

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 life. 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 (see "Early childhood education and care").

At almost 6% of GDP, **OECD countries on average spend a larger share of GDP on education than in the Asia/Pacific region**, where this is just below 4% of GDP (Figure 5.11, Panel A). The amounts of public money dedicated to education vary across countries. Timor-Leste invests 11% of its GDP on education, while this is just over 7% in the Maldives, New Zealand and Samoa. By contrast, in Brunei Darussalam, Sri Lanka and Myanmar public investment in education amounts to 2% of GDP or less.

On average across OECD and Asia/Pacific **public investment in education was larger in 2010-11 than in the mid-2000s**. The increase in public spending on education as a per cent of GDP over this period was largest in Samoa, Maldives and Nepal (Figure 5.11, Panel B): these countries allocated 1 percentage point more of their GDP on education (1.5 and 1.3 respectively). The largest falls were recorded for Brunei Darussalam, Fiji and Bhutan, which for the latter was related to the strong GDP growth (Chapter 4).

Public spending on education as a percent of GDP can be higher in richer countries than in poorer countries but this is not necessarily so (Figure 5.12). For example, public spending on education as a per cent of GDP is similar in Australia, Korea, Malaysia and Mongolia, at very different levels of GDP per capita (Chapter 4). 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 4). For example, proportion of children (0-19) in the population of Mongolia and Malaysia (36%) is much higher than in Australia (26%) or Korea (22%). Timor-Leste is

one of the youngest countries of the world, with 60% of the population being not yet 20-years old.

When considering **education spending per student** the picture is different. Public spending on education per primary student is higher in richer countries (Figure 5.13); 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 Viet Nam is now comparatively low, but still twice as high as in Indonesia while GDP per capita in Indonesia is twice as high as in Viet Nam (Chapter 4).

Definition and measurement

Data on public education spending as a percentage of GDP were extracted from UNESCO Institute for Statistics, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx> and OECD (2013) *Education at a Glance* for OECD countries. Public spending on education includes 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 also included. Data on public spending per primary education student (in 2011 USD PPP) was extracted from the Unesco data centre (<http://data.uis.unesco.org/Index.aspx?queryid=191>).

Further reading

OECD (2013), *Education at a Glance 2013: OECD Indicators*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/eag-2013-en>.

United Nations (2012), "World Population Prospects – 2012 Revision", http://esa.un.org/wpp/unpp/panel_population.htm.

Figure note

Figure 5.11, Panel B: Data for mid-2000s are not available for Timor-Leste, Solomon Islands, Viet Nam, Tonga and Sri Lanka.

Figure 5.11. Education spending levels and trends

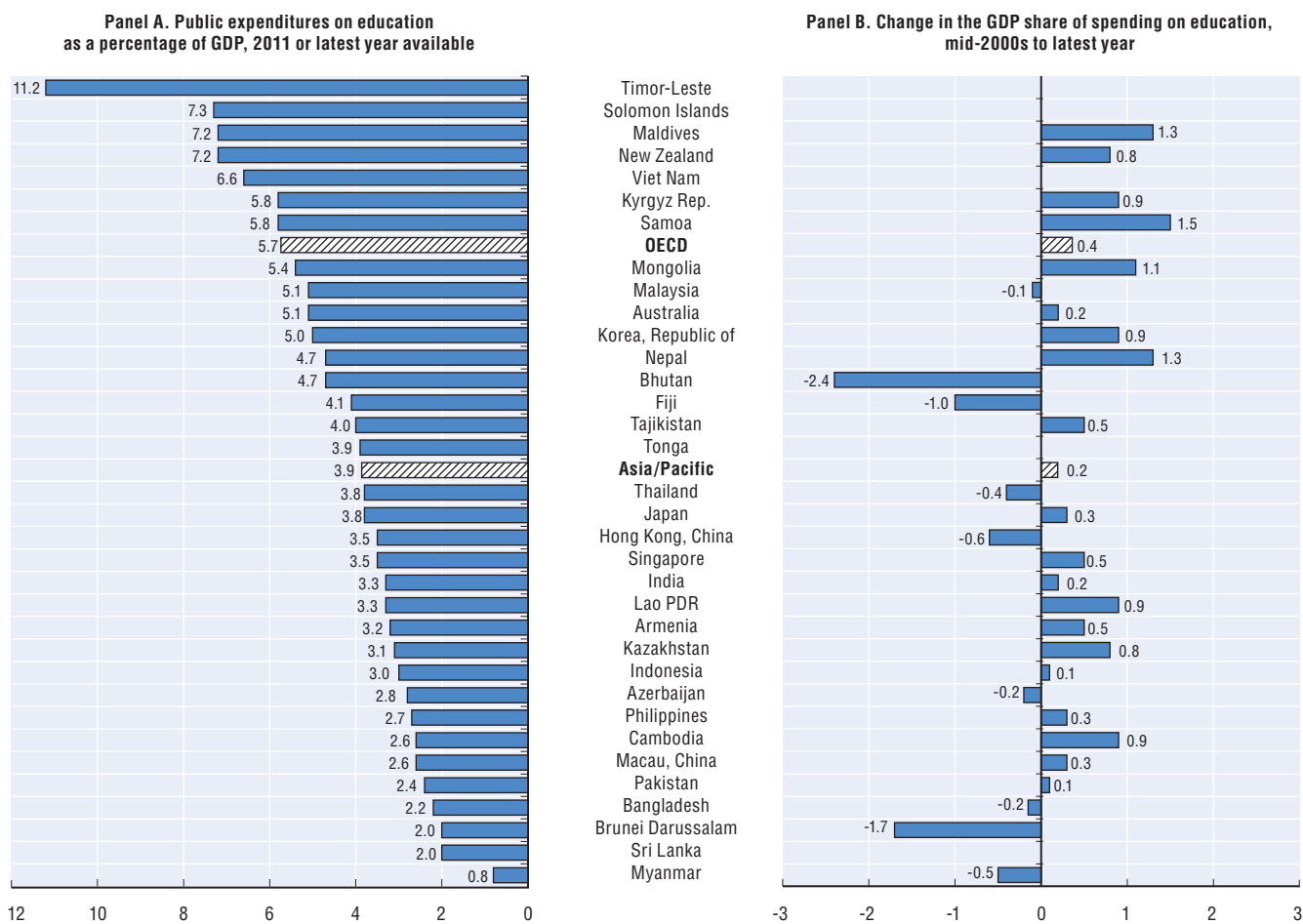


Figure 5.12. Rich countries do not spend more on education

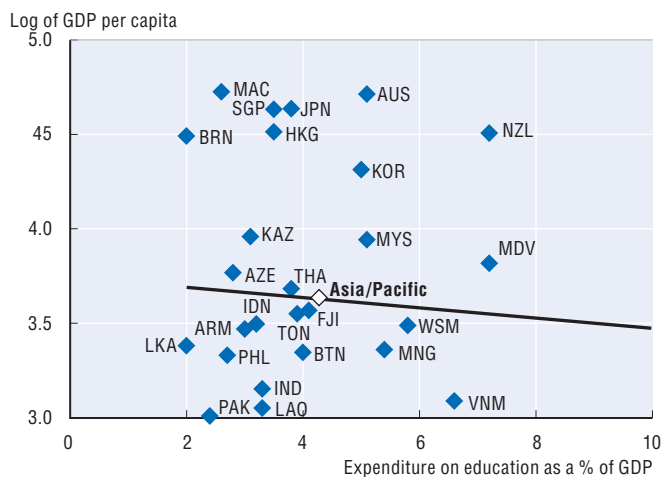
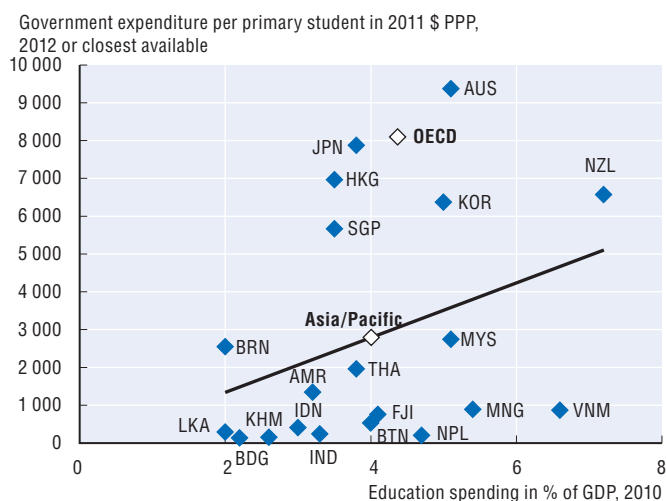
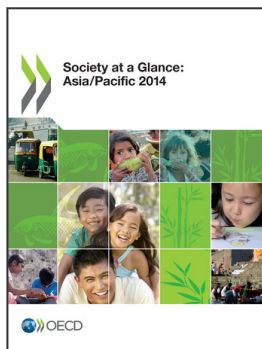


Figure 5.13. Education in percentage to GDP and public spending per primary student in USD PPP



Source: UNESCO Institute for Statistics, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>, OECD Education at a Glance 2013, World Bank for GDP per capita.

StatLink <http://dx.doi.org/10.1787/888933151068>



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