It may be self-evident that the amount of money spent on education by a country will have an impact on the country's literacy rate. But is there a statistically significant relationship? And can that relationship be quantified using a predictive model? It is further presumed that literacy rates will be lower in poorer regions of the world and in those having forms of government in which the head of state holds more power and has less accountability to his or her constituents. This project sought to validate those assumptions and to generate a model that will predict the change in literacy rate based on the studied parameters.

The study confirms that literacy rate is impacted positively by educational spending, with a fairly steep relationship: A one-percent increase in educational spending yields an almost a three-percent rise in literacy rate. There is also evidence to suggest a statistically significant relationship between literacy and both the country’s geographic subregion and its form of government, although it is noted that not all conditions were sufficiently satisfied for the analysis.