budget Brief: the first one is Ministry of Planning and Finance (MoPF)'s Budget Estimates (BE), or original budget allocations, as approved by Parliament and published in MoPF's website, for the period 2011/12-2018. The second one is Ministry of Education BE (2018), Revised Estimates (RE, 2017/18), Provisional Actuals (PA, 2016/17) and Actuals (2015/16 and before).

***Note:** In 2018, the Parliament approved a change in the cycle of the fiscal year - from April-March to October-September. In order to bridge for the period from April to September 2018, a 6-months budget was developed. From a sector's perspective, this was quite a challenging exercise, with additional burden posed on the finance and planning staff; and the time-frame of the planning process reduced. In consideration of the exceptional nature of this mini-budget and its limited coverage - 6 months and approximately 50% of an annual budget – it will not always be possible to use it, and especially when analyzing trends and tendencies.*

Education policies

The main legislation, policies and plans guiding the decisions in the education sector in Myanmar are summarized in the table below:

The **National Education Strategic Plan (NESP) 2016/21** establishes the Ministry of Education's vision for the education sector in Myanmar, it elaborates the Objectives and Transformational Shifts (TS), attributes roles to sector's stakeholders, and present an indicative costed plan - which refers to the full implementation of the strategy, ie with all the contributions from its stakeholders and partners. The following table recalls the NESP's projected **cost of implementation** for 2017/18 and 2018/19, under low-performance and high-performance scenarios¹:



TABLE 1

2018

2030

Myanmar Constitution (2008), and Amendment (2015)
Myanmar Sustainable Development Plan (MSDP)
National Education Law (NEL, 2014), and its Amendment (2015)
National Education Strategic Plan (NESP)

TABLE 2

Scenarios (Million MMK)	2017/18	2018/19
Low performance	2,570,431 (\$1.90b)	3,060,671 (\$2.27b)
High performance	2,548,246 (\$1.89b) ²	3,139,845 (\$2.33b)

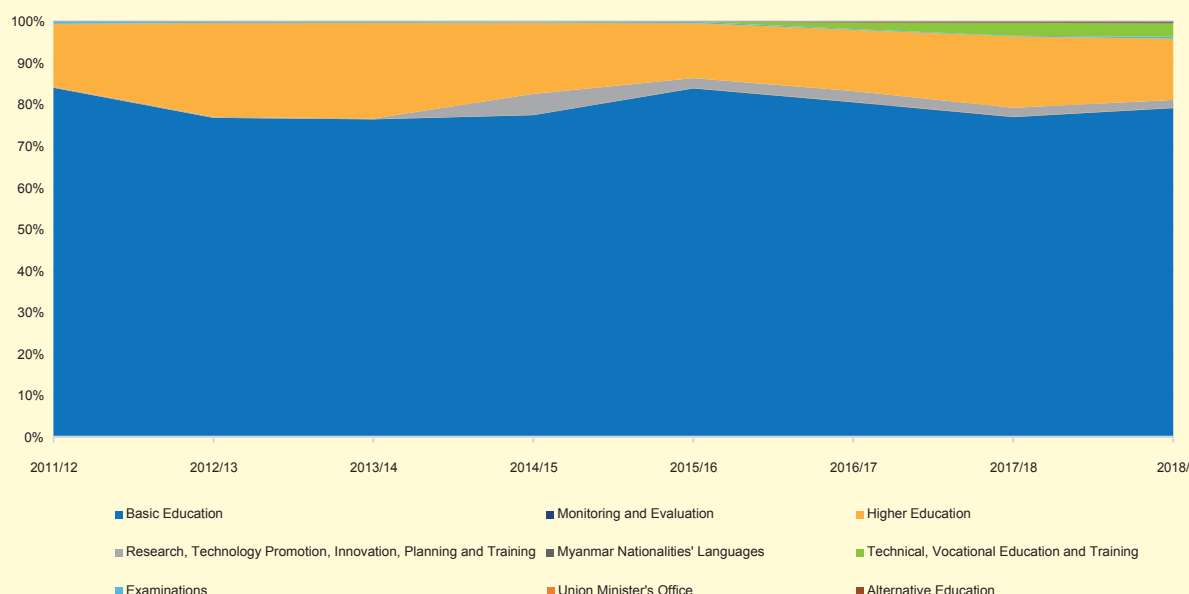
¹ At the time of the elaboration of the NESP, Fiscal Years were starting in April and completing in March. Though in the meanwhile the FY was changed to October-September, and the mini-budget was introduced. The cost in the transition period April-September 2018 should be estimated using monthly costing projections for months 1 to 6 of FY 2018/19. However, this exercise goes beyond the objectives of this BB.

² The Education simulation model used in January 2016, in relation to the FY 2017/18, provided a lower cost under the high-performance scenario, compared to the low performance. This seems largely due to the lower cost for basic education.

The 2018 Education Budget Brief of Myanmar will focus on the portion of the education sector represented by the **Ministry of Education (MoE)**. In its Public Expenditure Review (PER, 2015), the World Bank (WB) pointed out that the MoE was only responsible for 83.4% of the total public expenditure in education in Myanmar³; which are also incurred by 14 other Ministries. It should be noted that the pre-primary programme (Early-Child Development), an important component of the education sector is under the responsibility of the Ministry of Social Welfare, Relief and Resettlement (MSWRR)⁴.

With this approach, MoE's organizational structure represents the **combination of institutions** that are functionally responsible to execute its mandate. At Union-level, this composition has quite varied in the past, when new departments used to be introduced, and others discontinued. The functions associated to departments over time have not substantially changed, with **Basic Education** representing the largest share; followed by **Higher Education**, Technical and Vocational Education Training, and Research-Innovation, expanding in recent years:

TABLE 3



Since 2016/17, MoE's structure at Union level is based on **12 Departments**. At State/Regions and Township levels, the Ministry has been expanding its presence in the field, and is now organized with State/Regions Offices (18) and Township Offices (320); approximately 46,000+ (primary, middle and higher schools).

Whereas the 2015 Law Amending the Constitution introduced functional and revenue assignments for **local governments** on a range of different services, it should be expected that the operationalization of education policies will be gradually devolved to local governments, starting from basic education. In practice, though, this process has not started yet.

In Myanmar, the **education system** is composed of a Basic Education, Technical and Vocational Education (TVET), Higher

Education (University, College/Degree College, Institute); plus non-formal education and informal education.

The **Basic Education system** comprises 1-year of Kindergarten (KG, for 5 years old kids), primary (5 years), middle (4 years) and higher (3 years) levels. In 2017, the basic education system consisted of 27,389 primary, 15,079 middle and 4,000 high schools, serving 8,988,337 students⁵; and in addition almost 300,000 children attending approximately 1,500 monastic education schools and other 400+ private schools - and schools managed by other education departments - providing basic education.

The following table provides the latest sector's output indicators:



3 WB (2015), Public Expenditure Review – "The Ministry of Education (MoE) accounts for more than 80 percent of Union spending in the sector; (...) in addition, fourteen ministries provide vocational and higher education (ch. 4, pp. 40)". Ref. to FY 2013/14

4 MSWRR is not within the other 14 Ministries providing education services screened in the PER 2015

5 MoE/DBE, as of 31/10/2017

TABLE 4

Indicators	M	F	Total	Source
Demographics				
Total Population (in million inhabitants)	48.2%	51.8%	51.48	Myanmar, Census 2014
Urban/Rural Population			30/70	Myanmar, Census 2014
Population 0-19 years old (in million inhabitants)			19.02	Myanmar, Census 2014
Literacy rate, adult total (% of people ages 15 and above)	80	71.8	75.5	2016, UNESCO Institute for Statistics
Basic Education				
Number of Teachers in Primary			249,905	MoE, 2017 (October)
Number of Teachers in Middle			107,013	MoE, 2017 (October)
Number of Teachers in High			42,699	MoE, 2017 (October)
Number of Students in Primary			5,020,541	MoE, 2017 (October)
Number of Students in Middle			2,943,954	MoE, 2017 (October)
Number of Students in High			1,023,842	MoE, 2017 (October)
Number of Kindergarten Student	510,843	487,892	998,735	MoE, 2017/18 (July 2017)
Primary Net Enrollment Rate	97%	97%	97%	MoE, 2017/18
Middle Net Enrollment Rate	61%	66%	64%	MoE, 2017/18
High Net Enrollment Rate	41%	50%	46%	MoE, 2017/18
Primary Level Completion Rate	66%	69%	67%	MoE, 2016/17
Middle Level Completion Rate	74%	81%	77%	MoE, 2016/17
Matriculation Results	32%	35%	34%	MoE, 2016/17
Primary Level Retention Rate	68%	71%	69%	MoE, 2016/17
Middle Level Retention Rate	78%	82%	80%	MoE, 2016/17
High Level Retention Rate	77%	89%	83%	MoE, 2016/17



7.75%

share of Union budget allocated to the Ministry of Education

Education spending trends

The 2017/18 Union budget's Revised Estimates (RE) for the education sector account for **1,784.2 billion kyats**, or \$1.32 billion⁶; while the Budget Estimates (BE) for the 6-months budget of 2018 allocated 801.97 billion kyats, or \$0.59 billion.

The Union budget allocations to the education sector in 2017/18 represented **7.75% of the total Union budget, or 1.85% points of GDP**⁷; and they remained quite in line, at 7.6% of the total budget⁸, in the 2018's mini-budget.

A **7.75%** share of total Union budget allocations (2017/18) has been attained through regular and significant annual increases, starting from at 3.66% in 2011/12. This is equivalent to 1.85% of GDP, from 0.71% of GDP in 2011/12.

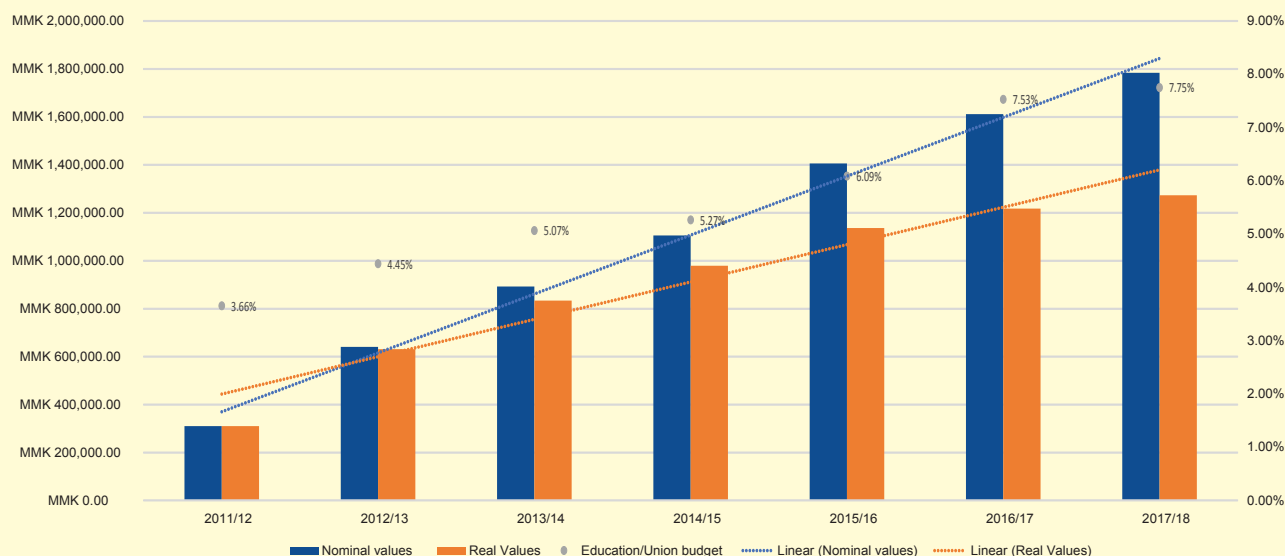
6 The rate exchange applied in this BB is \$:kyat=1:1,350, although it should be noted that in the period of the analysis, the Kyat has been depreciating against the dollar, touching 1:1,450 at the beginning of August 2018.

7 For the GDP (current prices), the source is Ministry of National Planning and Economic Development (later Ministry of Planning and Finance), as reflected in World Economic Outlook (WEO) 2014 (GDP 2011-14) and WEO 2017 (GDP 2015-18). Data refer to fiscal years starting in April and ending in March. Base year is FY 2010/11.

8 The Union budget Law 2017/18 allocated 8.5% (1,756,041.024) to the Ministry of Education, while the Supplementary Budget law allocated 1.2% (28,191.476). This resulted in a combined share of allocation of 7.8%. Recently, allocations from the Supplementary Budget Laws have not favored social sectors.

The following chart shows the growth in allocations to the education sector, in both nominal and real values⁹:

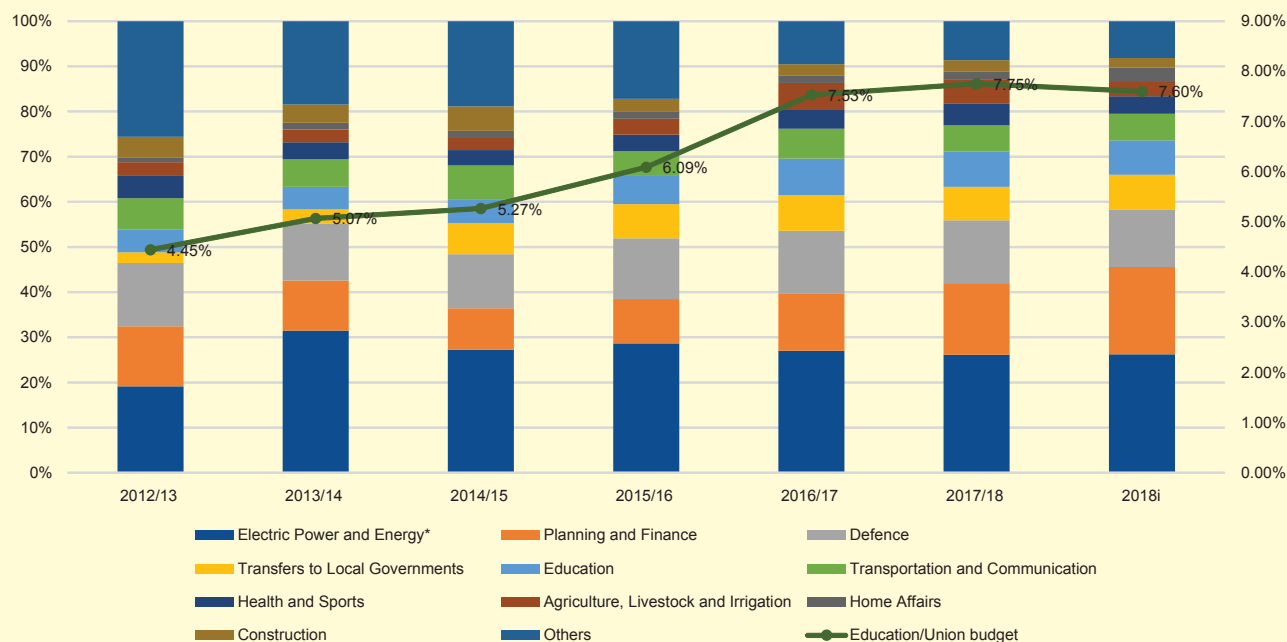
TABLE 5 Growth in allocations to the education sector, nominal and real values (2011/12-2017/18, million MMK)



Since 2013/14, education has remained within the **5 main Government of the Union of Myanmar (GoUM)** budget holders. The largest envelopes have been allocated to electric

power and energy, planning and budgeting, defense, and the transfers to local governments.

TABLE 6 Share of education amongst main areas of budget allocations (2012/13-2018)



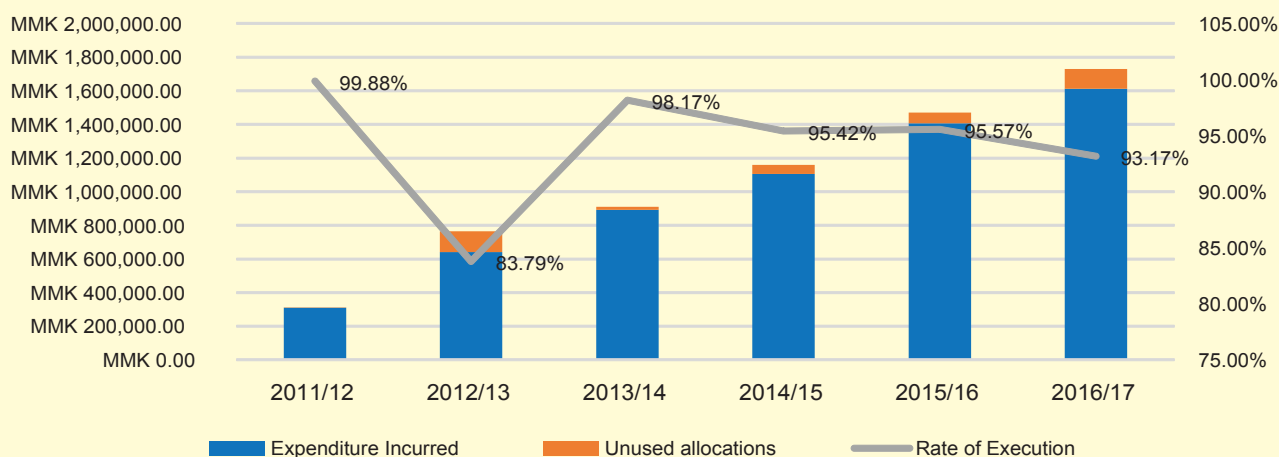
The Budget Brief compared the allocations given to MoE, as approved by the Parliament, with actuals and provisional actuals – to determine the **execution rate**. We should expect the execution rate to be maintained in the range 95-100%, to

make the best possible use of available resources. Situations of significant deviations from this standard, over a certain period, should be investigated; and actions to remove them should be taken.

In terms of **budget execution**, data on actual expenditure are available until 2016/17. In the period, the execution rate has ranged between (almost) 100% in 2011/12 and to 83.8% in 2012/13 – highlighting potential execution constraints, which can be interpreted in three different ways: (i) savings from the budget for construction, due to several reasons including lower-

than-estimated contractual prices; (ii) delays in recruitment process for new staff, which resulted in unused funds; and (iii) mismatch between external financing consolidated within the budget and based on signed agreements, which did not materialize in that same fiscal year:

TABLE 7 Expenditure and allocations (million kyat, 2011/12-2016/17)

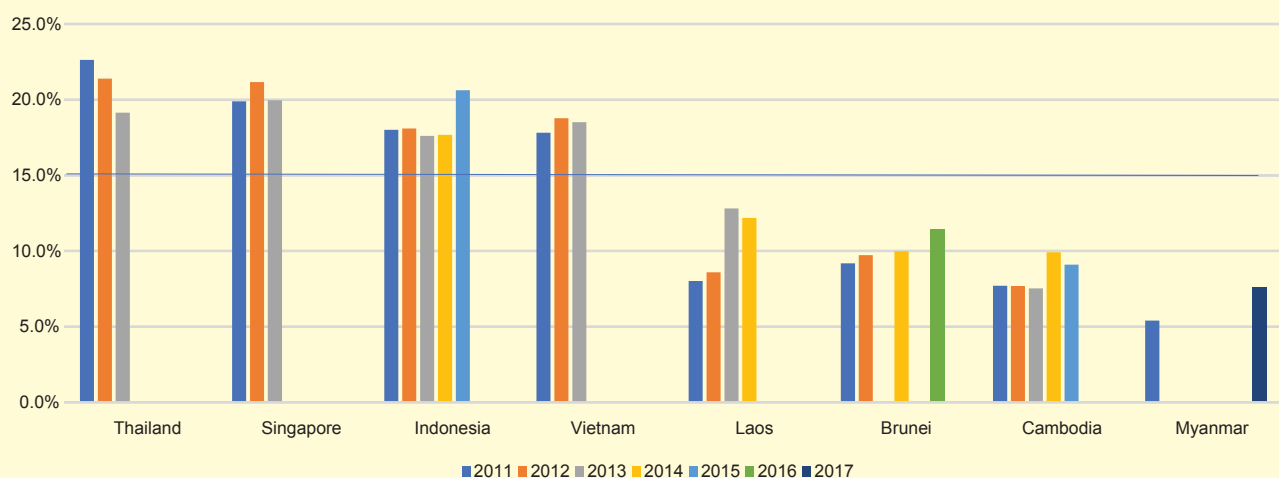


The portion of external support consolidated in the Union budget (on-budget) has increased from previous years, though remains **below 1%** in 2018¹⁰. Thus, constraints related to the management and implementation of on-budget external assistance would not be enough, alone, to explain such significant variances in budget execution. In consideration of the huge importance that MoPF attributes to past sectors' budget execution when taking decisions about next year's allocations, it seems advisable to focus future work to better understand **PFM bottlenecks in execution**.

Stakeholders in the education sector often refer to the international benchmark of 15-20% of total government's expenditure, as both a target and a threshold for expenditure

in education. The 2015 Amendment to the National Education Law (NEL, 2014) introduced a national target of 20% of government's expenditure on education. A regional comparison is proposed in the table below, using data from the World Development Indicators' (WDI) government expenditure on education, as a % of government expenditure. Despite data are incomplete over the time-frame, the latest data for Myanmar is significantly close to the one reported from this analysis: 7.75% for 2017/18, as reported above; 7.6% for 2017, according to the WDI¹¹. Within ASEAN countries¹², the portion of expenditure varies quite significantly, with a high-tier comprising Thailand, Singapore and Indonesia getting closer to the 20%; and a lower-tier comprising Brunei, Cambodia and Myanmar laying between 5-10%¹³.

TABLE 8 Government Expenditure on Education (% of government expenditure) in ASEAN countries (subject to availability of data)



¹⁰ Contributions represent 0.69% of initial allocations in 2017/18, and 0.45% in 2018 mini-budget.

¹¹ The definition of the WDI indicator seems also in line with the calculation done from MoPF-MoE database: "General government expenditure on education (current, capital, and transfers) is expressed as a percentage of total general government expenditure on all sectors (including health, education, social services, etc.). It includes expenditure funded by transfers from international sources to government. General government usually refers to local, regional and central governments".

¹² Data for the Philippines not available for the period.

¹³ It is worth noting that not all countries in the region had data available; and that this uses a different source of information compared to previous chapters – WB Edu Database

Composition of Education Budget

TAt Union level, the current organizational structure is based on **12 departments**. In 2017/18, in line with previous years, 2 of these departments accounted for 94% of total allocations: these are the Department of Basic Education (DBE, 77%), and the Department of Higher-Education (DHE, 17%). Basic Education was allocated approximately 1.42% of GDP in 2017/18, and Higher Education a 0.32%.

Both departments – as administrative entities – are directly associable to their respective programmes of Basic, and Higher education. Although a functional classifier has not been fully developed, allocations to each of these 2 departments match almost entirely with the allocations to their programmes. Most of the funds to operationalize the programmes' implementation are channeled to local administrations - State and Region, or Township Offices – within the departmental structure.

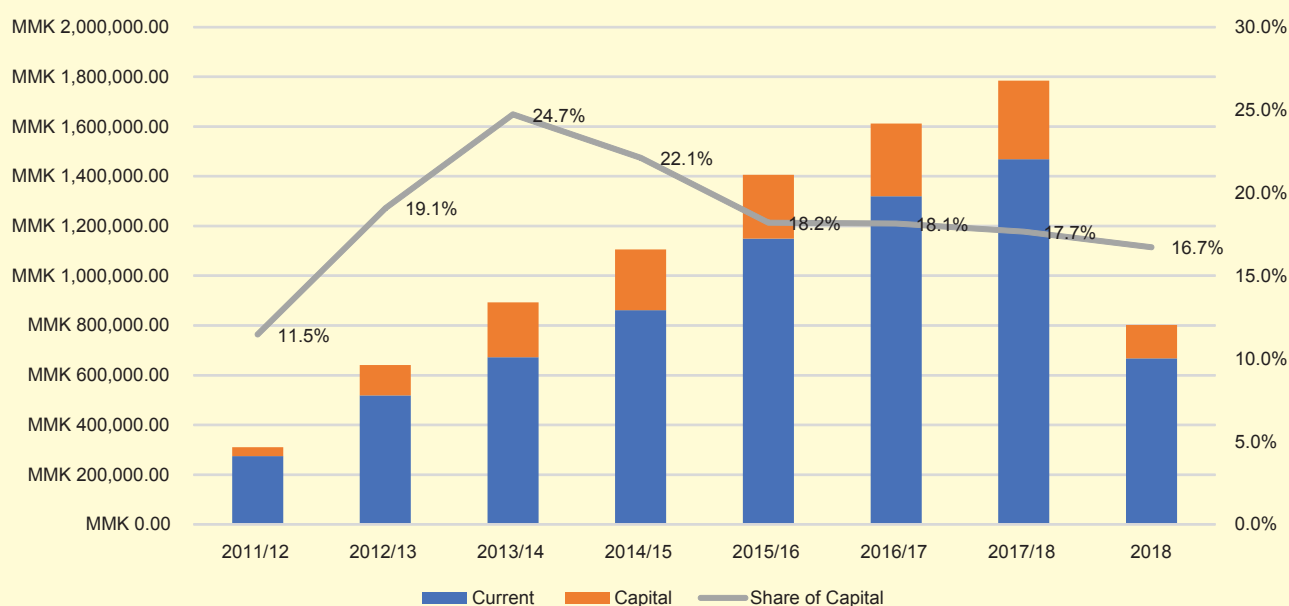
TABLE 9



In 2018, of the total allocations for expenditure, more than 83% went to **current expenditure**, and the rest, almost 17% went for **capital expenditure**. These proportions – approximately 5-to-1 - have remained quite similar since 2015/16, while

both categories increased significantly in nominal value. The following chart shows the tendencies of allocations for current and capital expenditure, and the relative share of the latter on the total allocated.

TABLE 10 Current and capital expenditure (left-scale), and share of capital expenditure on total (right-scale)



It is possible to look more closely to the main receivers of allocations for the 2 categories; and it is worth doing it on a limited period of time, when key departments are traceable.

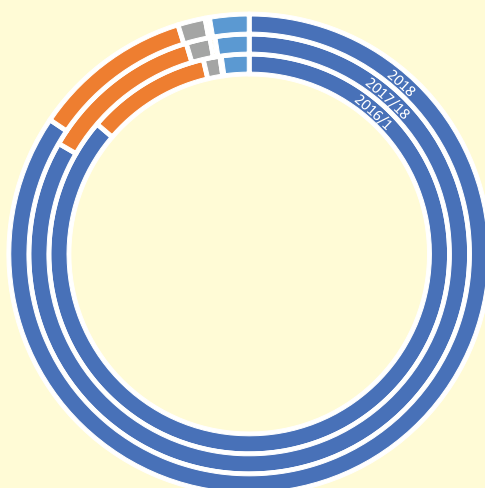
In 2018, more than 95% of current expenditure is allocated to Basic (85.45%) and Higher Education (10.76%); with an additional 2% to TVET and Research and Innovation (others: 2.65%). Similarly, 52.84% of capital expenditure was allocated

to Basic Education, 34.46% to Higher Education, 10.30% to TVET and 1.19% to Research and Innovation (others: 1.22%). Increased allocations for capital investments in TVET definitely represent a visible budgetary trend.

The 2 charts below present the trends in distribution of current and capital expenditures for each of the 4 main budget holders, over the last 3 years:

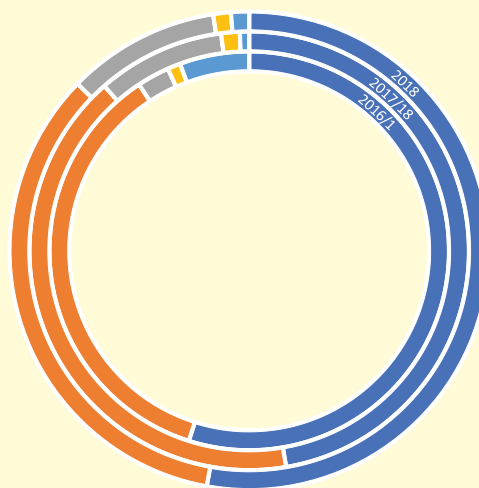
TABLE 11

Current expenditure, share of main budget owners (share of total, 2016/17-2018)



■ DBE ■ DHE ■ DTJET ■ DRI ■ Others

Capital expenditure, share of main budget owners (share of total, 2016/17-2018)



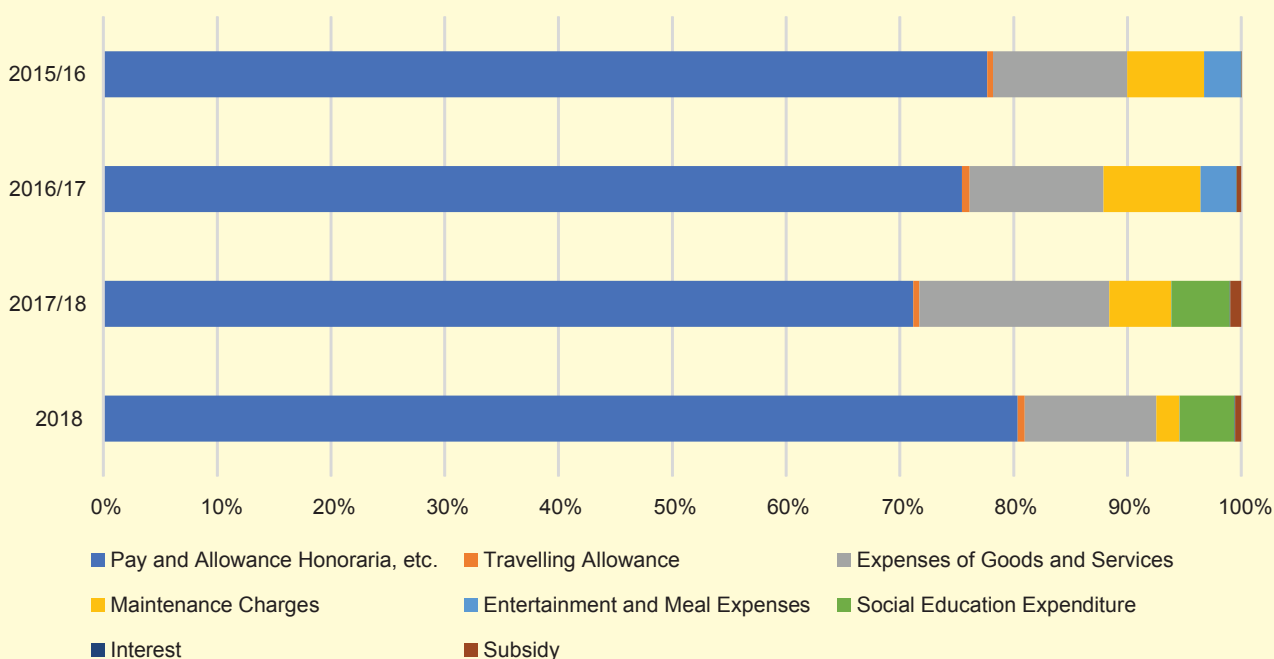
■ DBE ■ DHE ■ DTJET ■ DRI ■ Others

Looking more specifically into the categories of the budget for current expenditure, a share of approximately 75% has been allocated/used on **pay and allowance honoraria**, and the remaining 25% for all other categories. In the mini-budget 2018 this portion is higher, just above 80%, for the hiring of

approximately 20,000 staffs. Emerging patterns are the reduction of the allocations to **maintenance charges**, the cancellation of **entertainment and meal expenses**, and the recent emergence of **social education expenditure**.

TABLE 12

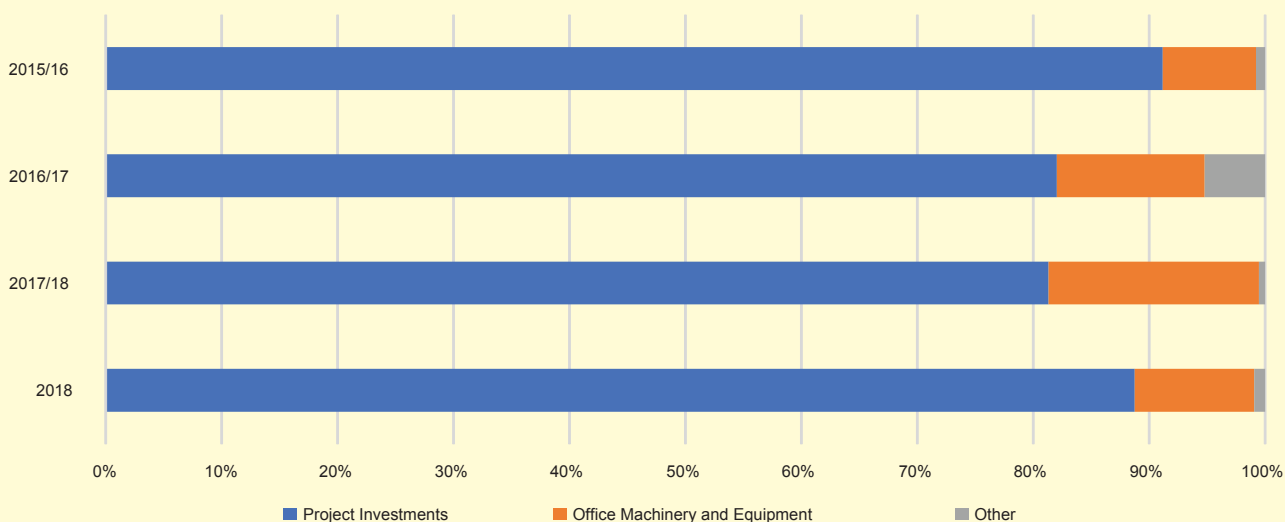
Current Expenditure, per Economic Classifier (2015/16-2018, share of total)



With regards to the budget for capital expenditure, the main category has been project investment (constructions), followed by office machinery and equipment. The share of constructions in the mini-budget 2018 is higher than previous years, as DBE

submitted a budget proposal for new constructions that have been re-considered, as this budget might be needed to cover for higher-than-expected personnel expenditure.

TABLE 13 Capital Expenditure, per Economic Classifier (2015/16-2018, share of total)



In both cases – current and capital expenditure – the attributions to departments largely reflect the weight of the main programmes associated to departments. Looking closer to project investments (construction), space was opened since

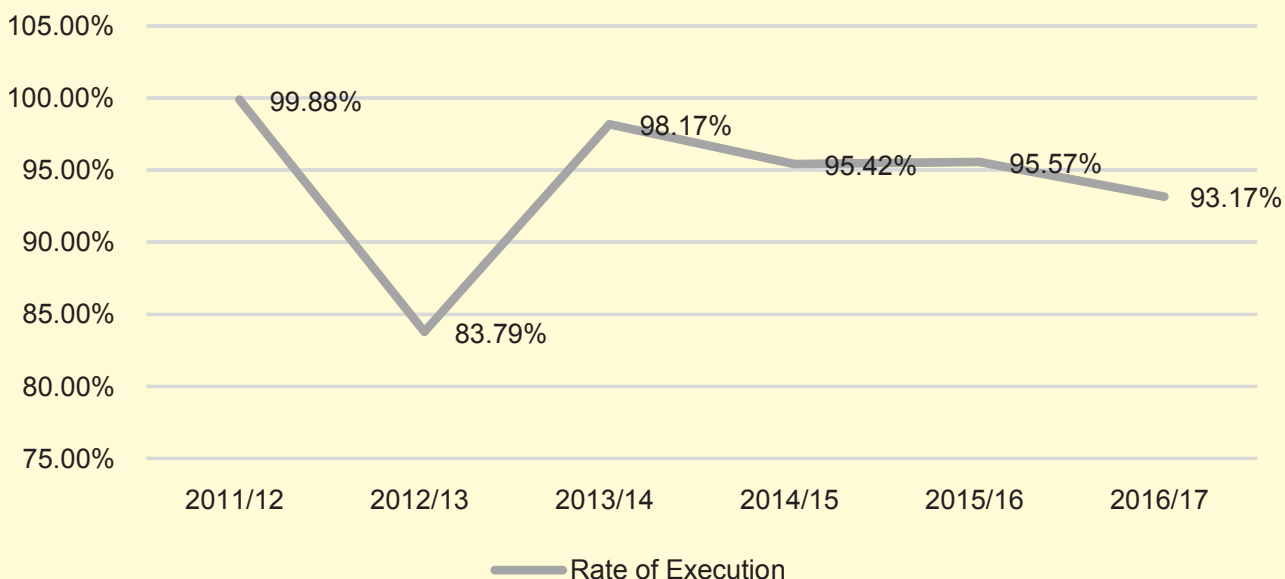
2016/17 for an increasing proportion of capital expenditure for Higher Education and TVET; while Basic Education has not significantly increased.

Budget credibility and execution¹⁴

TBudget allocations to the Ministry of Education have steadily increased, and have more than doubled as a share of total Union budget in the period 2011/12 to 2017/18. The organizational structure has varied significantly in the past few years, though the functional areas have approximately

maintained the same portion of funding over the period – with an increasing share for the Departments of TVET, and Research and Innovation. This analysis is though limited to the share of government resources allocated to MoE, as the external support is only partially reflected in the budget, and does not represent more than 1% of the total allocations. In this context, the main indicator for budget credibility remain the execution rate, which is shown in the next chart.

TABLE 14 Rate of execution of expenditure (% of expenditure on initial allocations)



¹⁴ PEFA 2012 Public Financial Management Performance Report (2012): "Budget credibility in recent years has been low, with the exception of revenue out-turns where credibility is higher. The significant changes in the composition of spending during the year raise the likelihood of inefficiencies in service delivery in Myanmar due to unplanned over- or under-spending".

Equity of spending

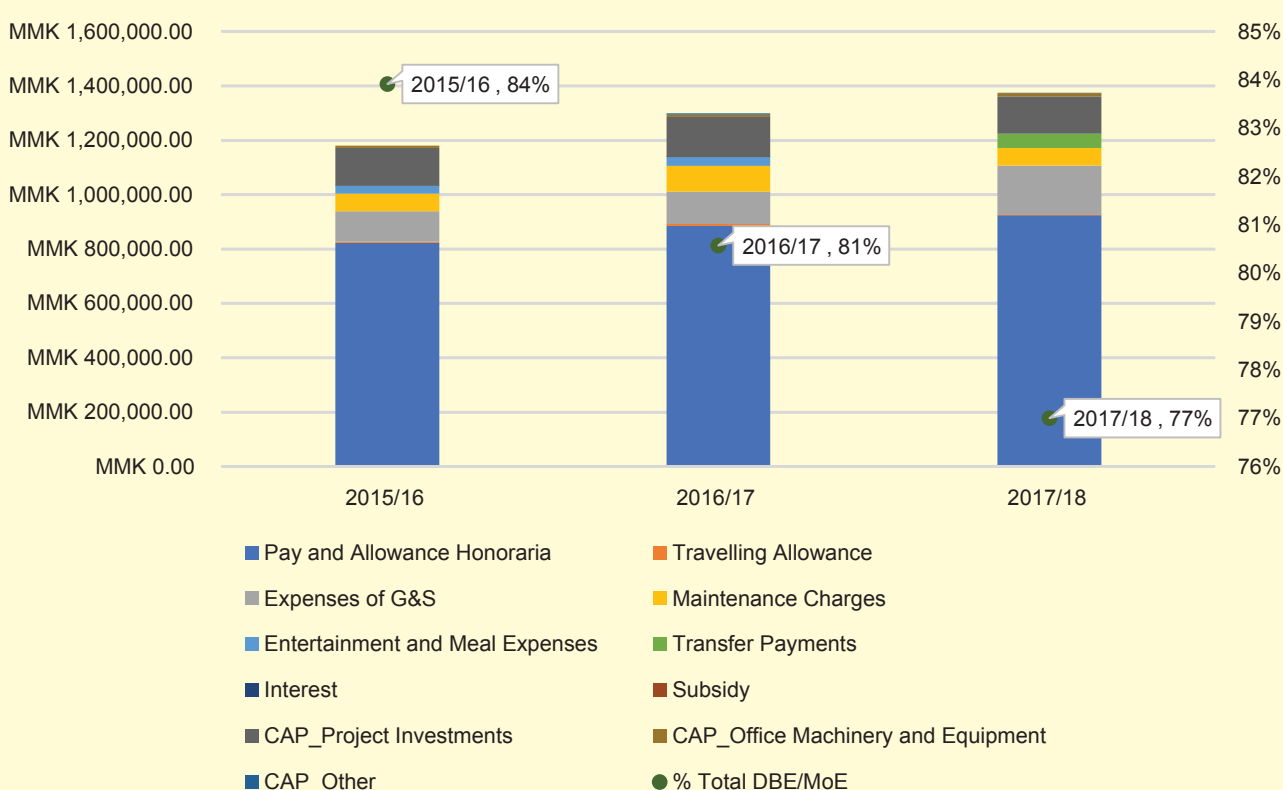
NESP enunciates the basic education transformational shift as **all children can access, progress through and successfully complete quality basic education**, and pointed out 4 challenges regarding basic education in Myanmar: (i) equitable access to basic education, (ii) school quality improvement, (iii) empowering and strengthening Parent-Teacher Associations (PTAs), and (iv) inclusion for all children.

This chapter focuses on the role of the **Department of Basic Education (DBE)** to tackle these challenges; and seeks to understand which criteria have been used over-time to distribute resources amongst the delegations of Myanmar's

14 States and Regions; and the opportunity to strengthen this exercise with equity-adjusted indicators.

In nominal terms, DBE's budget was **1,373.9 billion** kyats in 2017/18; and 634.8 billion kyat in 2018 mini-budget. It increased from 2015/16 to 2017/18, at approximately 10% and 6% from one year to the next. Overall though, DBE has reduced as a share of MoE, from 84% to 77%, which might have been the result of the relative prioritization to the expansion of other programmes, including higher education and TVET. The chart below shows the composition of allocations to DBE, according to the economic classifiers, differentiated by current expenditure (01-06, interest and subsidy) and capital expenditure (CON, M&E, Other).

TABLE 15 Allocations to DBE per economic classification, and DBE's share of total MoE (2015/16 to 2017/18, million MMK)



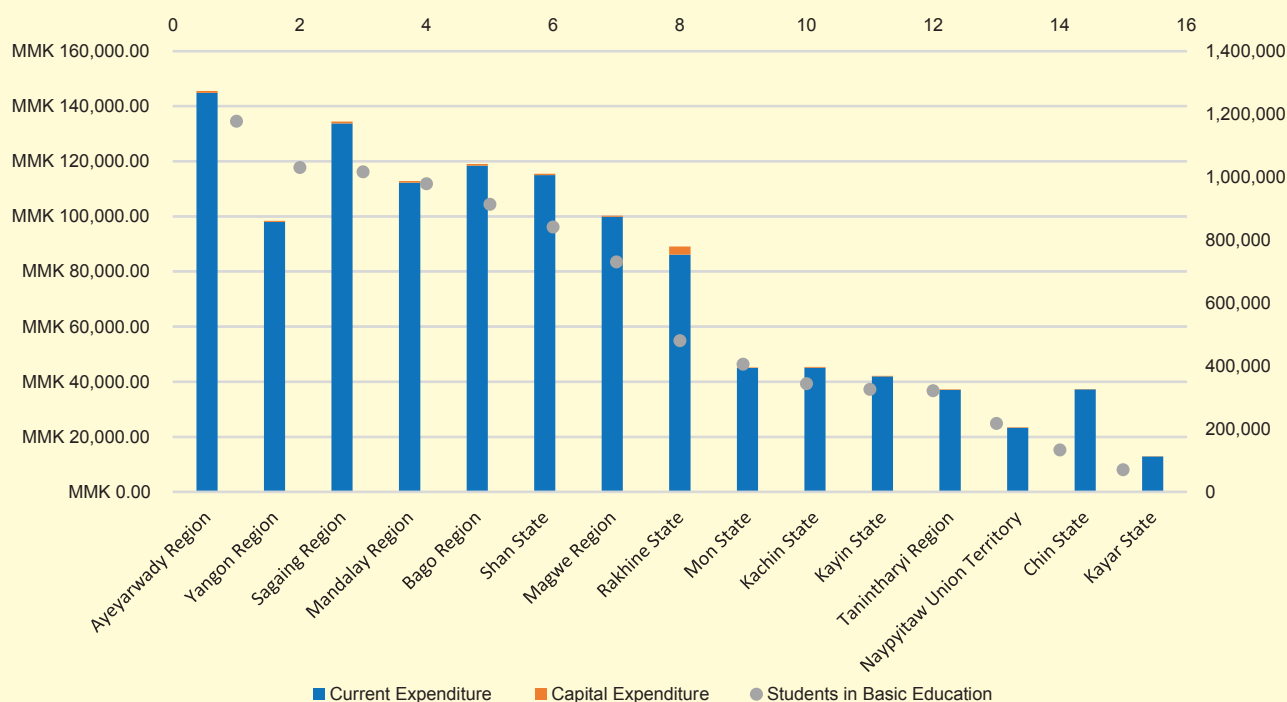
A significant portion of the funds managed by DBE, approximately **85%**, are directly transferred to State and Regions' DBEs. The amount of each transfer is calculated on the estimated current expenditure, based e.g. on the number of teachers deployed to the State or Region. The amount of each transfer has been calculated on the estimated expenditure, based e.g. on the number of teachers deployed in the State or Region. These estimates are regularly revised against actual expenditures, eg the real cost of salaries for those teachers. Thus, the estimates become increasingly more accurate, and the execution rates tend to nearly 100%¹⁵. Additionally, another portion of the remaining 15% also relates to State and Regions' DBEs, as it is used to finance for constructions, through the Ministry of Construction¹⁶.

Though allocations – and then expenditure – for basic education vary quite significantly, and depend on key variables that differentiate States and Regions. MoE has used **three main criteria** for allocating funds to S/Rs DBE: (i) number of students, (ii) number of teachers, and (iii) average rate of execution of the transferred budget in the last 3 years. The following chart shows how closely have budget allocations/ actual expenditures aligned to the respective share of students in basic education in State and Regions, with few exceptions (Yangon, Mandalay, Chin):

¹⁵ In average, rate of execution is above 99.9%, the lowest being Rakhine State with 98.84%.

¹⁶ According to DBE, this practice is going to change, and DBEs at State and Regions will be leading on the procurement and construction process, in close collaboration with State and Regions' Governments. It is estimated that this envelope was worth at least \$30m in 2017/18.

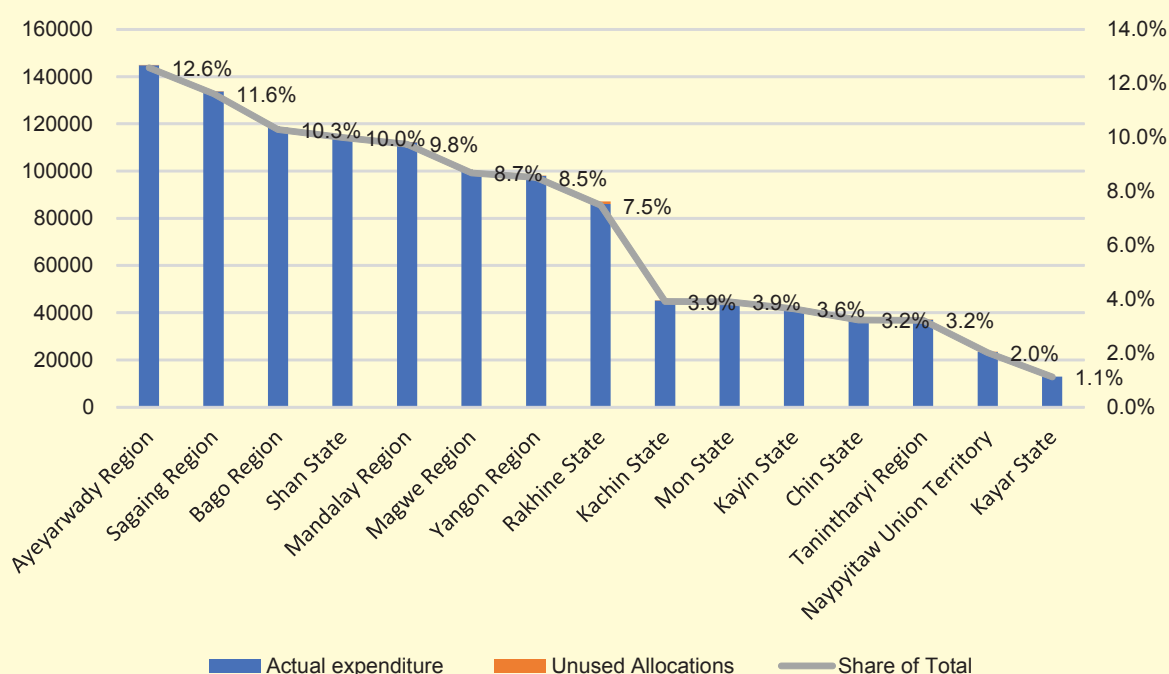
TABLE 16 S/Rs DBEs actual expenditure (2017/18, left-scale) and number of students in basic education (2017, right-scale)



In fact, the criteria above have resulted in nominal allocations that have primarily followed the volume of basic education activities, which varies largely in States and Regions; and

secondarily the relative efficiency of the S/Rs administrations to execute their funds – which we saw has been extremely high.

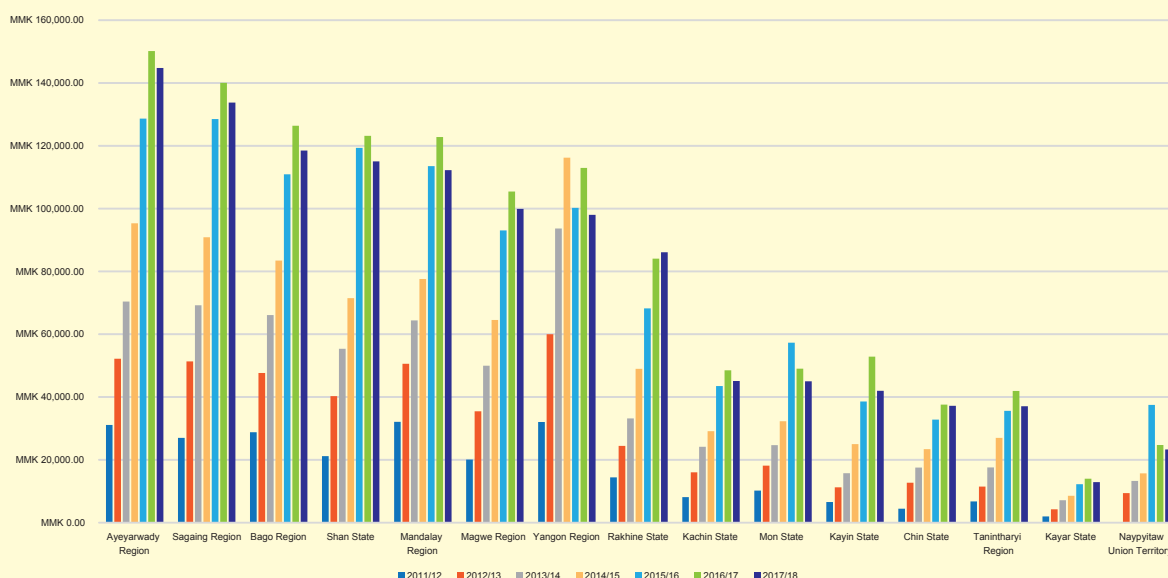
TABLE 17 Actual expenditure (left-scale), and S/Rs share of total DBEs (right-scale) of DBE in S/Rs in 2017/18 (million MMK)



The steady application of these criteria over time led to a regular increase of allocations and expenditure to each State

and Region, while the relative weights in terms of funding remained largely unchanged.

TABLE 18 Expenditure of funds transferred to DBEs in State and Regions (million MMK, 2011/12-2017/18)



The chart above shows that MoE's DBE budget transfers to subnational administrations have followed an increasing trend, whose growth has been proportional in each State and Region. It also shows that expenditures for basic education in S/Rs have peaked in 2016/17 and were contained in 2017/18 with the sole exception of **Rakhine**.

Basic Education at State and Region level is one of the largest and traceable programmatic budgets. It is clearly one of the most important drivers for attaining results in the sector. MoE has been increasingly interested to understand how to gradually adjust allocations, in consideration of the principle

of equity. For this purpose, this BB considers 2 key sector's indicators at S/Rs level, in order to compare with current levels of allocations and expenditure in DBE: **enrolment rate** and **completion rate**. The aim is to understand to what extent the patterns in allocations have also responded to equity criteria; and how much space there would be using equity-sensitive indicators to adjust budget transfers to S/Rs¹⁷.

The following table presents sector's demographics – students and teachers – and the results in primary net enrollment rate, and matriculation results, form the last complete FY, disaggregated per state and regions:

TABLE 19 Expenditure of funds transferred to DBEs in State and Regions (million MMK, 2011/12-2017/18)

	"Students in Basic Education"	"Teachers in Basic Education"	"Primary Net Enrollment Rate (2016/17)"	"Matriculation Results (2016/17)"	Total Population	Population in School Ages
Ayeyarwady Region	1,177,446	53,723	97.05	27.46	6,184,829	1,553,519
Sagaing Region	1,016,133	47,725	94.54	37.71	5,325,347	1,351,090
Bago Region	913,337	43,929	96.81	31.52	4,867,373	1,217,952
Shan State	841,124	38,372	94.80	30.80	5,824,432	1,626,156
Mandalay Region	978,429	41,928	94.20	40.22	6,165,723	1,472,215
Magwe Region	730,598	36,253	96.63	37.98	3,917,055	921,734
Yangon Region	1,030,618	34,956	101.84	37.24	7,360,703	1,667,994
Rakhine State	480,774	25,211	96.46	17.16	2,098,807	592,450
Kachin State	343,607	13,879	102.40	30.05	1,642,841	444,887
Mon State	405,450	16,110	99.93	41.12	2,054,393	556,710
Kayin State	326,056	13,624	99.40	29.47	1,504,326	434,669
Chin State	133,681	9,166	97.23	19.14	478,801	151,366
Tanintharyi Region	321,932	12,860	98.15	31.35	1,408,401	406,550
Kayar State	71,119	3,612	92.46	30.25	286,627	82,367
Nay-Piy-Taw	218,033	8,269	93.45	34.68	1,160,242	281,975
total	8,988,337	399,617			50,279,900	12,761,634

17 The exercise presented in this Budget Brief can be intended as the initial step of a more in-depth analytical work on equity-adjusted indicators, which will proceed within the Ministry of Education

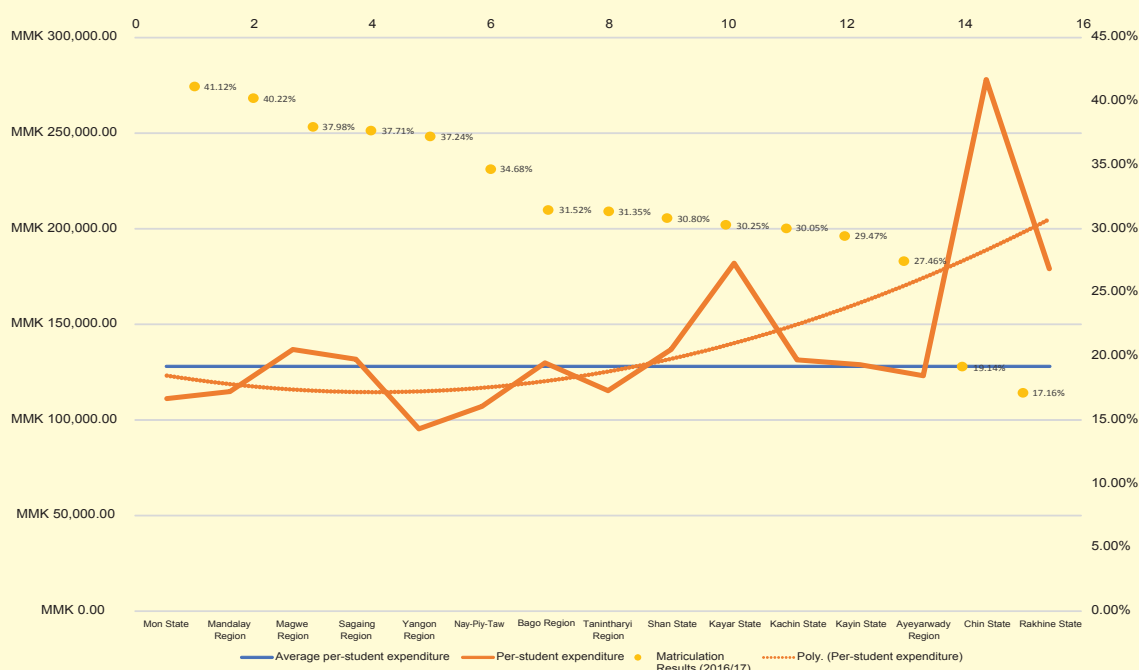


128,052

is the country average per-student budget allocation to basic education

TABLE 20

Country's and S/Rs per-student expenditure (2017/18), and S/Rs matriculation results (2016/17) - ordered by decreasing results in matriculation



The chart shows that the budget transfers for Basic Education to States and Regions – and consequently the expenditure that S/Rs could sustain, **do not have a clear relationship with the S/Rs results in matriculation**. In fact, transfers to State and Regions were better explained with criteria associated to the volume of operations, such as the number of students, as shown before.

The **four highest S/Rs per-student expenditure in basic education** are positioned in the right-half of the chart, corresponding to the worst performers in matriculation results: **Chin State** (MMK 278,283.06 per-student expenditure), **Kayah State** (MMK 181,947.83), **Rakhine State** (MMK 179,123.60) and **Shan State** (MMK 136,753.27); which suggest some sensibility to this particular indicator – as shown by the trendline.

However, these differences in S/Rs per-student transfers and expenditures are better explained, once again, with the **cost of the inputs** required to provide basic education

services across the Union. Whereas the country's per-student expenditure expresses the average cost of providing basic education services, S/Rs per student expenditure reflect the challenges of guaranteeing the same service, under different local conditions. Thus, bringing the Union-level standard of basic education services in Chin and Kayah, for example, currently requires a x2 and x1.5 effort, in terms of public investment. For instance, the higher expenditure in Chin is partially explicable with the higher cost of salaries for teachers deployed to the State.

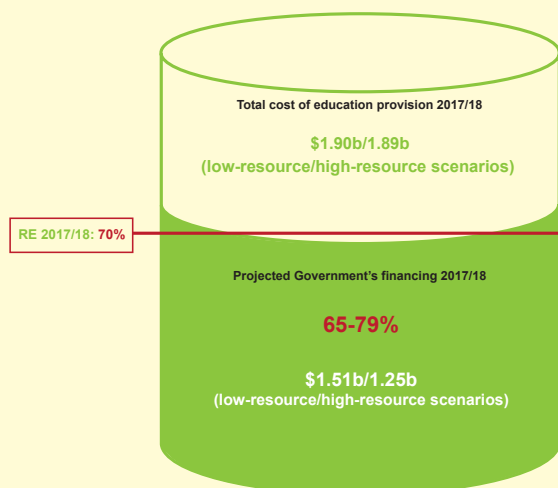
As part of this exercise, it was verified that S/Rs per-student expenditure do not show similar correlations with other indicators related to results in education, such as S/Rs primary net enrolment rates, or out-of-school children.

MoE will proceed with further discussions and analysis to verify to what extent these criteria – or others - could be considered create an **equity incentive**, to those S/Rs whose quality of education results reflect equity concerns.

Sources of financing

As anticipated in B. Education Policies, an estimation of the cost of education provision has been undertaken as part of the development of the NESP, against which Government's financing has been projected. The recent National Education Law (NEL, 2014) and its Amendment (2015) introduced significant policy changes¹⁸, which prompted the government to rapidly scale-up the financing to the sector.

Most of this financing has been filled with government's resources. In fact, the structure of financing of education has substantially changed in recent years. As the NESP recalls,



The Ministry of Education²¹ has received revenue allocations from the Union budget laws from 4 categories: (1) general receipts, (2) foreign aid, (3) loans and (4) capital receipts²². The composition of these sources of revenue has evolved over the period, notably with an increasing portion of funds allocated from grants and loans (with the exception of 2018 mini-budget). In 2017/18, these revenues allocations represented 6.7% of the total allocations for expenditure.

Key Policy Issues

1. Since 2015/16, this portion has roughly remained unchanged. There is a need to sustain the expansion of the sector, in an effort to financing the attainment of the Sustainable Development Goals (SDGs), and using international benchmark as a reference;
2. Whereas the government has demonstrated to meet the projected government's financing to the NESP, with 70% in 2017/18, it would be important to integrate expenditure

in the period 2009–10/2011–12, households were providing approximately 60% of the total cost of education, while since 2016/17 that share has been reducing, as government's investment poured in resources to finance new NESP's policies¹⁹. As the sector embarks in the implementation of the NESP, it is expected that government financing will remain a key driver in the medium-term.

As anticipated, total government allocations (RE) to the Ministry of Education in 2017/18 were 1,784.2 billion kyats. Considering that the total government's projected financing was estimated to be between 65-79% of the total cost of education provision²⁰, 2017/18 Revised Estimates are much in line with these projections, at 70%.

External support - As the education sector is often within the areas receiving most external support, it might be the case that external support is provided, through remain largely off-budget.

The external contributions to the education sector that are on-budget have increased from previous years, though they remained **below 1%** of the total budget allocated, for both 2017/18 and 2018²³. As a consequence, most of the conclusions made in this report largely apply to the allocative decisions of the government own revenues invested in the sector.

On one hand in fact, an initial query to the **Mohinga database** – Aid Information Management System - suggests higher-than-budgeted support, though not exponentially different²⁴. On the other hand, the **MIMU's 3Ws**²⁵ counted more than 5,800 ongoing initiatives of civil society organizations in the education sector²⁶.

In view of the NESP implementation, it seems important to register external support in a way that allow the authorities to coordinate partners towards the realization of the sector's objectives.

from State and Regions, expenditure in education from other sectors and development partners.

3. The Ministry considers it would be useful to better explore the reasons behind the constraints in budget execution, as unused allocations represent a lost opportunity for the effective implementation of the education programmes.
4. With the planned shift to allocating capital funds to State and Regions, there are opportunities to consider equity as one of the variable used in the calculations of the allocations to DBE. This would contribute reducing regional disparities, and accelerate results in education.

¹⁸ Notably: a 2-years extension of basic education (total 12, or KG+12); and free and compulsory basic education.

¹⁹ Source of these figures are background analyses done for the NESP

²⁰ Depending on the low/high-resource scenarios

²¹ This is visible from MoPF's budget tables, which provide both the allocations for revenues and for expenditure (initial allocations, or budget estimates). Revenues allocations are usually not approved as part of the supplementary budget process.

²² MoPF Citizens' Budget 2017/18 reported this as "foreign grants" and "foreign loans"

²³ Contributions represent 0.69% of initial allocations in 2017/18, and 0.45% in 2018 mini-budget.

²⁴ In the query made on July 30th 2018, Mohinga showed for the FY 2017/19 total commitments to the Ministry of Education of \$31.2m, which would be three-fold to the 0.69% mentioned above.

²⁵ The 3W Dashboard reflects Technical Assistance activities (i.e. to or through Myanmar's Government) to State/Region and Township level based on information received from implementing partners, reporting to the MIMU 3W; and from Development Partners reporting to the Mohinga Aid Information Management Platform.

²⁶ MIMU's 3Ws file, updated in April 10th 2018, was downloaded and consulted on July 30th 2018.

¹⁷ Since the focus has been on government's financing, there is little that can be said here on the current role of private financing, including user fees, or out-of-pocket households' expenditure.

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Acronyms

ASEAN – Association of Southeast Asian Nations
BB – Budget Brief
BE – Budget Estimates
DBE – Department of Basic Education
DHE – Department of Higher Education
DP – Development Partners
GDP – Gross Domestic Product
GoUM – Government of the Union of Myanmar
MMK – Myanmar Kyat
MoE – Ministry of Education
MoPF – Ministry of Planning and Finance
MSDP – Myanmar Sustainable Development Plan
MSWRR – Ministry of Social Welfare, Relief and Resettlement
NEL – National Education Law
NESP – National Education Strategic Plan
PA – Provisional Actuals
PER – Public Expenditure Review
PFM – Public Financial Management
PF4C – Public Finance for Children
PTAs - Parent-Teacher Associations
RE – Revised Estimates
S/R(s) – State(s) and Region(s)
TS – Transformational Shift
TVET – Technical and Vocational Educational Training
WB – The World Bank
WDI – World Development Indicators

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Disclaimer: The findings, interpretations and conclusions expressed in this report are those of the authors and do not necessarily reflect the policies or views of MoPF, MoE or UNICEF.



for every child

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