



The Government of the Republic of the Union of Myanmar  
Ministry of Education

Department of Education, Research, Planning and Training



## Myanmar 2019-2020 Education Budget Brief

December 2020



EUROPEAN UNION





## KEY MESSAGES

- ▶ Budgetary allocations to the Ministry of Education (MoE) amounted to MMK 2,685 billion in 2019/20, representing a share of 8.4 per cent of the Union budget.
- ▶ The MoE has become the 4th largest budget holder after Ministries of Electricity and Energy, Planning and Finance and Defence. The MoE is now receiving more funding than the total sum of aggregate transfers from Union to States and Regions.
- ▶ The budget of the Department of Basic Education represented 74.6 per cent of the total MoE's budget; the Department of Higher-Education represented 17 per cent; while the Department of Technical, Vocational Education and Training accounted for 6.8 per cent. The combination of these three accounts for 98.4 per cent of the Ministry's total budget for 2019/20.
- ▶ At the Ministry level, the budget execution rate has been very good, ranging between 92 per cent and 111 per cent during the period 2015/16 to 2018/19.
- ▶ In 2019/20, more than 28 per cent of MoE budget allocations were for capital expenditure with the remaining 72 per cent for current expenditure. This allocation represented an increase in capital investment, compared with recent years.
- ▶ The offices of Basic Education in States and Regions' have received budget allocations from the Ministry's Department of Basic Education for the implementation of the programme. The criteria used to determine allocations are based on inputs and efficiency in expenditure. The application of these criteria has ensured a steady, regular increase in allocations over the past years. Analysis has also shown some degree of adaptation to local conditions, although challenges around achievement of consistent levels of service quality across the whole country have remained.

## Introduction

The most recent edition of the **Open Budget Survey**<sup>1</sup> (2019), an analysis of budget transparency published by the International Budget Partnership (IBP), attributed to Myanmar a score of 28/100 (open budget index score). This represents a significant improvement compared to the previous assessment (7/100 in 2017), an improvement which was achieved by making three key budget documents available to the public.

This improvement is confirming the direction taken in the **Ministry of Planning, Finance and Industry (MoPFI)'s Public**

**Financial Management (PFM) Strategy**, which has emphasized the need for transparency within the public financial management system and encouraged the release of budgetary information to stakeholders and the public, referring inter alia to a "budget in brief".

Globally, UNICEF has developed the **Public Finance for Children (PF4C)** framework to support countries to reflect on the relevance of child-focused public expenditure, investing in human capital for inclusive development. The overarching goal of PF4C is to contribute to the realization of children's rights by supporting **the best possible use of public budgets**<sup>2</sup>. In

1 The report can be downloaded here: <https://www.internationalbudget.org/open-budget-survey/country-results/2019/myanmar>.

2 "The decisions governments make about how to fund social policies and services are critical to children and to equitable development overall. If allocations are insufficient, concentrated on better-off groups, or used poorly, all children, and especially the most disadvantaged, risk losing access to services and programmes that enable them to survive and thrive, learn, be free from violence and exploitation, live in safe and clean environment and have an equitable chance in life (UNICEF 2017, PF4C Global Programme Framework, available here)."

Myanmar, MoPFI has worked with UNICEF, using the PF4C framework to support social sectors' ministries to promote initiatives in this regard.

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, links to programmes and territories, and efficiency and equity of spending. It aims to synthesize complex budget information and make it available to different stakeholders<sup>3</sup>; putting forth key messages and recommendations to support public financial decision-making processes and leverage domestic resources for children.

The **Myanmar 2019-20 Education Budget Brief** is the second publication of a joint initiative between MoE, MoPFI and UNICEF, which seeks to support the sector's efforts to strengthen Public Financial Management (PFM), drawing a line between the sector's **budgetary allocations, its financial management** and the results in education. The objective is to encourage transparency, accountability and effectiveness in public education by strengthening budgetary processes and improving the service delivery outcomes.

This exercise was led by the Ministry of Education (MoE), led by DERPT and involving all Ministry departments, with technical support from UNICEF and financial support from the regional EU-UNICEF Public Finance for Children (PF4C) facility.

Two main **sources of information** are used in this Budget Brief: the first is MoPFI's Budget Estimates (BE) and Revised Estimates (RE), as approved by the Parliament and published in MoPFI's website, for the period 2011/12-2019/20<sup>4</sup>. The second, more substantial information source is the updated Budget Brief dataset developed together with MoE for this purpose, with budgetary data updated<sup>5</sup>.



## Education policies

### CHART 1

Myanmar Constitution (2008), and Amendment (2015)

Myanmar Sustainable Development Plan (MSDP, 2018)

National Education Law (NEL, 2014), and its Amendment (2015)

National Education Strategic Plan (NESP), 2016-21

Basic Education Law, Amendment (2019)

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 stakeholders, and presents an indicative costed plan - which refers to the full implementation of the strategy, i.e. with all the contributions from its stakeholders and partners. The following table recalls the NESP's projected cost of implementation for 2019/20 and 2020/21, under NESP low-performance and high-performance scenarios<sup>6</sup>:

### CHART 2

#### National Education Strategic Plan (NESP) 2016/21

Scenarios	2019/20		2020/21	
	Million Kyats	Million US\$	Million Kyats	Million US\$
NESP Low-performance	3,399,056	2,344	3,399,056	2,344
NESP High-performance	3,537,028	2,439	3,820,738	2,635

exchange rate: 1450 - source: OANDA, 12-months previous average

The Myanmar 2019/20 Education Budget Brief focuses on the portion of the education sector represented by the Ministry of Education (MoE). In the Public Expenditure Review (PER, 2015), the World Bank (WB) noted that the MoE was only responsible for 83.4 per cent of total public expenditure on education in Myanmar<sup>7</sup> with the remaining 16.6 per cent spread across 14 other Ministries. Besides those 14 Ministries, MSWRR manages community-based preschools and part of pre-primary programmes (Early Childhood Care and Development), which is not considered in the PER<sup>8</sup>.

MoE's organizational structure represents the combination of institutions that are functionally responsible to execute its mandate. At Union-level, this composition varied in the past but has remained unchanged since 2016/17. The weighting between functional areas and associated departments has not changed substantially over time, with Basic Education representing the largest share, followed by Higher Education, with Technical and Vocational Education Training claiming a growing share of the budget:

3 The Budget Brief should be used to disseminate information on budget utilization to the broader public, supporting public discussions.

4 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. In consideration of the exceptional nature of this mini-budget and the difficulties to integrate this budget in a meaningful analysis of trends, to the extent possible this budget will not be included in the trends.

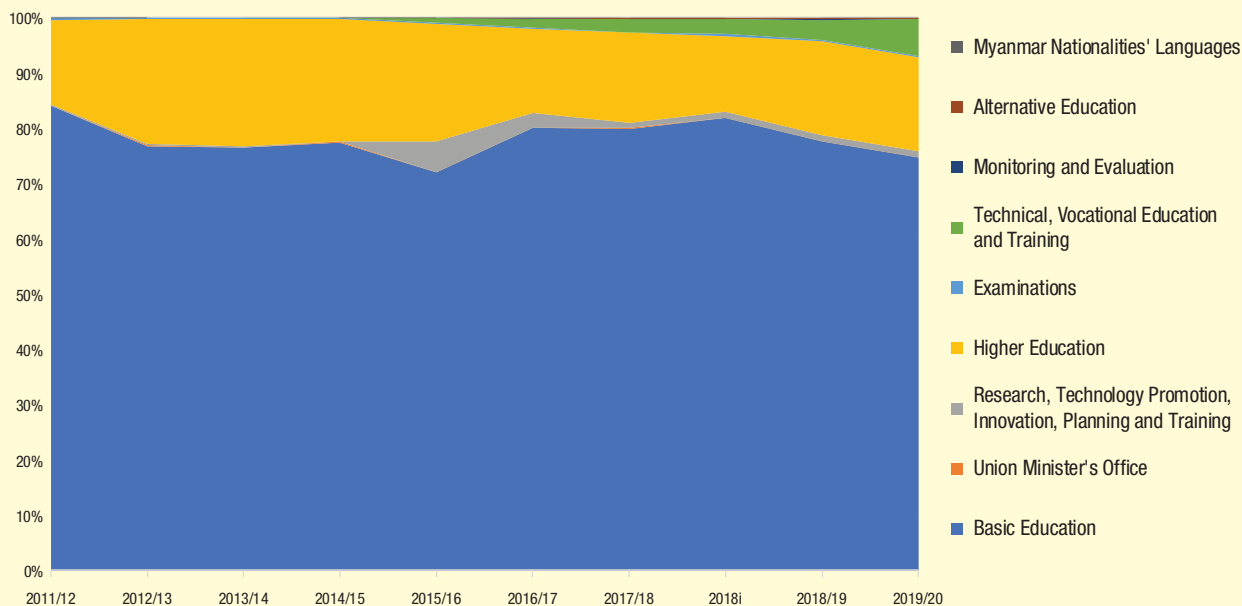
5 BE (2019/20), Provisional Actuals (PA, 2018/19) and Actuals (2017/18 and before)

6 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.

7 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

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

**CHART 3** Trends in distribution of funds within MoE programmatic areas (share of total, 2011/12 - 2019/20)



MoE's structure at Union level is based on 12 Departments. The network of offices and schools that MoE has in States, Regions and Townships now comprises State/Regions Offices (18) and Township Offices (320); and approximately 46,000+ primary, middle and higher schools.

The **2015 Law amending the Constitution** has introduced "management matters on basic education schools (...)"<sup>9</sup> under the "Region or State Legislative List" (schedule 2). So far, this has not entailed any change in the roles and responsibilities for the provision of public education services, which entirely rely on the MoE, through its Union, State/Regions and local offices.

In Myanmar, the educational system is composed of (a) school education, with Basic Education, Technical and Institution and Higher Education; complemented by (b) out-of-school education and (c) self-learning education<sup>10</sup>.

**Basic education** comprises 1-year of kindergarten (KG, for children aged 5), primary (5 years), middle (4 years) and higher (3 years) levels. In 2018/19, the basic education system consisted of 26,293 primary, 15,531 middle and 5,648 high schools, serving 9,138,507 students<sup>11</sup>. In addition, almost 315,944 children were attending approximately 1,530 monastic education schools and 1,094 other private schools, as well as schools managed by other education departments providing basic education.

The table below provides some more details on indicators, for 2017/18 and 2018/19:



9 "(...) having the right to be undertaken in the Region or State in accord with the Law enacted by the Union."

10 Education Law, chapter 5.

11 MoE/DBE, as of 2019/20

## CHART 4 Basic Education Data

Indicators	M		F		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Basic Education						
Number of Teachers in Primary	45,411	45,718	202,883	194,848	248,294	240,566
Number of Teachers in Middle	10,058	11,149	92,964	96,863	103,022	108,012
Number of Teachers in High	6,356	6,148	32,208	34,515	38,564	40,663
Number of Students in Primary	2,586,986	2,534,259	2,451,641	2,407,677	5,038,627	4,941,936
Number of Students in Middle	1,434,592	1,476,703	1,501,392	1,528,765	2,935,984	3,005,468
Number of Students in High	457,338	476,153	552,432	572,712	1,009,770	1,048,865
Primary Net Enrollment Rate	96.6%	96.8%	97.4%	97.2%	97.0%	97.0%
Middle Net Enrolment Rate	61.1%	69.4%	66.4%	73.6%	63.7%	71.5%
High Net Enrollment Rate	41.4%	42.4%	50.0%	50.1%	45.8%	46.2%
Primary Level Completion Rate	66.9%	74.9%	70.9%	78.1%	68.8%	76.4%
Middle Level Completion Rate	76.1%	84.6%	83.6%	90.5%	79.8%	87.6%
High-Level Completion Rate	16.8%	15.1%	24.2%	22.9%	20.7%	19.2%
Primary Level Retention Rate	67.8%	72.1%	71.7%	75.2%	69.6%	73.6%
Middle Level Retention Rate	77.3%	81.6%	84.3%	87.0%	80.8%	84.3%
High-Level Retention Rate		75.7%		91.0%		83.8%

Source: MoE, 2017/18 and 2018/19



**8.41%** share of Union budget allocated to the Ministry of Education

### Education spending trends

The 2019/20 Budget Estimates (BE) for the Ministry of Education accounted for **MMK 2,685 billion kyats**, or \$1.85 billion<sup>12</sup>. This represented **8.41 per cent of the total Union budget**, up from 8.3 per cent of the total budget<sup>13</sup> in 2018/19, and from 3.66 per cent in 2011/12. This share of total Union budget allocations has been attained through regular and significant annual increases, reaching 2.91 per cent of GDP in 2019/20, up from 0.71 per cent in 2011/12<sup>14</sup>.

It is worth mentioning that although the supplementary budget 2019/20 and the budget 2020/21 have been developed during the country's response to the **COVID-19 pandemic**, they have both provided MoE with increased nominal allocations. As the public sector continues to deliver, further re-allocations will become necessary. The impact of these budgetary choices on the education sector is yet to be understood.

The following chart shows the growth in allocations to the education sector, in both nominal and real values<sup>15</sup>:

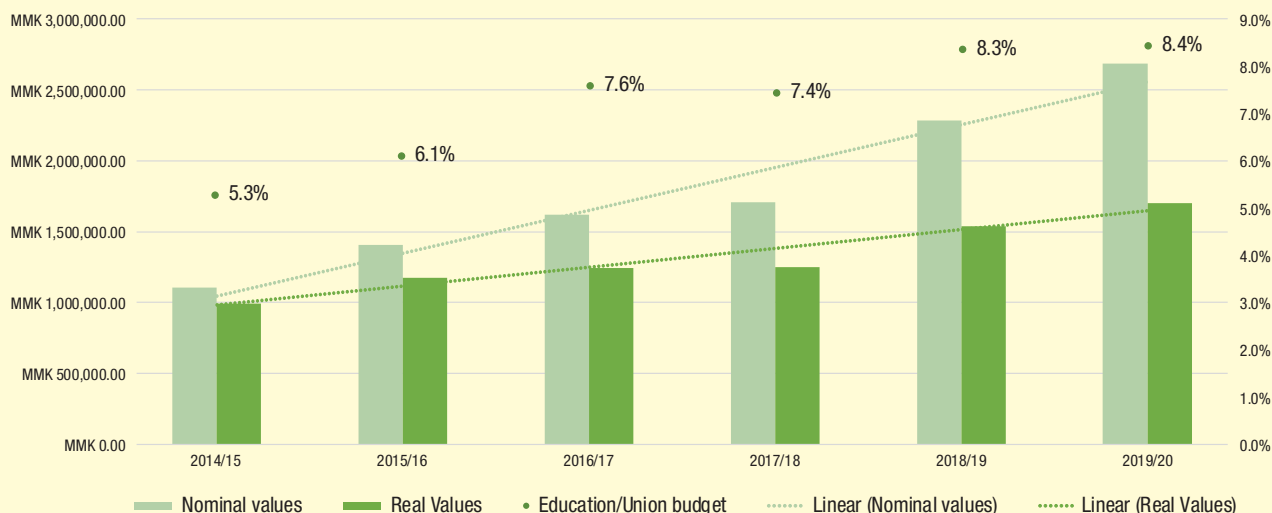
12 The rate exchange applied in this BB is \$:kyat=1:1,450, as an average for the 12 previous months. It should be noted however that in the period of the analysis, the Kyat has been appreciating against the dollar.

13 The Union budget Law 2018/19 includes the portion allocated through the Supplementary Budget Law, while the 2019/20 does not (not yet approved at the time of this analysis). It should be noted that in supplementary budgets, the portion of allocations provided to social sectors have been minimal (between 1-5 per cent). In fact, after the incorporation of the supplementary budget, the allocations to social sectors tended to reduce, as a share of the Union budget.

14 The source of GDP (current prices) is the Ministry of Planning, Finance and Industry (MoPFI), as reflected in the Citizens' Budget 2019/20.

15 Real values are indexed to 2011/12, calculated discounting year-on-year inflation from nominal values.

**CHART 5 Trends in allocations to the Ministry of Education, nominal and real values (2014/15-2019/20, Million Kyats)**

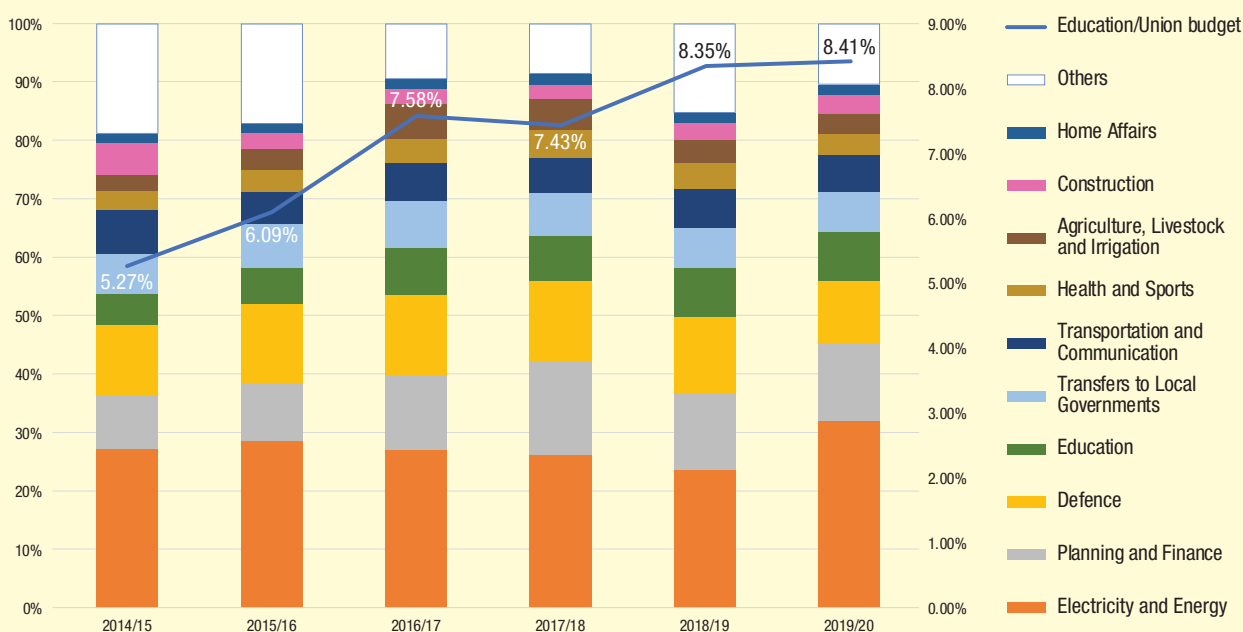


In 2013/14, the education sector – here specifically the Ministry of Education - became the fifth largest recipient of budget allocations. In 2017/18 it became the fourth, as MoE’s budget surpassed the total transfers to the State/Region governments. In 2019/20, the largest recipients of budget allocations are the

Ministries of Electricity and Energy, Planning and Finance, and Defence.

The following chart presents the evolution of education within the main 10 areas, in the last 5 years<sup>16</sup>.

**CHART 6 Share of education amongst main budget allocations areas (2014/15-2019/20)<sup>17</sup>**



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 per cent,

to make the best possible use of available resources. Situations of significant deviation from this standard, over a certain period, should be investigated and understood; and actions to improve the execution rate should be considered.

16 The category “others” includes all other budget holders, besides the 10 top receivers.

17 Note the 2019/20 budget law has allocated funds separately to the Ministry of Planning and Finance and to the Ministry of Industry. Budget-wise, the merge of the two will only become visible in the FY 2020/21

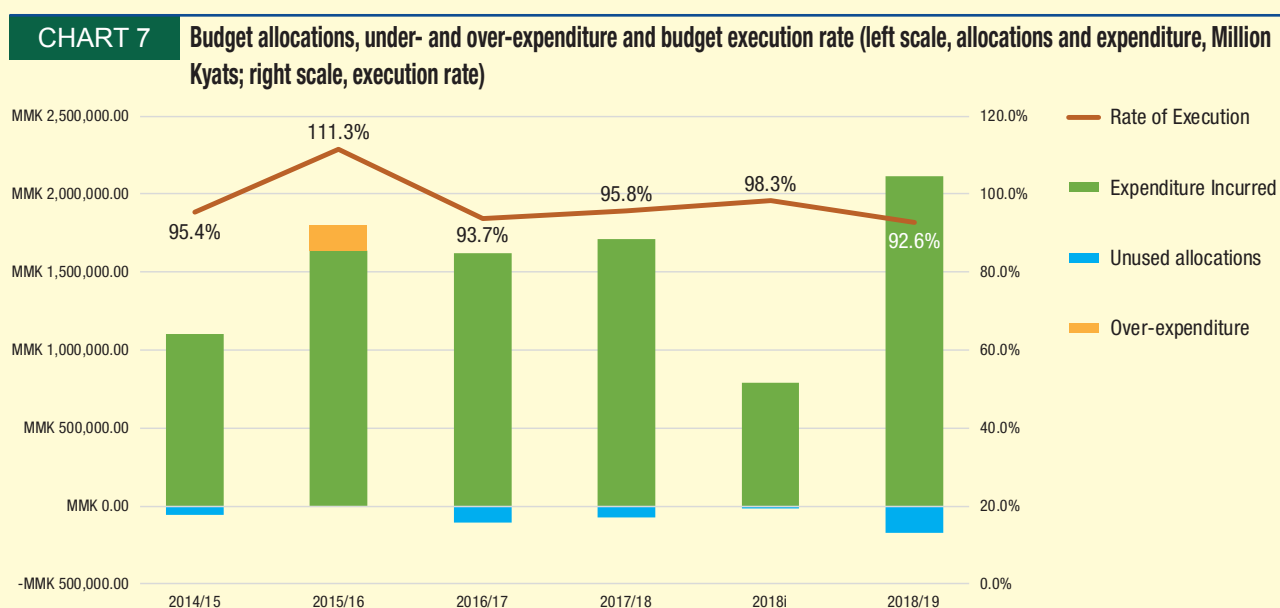
In the period between 2014/15 and 2018/19<sup>18</sup>, the average rate of execution of MoE's budget was 97.9 per cent.

Within this period, the lowest execution rate was observed in 2018/19 (92.6 per cent). Since data do not reflect actual expenditure, but only provisional actual – we should expect this figure to increase as data on expenditure are gradually aggregated. In this year, the low budget execution appears to be related particularly to capital expenditure, with 76 per cent execution rate; compared to 98 per cent in current expenditure.

The highest execution rate was observed in 2015/16, at 111.3 per cent, representing a significant over-execution of the budget. Specifically, the over-execution is observed in capital expenditure of four departments and may relate to the late accounting of investment expenditure.

Although the execution rate is high, MoE is committed to carefully following up on all situations potentially leading to delayed or insufficient utilization of resources. There are specifically three situations that MoE has kept under observation: (i) under-utilization of the construction budget, due to reasons including lower-than-estimated contractual prices; (ii) delays in recruitment of new staff, resulting in unutilized 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. MoE has taken significant steps to tackle **PFM bottlenecks** that could hinder budget execution.

The next chart summarizes expenditure (including over allocations), unused allocations and budget execution rate.



The share of budget allocations provided through “contributions”, a proxy of the **on-budget external support**<sup>19</sup>, fell to an almost negligible 0.27 per cent of total allocations in 2019/20 (0.38 in 2018/19, 0.45 per cent in 2018). With the upcoming Sector’s Budget Support, it is expected that this portion will increase significantly from the next fiscal year.

Stakeholders in the education sector often refer to the international benchmark of 15-20 per cent of total government expenditure as both a target and a threshold for expenditure on education. The 2015 Amendment to the National Education Law (NEL, 2014) introduced a **national target of 20 per cent** of government expenditure on education. The chart below shows a comparison between ASEAN countries<sup>20</sup>, using data from the World Development Indicators’ (WDI) government expenditure on education, as a percentage of government expenditure. While data gaps exist for all country series, Myanmar’s

most recent figure is 10.5 per cent (2019), which would be compatible with the share of the total budget allocated to MoE (8.4 per cent), and the share of the education expenditure that occurs outside MoE (16.6 per cent<sup>21</sup>), as expressed by the World Bank’s Public Expenditure Review in 2015.

According to the WDI, government expenditure on education, as a share of total government expenditure, has slowly and slightly increased in the last 3 years, from 10.1 per cent to 10.5 per cent. This puts Myanmar in second-to-last position among ASEAN countries, above Cambodia. Despite the significant data gaps – only four ASEAN countries have data for the past three years – Myanmar remains in the lower-tier of ASEAN countries, while the high-tier comprises Thailand, Singapore, Indonesia and Malaysia (close to the 20 per cent); Vietnam and Laos (close to 15 per cent), followed by Brunei, Myanmar and Cambodia at around 10 per cent.

18 This BB uses Actuals (A) until 2017/18, Provisional Actuals (PA) for 2018/19. In terms of budget execution, data on actual or provisional actual are available until 2018-19.

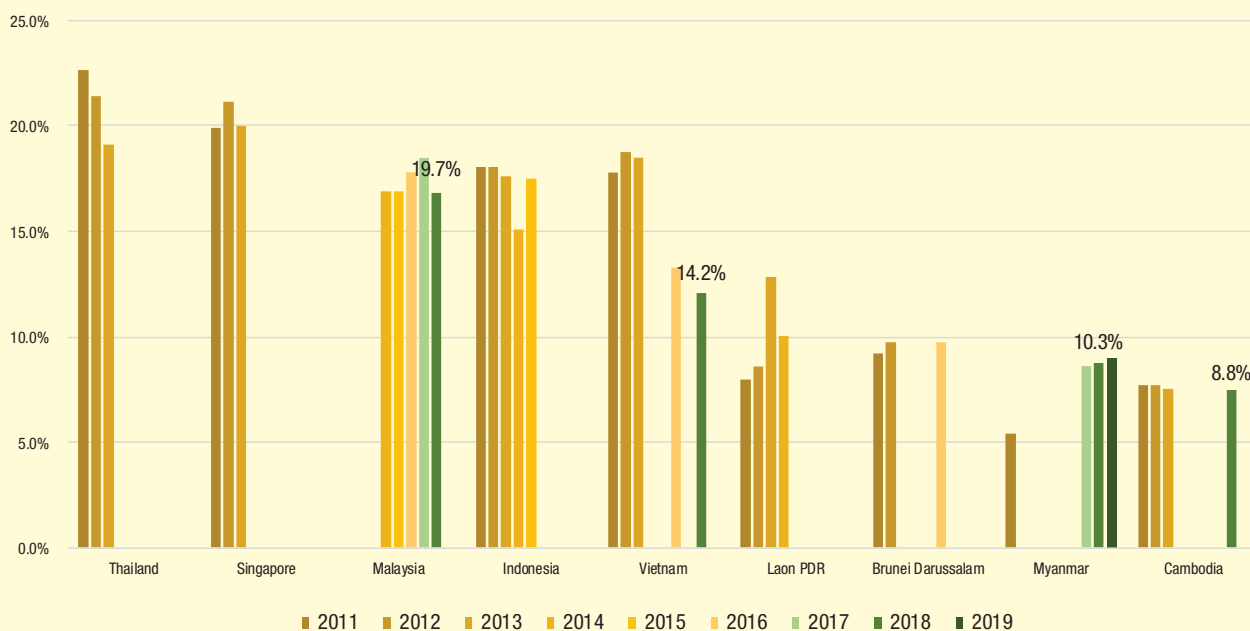
19 On-budget external support refer to grants and contributions from Development Partners to MoE, which are recorded in MoE’s budget

20 The Philippines are also part of the ASEAN communities, though no data is available in the time-frame 2011-19, thus this is not shown in the chart

21 WB (2015), PER



**CHART 8** Government Expenditure on Education (% of government expenditure, WDI) in ASEAN countries



## Composition of Education Budget

At Union level, the current organizational structure is based on 12 departments. In 2019/20, in line with previous years, three of these departments accounted for 98.4 per cent of total allocations. These are: the Department of Basic Education (DBE, 74.6 per cent), the Department of Higher-Education (DHE, 17 per cent) and the Department of Technical, Vocational Education and Training (DTVET, 6.8 per cent).

The three departments – as administrative entities – are directly associable to their respective programmes of Basic, Higher and Technical, Vocational Education and Training; and each department’s allocation corresponds to the budgeting of the respective programme. Most of the funds to operationalize programme implementation are allotted to their local offices - State and Region, or Township Offices – within the departmental structure.

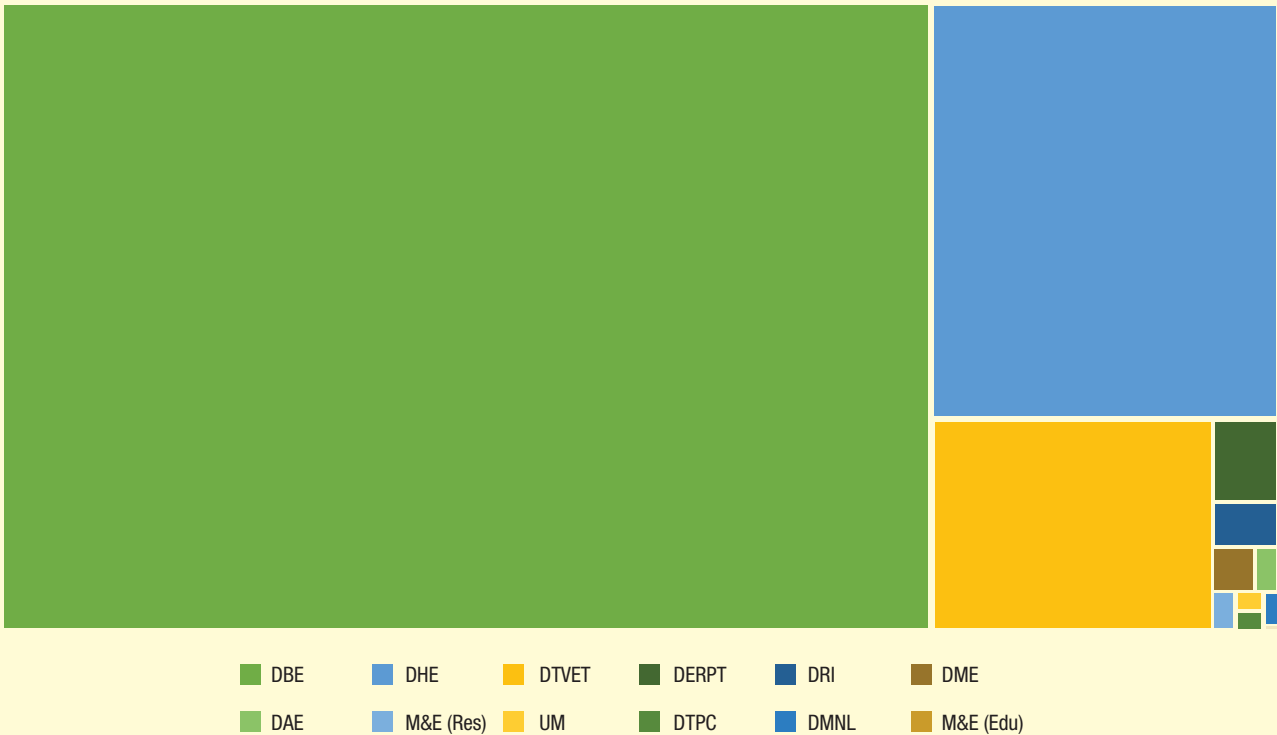
The remaining nine departments – which are mostly established exclusively in Nay-Pyi-Taw<sup>22</sup>– have been operated with less than 1.6 per cent of the total Ministry’s budget, worth US\$29.4m in 2019/20.

## MoE Departments

<b>UM</b>	Union Minister’s Office
<b>DHE</b>	Department of Higher Education
<b>DERPT</b>	Department of Educational Research, Planning and Training
<b>DBE</b>	Department of Basic Education
<b>DME</b>	Department of Myanmar Examinations
<b>DMNL</b>	Department of Myanmar Nationalities’ Languages
<b>DAE</b>	Department of Alternative Education
<b>DTVET</b>	Department of Technical, Vocational Education and Training
<b>DRI</b>	Department of Research and Innovation
<b>DTPC</b>	Department of Technology Promotion and Coordination
<b>M&amp;E (Edu)</b>	Monitoring and Evaluation (Education)
<b>M&amp;E (Res)</b>	Monitoring and Evaluation (Research)

22 With the notable exception of DTPC

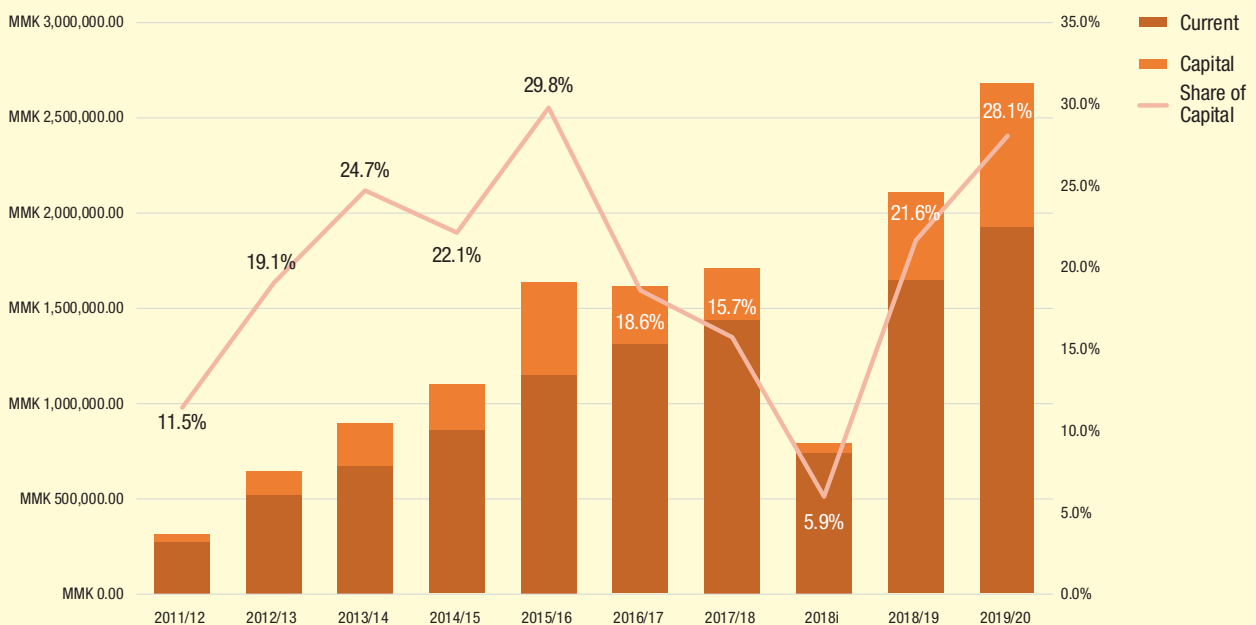
**CHART 9** Composition of Education Budget (2019/20)



In 2019/20, 72 per cent of total allocations were provided for current expenditure and the remaining 28 per cent went for capital expenditure. If in average the proportion of current-to-capital has rounded 5-to-1, this is showing a renewed increase in capital investment, which corresponds to +65 per cent compared to 2018/19 and specifically targets DTVET

(+215 per cent), DBE (+55 per cent) and DHE (42 per cent). The following chart shows trends for allocations for current and capital expenditure, and the relative share of the latter of the total allocated, thereby providing a long-term perspective of variations in the share of capital spending.

**CHART 10** Current and capital expenditure (left-scale, Million Kyats), and share of capital expenditure on total (right-scale)



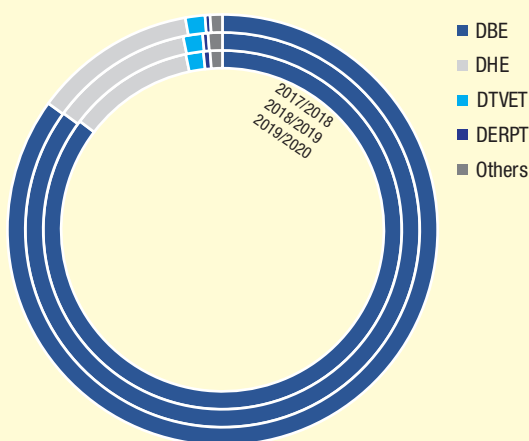
The next set of charts will look in more detail at the distribution of allocations for current and capital expenditure across departments, focusing on the last three fiscal years.

Amidst the conjunctural trend of increasing allocations to capital expenditure, key features are the rapid growth in investment for Higher Education and TVET particularly, specifically in 2019/20.

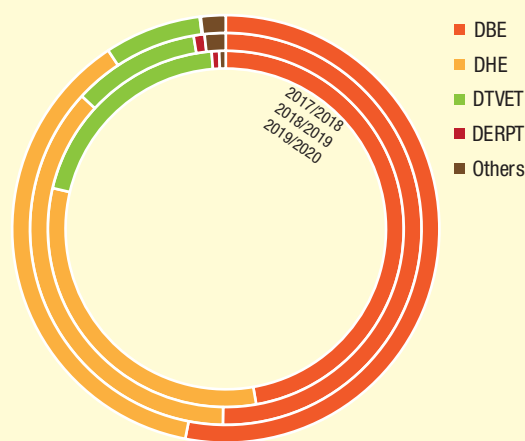
In 2019/20, Basic Education absorbs 85 per cent of the allocation for current expenditure but only 47 per cent of the capital; Higher Education absorbs 11 per cent of allocations for current expenditure and 31 per cent of those for capital; TVET 1.6 per cent of current and 20 per cent of capital; finally, DERPT 0.6 per cent of current and 0.7 per cent of capital.

The two charts below present trends in distribution of allocations for current and capital expenditure for each of the four main budget holders, over the last three years:

**CHART 11** Current expenditure, share of 4 main budget owners (share of total, 2017/18 - 2019/20)



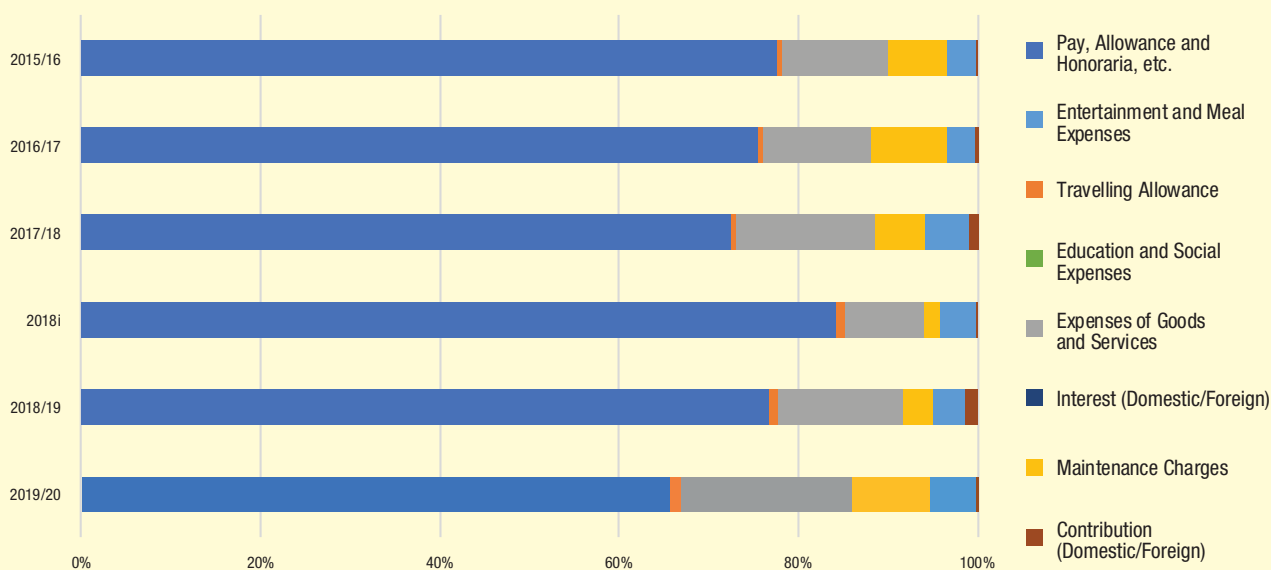
**Capital expenditure, share of 4 main budget owners (share of total, 2017/18 - 2019/20)**



Looking more specifically at current expenditure, approximately 75 per cent of that has been used on **pay, allowance and honoraria**, and the remaining 25 per cent for all other categories. This split appears to be quite homogenous over time, with the exception of the mini-budget 2018, where

the portion was above 80 per cent, the result of the hiring of approximately 20,000 staff. Recent trends include contraction of expenditure in **maintenance charges** and the increase in **expenses with goods and services** and **contribution (domestic/Foreign)**.

**CHART 12** Current Expenditure by Economic Classifier (2015/16-2019/20, share of total)



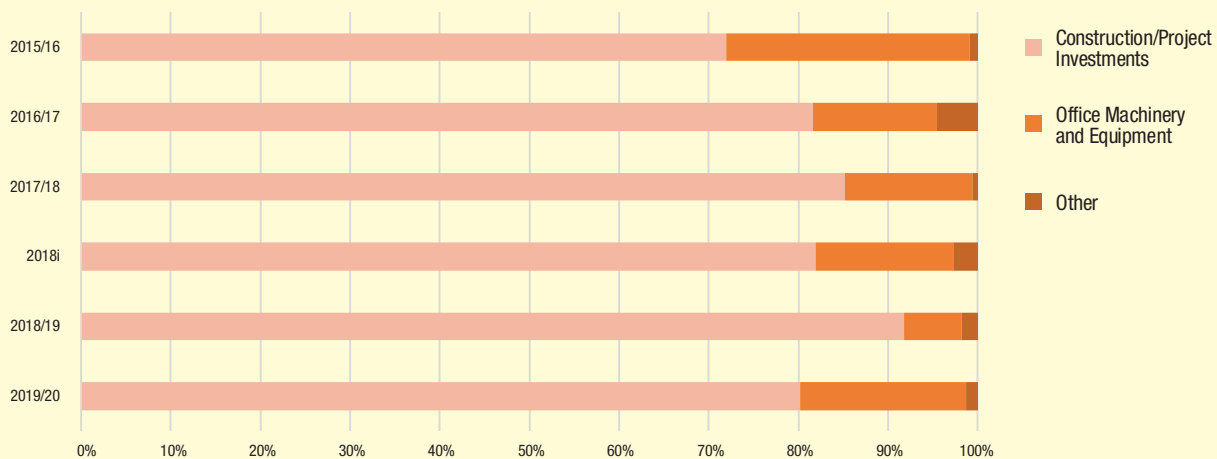
The portion on expenditure for salaries is substantial for DBE (68.5 per cent of total allocations), at 1,647.6 billion Kyats (US\$ 1.13 billion), DHE with 219.3 billion Kyats (US\$ 151 million) and DTJET, with 30.537,5 billion Kyats – while it remains below 11.8 billion Kyats for each of the other departments.

The share for constructions/project investment in 2018/19 has been higher than usual, possibly the effect of the carry-over of funds from the 2018 mini-budget, for projects that could not be started or completed.

With regards to capital expenditure, an average of 80 per cent has been used for project investment (construction).

The following chart presents the composition of the capital expenditure budget by economic classifier:

**CHART 13 Capital Expenditure, per Economic Classifier (2015/16-2019/20, share of total)**



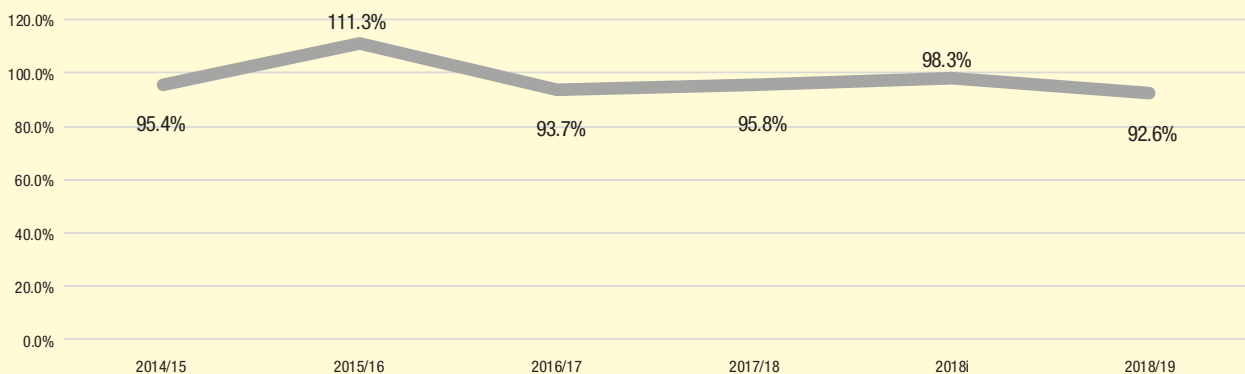
Budget-wise, recent investments in construction have been significant for Basic Education, Higher Education and TVET (2018/19 and 2019/20).

## Budget credibility and execution<sup>23</sup>

Budget allocations to the Ministry of Education have steadily increased over the period 2011/12 to 2019/20. In real terms, this corresponds to a 5.5-fold increase, while the MoE's share of the total Union budget has more than doubled. Against this background and potential concerns about absorption capacity, data show that the execution rate remained quite high, as the next chart shows:

It should be noted that external support is minimally reflected in this budget, representing a portion of less than 1 per cent of total allocations. As already mentioned, over-expenditure was registered in the year 2015/16, due to late registration of capital expenditure.

**CHART 14 MoE Budget Execution Rate (% of expenditure on initial allocations)<sup>23</sup>**



<sup>23</sup> 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".

<sup>24</sup> Actual (2014/15-2017/18) or Provisional Actual (2018/19)

## Equity of spending

The NESP articulates the **basic education** transformational shift as a situation where **all children can access, progress through and successfully complete quality basic education**, and points out four challenges for 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.

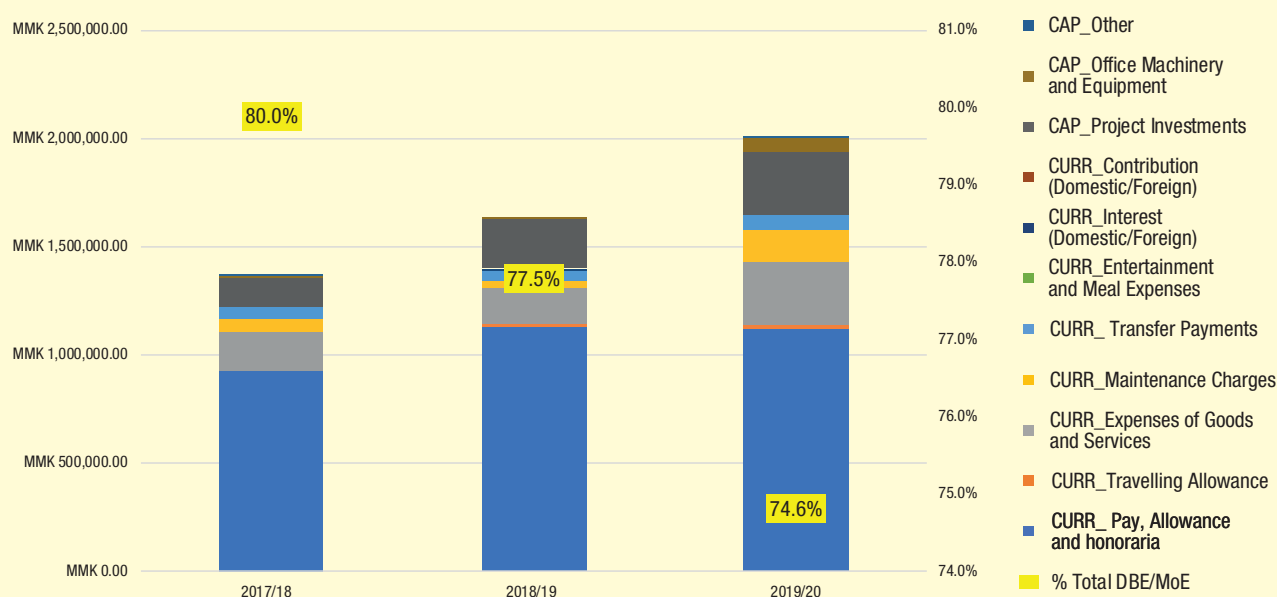
This chapter focuses on the role of the **Department of Basic Education (DBE)** in tackling these challenges, specifically to

integrate equity aspects in the roll-out of the basic education programme across the country, strengthen with equity-adjusted indicators; and examine the relationship between the distribution of the department's budgetary resources across the 14 States and Regions and the results in education<sup>25</sup>.

DBE's budget allocations in 2019/20 were **2,004.4 billion kyats**, a +22.4 per cent increase from 2018/19 and +19.7 per cent from the previous fiscal year, which maintains Basic Education at approximately 75 per cent of the Ministry entire budget. The chart below shows the composition of allocations to DBE, according to the economic classifiers, differentiated by current expenditure (01-06, interest and contribution (Domestic / Foreign) and capital expenditure (CON, M&E, Other).

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**CHART 15** Composition of the DBE Expenditure (left scale, Million Kyat) and share of total MoE budget (right scale)



A significant portion of the funds managed by DBE – above 90 per cent on average in the past 10 fiscal years – are transferred to subnational administrations of DBE in State and Regions. The amount of each allotment is calculated on the estimated current expenditure, based, for example, on the number of teachers deployed to the State or Region. These estimates are regularly revised against actual expenditures, such as real terms costs of salaries for those teachers. Thus, the estimates become increasingly more accurate, and execution rates tend to nearly 100 per cent<sup>26</sup>. Additionally, another portion of the remaining 10 per cent relates to DBEs in States and Regions, as it is used to finance for constructions, which are managed by S/R governments and S/R offices of DBE<sup>27</sup>.

The chart below provides an update on expenditures on the Basic Education programme in States and Regions<sup>28</sup>. In the

2018 Education Budget Brief, it was noted that expenditure of S/Rs DBE had been increasing regularly since 2011/12, before plateauing in 2017/18 (with the exception of Rakhine State), due to reduced allocations. It was also noted that the share of each S/R had remained substantially the same over the years.

With the 2019/20 BB, we observe that the expenditure has been higher in 2018/19 and 2019/20 than any time in the past, although Budget Estimates for 2019/20 still show a reduction compared to the year before. It can also be seen that the relative share of expenditure has not changed, with the exception of Magwe Region that in 2019/20 utilized the third highest share of expenditure.

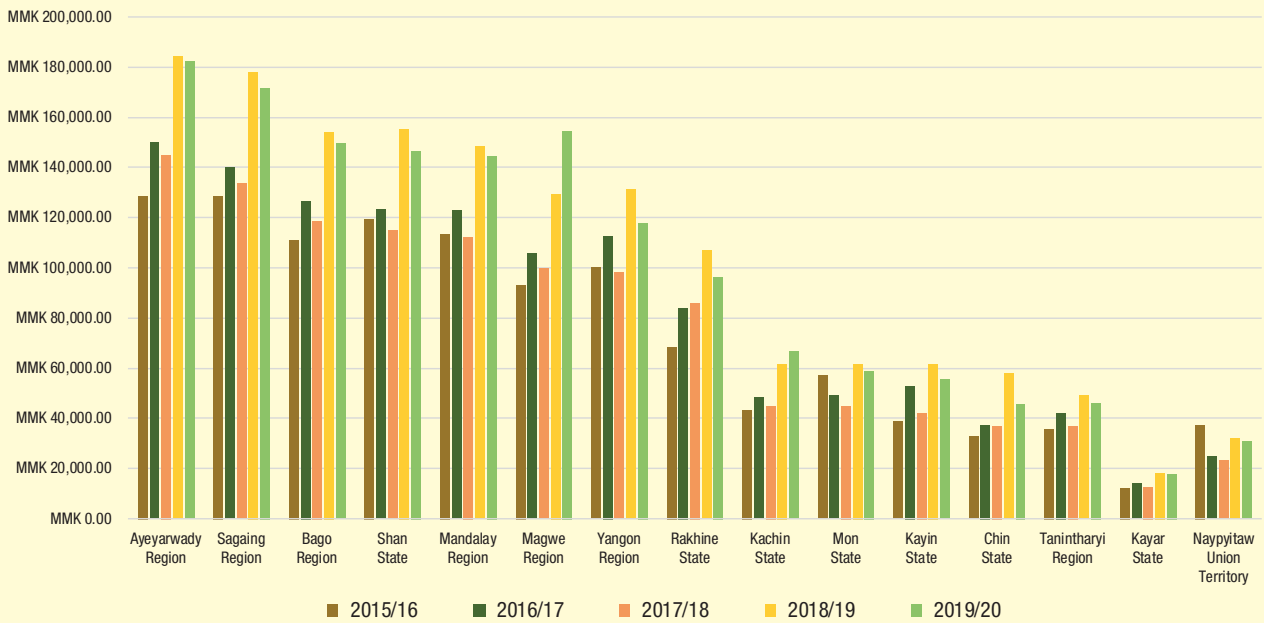
25 During the technical sessions, work was done to look at the transfers to State/Regions for the TVET and HE programmes. This interesting work has not found space in this brief.

26 In average, rate of execution is above 99.9 per cent, the lowest being Rakhine State with 98.84 per cent.

27 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.

28 The volume of expenditure depends on the transferred allocations. For any year, expenditure are close to 100 per cent of allocations

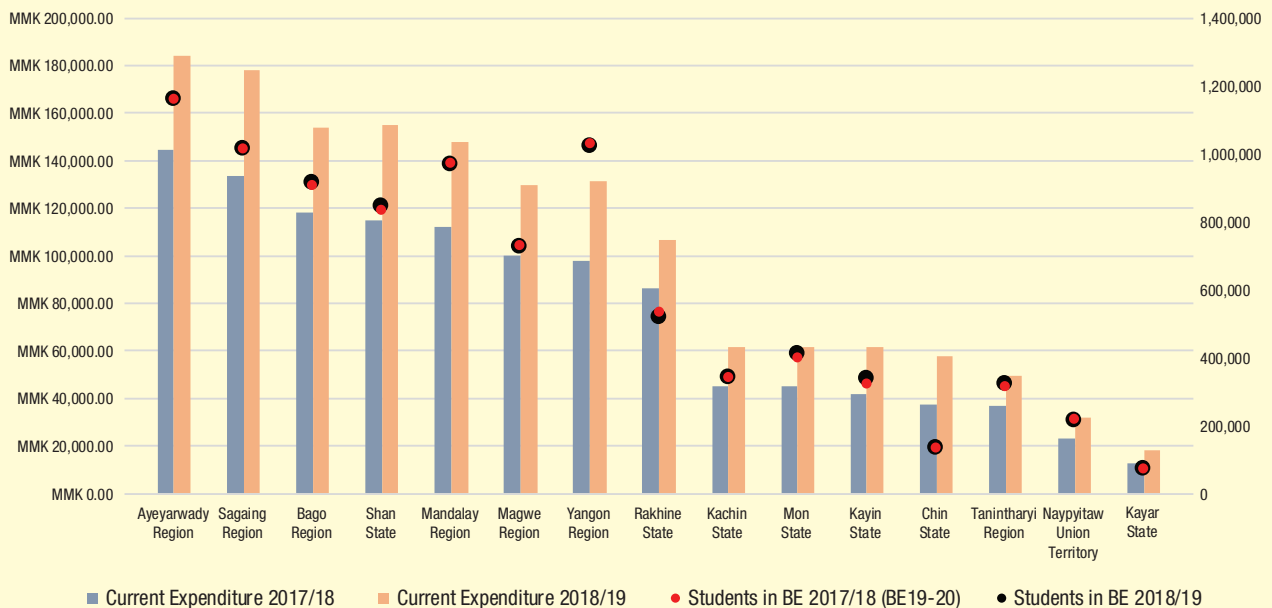
**CHART 16** Transfers to S/Rs DBEs, expenditure (million Kyats, 2015/16-2019/20)



The share of allocations transferred to each State or Region for current expenditure has remained approximately the same, although there are significant differences in the volume of funds transferred. 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 three years.

The following chart shows current expenditure on Basic Education in States and Regions for the last two fiscal years (left scale), plotted against the number of in Basic Education in those years (right scale). With few exceptions, the States and Regions found on the left side of the figure are the ones with both the largest number of students and the largest expenditure, suggesting that the former is strictly correlated with the allocations provided.

**CHART 17** Current expenditure on Basic Education in S/Rs (left-scale, million kyats, 2017/18 and 2018/19), compared with number of students in basic education (right-scale, 2017/18 and 2018/19)



Despite the fact that expenditure on Basic Education has increased in all States and Regions compared to the previous fiscal year, the number of students in BE has not varied significantly (labels refer to green marker: 2018/19).

In fact, the criteria above have resulted in nominal allocations that have primarily followed the volume of basic education activities, which varies substantially across States and Regions; and secondarily the relative efficiency of the S/Rs administrations to execute their funds – which has been high.

Basic Education at State and Region level is the largest and most traceable programmatic budget. MoE has been increasingly interested in understanding how to gradually adjust allocations, in consideration of the principle of equity.

For this purpose, this BB considers indicators for two key sectors at S/Rs level, in order to compare with current levels of allocations and expenditure in DBE. These indicators are **enrolment rate** and matriculation results. The aim is to understand to what extent patterns in allocations have responded to equity criteria, and how much space there would be to use equity-sensitive indicators to adjust budget transfers to S/Rs<sup>29</sup>.

The following table presents sectors demographics (numbers of students and teachers), results in primary net enrollment rate, and matriculation results, from the last complete fiscal, disaggregated by state and region.

**CHART 18** Key education sector data (million MMK, 2011/12-2017/18)

	Students	"Teachers in Basic Education"	"Primary Net Enrollment Rate (2016/17)"	"Matriculation Results (2016/17)"
Ayeyarwady Region	1,160,349	52,565	99.16	28.90
Sagaing Region	1,014,626	46,915	96.49	34.15
Bago Region	913,224	42,405	98.16	28.11
Shan State	845,448	37,113	86.35	26.66
Mandalay Region	966,824	40,586	99.91	36.13
Magwe Region	727,281	35,667	99.56	32.29
Yangon Region	1,023,261	32,683	99.52	32.63
Rakhine State	518,925	24,567	97.48	23.97
Kachin State	339,352	13,764	97.58	29.28
Mon State	409,516	15,562	99.94	37.54
Kayin State	335,969	13,784	99.45	27.67
Chin State	133,322	8,992	97.75	19.59
Tanintharyi Region	320,961	12,666	98.39	33.78
Kayar State	72,808	8,159	96.89	27.96
Nay-Pyi-Taw	214,403	3,813	96.30	30.86
total	8,996,269	389,241		

Source: MoE 2020

The country's 2018/19 per-student expenditure on basic education corresponds to 170,101 Kyats (compare with 128,052 MMK in 2017/18). With data from the table above, the next chart presents a comparison of the results over the past two complete years, of 1) per-student expenditure on basic education, 2) S/Rs students per teacher and 3) matriculation results:

The chart displays information on three indicators related to basic education in different States/Regions: 1) Per-student expenditure; 2) Students per teacher; 3) Matriculation results. For each of these indicators, data are provided for two years - 2017/18 and 2018/19, with a short-term trend becoming visible (labels on the markers refer to the most recent year). States and Regions are ordered by the highest per-student expenditure, from left to right.

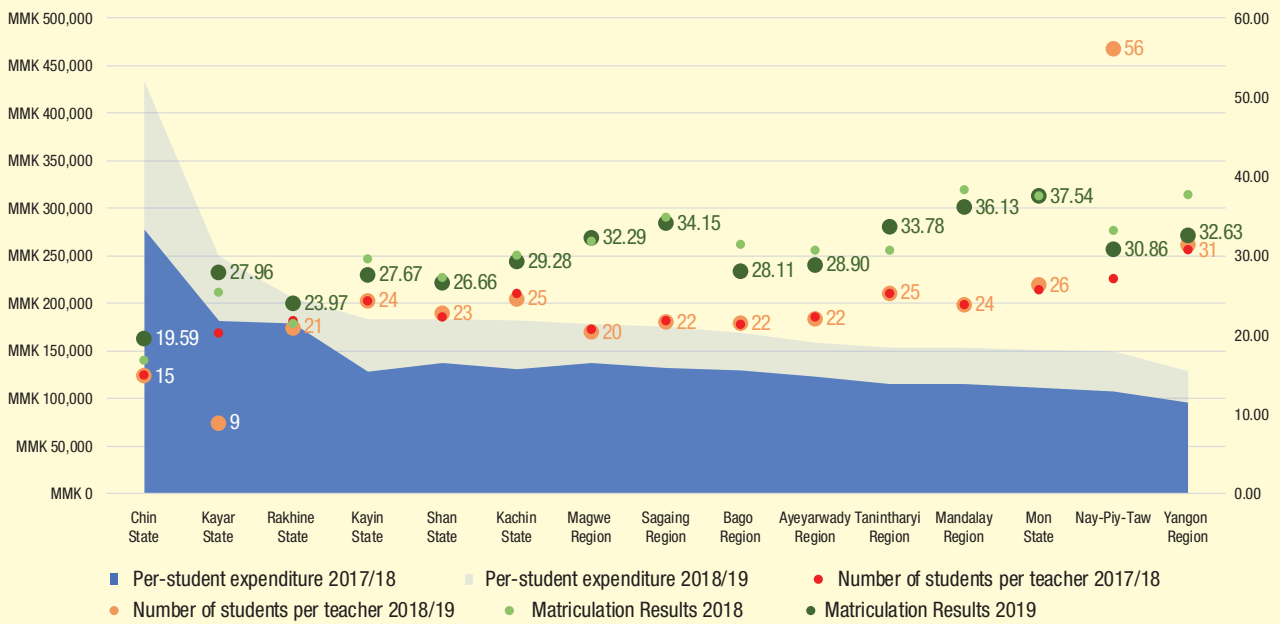
- 1) Myanmar's average per-student expenditure on basic education in 2018/19 was 170,101 Kyats, up from 128,000 the year before (left scale). This country average masks significant variances across States and Regions: Chin,

Kayar and Rakhine have higher expenditure; whereas Mon, Nay-Pyi-Taw and Yangon have lower expenditure. Overall, the chart shows a remarkable increase in basic education expenditure, which has been distributed proportionally to the year before (see also table 17).

- 2) States and Regions with higher per-student expenditure on basic education are also those with a lower student-to-teacher ratio. This is to be expected, since budget allocation for salaries is determined by the volume of appointments of teachers. S/Rs show an average of 24 students per teacher, with a rather narrow variance. Year-on-year, the markers show the ratio has worsened (improved, four cases; worsened, eight cases; no change, three cases) suggesting that higher budgets have not directly and immediately translated into greater numbers of teachers per student. There might be many reasons for this, and it is advisable to monitor this element over a longer timeframe.

<sup>29</sup> 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

**CHART 19** 2017/18 vs 2018/19 - per-student expenditure in S/Rs (left-scale), students per teacher and matriculation results (right scale) in Basic Education



3) When matriculation results are considered, they appear to be worse on the left side and better on the right side of the chart<sup>30</sup>. This can be interpreted as showing that, notwithstanding a certain degree of variance in per-capita expenditure, better student-to-teacher ratios have not resulted in visible improvements in matriculation results, which in some cases remain very low. On a positive note, the three States with the highest per-capita expenditure and among the lowest student-to-teacher ratios, have had better matriculation results in 2019, compared to 2018. On a less positive note, in the four S/Rs where per-capita expenditure was the lowest, matriculation results have worsened.

Whereas national figures for per-student expenditure express the average cost of providing basic education in Myanmar, S/Rs per-student expenditure reflect the challenges of guaranteeing the same service under different local conditions. Bringing the Union-level standard of basic education services in Chin and Kayar, for example, requires a relatively higher investment than in Mandalay, Mon or Yangon. Despite the fact that the formula for S/R allocations in basic education does not openly consider these local conditions, the analysis of per-capita expenditure indicates that, in practice, some adaptation has occurred.

More work will need to be done in this respect. Recently, the Financial Management Roadmap (FMR) has proposed some improvements for school grants, with action 3.1 foreseeing the introduction of a ‘fixed tranche’ to reflect basic operational costs incurred by all schools and separating this from a ‘variable tranche’ based on number of students. Similarly, action 2.1.a intends to: “review and revise the allocation formula for determining state/region (and subsequently township) level capital budget ceilings, by incorporating more relevant indicators that result in allocations that address disparities in school infrastructure over time”. These measures can be considered for other funding flows.

Finally, this analysis represents an effort to connect some of the key elements that influence the success of basic education across the country, using a logical approach that goes from budgets to inputs, through outputs, to outcomes. Given the limited scope of work for this budget brief, it is recommended to conduct more granular analysis, beyond this aggregate data set. Specifically, it is recommended to look more carefully at the township level; to the drivers of student-teacher ratios; at long-term correlations with matriculation results; and particularly, how to attribute an equity incentive that allow S/Rs to invest more, better, while incentivizing good performance in key areas, for example in service delivery for out-of-school children.

30 For matriculation results, the left scale should be read as a percentage



## Sources of financing

Whereas the National Education Law (NEL, 2014) and its Amendment (2015) prompted the government to rapidly scale-up financing to the education sector, the National Education Strategic Plan has provided an estimate of the cost of education provision, and necessary financing.

Most of this financing need has been met through government resources. In fact, the structure of financing of education has substantially changed in recent years. As the NESP recalls, in the period 2009–10/2011–12, households were providing approximately 60 per cent of the total cost of education<sup>31</sup> while, since 2016/17, that share has been falling, as government investment has poured in resources to finance NESP policies<sup>32</sup>. As the sector moves on with the implementation of the NESP, it is expected that government financing will remain a key driver in the medium-term. The challenges that the education sector has faced as a result of the COVID-19 pandemic will likely require the government and the Ministry to re-think some education approaches and quickly reassess the cost implications.

As previously noted, the 2019/20 Budget Estimates (BE) for the Ministry of Education accounted for MMK 2,685 billion kyats: this represents 76/79 per cent of the total cost of education provision<sup>33</sup>, as per NESP.

CHART 20



Chart 20 shows that, in practice, **NESP's financing gap** can be currently considered around 25 per cent. If this is true in terms of total costs implied, further work is needed to ensure that allocations are directed to the most strategic programmes. The FMR suggests presenting the plan to the Annual Budget Review (ABR) in December for strategic discussions before the preparation of the upcoming budget starts.

In 2019/20, MoE was budget of MMK 214.6 billion<sup>34</sup> of **revenue allocations**, equivalent to 8.0 per cent of its expenditure allocations.

Revenues are composed of **five categories**: (1) current receipts, (2) foreign aid, (3) loans and (4) capital receipts<sup>35</sup> and (5) grant receipts, the latter being budgeted since 2018/19 and rapidly becoming the main source of revenues (36 per cent).

Grant and foreign aid receipts represent some 5 per cent of the total expenditure allocated to MoE. A simple query to the **Mohinga database** – Aid Information Management System – might confirm this share. Additionally, the sector benefits from project expenditures falling outside the Union budget, including the **MIMU's 3Ws**<sup>36</sup> which included more than 5,000 on-going initiatives by civil society organizations in the education sector.

## Key Policy Issues

1. The portion of the Union budget allocated to MoE has regularly increased and is now firmly above 8 per cent. It is important to maintain the 20 per cent indicated in the NEL (2015) as the long-term reference target through gradual but regular year-on-year increases. Additional efforts must be made to ensure that resources are used in the most strategic programmes.
2. Where as the government has demonstrated its commitment to meet the projected government financing target for the NESP, in the range between 75 and 79 per cent in 2019/20, it would be important to integrate expenditure from State and Regions, expenditure in education from other sectors and development partners. Crucially, it would be important to reflect on the change in education techniques that the COVID-19 pandemic has necessitated, and the costs associated with that.
3. It will be important to continue to explore the reasons behind the constraints in budget execution, as unused allocations represent a lost opportunity for the effective implementation of education programmes.
4. There is still an opportunity to look at equity in spending, associated with performance in results, to improve the formula to allocate funds to States and Regions. This would further contribute reducing regional disparities and accelerate results in education.
5. Furthermore, from an equity perspective, the implementation of MoE's 'no-one-left behind' policy will ensure additional focus on the number of children who are out of school and will allow examination of MoE's strategies and allocations to attain this result, including for learners in non-formal primary education.

31 NESP, 2.2 education finance, pp. 56

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

33 Depending on the low/high-resource scenarios

34 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.

35 MoPFI Citizens' Budget 2017/18 reported this as "foreign grants" and "foreign loans"

36 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.

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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

MoPFI – Ministry of Planning, Finance and Industry

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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