# **MODULE 1. SHARE**

# **SKILLS PRACTICE: CALCULATING THE SHARE OF THE BUDGET/GDP**

**Aim of exercise**

To practise analysing the share of the total budget that goes to education over a period of four years and how education is prioritised within the budget - to gain skills to apply to their own budget

 **Activity**

Using the practice budget below, users calculate what percentage of the total budget goes to education over the four spending years (2019-2022). They can then relate this to GDP. The skills gained in this “practice” exercise can then be used to carry out a similar exercise with their own country’s budget.

**Step 1**: Identify the total amount the government had available for public spending each year (row 5 in table above).

**Step 2**: Find out the total amount allocated to the education sector (row 1 in table above).

**Step 3:** Use the amounts arrived at in steps 1 and 2 to calculate the percentage of total expenditure allocated to education each year. Fill in the percentage in row 7.

*N.B make sure you are comparing like-with-like by using either the nominal OR the real figures for both education and total expenditure – don’t mix up the nominal amounts with the real when comparing the share.*

 Education spending in year 1

 ------------------------------ x 100

Total spending in year 1

**Step 4:** Now do the same calculations for your own national budget.

To work out if spending on a specific sub-programme (e.g., disability spending in primary education) or sub-levels (e.g., secondary education) has grown or shrunk over a specified number of years, in nominal and/or real terms, do the following:

* Decide over which period of years you would like to compare spending on the chosen education policy or sub-sector;
* For each of these years, record the amount spent;
* Apply the formula above to calculate share spent on education;

**Now calculate the education spending as a percentage of GDP**

**Step 1:** Find out the GDP figure for each year (row 8 in table above).

**Step 2:** Find out the total amount allocated to the education sector each year (row 1 in table above).

**Step 3:** With the figures arrived at in steps 1 and 2 use the formula below to calculate education spending as a percentage of GDP. Fill in the percentage in row 9.

 Education spending in year 1

 ----------------------- x 100

 GDP in year 1

**Step 4:** Now do the same calculations for your own national budget. GDP figures for a given year can be found in budget documents, or from the Ministry of Finance (or statistics office etc.). Remember, assessing budget figures as a share of the economy (GDP) over time implicitly adjusts for inflation, because inflation is reflected in both the nominal budget figure and the nominal GDP figure.

# **PRACTICE BUDGET**

|  |  | **2019** | **2020** | **2021** | **2022** |
| --- | --- | --- | --- | --- | --- |
| 1 | Total education expenditure (nominal) | 55,881,000 | 75,386,861 | 106,846,765 | 149,161,000 |
| 2 | Total education expenditure (real) |  |  |  |  |
| 3 | Growth Rate (real) | % | % | % | % |
| 4 | Deflator | 0.943 | 1 | 1.05 | 1.09515 |
| 5 | Total governmentexpenditure (nominal) | 303,724,000 | 408,390,000 | 638,151,000 | 748,579,000 |
| 6 | Total government expenditure (real) |  |  |  |  |
| 7 | Education spending as a percentage of total government expenditure |  |  |  |  |
| 8 | GDP (nominal) | 1,422,289,200 | 1,501,269,100 | 1,840,972,700 | 2,000,409,200 |
|  | Education spending as a percentage of GDP |  |  |  |  |