

Education spending

Public spending on education reflects society's investment in children to equip them with fundamental social and economic skills needed to be self-sufficient in their lives. Investing in education reduces poverty and boosts economic growth through human capital development, and is most efficient, in terms of long-term costs and benefits to society, and effective, in terms of human capital development, when investment starts during the early years and continues throughout childhood.

Public spending on education is around 4% of GDP on average across the Asia/Pacific and the OECD (Figure 3.12). However, cross-national variation is considerable. In 2020, public investment in education amounted to 8% of GDP in Tonga, but less than 2% of GDP in Bangladesh and Papua New Guinea.

Public spending on education as a percentage of GDP can be higher in richer countries than in poorer countries but this is not necessarily so (Figure 3.13). For example, public spending on education as a percentage of GDP is similar in Australia, Georgia, Korea, Mongolia, Samoa and Uzbekistan, at very different levels of GDP per capita (Chapter 2). These differences can be explained by a range of factors, such as the role of private financing of education, which in Korea is among the highest in OECD countries, the level of wages of educators, costs of education material, and also population structures (Chapter 2). For example, the proportion of children (0-19) in the populations of Mongolia and Samoa (38% and 47% respectively) is much higher than in Australia (25%) or Korea (17%).

When considering education spending per student the picture is different. Public spending on education per primary student is higher in richer countries (Figure 3.14) in the OECD on average it is more than twice as high as on average across the Asia/Pacific region. Public investment in education per student in Nepal is comparatively low, but still higher than in Cambodia (KHM) where GDP is higher than in Nepal (Chapter 2).

Data and measurement

Data on public education spending as a percentage of GDP were taken from OECD (2021^[1]) *Education at a Glance for the OECD countries*, and the UNESCO Institute for Statistics for other Asia and the Pacific countries (<http://data.uis.unesco.org/>). Public spending on education includes government spending on educational institutions including different levels of education as pre-primary, primary, secondary education and post-secondary education and tertiary education, spending on fee support for low-income parents and towards school meals is included. Data on public spending per primary education student (in USD PPP) were taken from the UNESCO Institute for Statistics.

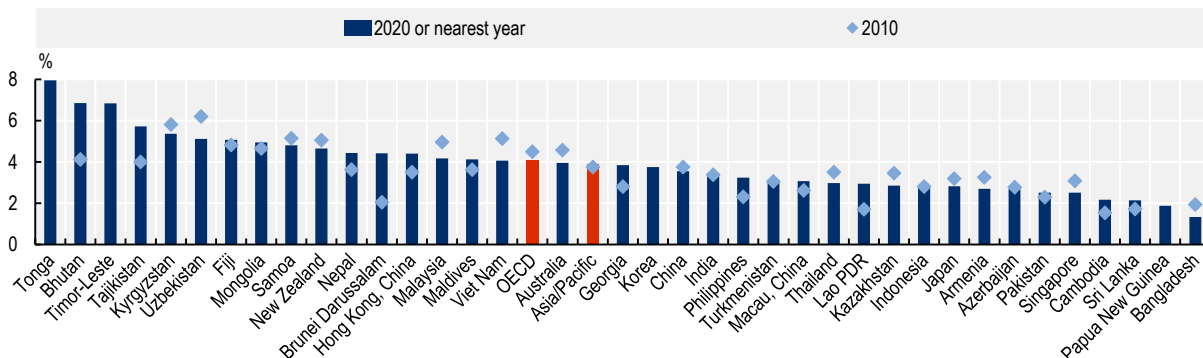
References

OECD (2021), *Education at a Glance 2021: OECD Indicators*, OECD Publishing, Paris, [1]
<https://doi.org/10.1787/b35a14e5-en>.

United Nations (2019), *World Population Prospects - 2019 Revision*, [2]
https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf.

Figure 3.12. Public investment in education increased across Asia Pacific countries

Public expenditure on education as percentage of GDP in 2010 and 2020

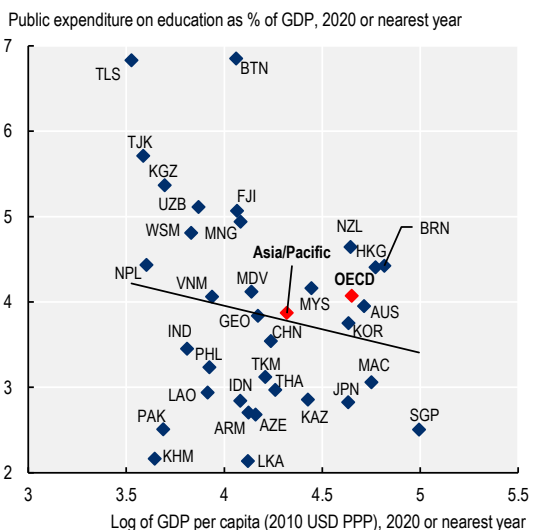


Note: Data refers to 2010 except for New Zealand and Turkmenistan (2012), Bangladesh (2009) and Samoa (2008). Data refers to 2020 except Tonga, Tajikistan, Kyrgyzstan, Fiji, Mongolia, Malaysia, Maldives, Viet Nam, the Philippines, Turkmenistan, Macau, China (China), Thailand, Kazakhstan, Indonesia, Azerbaijan, Pakistan and Bangladesh (2019); Bhutan, Timor-Leste, New Zealand, Nepal, Australia, Korea, China, Japan, Cambodia, Sri Lanka and Papua New Guinea (2018); Brunei Darussalam and India (2016); and Lao PDR (2014).

Source: UNESCO Institute for Statistics (2021), Government expenditure on education as a percentage of GDP <http://data.uis.unesco.org/>; OECD (2021), *Education at a Glance 2021: Educational finance indicators for OECD countries.* <https://doi.org/10.1787/edu-data-en>.

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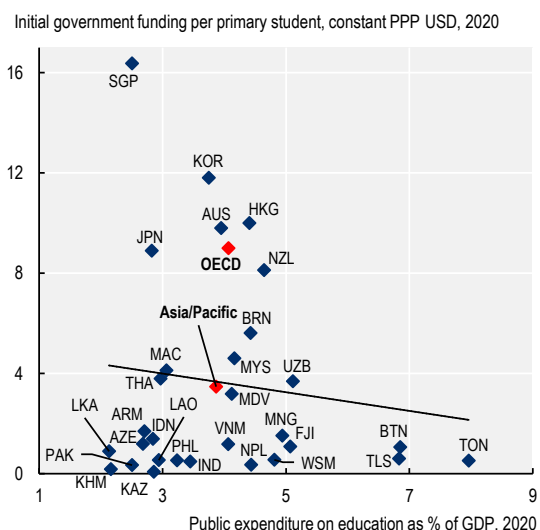
Figure 3.13. Rich countries do not necessary spend more on education



Source: UNESCO Institute for Statistics, Finance Indicators by ISCED level, <http://data.uis.unesco.org/>; OECD (2021) *Education at a Glance 2021: Educational finance indicators,* <https://doi.org/10.1787/500dc1b1-en>.

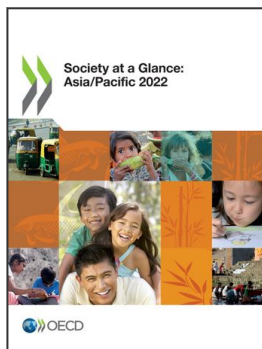
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Figure 3.14. Education as percentage of GDP and public spending per primary student



Source: UNESCO Institute for Statistics, Finance Indicators by ISCED level, <http://data.uis.unesco.org/>; OECD (2021) *Education at a Glance 2021: Educational finance indicators,* <https://doi.org/10.1787/500dc1b1-en>.

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