# **MODULE 2. SIZE**

# **SKILLS PRACTICE: WHAT IS YOUR GOVERNMENTS’ TAX-GDP RATIO?**

**Aim**

To identify how much revenue is being collected in your country and to build and deepen an understanding of the importance of the issues of size of the budget.

**Activity**

For this activity it is important to bear in mind some of the key principles discussed in this Module, especially:

* Most government revenues come from taxes, but it is often difficult for governments in lower income countries to raise enough revenues from taxes.
* If revenues are low, the spending available for public services, like education, is limited.
* This also means that even if a government spends a high share of its budget on education, this will not amount to much if the overall budget is small.
* Even modest tax-raising efforts can potentially have a significant positive impact on the resources available to spend on the education sector.

This exercise is intended to get readers to start thinking about some of the issues related to the size of revenue available to a country which can be spent on public services. It also focuses on how this relates to the share of the budget allocated to education, both as a % of GDP, and as a share of the total budget.

**Step 1: Check your % tax to GDP**

Either look up national statistics for the tax revenues collected as a % of GDP or check this out through secondary sources, for instance, the [OECD collects tax revenue data in 80 countries](https://stats.oecd.org/Index.aspx?DataSetCode=RS_GBL). The [World Bank](https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS) also captures this information (although it is always a little out of date). You own government should also publish data.

**Step 2. Find your share of the education budget or education as % GDP**

Possibly you already know these figures, or you have analysed them in module 1. If you still don’t know these figures you can check your national budgets or the [SDG 4 data explorer](http://sdg4-data.uis.unesco.org/) (look up your “Country Dashboard”).

**Step 3: Looking at the data you have found for your country, consider the following questions:**

* Does your country collect enough tax as a percentage of GDP? What could be the reasons stopping the government from collecting more (e.g. large informal economy or inefficient tax administration)?
* Is your government committing a large enough share of the budget to properly finance quality public education (bearing in mind the targets of governments allocating at least 6% of GDP and 20% of the overall budget to education)?
* Is the tax-to-GDP ratio and the GDP and/or budget share allocated to education for your country better or worse than you expected?
* Which is the biggest issue/challenge in your country: the size of the overall budget or the share that is allocated to education? What is the relationship between the two?

**What to do in a workshop setting**

**Time allowed:** approximately 1 hour in small groups/alone and feedback in plenary (20 minutes per group)

At the beginning of the workshop session the facilitator or one of the participants should present the task and the data to ensure that everyone fully understands it. Participants should find their country information out (alone or in a small country pairing) before working in small groups to discuss the questions in step 3 above.

* Single country groups: participants work together in single country groups to discuss the questions above. In this case it would be useful to have the data for a period of 3-5 years so that they can discuss the changes over time.
* Mixed country groups: participants work together in mixed country groups to discuss the questions above, comparing the situation in each of the countries.

Participants give feedback to the group and argue why their organisation should engage in advocacy work on either the size of the overall budget or the share that is allocated to education.