

## **Financing education for all – where are we now?** **Briefing for GCE Members, October 2015**

The Sustainable Development Goals were agreed on 25<sup>th</sup> September 2015. This was a historical moment. It now provides us with an opportunity to reflect on the commitments made to realise the ambitious targets to achieve quality equitable education and lifelong learning for all before and beyond post-2015. The new education agenda goes further including all stages and ages of education. The agenda will not be implemented until adequate resources are allotted for its implementation.

Following the 2015 World Education Forum (WEF) in Incheon, Korea in May, the Oslo Summit on Education for Development in early July, and the Third International Conference on Financing for Development (FFD3) held in Addis Ababa in late July, it is crucial for civil society education activists to reflect on the commitments – or lack of commitments – made to realise the ambitious targets to achieve education for all beyond post-2015.

In July 2015, the UNESCO Institute for Statistics and the Education for All Global Monitoring Report released the latest data on global education:

- **The number of out-of-school children of primary school age has increased by 2.4 million** since 2010 to reach more than 59 million in 2013.
- **The number of out-of-school children of primary and lower secondary school age (ages 6-15) has increased** from 121 million in 2011 to 124 million in 2013.
- **The SDGs are fundamentally different and more ambitious.** The education goal goes further including free early childhood, primary and secondary education, and adult and youth literacy and technical and vocational and tertiary education in its purview. It is also a universal agenda applicable to both northern and southern countries, unlike the MDGs that focussed only on the latter. There is a clear commitment to equity within the new framework that the MDGs lacked.
- **The share of aid dedicated to education is now similar to the levels of 2002;** during the MDG-EFA period, aid to education averaged at 8.6% of all development assistance.

These three key points make it abundantly clear that renewed – and significant – financial commitments are necessary if governments are truly committed to realising education for all.

### **How big is the financing gap?**

The EFA Global Monitoring Report estimates that reaching universal pre-primary, primary and secondary education – of good quality – in low- and lower-middle-income countries will require a total of US\$340 billion per year. This will require low-income countries to spend 6.56% of GDP on education, which will still leave a funding shortfall of US\$39 billion. However, few financial commitments or targets – particularly on donor assistance – have been announced in any of the recent fora to achieve the education goals.

Based on the GMR figures, the Global Partnership for Education has recently calculated that \$1.18 is the average cost of a day's education for a child in a developing country from pre-primary through the end of

secondary school from now through 2030. The largest share of this cost – 88 percent, or \$1.04 per day - will be borne by developing countries themselves. Therefore the gap in external financing is calculated at 14 cents per child a day. View the [methodology](#) used to get to this calculation.

### **What commitments have – or haven't – been made?**

The [Incheon Declaration](#) makes no commitments on donor financing, although it is notable that there is support for increased allocations of domestic resources to education:

*“...the aspirations encompassed in the proposed SDG 4 cannot be realized without a significant and well-targeted increase in financing, particularly in those countries furthest from achieving quality education for all at all levels. We therefore are determined to increase public spending on education in accordance with country context, and urge adherence to the international and regional benchmarks of allocating efficiently at least 4 - 6% of Gross Domestic Product and/or at least 15 - 20% of total public expenditure to education.”*

However, as indicated by the latest GMR projections, even at the top end of the recommended expenditure scale, domestic expenditure in low-income countries will fall short of the 6.56% needed to deliver full-scale education for all.

The [SDG outcomes document](#) includes, albeit in less strong terms than in previous iterations, the 45 year-old financing target for donors to implement 0.7% of GNI as ODA, under Goal 17 ('Strengthen the means of implementation and revitalize the global partnership for sustainable development'):

*“Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries.”*

In 45 years only seven countries have ever met the 0.7% target, and currently only five countries (Norway, Sweden, Luxembourg, Denmark, and the United Kingdom) are meeting or exceeding it. The Netherlands, previously a champion donor in terms of overall ODA and aid to education in particular, has actively dropped its targets on both, and for the first time since the 1970s no longer meets the 0.7% ODA/GNI target; Finland, the other country which had once met the 0.7% target, has a recently elected government which announced that it will cut its development budget by a massive 43%.

Furthermore, last week's announcement from the Danish government indicated that the adoption of the new development agenda will not alter the trend towards declining overseas development assistance. Just four days after the UN Development Summit, [Denmark has slashed its aid budget by 2.4 billion krone](#) (over US\$ 360 million), reneging on its remaining commitment to the Global Partnership for Education of 125 DKK for 2015, and reducing Danish funding to GPE by 200 million DKK over 2016 and 2017. Meanwhile [France is discussing a proposed a cut of 6%](#) - or €170 million – to overseas development assistance (ODA) in its draft 2016 budget.

GCE's recent report, [Education Aid Watch 2015](#), notes that aid to education – over the whole of the MDG-EFA period – has averaged at just 8.6% of all development assistance across all donors. While this masks considerable variation between countries, no donor consistently met the target to allocate 20% of total aid to education.

The [Addis Ababa Action Agenda \(AAAA\)](#), agreed at FFD3, does contain a vague commitment specifically to education:

*“...[to] scale up investments and international cooperation to allow all children to complete free, equitable, inclusive and quality early childhood, primary and secondary education...”*

This commitment is positive in some respects, in that it encompasses all stages of education for children, thus supporting the Incheon recommendation to realise 12 years of free education for every child, and that it is a commitment from donors as well as developing country governments. Lamentably, however, it does not mention provision of lifelong education for young people and adults. This was clearly a backwards step, as both SDG 4 and the Incheon Declaration include lifelong learning as a headline goal.

### **Systemic reform, or business as usual?**

[Analysis by the Sustainable Development Solutions Network](#) shows that US\$1.5 trillion more public spending a year is needed to fund the SDGs in low and middle-income countries. The negotiations around the AAAA failed to yield commitments to reform in the financial systems to yield these resources. Instead, there is bitter disappointment from all sectors with the direction and lack of vision expressed in the AAAA; it is clear that the ambition reflected in the document is woefully inadequate to support the full implementation of the post-2015 development agenda in general, and of education in particular.

Much hope had been placed on AAAA making a landmark agreement to create an intergovernmental tax body, which did not materialise. This mechanism would have been critical in regulating illicit financial flows and curbing tax evasion and avoidance – fundamental to supporting developing countries increase domestic revenues and helping to enable them to meet the ambitious targets for education financing.

We also note with great concern the weak commitment to ODA – another backward step given the commitment in the SDG outcomes document – alongside the tendency in the AAAA to divert attention from existing commitments by emphasising South-South cooperation and, as explored below, the private sector. International development cooperation and fulfilling the 0.7% commitment made more than four decades ago remain pivotal.

This failure to address core issues of the financial architecture puts at risk the implementation of not just the education agenda, but the whole SDG project as a whole.

### **Overemphasis on the private sector, lack of emphasis on its accountability**

Worse still is the evident optimism placed on the role of private finance in the delivery of a broad sustainable development agenda, especially regarding delivery of essential services including education. This is, as a [recent report](#) suggests, part of a larger trend of increasing role of the private sector in the UN.

The AAAA, for example, even noted *“that there are investment gaps in key sectors for sustainable development...and often bypasses countries most in need, and international capital flows are often short-term oriented.”* Indeed, it is over-optimistic to expect that the private sector will step into sectors or countries where there is little or no financial return on investment. Alongside the broad recommendations for private sector investment are specific calls for increased public-private partnerships and other blended finance mechanisms, again to operate in the domain of essential services.

Also troubling is the lack of emphasis on laying down safeguards relating to accountability, standards and action to address potential negative consequences of private finance – particularly when, rather than recognise the importance of such mechanisms, the AAAA identified a potential need to ‘incentivise’ the private sector and a commitment to creating *“enabling domestic and international conditions...for private sector investment.”*

In light of the [July 2015 Human Rights Council Resolution](#), which highlighted the risks inherent in commercialisation and privatisation of education, GCE remains concerned at this heavy emphasis on the involvement of the private sector in essential services, and insists that they should be excluded from PPPs, blended finance and trade agreements.

## **Is there any good news?**

Despite its overall backward nature, it is vital for civil society to hold States to account for their commitment in the AAAA to scale up investment and international cooperation to ensure education for all children, across early childhood, primary and secondary education. Indeed, this was one of the very few concrete sectoral commitments within the AAAA, and it is in line with parts of SDG4, and GCE will continue to push for this.

Outside of FFD3, several announcements were made during or in the sidelines of the Oslo Summit. GCE welcomes the Government of Norway's announcement to double its aid to education by 2017. The example set by Norway is appreciated, and GCE calls on other donors to demonstrate similar ambition.

GCE also applauds the European Commission's pledge to double its aid to education in emergencies to 4% of the EU's humanitarian aid budget, and supports progress made towards establishing a global fund for education in emergencies. With less than 2% of humanitarian aid currently going to education, such increased financing is clearly needed. The development of a new fund for education in emergencies must however be closely connected with the Global Partnership for Education, so as to ensure coordination and effectively synergise development funding with humanitarian funding.

While GCE was also initially encouraged by the establishment of the Commission on the Financing of Global Education Opportunities – now called the [International Commission on Financing Global Education](#), chaired by UN Special Envoy for Education Gordon Brown – it is unclear what the accountability mechanism is for the Commission, and no obvious way in which broad-based, representative civil society voices will be consulted and heard. We welcome the inclusion of GCE Co-Founder Nobel Peace Prize Laureate Kailash Satyarthi, as well as the former General Secretary of the Ugandan National Teachers' Union, Teopista Birungi Mayanja, alongside serious champions of education such as the Norwegian Government, UNESCO DG Irina Bokova and GPE Chair Julia Gillard.

## **What happens now?**

Civil society, including GCE, has been calling on the international community to make strong commitments to radically improve efforts on the financing of development in general, and of free, public education systems in particular. Such calls have been made throughout the entire post-2015 development process, the World Education Forum, the Oslo Education Summit, and the FFD3 Conference, and each time the outcomes have fallen short of substantive commitments to increase development assistance for education. We will continue to push for these commitments in the remaining fora, and where we have the opportunity to do so with the new Commission on Financing.

There have been ample discussions of the importance of education finance, plenty of "recognition of the need" for increased financing, and sufficient "urging" and "encouraging" of donor countries to increase and meet ODA targets. But none of these meet the expectations that civil society and others in the international community had at the onset of the post-2015 development process and the political opportunity it has created for governments to concretely remedy the global crisis in education financing.

Instead, donor commitments to education financing targets have been effectively kicked down the road. They were not included in the Incheon Declaration on the basis that they were to be part of the Financing for Development track; while the vague commitment is welcome, no clear targets were included to realise this commitment. The Oslo Summit on Education for Development placed finance as one of its four themes, but it was likewise not intended to be the place to discuss finance targets.

The emphasis on the involvement of the private sector in the AAAA – particularly to provide 'remedies' for the lack of financing for essential services – is of serious concern in this context. Given that education aid's share of total ODA is lower now than it was in 2002, it is incongruous to point to public systems as the failures, and the private sector as the solution.

All of this begs the question: when are we going to talk about this?

There will be no way to achieve 12 years of free education for all without articulating strong and ambitious financial commitments – this is abundantly clear from the global failure to deliver EFA in the last fifteen years, and the disappointing pattern of decreasing aid to education despite commitments made by developing countries to substantially increase domestic resources. In the absence of the necessary aid, and in the absence of international, coordinated action on tax regulations, collection and avoidance, countries may simply opt not to deliver the post-2015 vision. And it is not enough for us to wait until the creation of the Commission on the Financing of Global Education Opportunities – particularly when, at present, this sits outside of all formal post-2015 processes.

It is time for the international community to make real commitments to education financing. For donors, the least of these should be commitments to allocate at least 10% of ODA to basic education, with particular attention given to education in emergencies. A commitment to such a target has been avoided until now but must be stalled no longer. Similarly, the international community must support all countries to improve, expand and make tax systems more progressive in order to make more domestic resources available for education.

We must not lose sight of the meaning of these goals. Despite the many strides forward the world has made over the last fifteen years to end the cycle of poverty, we must build on the achievements, and learn from the failures. We already know that the financial resources for education since 2000 have been woefully inadequate – shockingly so for low-income countries – and we know that without increased resources, it will be impossible for every citizen to realise their right to education. Without making clear and specific commitments to education financing now, we risk jeopardising progress – and another lost generation – for another fifteen years.