COUNTRY COMMITMENTS TO EDUCATION DOMESTIC FINANCING

Education Financing Campaign

"Education Multiplies Possibilities: Investing in our future"

Country Partner Identification

Country name:	NEPAL
Ministry/Institution:	MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY
Date:	28 Jan. 2026

1.Volume commitment

1.1. Please select your areas of commitment by checking relevant boxes below (select all that apply):

☒ Increase or maintain education expenditure level as a share of national budget (excluding. debt services)

☒ Increase or maintain education expenditure as a share of GDP

☐ Other (please specify)

1.2. Description of education budget perimeter

Please list all line ministries responsible *for elements included in the calculation of education expenditures. Ideally this description should identify where in the national budget relevant elements are recorded*:

- Ministry of Education, Science and Technology
- Ministry of Finance

1.3. Historical and projected expenditure

2025	2026	2027	2028	2029	2030

Percentage (as a share of national budget): 10.75[1] Percentage (as a share of GDP): 3.8 Percentage (Other): Monetary value - *Currency*: NPR *-Amount*: 211b	Percentage (as a share of national budget): 13.9[2] Percentage (as a share of GDP): 3.8 Percentage (Other): Monetary value- *Currency*: NPR *-Amount*: 225b	Percentage (as a share of national budget): 14.8 Percentage (as a share of GDP): 3.9 Percentage (Other): Monetary value- *Currency: NPR -Amount*: 239b	Percentage (as a share of national budget): 15.7 Percentage (as a share of GDP): 4.0 Percentage (Other): Monetary value- *Currency: NPR -Amount*: 254b	Percentage (as a share of national budget): 16.6 Percentage (as a share of GDP): 4.1 Percentage (Other): Monetary value - *Currency: NPR -Amount*: 269b	Percentage (as a share of national budget): 17.5 Percentage (as a share of GDP): 4.2 Percentage (Other): Monetary value- *Currency: NPR -Amount*: 284b

Do you have plans to increase ***education expenditure per child*****:** x*Yes* ☐*No*
If Yes, please provide
Currency:
-Baseline:
- Year: 2024/25
- Amount per child: NPR 16,670/ USD 125-130

- Target:
-Year: 2029/30
- Amount per child: NPR 41,894/ USD 285-290

-Indicate the policy framework or any other official documents where information on the baseline and targets can be found:
SESP
16th Periodic plan
MTEF

1.4. Basis for commitment to increase funding for education

[1] This is the Federal Level budget allocated in conditional grants, it does not include Provincial Level and Local Level budget allocation for education, budget allocated from other ministries and from local revenue and taxes.
[2] For the years 2026-2030, the commitment is expected to be updated 1) following the revision of the SESP program result framework based on the outcomes of the SESP MTR.

Please list, and briefly describe, any planned or ongoing actions aimed at increasing resources for education *— for example*:
The Ministry of Education, Science and Technology (MoEST) has undertaken institutional reforms and system strengthening to increase the volume and quality of domestic financing, resulting in increased local and provincial education budgets, improved execution, and stronger sustainability—despite a challenging global financing environment, specifically:

- Institutionalization of the School Education Sector Plan (SESP) Calibration Toolkit and Local Education Plan (LEP) Appraisal Tool to enable local governments to prepare costed, evidence-based education plans aligned with national priorities. Resulting in 318 local governments (LG) till date approving their LEPs, many for the first time, embedding education priorities directly into annual and medium-term local budgets, with initial analysis showing a significant increase in budget at local level allocated to education in addition to that allocated through federal conditional grants.
- The integration of budgeting, costing, projection, and simulation tools into the Integrated Education Management Information System (IEMIS) strengthened local governments' capacity to link plans with budgets and execute them effectively. Training, dashboards, and automated validation mechanisms enabled municipalities to prioritize education within constrained fiscal space and improve execution credibility.
- All seven provinces developed draft Provincial Education Plans aligned with the SESP, using evidence aggregated from LEPs. Provincial governments are increasingly positioned to allocate complementary resources, support local implementation, and provide technical backstopping through provincial resource hubs and Provincial Education Training Centres.

2.Efficiency commitment

Please list, and briefly describe any planned or ongoing actions to improve efficiency of education finance and expected results

- Strengthening public financial management and accountability through the SWAp. Nepal's education SWAp, underpinned by the Joint Financing Arrangement, aligns government and partner financing with national public financial management systems, reducing administrative burden, transaction costs, and parallel reporting. The Common Technical Assistance (TA) Framework

further harmonizes support, strengthening coordination, policy dialogue, shared learning, and aid effectiveness while preserving institutional memory and national ownership.

- Streamlining budget support and financial management systems. Education financing is channeled through streamlined budget support mechanisms aligned with government systems. Under the current Program Action Plan, targeted PFM training for local governments and schools, alongside provisions for school-level internal audits, is strengthening fiduciary capacity, transparency, and expenditure control, leading to more credible and predictable budget execution.
- Improving efficiency in teacher management and remuneration. MoEST has issued guidance to local governments on school consolidation, merging, and closure to improve teacher–student ratios and optimize deployment. These measures support more efficient use of the education wage bill, which accounts for the largest share of education expenditure, while safeguarding service delivery and learning continuity.
- Reducing fragmentation in financing and implementation. In response to major external financing shocks, MoEST and partners have intensified alignment of domestic and external financing under the SESP Joint Financing Arrangement, shifting away from fragmented, project-based approaches toward institutionalized systems. This has improved financing resilience, with domestic resources increasingly compensating for declining ODA, reinforcing sustainability and government leadership.
- Strengthening budget governance and coordination mechanisms. MoEST has institutionalized Budget Review Meetings, Joint Review Meetings, and is in the process of institutionalizing a centralized Technical Assistance Register. These mechanisms enhance transparency, align on- and off-budget financing, and improve accountability for results, strengthening budget credibility and coordination across all levels of government.
- Enhancing education and financial data systems for decision-making. Key systems, including the School Accounting System (SAS), the TA Register, and LEP budget tracking tools, have strengthened the availability and use of financial and education data. Integration with EMIS enables real-time monitoring of allocations, expenditures, and implementation progress, supporting evidence-based planning and oversight.
- Adopting results-oriented and equity-focused budgeting approaches. The SESP Calibration Toolkit, integrated into EMIS, enables local governments to prepare and appraise GESI-responsive and climate-resilient Local Education Plans using a standardized rating framework aligned with good global practice. The automated Equity Index supports annual measurement of disparities, while performance-based incentives linked to LEPs promote improved learning outcomes and efficient use of resources.
- Strengthening service delivery through results-oriented local planning.
  Local Education Plans are explicitly results-oriented, with strengthened local capacity to monitor implementation, track expenditures, and assess progress toward learning, retention, and completion targets. This reinforces the link between financing, service delivery, and education outcomes at the point of implementation.

Note: Please ensure that listed actions are supported by the National Development Plan, Education Sector Plan (ESP), Partnership Compact or other officially approved policies.

3.Equity commitment

Please list, and briefly describe any planned or ongoing actions to promote equitable resource allocation *— for example*:

- Embedding equity-based allocation in public finance systems. MoEST has integrated the Equity Index into the IEMIS to systematically guide resource allocation toward municipalities and schools facing the greatest disparities in access, participation, and learning. The Index is now used across local and provincial planning and budgeting processes, strengthening pro-poor, data-driven decision-making in line with the SESP Consolidated Equity Strategy and GPE Compact priorities.
- Institutionalizing gender- and disability-responsive budgeting. Through the SESP Calibration Toolkit and LEP Appraisal Tool, MoEST has required local governments to prepare gender- and disability-responsive plans with explicit budget allocations for inclusive education, gender equality, climate resilience, and green schools. This has resulted in 147 local governments formally earmarking domestic resources for GESI priorities within their education budgets.
- Directing domestic resources to the most disadvantaged local governments. MoEST has prioritized support to municipalities with the lowest equity index scores, weakest outcomes, and highest poverty levels. Local governments were supported to develop costed LEPs and strengthen education prioritization within discretionary budgets, contributing to a notable increase in local education allocations beyond federal transfers based on an initial analysis.
- Reinforcing equity incentives through pooled and results-linked financing. Through the SESP Joint Financing Arrangement, equity objectives are embedded in program budget heads and disbursement-linked indicators, strengthening incentives for equitable spending across federal, provincial, and local levels. Regular Budget Review Meetings and Joint Sector Reviews track whether public resources are reaching priority populations, reinforcing accountability for equity outcomes.
- Strengthening local institutional capacity to improve equitable budget execution. MoEST has prioritized targeted institutional capacity support to local governments with high needs and historically low budget execution rates. Through capacity assessments, embedded technical assistance, and improved costing and expenditure-tracking tools within IEMIS, these municipalities strengthened alignment between planning, budgeting, and execution, improving budget absorption, credibility, and accountability for education results.
- Making equity a budgeted obligation at local level. By linking IEMIS dashboards with LEP development, MoEST has enabled local and provincial governments to translate equity analysis into concrete budget decisions. LEPs now systematically include earmarked funding for GESI, inclusive education, and climate resilience, embedding equity considerations directly into domestic education financing rather than treating them as standalone policy commitments.

4.Endorsement of the commitments

Please indicate all the institutions that endorsed the commitment as relevant

☐Head of State Office ☐ Prime Minister Office X Ministry of Finance X Ministry of Education ☐Other Ministries or agencies (please specify)