



# FINANCING MATTERS

## A TOOLKIT ON DOMESTIC FINANCING FOR EDUCATION

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For more information about the toolkit contact the GCE secretariat here: <http://www.campaignforeducation.org/en/contact-us>

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# ACRONYMS

<b>AAI</b>	ActionAid International
<b>ACEA</b>	Arab Campaign for Education for All
<b>ANCEFA</b>	Africa Network Campaign for Education For All
<b>ASPBAE</b>	Asia South Pacific Association for Basic and Adult Education
<b>CBO-EPT</b>	Coalition Béninoise des Organisations pour l'Education pour Tous (Benin Coalition for Education for All)
<b>CEF</b>	Commonwealth Education Fund
<b>CLADE</b>	Campaña Latinoamericana por el Derecho a la Educación (Latin American Campaign for the Right to Education)
<b>CN-EPT/BF</b>	Coalition Nationale pour l'Education Pour Tous (Burkina Faso Coalition for Education for All)
<b>CSEC</b>	Civil Society Education Coalition (Malawi)
<b>CSEF</b>	Civil Society Education Fund
<b>CSO</b>	Civil society organisation
<b>EFA</b>	Education For All
<b>EI</b>	Education International
<b>FFA</b>	Education 2030 Framework for Action
<b>FSE</b>	Foro Socioeducativo (Dominican Republic Civil Society Education Forum)
<b>GBS</b>	General budget support
<b>GCE</b>	Global Campaign for Education
<b>GCNE</b>	Gran Campaña Nacional por la Educación (Guatemala Campaign for Education)
<b>GDP</b>	Gross domestic product
<b>GMR</b>	Education For All Global Monitoring Report
<b>GNP</b>	Gross national product
<b>GPE</b>	Global Partnership for Education
<b>GSW</b>	Government Spending Watch
<b>GTU</b>	Gambian Teachers' Union

<b>GTUCCU</b>	Gambian teachers' credit union
<b>IBP</b>	The International Budget Partnership
<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights
<b>IMF</b>	International Monetary Fund
<b>MDGs</b>	Millennium Development Goals
<b>NCDHR</b>	National Campaign for Dalit Human Rights (India)
<b>NEP Cambodia</b>	NGO Education Partnership (Cambodia)
<b>NGO</b>	Non-government organisation
<b>ODA</b>	Official development assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PPP</b>	Public-private partnership
<b>PTA</b>	Parent-teacher association
<b>SCSP</b>	Scheduled Castes Sub Plan (India)
<b>SDG</b>	Sustainable Development Goal
<b>SMC</b>	School management committee
<b>SME</b>	Small and medium-sized enterprise
<b>TLCE</b>	Timor Leste Coalition for Education
<b>UDHR</b>	Universal Declaration of Human Rights
<b>UNCRC</b>	United Nations Convention on the Rights of the Child
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Organization for Education, Science and Culture
<b>UNICEF</b>	United Nations Children's Fund
<b>VAT</b>	Value added tax

# GLOSSARY OF FINANCING TERMS<sup>1</sup>

<b>Budget balance, deficit and surplus</b>	A balanced budget occurs when a government's total revenue equals its total expenditure for a given fiscal year. When the budget is not in balance, it is either in deficit or surplus. A budget deficit refers to a negative balance between budget expenditure and budget revenue – i.e. when the government spends more money than it actually has. A budget surplus refers to a positive balance between budget expenditure and budget revenue – i.e. when the government has more funds than it needs to spend.
<b>Budget inputs</b>	The allocation of money to a particular use in the budget. This money is spent on the production of particular services – for example, schools' infrastructure support.
<b>Budget outcomes</b>	The impact on the broader society or economy of budget allocations to a particular programme or sector. For example, the ultimate objective of a school nutrition programme would be to improve children's nutritional status, and thereby their ability to learn in school. Thus, the budget outcome would be changes in children's nutrition status and learning capability.
<b>Budget outputs</b>	Public services provided by government through budget inputs. An example would be the number of children who received teaching and learning materials during the calendar or financial year.
<b>Capital expenditure/ spending</b>	Spending on an asset that lasts for more than one year is classified as capital expenditure. This includes equipment, land, buildings and legal expenses and other transfer costs associated with property. For capital projects (e.g. building of schools), all associated expenses are considered as capital spending.
<b>Capital gains taxes</b>	Taxes on the profits from the sale of capital assets such as stocks and shares, land and buildings, businesses, and valuable assets such as works of art.
<b>Concessional loans</b>	Loans that are extended on terms substantially more generous than market loans. The concessionality is achieved either through interest rates below those available on the market or by grace periods, or a combination of these. Concessional loans typically have long grace periods.
<b>Consumption taxes</b>	Taxes such as value added tax, general sales taxes, and excise taxes.
<b>Contingency reserves</b>	Funds set aside to meet unforeseen and unavoidable requirements (such as the costs arising from a natural disaster) that may occur during the budget year.
<b>Corporate taxes</b>	Taxes on the profits made by limited liability companies and other similar entities. The tax is generally imposed on net taxable income, specified in the company's financial statement.
<b>Current expenditure/ spending</b>	Recurrent expenditure on goods and services that are not transfer payments or capital assets. It includes salaries, rentals, office requirements, the operating expenses of government industries and services, interest and maintenance of capital.
<b>Debt servicing</b>	Making payments on the principal and interest on outstanding loans.
<b>Direct taxes</b>	Taxes that are charged on physical or legal persons directly upon their salary, profits, dividends, rents or other types of income.

<sup>1</sup> Adapted from Christian Aid/SOMO 2011

<b>Earmark</b>	When funds have been earmarked, it means that they have been dedicated to a specific programme or purpose. In some cases, a particular stream of revenue is earmarked for a specific purpose.
<b>Excise taxes</b>	Taxes imposed on a limited range of goods, such as luxury goods, or on products that can have a harmful impact on the consumer.
<b>Expenditure/spending</b>	This refers to government outlays. Expenditures are made to fulfil a government obligation, generally by issuing a check or disbursing cash.
<b>Export processing zone (EPZ)</b>	An artificial ring-fenced territory within a state, in which export-orientated industries, with little interaction with domestic markets operate, while the usual laws and regulation are suspended or relaxed.
<b>Fiscal space</b>	Fiscal space refers to the room governments have in their existing budgets to move spending around, depending on growth, trends in the budget deficit, revenues and debt levels.
<b>General sales tax</b>	A tax added to the value of all sales with no allowance for claiming a rebate on tax paid.
<b>Government debt</b>	Government debt is the outstanding amount that the government owes to lenders at any given point in time. Governments borrow when they run deficits, but reduce outstanding debt when they run surpluses. Thus debt essentially represents the total of all annual deficits, minus any annual surpluses, over the years.
<b>Grants</b>	Grants are funds that the national government disburses directly to lower levels of government, corporations, non-profit organisations, and individuals.
<b>Gross domestic product (GDP)</b>	The total value of the goods and services produced within a country's borders in a specific time period.
<b>Gross national product (GNP)</b>	The total value of the goods and services produced by the means of production owned by a country's residents in a specific time period. Unlike GDP, GNP takes into account net income receipts from abroad.
<b>Incentives</b>	A specific provision not to tax something that otherwise would be taxed (also referred to as exemption). For example, some items may be exempt from VAT, and some companies may be permitted exemptions to encourage them to invest, for example in a particular field or country.
<b>Income taxes</b>	Taxes on income, profits, inheritance, payroll and capital gains, which are generally divided between taxes payable by individuals and corporations.
<b>Indirect taxes</b>	A form of tax charged upon transactions, usually on their gross value. Examples include sales taxes, value added taxes, goods and services taxes, stamp duties, land taxes, excise and customs duties, and levies of all sorts.
<b>Inputs</b>	The goods or services that go into providing government services. For instance, typical inputs funded by an education budget would be the salaries of teachers, the construction of schools, and the purchase of textbooks.
<b>Liability</b>	A debt owed to someone else. For governments, their outstanding public debt is their primary liability, reflecting amounts borrowed that must be repaid at some future date.

<b>On-budget and off-budget aid</b>	<p>On-budget aid includes bilateral and multilateral aid, as well as general and sector budget support, that is channelled through government systems and recorded in budgets and/or public expenditure accounts. Could be project-specific, programme or pooled funds, and are to varying degrees aligned with governments' own budget priorities.</p> <p>Off-budget aid includes donor funding channelled outside of government systems and budgets, i.e. for projects implemented by NGOs or private entities that often have little involvement or awareness of the government.</p>
<b>Outputs/Outcomes</b>	<p>The performance of government programmes is assessed by examining whether they have delivered the desired outputs and outcomes. Outputs are defined as the goods or services provided by government agencies, such as teaching hours delivered. Outcomes include the impact of the programme on social, economic, or other indicators, such as whether an increase in hours taught improved student test scores.</p>
<b>Progressive taxation</b>	<p>A tax system in which the tax percentage increases as the income increases, so that a higher level of tax is collected from taxpayers who earn more and a lower level from those who earn less.</p>
<b>Regressive taxation</b>	<p>A tax system in which the tax percentage decreases as the amount subject to tax increases.</p>
<b>Revenues</b>	<p>Revenues or taxes are funds that the government, as a result of its sovereign powers, collects from the public. Typical revenues include individual and corporate income taxes, payroll taxes, value-added taxes, sales taxes, levies, and excise taxes.</p>
<b>Royalties</b>	<p>Royalties are usage-based payments for ongoing use of an asset as prescribed in a licence agreement, for example natural resources such as oil, minerals, fisheries and forests, but also intellectual property including music and pharmaceutical products. Royalties are typically agreed upon as a percentage of revenues raised from the use or gradual depletion of an asset.</p>
<b>Secrecy jurisdiction</b>	<p>Secrecy jurisdictions are countries and territories that provide financial secrecy which undermines the regulation of another jurisdiction for the primary benefit and use of those not resident in their geographical domain.</p>
<b>Social security payments</b>	<p>Payments made by individuals towards maintaining government-provided health, unemployment, pensions and other basic social rights. Frequently considered as taxes.</p>
<b>Special economic zone</b>	<p>Similar to an export processing zone (EPZ), but the activities can include domestic market-orientated business activities.</p>
<b>Tax</b>	<p>A fee levied by a government or a regional entity on a transaction, product or activity in order to finance government expenditure. Tax rates and the tax base are decided by a representative legislative body, based on constitutional provisions.</p>
<b>Tax avoidance</b>	<p>The term given to the practice of seeking to minimise a tax bill within the law (as opposed to illegal methods, which would be classed as tax evasion or fraud). This often involves manipulating the tax base to minimise the tax payable.</p>
<b>Tax base</b>	<p>The collective value of transactions, assets, items and other activities that a jurisdiction chooses to tax.</p>

<b>Tax burden</b>	The total amount of tax paid by an individual, organisation or population. Also referred to as tax incidence.
<b>Tax capacity</b>	The capacity of a sovereign country to raise revenue with regard to its fiscal architecture.
<b>Tax competition</b>	The pressure on governments to reduce taxes, usually to attract investment, either by way of reduction in declared tax rates or through the granting of special allowances and incentives.
<b>Tax compliance</b>	Payment of tax due without engaging in tax avoidance or evasion.
<b>Tax dodging</b>	A legally imprecise term that is often used by tax justice campaigners when it is not clear whether tax is being avoided or evaded. It highlights the fact that many tax avoidance strategies are abusive, while being considered legal.
<b>Tax evasion</b>	A term used to denote illegal methods used to pay less tax. Also known as tax fraud.
<b>Tax expenditure</b>	The cost of tax incentives of all types in terms of lost potential tax revenue. As with any other expenditure, it should be considered as an investment and evaluated on the basis of cost and benefit.
<b>Tax haven</b>	See secrecy jurisdiction.
<b>Tax holiday</b>	A period during which a company investing in a country does not have to pay tax under an agreement with the government.
<b>Tax incentives</b>	A tax incentive is an aspect of national tax law designed to encourage a certain type of behaviour. This may be accomplished through means such as limited periods of tax holidays or permanent tax deductions on certain items.
<b>Tax planning</b>	When tax legislation allows more than one possible treatment of a proposed transaction, the term may legitimately be used for comparing various means of complying with taxation law.
<b>Transparency</b>	Fiscal and budget transparency refers to the public availability of comprehensive, accurate, timely, and useful information on a government's financial activities.
<b>Value added tax (VAT)</b>	A tax charged by businesses on sales and services but which allows businesses to claim credit from the government for any tax they are charged by other businesses in the production chain. Different from the general services tax, which does not require proof of being an intermediate producer. VAT is often criticised for being regressive.







## 1. ABOUT THIS TOOLKIT

### WHY HAS THIS TOOLKIT BEEN DEVELOPED?

This toolkit has been produced by the Global Campaign for Education (GCE) in collaboration with ActionAid International (AAI) and Education International (EI), and with funding from the Global Partnership for Education (GPE). It aims to support civil society organisations and education activists across low- and middle-income countries to advocate and campaign on issues related to financing for education, as a strategic focus area of the GCE movement. It is also a result of increasing interest in advocacy around domestic financing for education as identified through GCE's Civil Society Education Fund (CSEF) programme (GCE website).

GCE, AAI and EI are launching this toolkit as the world embarks on the difficult task of putting into action the newly agreed Sustainable Development Goal 4 (SDG 4), and the accompanying Education 2030 Framework for Action (FFA). The SDG 4 and the FFA contain collective commitments to ensure inclusive and equitable quality education and lifelong learning for all by 2030. In recognition that enacting this expanded agenda will require more funds for education, the FFA sets out financing benchmarks that commit governments to spending at least 4-6% of GDP and 15-20% of total budgets on education, and it highlights domestic resourcing as the most important way of funding education. In addition, in order to address issues of quality and equity in education, the FFA recognises there is a need for greater efficiency, better targeted spending and increased accountability (UNESCO, 2015a).

Civil society can – and should – play a critical role in this, which requires the building of a powerful evidence base on which to conduct advocacy and put pressure on governments to deliver sufficient funding for education, primarily domestic, complemented by external support where necessary. It is hoped that this toolkit will help to build knowledge and capacity so that education advocates and activists across the developing world can more effectively hold their governments accountable.

Many civil society education coalitions, networks and unions have a long history of tracking budgets and advocating for better spending. This toolkit therefore draws on the considerable experience of GCE members and others. It also builds on the *Toolkit on Education Financing* (AAI & EI, 2009) and has been influenced by existing resources, such as the *Commonwealth Education Fund (CEF) Budget Guide* (CEF, 2009) and budget tracking tools developed by the Asia South Pacific Association for Basic and Adult Education (ASPBAE, 2010).

As the toolkit has been developed jointly by GCE, EI and AAI, it is framed around the combined views, focuses and experiences of the three organisations. It has further benefited from crucial inputs from GCE members and partners, and draws on extensive discussions initiated at the CSEF Global Learning Event held in Johannesburg in February 2015. The toolkit has also been developed in partnership with Government Spending Watch (GSW), a joint initiative by Oxfam and Development Finance International (GSW website). The GSW database tracks spending in 80 low-income and middle-income countries on key anti-poverty and development sectors linked to the Millennium Development Goals. This is then turned into easy-to-understand data and made freely available online, and is used to track and analyse financing and spending trends. This is carried out by using publicly available budget information, and aims to facilitate budget tracking of development goals.

In future, GCE plans to develop training materials and programmes to complement this toolkit. We will work with regional and national partners to ensure that these meet the needs of our members in different regional and country contexts, according to their own advocacy agendas.

## WHAT ARE THE AIMS OF THE TOOLKIT?

The ultimate goal of the toolkit is to contribute to ambitious and robust advocacy and campaigns around domestic financing for equitable and quality education by supporting coalitions, teachers' unions, CSOs and other education activists in low- and middle-income countries to influence budgets and policy processes in a way which leads to greater budget allocations and more effective expenditure.

Specifically, the toolkit aims to:

- Provide accessible information to support budget and finance advocacy for increased and better government spending to deliver quality and equitable education for all by 2030.
- Assist education activists to enhance their understanding of budget processes, including by carrying out practical exercises to build real-life budget analysis and tracking skills.
- Help education activists build an understanding of new issues in domestic education financing – in particular, trends around financing of the new Education 2030 Framework for Action, policy issues related to tax justice, and financing to promote equitable, quality education – to ensure advocacy strategies are fit for purpose to respond to these emerging trends.
- Help build new skills for those who have little background in budget related policy, analysis and advocacy, while also advancing new knowledge around emerging advocacy areas for those with extensive experience in budget work.
- Support thinking around how to develop an advocacy programme around these issues.

## WHO IS THE TARGET AUDIENCE FOR THE TOOLKIT?

The main audience is anyone who wants to campaign to get more and better domestic financing in support of a quality and equitable education for all! Therefore, the toolkit aims to support all civil society education campaigners, representatives of coalitions, teachers' unions, and other education activists in developing, low- and middle-income countries.

The toolkit is adaptable to different contexts, and aims to be as broad-based in its scope as possible. This will enable coalitions, unions and networks to use it as a basis to train members and partners in-country and to choose topics most applicable to their context. It may be used by education activists who are focused on budget work on education but also those who are working more broadly on public financing issues and who wish to connect with education actors.

'Vote for Education!' A campaigner holds a sticker from the GCE Global Action Week for Education 2015 in Palestine. Image courtesy of the Palestinian Campaign for Education for All.



## HOW IS THE TOOLKIT STRUCTURED AND HOW SHOULD IT BE USED?

This toolkit is framed around the GCE, AAI and EI approach to domestic financing for education, founded on what we call the '4 Ss'. This emphasises the need to increase the **Share, Size, Sensitivity and Scrunity** of education budgets and spending, and shows how these four components are all critical and interlinking components of the budget process.

While the toolkit can be used in its entirety, the modules are designed so that they can be used as standalone products, as some issues may be more or less relevant depending on experience, knowledge, context or interest. Each module presents the main issues relating to the topic, introduces concepts, and provides useful references for those wishing to read more on specific subjects. Each module also contains practical exercises that the reader can work through to strengthen their knowledge and skills. Some of the exercises use generic or fictional scenarios to help the user to try out a new skill. The user should then repeat the exercises using data from their own context. Some of the exercises may seem very simple; however, when carried out using real country-specific information, they are often much more complicated. For each of the practical exercises there are also suggestions for how a facilitator might adapt them for use in a training context.

## TOOLKIT SECTIONS

### Introduction

This introduction explains the origins, content and structure of the toolkit. It also gives an insight into the Education 2030 policy agenda as it links to domestic financing, and outlines the joint policy demands of ActionAid, Education International and the Global Campaign for Education.

### Module 1: Understanding budget basics

Module 1 introduces the budget basics to help readers to familiarise themselves with different budget formats, and methods of basic budget analysis, as well as the spaces for engagement in official budget processes (to monitor both revenue and spending). Anyone new to education financing work should read this module before embarking on any of the others.

### Module 2: Increasing the SHARE of the budget going to education

Module 2 focuses on the first of the 4 Ss: increasing the share of the budget going to education. GCE advocates for countries to allocate at least 20% of their national budgets, or at least 6% of their GDP, to the education sector. Module 2 sets out the context and policy background relating to the share of the budget allocated to education; explores how a lack of government budget allocations have led to poor quality education; and outlines how expanding financing for education is critical to improving quality for all. It also touches on other areas of education financing, such as household expenditure on education and trends around privatisation.

### **Module 3: Increasing the SIZE of the overall government budget**

Module 3 explores issues around the second of the 4 Ss: the size of the overall government budget. In many countries the size of the overall government budget is much smaller than it could or should be. In such cases, simple steps to increase the size of the overall budget through increasing tax revenues can substantially increase the domestic resources available for education. This module outlines key trends and issues relating to tax and helps education activists better understand how to increase revenues for education by ensuring that tax is raised fairly. For this to happen effectively, civil society must collaborate through broad-based platforms, such as national coalitions, and speak with a unified voice, so the module also looks at how to work with others and how to start planning for tax justice advocacy.

### **Module 4: Increasing the SENSITIVITY of the education budget**

Module 4 explores the third of the 4 Ss: sensitivity of spending. By sensitivity we mean the ability to analyse spending within the education sector through an equity lens. Headline figures for education spending can sometimes miss out crucial details of whether or not the budget supports the most marginalised, and whether or not it is working to help tackle inequality and to improve access to quality education for all. It is crucial that education spending is sensitive in order to address equity in education. This module starts by assessing the common issues around the sensitivity of the budget, with a focus on inequity in education systems, and inequality in outcomes. It begins to expound upon what to look for when examining budgets from an equity angle – such as whether education spending disproportionately benefits children from the wealthiest households and regions. The module has a number of practical exercises for building skills to do practical budget-related analysis from an equity angle.

### **Module 5: Increasing citizen SCRUTINY of the education budget**

Module 5 focuses on introducing concepts around the last of the 4 Ss: citizen scrutiny. It starts by assessing the common policy trends and dynamics in budget transparency, accountability and participation. It then moves on to looking at how to do participatory budget tracking or expenditure monitoring as one form of active citizen scrutiny. It introduces various concepts related to budget formulation, followed by practical exercises to support the scrutiny of expenditure. This module is packed with concrete examples of CSOs' work in these areas.

### **Module 6: Bringing it all together: developing an advocacy plan**

The final module focuses on using the knowledge and analysis built through the previous modules to develop an effective advocacy plan. It will support activists to use the evidence and data generated through the exercises in modules 1-5 to decide what the overall priorities are, develop objectives that are realistic and obtainable, carry out a basic power mapping to identify targets and allies, identify key moments and opportunities, assess resources and agree on advocacy messaging.

## 2. POLICY BACKGROUND

### DOMESTIC FINANCING FOR EDUCATION AND THE 2030 SUSTAINABLE DEVELOPMENT AGENDA

The newly adopted Sustainable Development Goal 4 (SDG 4) and the accompanying Education 2030 Framework for Action (FFA) set out the broad parameters for an education financing advocacy agenda. This toolkit aims to support education activists (such as NGOs, education unions and national education coalitions) working in low- and middle-income countries to adapt their financing advocacy to this new and ambitious framework.

SDG 4 reflects a broad vision of education, anchored in the human rights perspective. The commitments contained therein are fundamentally more ambitious and broad in scope than those made in the Millennium Development Goals. The FFA spells out the principles on which Goal 4 stands and expands on its narrative and targets, while establishing strategies to aid implementation.

These targets are global and universal, which means that all countries in the world are expected to work towards them and to meet them by 2030.

At the same time, countries will be able to tailor implementation to their own needs, priorities and contexts. Progress towards reaching the targets will be tracked through global, regional and national indicators, which will serve as tools for civil society to use when scrutinising government action. For SDG4 and the FFA, thematic indicators are also being produced.

The collective commitments and ambitious targets to achieve this new education agenda will require a significant scale-up of financing. Governments will also need to expand financing beyond basic education to meet the targets for early childhood education, lower and upper secondary education, technical and vocational education and training, higher as well as youth/ adult education, and lifelong learning opportunities.

Ensuring governments meet these commitments requires the involvement of key stakeholders. Civil society has a critical role to play to hold governments to account for the delivery of these goals and targets, including their allocation of sufficient resources to the right kinds of programmes. Financing must address the challenges of providing equitable and quality education for all.

#### BOX 1. SUSTAINABLE DEVELOPMENT GOAL 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

##### Targets

- By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
- By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
- By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
- By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
- Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all
- By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing states and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
- By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states

## ACCESS AND QUALITY

There is no doubt that progress has been made over the last 15 years. According to the 2015 UNESCO EFA Global Monitoring Report, an estimated 34 million more children will have attended school as a result of faster progress since 2000 (EFA GMR, 2015a). Transition and retention rates have improved, and strides have been made towards gender parity – although global data on gender belies regional and sub-regional variations. However, progress on access has slowed since 2007, and the fact remains that none of the six Education for All goals or the two education-focused Millennium Development Goals were achieved in full, and inequality in education has increased. The patchy nature of progress suggests areas where significant increases in finance will be required to meet the new education agenda. Quality and equity remain particular concerns, and chronic underinvestment plays a major part in this.

Many countries have already taken important steps to expand access; one major stride forward for several countries has been the abolition of tuition fees. In fact, both SDG 4 and the FFA build on the ambition of EFA Goal 2 to ensure that all children “*have access to, and complete, free and compulsory primary education of good quality*” by committing to nine years, but recommending 12 years, of free education, encompassing pre-primary, primary and secondary education (UNESCO website). The expansion of access to free education must be done with quality at its heart, but education systems have already struggled to cope with the increasing demand without the accompaniment of more financing.

States articulated a vision of quality education during the 2015 World Education Forum, held in Incheon, Republic of Korea, which is reflected in the FFA. The Incheon Declaration defines quality education as one that “*fosters creativity and knowledge, and ensures the acquisition of the foundational skills of literacy and numeracy as well as analytical, problem-solving and other high-level cognitive, interpersonal and social skills. It also develops the skills, values and attitudes that enable citizens to lead healthy and fulfilled lives, make informed decisions, and respond to local and global challenges...*” (UNESCO, 2015b).

The FFA further states: “*This requires relevant teaching and learning methods and content that meet the needs of all learners, taught by well-qualified, trained, adequately remunerated and motivated teachers, using appropriate pedagogical approaches and supported by appropriate information and communication technology, as well as the creation of safe, healthy, gender-responsive, inclusive and adequately resourced environments that facilitate learning*” (UNESCO, 2015a)

It is this vision towards which States must strive, but when schools are under-resourced, and teachers are poorly paid and trained, effective learning rarely takes place. Education is of such poor quality in many countries that millions of children who are in school are unable to learn. For example, there are more than 130 million children worldwide who cannot read or write, despite having spent at least four years in primary school. Moreover, a quality education must support the development of individuals and build a broad range of knowledge, skills and competences, while recognising diverse identities – all of which requires sufficient (and increased) investment in quality education systems (EFA GMR, 2015a).

SDG 4 includes an explicit commitment to ensuring quality and recognises that inputs – especially strategies for ensuring trained, qualified, valued, and supported teachers as well as safe and inclusive learning environments – are necessary for improving educational systems. In many countries, tight education budgets have led to a reliance on hiring teachers with little or no training, or para-teachers, on low salaries and in poor conditions – undermining the quality of teaching and learning and the status of the teaching profession. Indeed, for many decades the prevailing economic wisdom has been antithetical to providing decent teacher salaries: an International Monetary Fund (IMF) loan criterion for 17 countries in 2003–2005, relating to structural adjustment programmes, was a ceiling on wages (AAI, 2007). While the IMF later stated it had removed the criterion, there was still pressure on governments behind the scenes to reduce spending on wages (Oxfam International, 2011). The global financial crisis of 2007/08 also led to a spike in IMF lending carrying similar conditions. In Côte d’Ivoire, for example, one loan condition was to “*update and implement a medium-term strategy for controlling the wage bill*” (Griffiths & Todoulos, 2014).

## EQUITY AND INCLUSION

Increased and better targeted financing is a prerequisite for equitable education – and, fundamentally, the realisation of the right to education. The failure of governments to address equity has led to unequal education experiences in most countries. There is a recurrent pattern of exclusion of some learners such as girls and women, persons with disabilities, racial, ethnic, religious and linguistic minorities, and those living in underserved areas. Those who lack a quality education are almost always drawn from the ranks of the poorest, most marginalised and hardest-to-reach groups. For instance, the poorest are five times less likely to complete a full cycle of primary education than the richest in the developing world (EFA GMR, 2015a), and according to one estimate, only 5% of all children with disabilities worldwide have completed primary education (UNICEF, 2013). Furthermore, when poverty intersects with other forms of inequality the chances of being denied an education rise considerably. For example, according to the UNESCO Institute for Statistics, in developing countries children from the poorest families are four times more likely to be out of school, compared to the richest 20% of households. In 15 African countries, no more than 1 in 5 poor children reach the last grade of primary school and learn the basics (EFA GMR, 2014a).

The extent of inequity in (and through) the education system remains shocking in many respects. A lack of equal education opportunities has a corrosive impact on societies, and exacerbates broader inequality. This has to stop.

Target 4.5 in the SDG agenda calls on countries to “eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations” (UN-DESA, 2015). The Incheon Declaration also has a clear commitment to equity, stating that: “Inclusion and equity in and through education is the cornerstone of a transformative education agenda, and we therefore commit to addressing all forms of exclusion and marginalisation, disparities and inequalities in access, participation and learning outcomes. No education target should be considered met unless met by all.” (UNESCO, 2015b)

Equity measures should also ensure that education and lifelong learning opportunities are available to the hundreds of millions of adults who are still unable to read and write.

The links between education and broader economic inequality are also important. Historically, inequitable education has often been responsible for generating and reproducing inequalities and perpetuating disadvantage. Yet education is the primary means through which broader inequalities can be overcome: equality in education has an equalising effect, promoting social mobility, creating equal opportunities and combating discrimination.

One of the lessons of the 2000-2015 period is that a narrow focus on access alone came at the expense of delivering high quality education. Quality is now at the heart of SDG 4, and now is the time to realise the right to a quality education for everyone.

## BOX 2. EDUCATION AS A HUMAN RIGHT

Our work is founded on the assertion that education is a fundamental human right. Trends in government financing and spending must be seen and analysed through this lens.

### The 4 As as a lens for the right to education:

One useful way of looking at the right to education is that it must be available, accessible, acceptable and adaptable. The concept of these 4 As was developed by the late UN Special Rapporteur on the Right to Education, Katarina Tomaševski, and it is a good way to assess and act upon education rights.

### The 4 As can be summarised as follows:

- **Availability** – that education is free and government-funded and that there are adequate infrastructure and trained teachers able to support education delivery.
- **Accessibility** – that the system is non-discriminatory and accessible to all, and that positive steps are taken to include the most marginalised.
- **Acceptability** – that the content of education is relevant, non-discriminatory and culturally appropriate, and of good quality; that the school itself is safe and teachers are professional.
- **Adaptability** – that education can evolve with the changing needs of society and contribute to challenging inequalities, such as gender discrimination, and that it can be adapted locally to suit specific contexts. (Tomaševski, 2001)

These aspects sum up the content of many individual human rights treaties, including the 1948 Universal Declaration of Human Rights (UDHR), the 1966 International Covenant on Economic, Social and Cultural Rights (ICECSR) and the UN Convention on the Rights of the Child (UNCRC) – which reiterate the right to free and compulsory primary education, the right to education that is universally available and progressively free at secondary level, the right to lifelong learning from early childhood education through to adulthood, the right to a quality education, and the right to education without discrimination that meets the needs of the most marginalised.

This makes it clear that: i) education must be available and accessible to all; ii) it must be provided free of charge (at least for basic education) and without discrimination; iii) it must be of good quality; and iv) it must respond and contribute to its social context.

Human rights come with entitlements and obligations. Governments that have agreed to implement human rights treaties have serious legal and moral obligations. It is the State's responsibility to *respect, protect and fulfil* human rights. Financial barriers represent a major hurdle for many individuals and societies when it comes to accessing human rights – with far too many of the world's poorest families, in the world's poorest and most fragile countries, being denied their right to education.

This means governments must act now to overcome these barriers by allocating sufficient resources. It also implies that the poorest countries should be supported in delivering this right.

## HOW WILL THE NEW EDUCATION AGENDA BE FINANCED?

The 121 million children of primary and lower-secondary school age who are still out of school (UNESCO GEM, 2016), the extensive use of untrained teachers (UIS, 2015c) or under-trained para-teachers across sub-Saharan Africa (and increasingly in so-called 'low-fee' private schools), the destruction and misuse of school infrastructure in areas affected by conflict and emergencies, and the 757 million non-literate adults (UIS, 2015a) are all reminders of how far we are from realising the right to education for all, and of the urgency of the task at hand. Overcoming these challenges lies at the core of SDG 4, which itself contains commitments ranging from early childhood through to higher education and lifelong learning. This is also set against a backdrop of a growing youth bulge on the horizon in many low- and middle-income countries (GCE, 2015a). The scale of the financing challenge is, therefore, enormous.

However, the 2030 Agenda for Sustainable Development contains no specific financing commitments to education; currently the only commitments made to financing in the new education agenda are included in the Incheon Declaration and the FFA. Some reference is also made to financing of education in the Addis Ababa Action Agenda, agreed at the Third International Conference on Financing for Development in July 2015, though the language is limited in scope (focusing on children only) and noncommittal (making vague references to encouraging states to set appropriate targets).

The FFA recognises that the commitments of SDG 4 cannot be realised without increasing finance, and reiterates the imperative on States to adhere to the benchmarks of investing 15-20% of public expenditure and 4-6% of GDP in education. It also urges developed countries to make concrete efforts to reach the target of 0.7% of GNP for official development assistance to developing countries by 2030, with the aim of filling an annual financing gap of US\$39 billion over 2015-2030 – if developing countries meet domestic financing recommendations – to achieve universal pre-primary, primary and secondary education of good quality in low- and lower-middle-income countries (UNESCO, 2015b).

## A JOINT AGENDA ON EDUCATION FINANCING

GCE, AAI and EI believe that all States are responsible for ensuring the right to education for all and that providing this requires adequate and sustainable public financing of education. As with other core public goods, the ambition must be to arrange financing that is sustainable from domestic resources. It is only then that policy and practice can be subject to democratic accountability that reflects national priorities and the needs of children, youth and adults.

The FFA states that *“Efforts to close the funding gap must start with domestic funding”* (UNESCO, 2015a), and this will require a far greater focus and pressure on governments to scale up their budgets overall. We reiterate our long-standing call for all governments to allocate at least 20% of national budgets to education, or at least 6% of GDP. Holding governments to account for the upper end of the financing benchmarks outlined in the FFA requires continued advocacy to ensure that education remains a budget priority.

Some governments will find that meeting these targets creates huge fiscal pressure – especially as they face competing demands to increase financing for a number of other elements within the Sustainable Development agenda. We believe that the only practical and realistic way for countries to deal with these competing pressures on government budgets is to maximise the revenue available by building progressive and expanded domestic systems of taxation, reviewing tax and royalty agreements in the corporate sector, particularly the natural resource sector, and closing loopholes which enable tax avoidance and evasion by the private sector.

Ensuring equitable education also requires more efficient and equitable allocation of public financing. Governments will need to make sure their budgets are more sensitive and that spending is better targeted to address issues of quality and equity. Finally, education activists need to scrutinise the budget to make sure governments are spending their resources wisely, and hold their governments to account for sufficiently resourcing the Education 2030 agenda. This toolkit aims to support this.

While education systems should be financed publicly by nation states, external assistance is also needed to support education development in many low-income countries. Aid and other forms of external assistance to education should respect national priorities, be predictable, and be provided with a view to supporting countries to establish a framework for sustainable domestic financing. We will continue to campaign across the whole education financing agenda, calling on all actors – local, national and global – to play their role, as outlined in the financing demands in Box 3.



Children take part in a 'Fund the Future' rally in Somalia during the GCE Global Action Week for Education 2016. Image courtesy of the Education For All Somalia coalition (EFASOM).

### BOX 3. OUR POLICY DEMANDS

#### All governments must:

- Fulfil their financial commitments to education, including domestic and donor commitments to the Global Partnership for Education, bilateral commitments by donors, and global commitments contained in the Sustainable Development Goals, Education 2030 Framework for Action, and the Addis Ababa Action Agenda.
- Develop fully funded, phased, and implementable plans aimed at ensuring access to free, quality early childhood, primary and secondary education and literacy and lifelong learning for all by 2030. These plans must strengthen public education systems, in particular by prioritising investments in quality and equity, and addressing the educational needs of communities and regions suffering from historic disadvantage.
- Ensure that implementation plans specifically prioritise filling the gap of trained and qualified teachers and ensuring decent working conditions as well as pre- and in-service training of all teachers.
- Review budget proposals and spending for differential impact on girls and women and other disadvantaged groups (such as persons with disabilities and indigenous communities), through gender and inclusion audits.
- Allot at least 6% of GDP and at least 20% of national budgets to education, of which at least 50% must be dedicated to basic education.
- Maximise revenue available for investment in education and address inequality through building progressive and expanded domestic systems of taxation, reviewing tax and royalty agreements in the natural resource sector, and closing loopholes which enable tax avoidance and evasion by the private sector.
- Report regularly and transparently on budgets and spending on and across education, enabling communities and civil society to see where public money is being spent.
- Give a formal role to civil society organisations in open planning and budgeting processes at national and sub-national levels.
- Ensure that education is provided for the benefit of learners and society at large, not for the profit of private companies, individuals and other actors, and guarantee that government funds are not used to subsidise for-profit education. Governments must also ensure that the activities of private actors in the education sector are subject to regulation, public scrutiny and social accountability.<sup>2</sup>

#### Donor countries must also:

- Set out clear national plans to deliver 0.7% of GNP as ODA by 2020.
- Commit at least 15-20% of all ODA to education. At least half of education aid must go to basic education.
- Allot at least 4% of humanitarian aid to education.
- Focus aid on supporting fulfilment of equity targets by focusing on countries with the greatest needs and on groups at risk of exclusion. ODA impact data should be disaggregated to show impact on marginalised communities (including persons with disabilities) and specific programmes funded to redress exclusion.

#### The UN system and the international community should:

- Agree new international rules to promote global tax transparency and prevent tax avoidance. Developing countries must have access to multinational companies' accounts to scrutinise and assess tax liability and ensure that companies pay due taxes.
- Support a strengthened Global Partnership for Education, with the mandate to fund and support the full Education 2030 agenda.
- Apply pressure on the IMF to ensure that it uses its influence on tax policies in low- and lower-middle-income countries to support countries to raise their tax-to-GDP thresholds, while easing the tax burden on the poor.
- Build a more inclusive humanitarian system that recognises the need for sustained financing to deliver education in emergency settings, including chronic emergencies.
- Call for an increase in expenditure to promote equity, inclusion and quality education for learners from marginalised groups such as persons with disabilities, agricultural communities, and indigenous peoples.

*GCE Global Action Week for Education 2016 policy demands* (Fund the Future website)

<sup>2</sup> Adapted from the Global Campaign for Education policy on the role of the state regarding private actors and providers in education; updated at the GCE World Assembly, February 2015. <http://fund-the-future.org/en/about/campaign-demands>

## THE 4 Ss APPROACH TO DOMESTIC FINANCING

Our advocacy agenda can also be understood as the '4 Ss approach to domestic financing', focusing on the share, size, sensitivity and scrutiny of the education budget:

1. Increasing the **share** of the budget going to education: countries should allocate at least 20% of their national budgets, or 6% of their GDP on education. Module 2 sets out the context and policy background relating to the share of the budget allocated to education, and explores how a lack of government budget allocations have led to poor quality education, and how expanding financing for education is critical to improving quality for all. It supports the reader to carry out basic calculations, breaking down the total budget to identify the amount spend on education, as well as to understand financing sources.
2. Increasing the **size** of the overall government budget: some countries are already spending a reasonable share of their budgets on education and many countries are close to the internationally-recognised benchmarks. In these scenarios, what more can we reasonably expect in domestic resource mobilisation? Often, the answer is: a lot. In too many countries the size of the government budget overall is much smaller than it could or should be. In these cases, simple steps to increase the size of the budget can massively increase the domestic resources available for education, specifically through the scaling up of tax revenues. Module 3 will help education activists gain a deeper understanding of tax issues and how to work with tax justice advocacy to increase domestic resources for education.

3. Increasing the **sensitivity** of the education budget: headline figures for education spending can sometimes miss out crucial details of whether or not the budget supports the poorest and most marginalised and is working to help improve access to quality education for all. Module 4 will help education activists focus on how spending works to redress disadvantage and plays a key role in helping to build and shape more equitable societies.
4. Increasing citizen **scrutiny** of the education budget: the role of citizens and civil society in monitoring government budgets and spending, and applying pressure to ensure accountability, is critical. Module 5 focuses on understanding why budget accountability is one of the most powerful tools in delivering on the right to education, while exploring how to hold governments to account for commitments to spending through budget tracking work.

This toolkit will help education activists to understand these four areas, and to identify the most important aspects to take forward in their own country context, from national to local level.

For questions or further information about this toolkit or GCE's work on domestic education financing, please contact the GCE secretariat: <http://www.campaignforeducation.org/en/contact-us>.

# MODULE 1: UNDERSTANDING BUDGETS

## SUMMARY:

This module introduces readers to government budget processes, actors and terminology. It aims to build knowledge on:

- The importance of engaging with budgets
- The link between budgets and human rights
- Actors involved in setting and spending budgets
- The budget cycle
- Budget documents
- Budget classification

## BY THE END OF THIS MODULE YOU WILL HAVE:

- Identified the main actors involved in setting and spending the education budget in your country.
- Identified the key stages of the budget cycle in your country.
- Understood how to access key budget documents for your country.
- Familiarised yourself with the layout and content of your country's budget and learned how to extract useful information from it.
- Identified your government's priority areas for education spending as expressed in the budget.
- Started to identify particular issues in relation to the education budget in your country.

**Users should familiarise themselves with the content of this module before embarking on the rest of the toolkit modules.**



## 1. WHY IS IT IMPORTANT TO ENGAGE WITH BUDGETS?

Budgets are the central means by which governments deliver their obligation to ensure the right to education. The budget is one of the most important public documents produced by a government, expressing its priorities and commitments. It is the space where a government proposes how much revenue it plans to raise and how it plans to use these funds to meet the nation's competing needs, from bolstering security, to improving healthcare, to alleviating poverty. These budget processes are political as well as technical and, given its far-reaching implications for citizens, the national budget should be the subject of widespread scrutiny and debate. Civil society has a vital role to play

in ensuring there is independent scrutiny of government budgets, and of the revenues which pay for them, and effective spending in education requires citizen engagement at all stages of the process – from revenue allocation, to budget-making and spending, to accounting for actual spending – and at all levels of government, from local to national. Civil society and other education activists can help improve budget policies by providing information on public needs and priorities through their connections with communities, and ensuring they can better target the areas of greatest need. Working in collaboration with legislators, auditors, the media, and the broader public they can also play an important role in holding the executive accountable for how it uses public resources. Citizens' scrutiny of education budgets is explored in detail in Module 5.

### BOX 4. HUMAN RIGHTS AND BUDGETS

Article 2 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) sets out governments' obligations for enabling the realisation of rights:

- Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realisation of the rights recognised in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.
- The States Parties to the present Covenant undertake to guarantee that the rights enunciated in the present Covenant will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.<sup>3</sup>

Even when a state's resources are limited, it is obliged to prioritise certain immediate obligations, such as education for all, without discrimination, and as such dedicate the necessary resources. It is obliged to provide free primary education, and progressively free secondary and higher education, which requires immediate and progressive – not regressive – steps to help citizens fully realise their right to education.

How governments raise revenue and commit to spending can affect various groups differently, often disproportionately burdening the poor through unfair tax burdens, or through unfair spending which can marginalise certain groups even further. For example, out-of-school children, or children with disabilities, who have no access to education, are paradoxically often allocated no resources from the budget. This is just one example of budgets not being prioritised in proportion to needs. Often, groups which need the most government support receive the least, and are most unfairly burdened in the way resources are raised. Another approach is to use a budget to right long-standing wrongs; for example, when governments direct resources to historically disadvantaged groups. To implement the right to education effectively, states should ensure that a sufficient proportion of the national budget is allocated to education and that the money is used effectively and equitably to guarantee education for all, as well as to redress inequalities (Right to Education Project website).

<sup>3</sup> For more information, see Blyberg and Hofbauer 2014

## 2. WHO SETS AND SPENDS BUDGETS?

Understanding how budgets are set and who has control over planning or spending is key for successful advocacy and for holding governments to account. Therefore, it is vital to understand how a government works at different levels (national, regional, district, and school level), how these relate to each other, and at which levels decisions are made.

The difference between a centralised or decentralised system is important to grasp. In many countries, democratisation has been accompanied by a process of decentralisation, which brings budgeting closer to communities. This differs from centralised systems, where power is concentrated at the central or national ministry, which decides how resources are used all the way through the system down to the facility level. In a centralised system, the only influence that civil society can have at the local level is to ensure money is well spent. In this instance, advocacy for improving budget allocations, or for increases to specific programmes, must be carried out nationally.

In a decentralised system, authority is transferred from the centre to regions or districts, with a view to creating greater autonomy. Some countries are federal in character where decision-making is divided between the centre and the provinces. Other countries have allocation decisions made at the central level, with only the responsibility for implementation decentralised. Others still also have revenue generation decentralised (to some degree), as well as spending.

This could mean connecting three levels (as in Ghana), or four levels (as in Ethiopia) or, in the case of India or Pakistan, connecting across villages, blocks, districts, provinces (Pakistan) or states (India), and the national government. When it comes to the allocation and use of public resources, each level has its own particular decision-making powers and stakeholders, and each level also has a particular link with the national structures. In some cases, only certain functions – for example, early childhood care and education – are fully decentralised and devolved.

The quality and capacity of decentralised systems vary from country to country. In many countries, problems with spending on education often arise at decentralised level. This can happen even if national level planning and expenditure is effective, as local authorities sometimes lack the capacity to spend funds effectively. Instances of corruption are also more likely to occur at local level. However, while decentralisation can complicate the monitoring of budgets nationally, it may create opportunities for local legislative involvement, and greater citizen involvement.

The extent to which civil society can engage with key actors at the various levels will depend on the level of government decentralisation in-country, and who has power at different levels of the system for budgeting and spending. This is why it is important to understand the responsibility of different actors at different levels. Where the administration is highly decentralised, especially if budgeting takes place at sub-national level, it will be more important to engage with local government budgeting processes, as this will maximise the chances of direct influence.

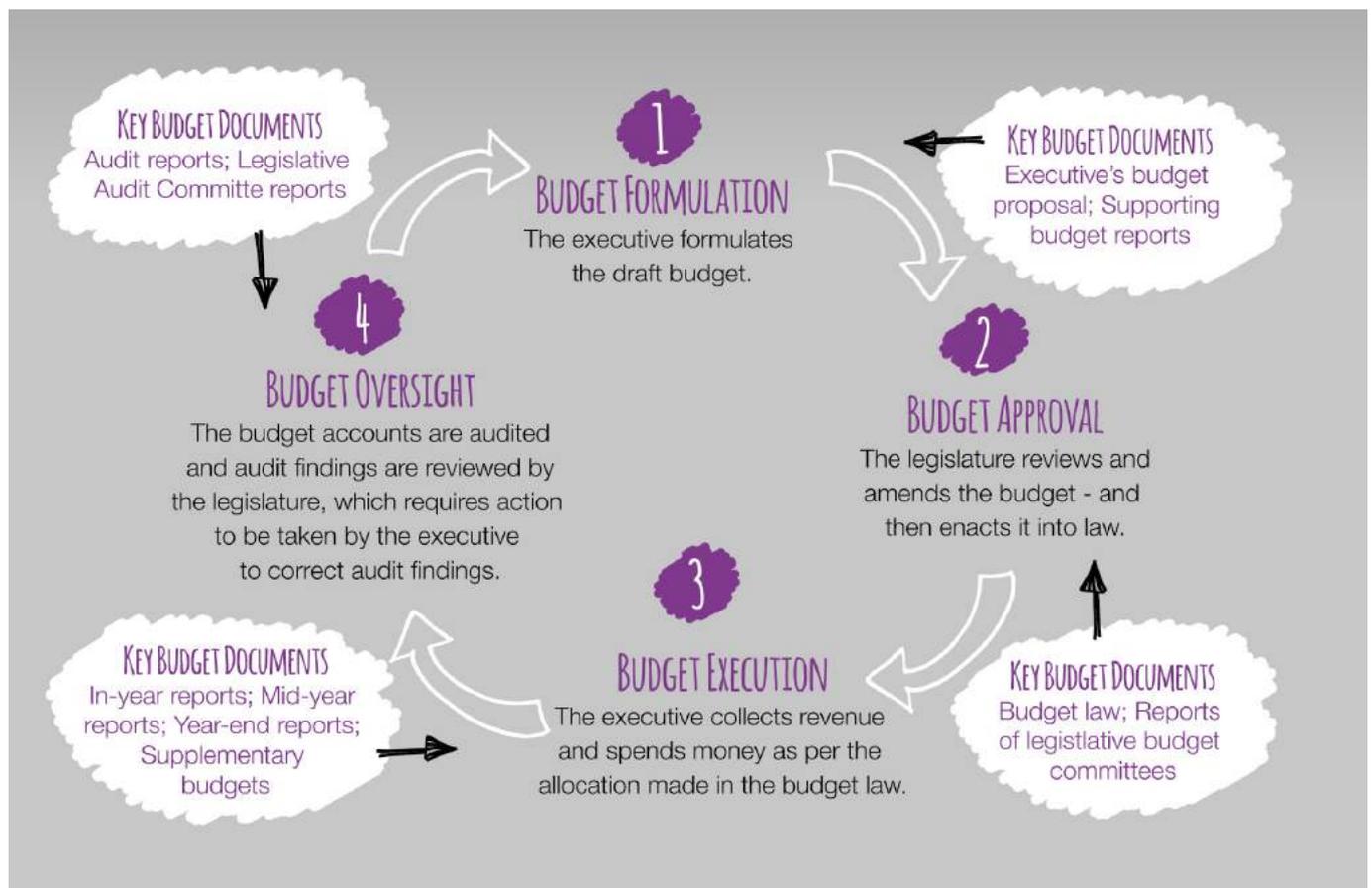
Most GCE national coalitions operate through broad-based constituencies, which means some of their members engage at the national level and others sub-nationally. Those operating nationally/ in the capital city engage primarily with national government decision-makers and officials, capital-based stakeholders, and national media. This kind of work seeks macro-level impact even though it may entail research on issues that happen or affect policies or public service delivery at the sub-national level. In contrast, CSOs and other coalition members that work at the sub-national or local level are typically based outside the capital. Most groups working at this level seek to monitor policy and budget implementation, influence officials in charge of implementation, or activate local oversight mechanisms. In federal systems they may also try to influence state policies. Trying to link national and sub-national work is complex, but ideally this work would be accompanied by analysis of national commitments and the flow of money, showing how well money is spent or exposing leakages/misuse of funds. Recognising the linkages between budgets at different levels will give a better understanding of the system, and inform organisations' education budget advocacy.

### 3. THE BUDGET CYCLE

Each country's budget process has its own unique features, reflecting the organisation of the executive, the powers of the legislature, and the independence and effectiveness of oversight institutions.

There are a number of stages in the budget process which most governments adhere to (at least to some extent).

FIGURE 1: SUMMARY OF BUDGET CYCLE STAGES AND THE TYPES OF DOCUMENTS AVAILABLE



## STAGE 1: BUDGET FORMULATION

The first stage of the budget cycle is when the executive branch formulates the annual budget, including expenditure ceilings, establishing the fiscal envelope (i.e. the total amount of money the government has available for the budget that year). Typically, one office — usually the budget office within the Ministry of Finance — coordinates and manages the formulation, requesting information from individual departments and proposing the trade-offs necessary to fit competing government priorities into the budget's expenditure totals. Budget projections are based in part on information about the economy and assumptions about its future course, such as expected economic growth, inflation, and unemployment levels. This usually happens behind closed doors. Sometimes the executive may release a discussion document or an overview of the budget, but generally both the legislature and civil society have little direct access to this stage of the process. However, the budget is very rarely constructed from scratch. Therefore, major parts of the budget can be anticipated in advance, including the education budget. In terms of revenue, it's unlikely that this would include significant changes to the existing tax system; it would typically involve more modest changes, such as adjusting for the effects of inflation or changes to the tax threshold.

## STAGE 2: BUDGET APPROVAL

The second stage of the budget cycle occurs when the executive's budget is discussed in the legislature and consequently enacted into law. During the enactment stage, legislatures review, amend and adopt the budget. The extent of legislative involvement varies across countries (i.e. if the system is parliamentary or presidential), and the legislature's powers under the constitution. In many countries, the legislature has less influence over revenue than expenditure.

## STAGE 3: BUDGET EXECUTION

During the implementation stage, many governments release in-year reports on expenditures and revenues, to show the progress being made toward budget targets. The level of detail and the timeliness of the information provided differ from country to country. The executive frequently submits a supplementary budget to the legislature, proposing adjustments to the enacted budget during the year, and produces revised budget expenditure figures. Revenue policies are rarely adjusted in the middle of the year, however.

## STAGE 4: BUDGET OVERSIGHT

The final stage in the budget cycle includes a number of government activities to assess how the budget was spent. This presents a valuable opportunity for CSOs and budget groups to obtain information on the effectiveness of particular budget initiatives, as well as to advance accountability by ascertaining whether the legislature and executive branches respond appropriately to the findings of audit reports.

Each of the budget cycle stages creates different opportunities for civil society participation. These are explored in Module 5, which looks at citizens' scrutiny of the budget.

## 4. BUDGET DOCUMENTS

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International good practice recommends that governments publish eight budget reports at various points in the budget cycle. Four of the eight key budget reports pertain to the formulation and approval stages of the budget process: the Pre-Budget Statement, Executive's Budget Proposal, Enacted Budget, and Citizens' Budget. The remaining reports pertain to the government's execution and oversight of the budget – the In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report.

Ideally citizens should be able to access all budget documents. However, in reality, this is more complicated in some countries than in others. In recent years there has been a push towards more open governments, and an increasing focus on issues of transparency, participation, voice and accountability. This has led to a palpable shift in the amount of information made available to the public and a dramatic wave of more transparent budgeting and accounting for spending. There are now right to information or freedom of information laws in close to 100 countries, as opposed to just 12 in 1990 (Right2INFO.org). The International Budget Partnership's Open Budget Index, which surveys the state of budget transparency and participation in 108 countries, has found consistent increases in budget transparency year on year (IBP, 2015). The same trends have also been noted by Government Spending Watch in their annual report, which noted that one-third more information was available to be analysed from official government documents in low- and middle-income countries in 2015 compared to 2011 (GSW, 2015).

In some cases, the trends in opening up budgets to the public are impressive. In Latin America, for instance, there are now a number of transparency portals, such as the El Salvadorian (El Salvador Ministerio de Hacienda website), Brazilian (Brazil Controladoria-Geral da União website) and Peruvian (Peru Ministerio de Economía y Finanzas website) fiscal transparency portals which provide timely, user-friendly information on budget planning and execution, allowing citizens to access real-time budget information in a way which is easy to understand (World Bank website). Yet many countries are lagging behind, with governments still limiting the opportunities for citizens to access official budget information or engage in the budget process. In some countries with decentralised budgets it is extremely difficult to get budget information – and piecing together what has been spent at local levels can be impossible.

It is not only a question of whether governments publish budget documents or enable public engagement in budgeting processes, but also of how accessible and readable the information is and how clearly the budget is broken down. Often, governments do not provide sufficient information to enable citizens to make the connections between inputs and outputs, and ultimately outcomes and achievements, which are necessary to effectively track spending. There may also be a lack of information on how spending is broken down in relation to different groups (e.g. children with disabilities) or geographic locations, for example.

Before education activists can do any budget analysis, they first need to gather the information. Exercise 1 and Exercise 2 aim to provide some practice in getting hold of budget documents, and to help users to find their way around the documents in order to find the information they need.

## EXERCISE 1. ACCESSING BUDGET INFORMATION

### Aim

For users to learn how to access their country's budget information.

### Activity

#### Step 1: Check government websites

The first place to look for budget information is online, visiting the website for the Ministry of Finance, Treasury etc. (or perhaps a subdivision, such as the office of the budget controller). The easiest way of doing this is often to type '[name of country] budget' into a search engine and follow the official government links that come up.

In theory, the Ministry of Finance is responsible for providing the legislature and the public with information about budgets in a comprehensive and readily accessible format. In reality, governments do not always produce their budget information in an accessible format, nor do they always transparently share information.

#### Step 2: What to do if you can't find the budget information online

If documents are not published online, it's worth contacting the Ministry of Finance directly to ask for budget information. Or you may contact the Ministry of Education for information on the education budget and a more detailed breakdown.

#### Step 3: Accessing supplementary information

It may also be helpful to visit other websites to find supplementary information to support your budget analysis. This can help to give additional information, for example, about the intention of funding for certain programmes or the related sector plans.

Additional sources of information might include:

- The Central Bank and the Central Statistical Office – sometimes publishes budget and other finance information.
- Auditor General – may have past audited accounts.
- The Ministry of Education (or local budget office for the Ministry) – for more detailed sector budget breakdown.
- Bilateral and multilateral donors – to supplement information on donor spending, sometimes donors may also help access to information on budgets.
- Education Sector Plans – can help understand what budget commitments were for.
- Global Partnership for Education, Local Education Groups or Education Sector-Wide Approach (SWAp) coordination mechanisms often have budget information.

### Information challenges

In many countries users are likely to encounter some obstacles when trying to gather information about the budget. The degree of difficulty in finding information will determine to what extent an education activist can conduct effective budget analysis. If you can't find the right documents and information necessary for budget analysis, you will struggle to move forward!

There may be a number of challenges when trying to get hold of budget information, such as:

- Lack of right-to-information legislation;
- Lack of accurate and timely budget data;
- Lack of data which is broken down in a helpful way (also known as fully disaggregated data: data that is divided by age, sex, or other characteristics);
- Lack of transparency; and
- Lack of institutionalised mechanisms for public participation.

If access to information is a major concern, then an obvious starting place for advocacy is to push the government to publish more budget information and be more transparent. In which case, one of your first steps might be to join forces with relevant partners or groups who work on right to information or transparency campaigns, in order to improve the data availability and transparency.

### Adapting the exercise for a workshop setting

**Option 1.** Ask the participants to find the budget information for their country before the meeting. Divide them into small groups in which to share and discuss their findings. In an international context, participants can either work in single-country groups to collate and discuss their findings or in mixed-country groups to compare and contrast the availability of information in the different contexts.

**Option 2.** If the participants have access to the internet in a training session, they can try finding budget information during the event. As a facilitator, make sure you prepare for this by understanding the different challenges of budgets in the different countries in the training. The time required to carry out this exercise will depend on the availability of publically accessible documents and the complexity of these documents – some countries have a lot of information easily accessible (which can a long time to work through), other have much less. Allow for some participants to make more progress than others. You might wish to place a facilitator (or experienced participant) in each of the groups to support (but not lead) the process.

### Additional questions for discussion

- Was it easy to find information on the budget for your country?
- What sites did you visit to find official government information on the budget?
- What sites did you visit to find supplementary information on the budget?
- What steps do you think the government should take to make budget information more easily accessible?
- How easy was it to understand the information on the government website?
- What do you think could be done to make the information easier to understand?

## 5. BUDGET CLASSIFICATIONS

Budget classification is one of the fundamental building blocks of a sound budget management system, as it determines the manner in which the budget is recorded, presented and reported, and as such has a direct impact on the transparency and coherence of the budget. Correct budget classification is important for policy formulation and performance analysis, allocating resources efficiently among sectors, and ensuring compliance with the budgetary resources approved by the legislature.

There are a number of different ways in which budgets can be classified (Jacobs, Hélias, & Bouley, 2009):

- **Administrative classification** identifies the entity that is responsible for managing the public funds concerned, such as the Ministry of Education or, at a lower level, departments of primary education, and at an even lower level, schools.
- **Functional classification** organises government activities according to the purposes and broad objectives for which they are intended (e.g. education). It's independent of the government's administrative or organisational structure. Such a classification is especially useful in analysing the allocation of resources among sectors.
- **Economic classification** identifies the type of expenditure incurred, for example, salaries, goods and services, transfers and interest payments, or capital spending.
- **Programme classification** requires the budget to be organised around a set of programmes and sub-programmes, with clear policy objectives and focused on outcomes and outputs. This kind of classification system is becoming increasingly popular as it links funding to results rather than inputs.

## EXERCISE 2. UNDERSTANDING YOUR COUNTRY'S BUDGET

### Aim

For users to familiarise themselves with their country's budget and start to analyse the information available.

### Activity

Review the budget documents for your country (see Exercise 1) and answer the following questions:

1. Are reasons given for the choices made in the budget? Can you tell what the priority areas in the budget are?
2. Does the budget break down into functional, administrative or economic classifications (see Budget Classifications)?
3. Does the budget have information on government spending on programmes, sub-programmes and further information on disaggregation of government spending below the sub-programme level?
4. Does the budget differentiate properly between spending on recurrent (operating) costs and capital (development) costs?
5. Is the budget decentralised? Is there a regional and/or district budget? Can you access it?
6. Are the budget lines sufficiently clear to know what each of them refers to, and are they consistent across departments?
7. Does the budget contain estimates for the coming three years or only for this year (can budgets be compared across years easily)?

### Adapting the exercise for a workshop setting

In a workshop setting participants will need to make sure they have the relevant budget information before the session. They should ideally work in small single-country groups to answer the questions above.

The purpose of this exercise is for participants to familiarise themselves with the layout and content of their country's budget and learn how to extract useful information from it. It's therefore not necessary to share the specific answers to the questions in plenary. Instead you may wish to facilitate a group discussion about the experience of navigating the budget, exploring some of the following questions:

- How easy was it to find the information you needed in the budget?
- What challenges did you face?
- What new terminology did you encounter?
- What do you think could be done to make the budget easier to understand?

## 6. PREPARING FOR BUDGET WORK: SOME KEY TIPS

This toolkit will give lots of ideas for how to carry out effective budget work relating to education financing. Before starting, it is useful to be aware of the core policy promises or legislative guarantees on education – this will help education activists understand what the national priorities are and how they might relate to the budget, and how to hold governments accountable. Here are some top tips:

### Understand the political, legal and economic environment

- Monitor the political landscape and plan advocacy strategies accordingly to maximise impact.
- Understand the budget's legal and institutional framework, and the timing of the budget cycle.

### Build capacity in budget analysis and awareness

- Develop budget training expertise that can be directed at increasing the analytical and advocacy capacity of civil society organisations and legislatures.

- Invest in the capacity and confidence of civil society organisations to conduct budget work.
- Produce simple, user-friendly training tools that are accessible to grassroots groups.

#### **Establish constructive relations with the government, parliament and civil society**

- Promote the potential benefits of budget work to government officials.
- Establish collaborative relationships with other civil society organisations, to ensure that opportunities are created that draw on the capacities and expertise of others.
- Create a mutually beneficial relationship with the legislative arm of the government.
- Advance grassroots participation in budget work.

#### **Conduct a variety of budget work activities**

- Ensure that capacity building is followed up by activities that can support advocacy.

- Link budget tracking and advocacy from local to national level so that grassroots voices are considered in decision-making.
- Support campaigns to secure the freedom of information where this affects the ability of civil society to carry out budget work.
- Focus on producing high quality, evidence-based research as a way to influence the budget process.

#### **Disseminate findings widely**

- Distribute the results of budget analysis in a way that is diverse, targeted, and clear, encouraging other stakeholders to act on recommendations.
- Disseminate information in time to allow stakeholders to influence policy debates.
- Involve the media to maximise the visibility of research.
- Share examples of best practice widely.

### **EXERCISE 3. KEY QUESTIONS TO ANSWER WHEN STARTING BUDGET WORK**

#### **Aim**

For users to think about their country's budget processes and actors and to identify any gaps in their knowledge that may require further research.

#### **Activity**

Review the questions below and answer as many as you can. You may be able to answer some immediately, others will require a quick internet search or perhaps the input of an expert colleague. Highlight any that will require further research.

- 1. What are the government priorities for improving education?** What actions or policies has the government committed to? What are the main priorities? Are there any commitments which are particularly underfunded? Do you know the Education Sector Plan?<sup>4</sup> Does your government have the right to education guaranteed in legislature, or as a constitutional right?
- 2. Who sets the education budget?** Who sets the education agenda and budgets? Does the Finance Minister set sector ceilings? Which ministry is in charge of each aspect of the education budget? Do they set the budget, and with which other parts of government? At a sub-national level, who sets out budgets and plans? What are the processes in parliaments to define the budgets? What debate and decision-making spaces are ensured for participation?
- 3. Who spends the budget?** Which agencies have responsibility for spending the education budget? At what level of government are they? Who spends the money at sub-national level?
- 4. Who monitors budget spending and addresses changes that need to be made?** Which spaces and procedures exist to monitor and scrutinise budget expenditure? Are these governmental only? How and when can CSOs engage?

<sup>4</sup> An Education Sector Plan is an official government document that sets out what the government wants to achieve in the education sector. For more on this, see GCE 2014



# MODULE 2: INCREASING THE SHARE OF THE BUDGET FOR EDUCATION

## SUMMARY:

This module focuses on the share of the public budget allocated to education and aims to help education activists to advocate for their government to meet the internationally recommended amount of 20% of their total government budget or 6% of gross domestic product to be allocated to education.

The module will support education activists to analyse their government's budget allocations for education, and to build policy knowledge on issues related to budget allocations. It looks at why the share of the budget matters and outlines some of the other sectors competing for government funding. It also explores government financing trends, specifically looking at how decreasing aid levels are threatening the ability of governments to increase their budgets. Finally, it briefly touches on the impact of privatisation on education financing.

The practical exercises in the module focus on identifying advocacy and research priorities linked to the share of the budget. The budget analysis exercises use highly simplified sample budgets and are designed as an introduction to build your skills and confidence before tackling real budget documents, which are likely to be much more complex.

## BY THE END OF THIS MODULE YOU WILL HAVE:

- Understood the importance of the share of the budget allocated to education.
- Understood recent commitments to meet the internationally recommended amount of 20% of their total government budget or 6% of gross domestic product to be allocated to education.
- Calculated the share of the budget allocated to education in your country, and considered whether or not this is sufficient to meet stated policy objectives and obligations.
- Learned how to break down your country's budget in order to analyse spending on different sectors.
- Understood the impact of inflation and learnt how to calculate the real allocation to education over time.



## 1. WHY DOES THE SHARE MATTER?

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It is critical that governments spend a sufficient share of the overall domestic budget on education in order to ensure good quality education for all citizens. There is a broad consensus within the international community that delivering this requires countries to spend at least 20% of their total budget or 6% of GDP on education. However, many countries fall far short of that. When too little is spent, either quality suffers, costs have to be recovered from elsewhere, or some parts of education are left with little funding. Of course, how funds are allocated is also critical, and civil society should take an active role in advocating for sufficient allocations going to marginalised groups which are often ignored during budget setting processes. Civil society also needs to hold governments accountable for the commitments they make and ensure funds are spent according to budget. These issues will be explored in Module 4 (increasing the *sensitivity* of education budgets and spending), and Module 5 (increasing *scrutiny* of the education budget).

Shortfalls in government expenditure have made many education systems in developing countries weak – especially when coupled with an increased demand for education due to growing youth populations. A good example of this is what has happened to spending per pupil in the decade after the Dakar World Education Forum in 2000, where large increases in enrolment – often following the abolition of primary school fees – were not matched with significant increases in the budget allocated to education. Increases in budget did not keep pace with the number of children entering school and spending per student fell far below what is needed to achieve quality education. For instance, in Malawi, spending per pupil decreased from US\$74 to US\$54, during a period when larger numbers of children were enrolling into the primary system. In Niger, despite increased total public expenditure on education as a share of GDP, expenditure per primary school pupil fell over the decade from US\$207 to US\$130.<sup>5</sup>

The Global Education Monitoring Report (GEM) team estimated in 2015 that it costs a *minimum* of \$220 per child at primary level and \$331 per lower-secondary student annually to deliver high quality education in developing countries. However, the average spending per student in a sample of low- and middle-income countries was only \$116 and \$168 per primary and lower-secondary student respectively in 2011–12 (Steer & Smith, 2015). This means spending is too low, and is being spread too thinly to deliver even the most basic guarantees of quality. Moreover, we believe that the cost of actually delivering high quality education is substantially higher than this. By comparison, OECD countries spend considerably more on education per capita (OECD, 2014b). Providing a good quality education past the absolute basic minimum will require huge increases in per capita spending.

A further consequence of allocating an insufficient share of budget to education is that financing for teachers often gets squeezed. Usually, the biggest share of education expenditure goes to teacher salaries, so when education budgets do not keep up with demand, governments tend to try to find ways to cut back on spending on teachers. In response to resource limitations, many South and West Asian and sub-Saharan African countries have resorted to recruiting contract teachers, who can be paid less than other teachers and which seriously hampers the quality of education (Bermingham, 2004). So when budgets are tight, finding resources for teachers is always the biggest challenge to scaling up quality education.

Put simply, quality cannot improve – especially at the same time as expanding access to higher levels of education – without increasing the share of budget allocated to education, and spending more on critical areas to improve quality, such as improving teachers' salaries and conditions.

<sup>5</sup> Unless otherwise indicated, all figures are from EFA GMR 2015a

## EXERCISE 4. IDENTIFYING ISSUES AROUND THE SHARE OF THE BUDGET FOR EDUCATION

### Aim

To begin to explore some of the issues around the share of the budget allocated to education, and to consider whether or not this is sufficient to meet stated policy objectives and obligations.

### Activity

In this exercise users are asked to review education budget information and respond to a series of questions. The questions do not need to be answered in great detail, rather this is intended to initiate some brainstorming about potential advocacy work around the share of the budget, and the user's current knowledge levels – to be explored further in the rest of the module.

**Step 1:** Locate your country's budget information (See Exercise 1).

**Step 2:** Review the budget information to answer the following questions:

- What share of the government budget is allocated to the education sector? How does education spending compare (as a percentage) to total government spending?
- Is the current education budget adequate to meet the government's stated policy objectives? If the government has committed to free primary school education for all, for instance, are there sufficient resources for this?
- How does this compare with funding for other priority areas for the government, such as health?
- Is your government committing or close to committing the international standards of at least 20% of budget allocation to education, or at least 6% of GDP?
- Is the education budget going up or down?
- What key advocacy issues are emerging in relation to the share of the budget allocated to education?
- Do you feel clearer about why you are working on these issues, what problems you seek to address and what knowledge you already have? If not, what further information do you need?

### Adapting the exercise for a workshop setting

- If you are in a workshop setting, ask participants to work in small groups to answer the questions, and then to give feedback on key areas of their discussion. Make sure they identify areas where evidence gaps exist to be filled in later.
- You may wish to provide participants with some of the key budget information at the start of the session so that, rather than focusing on finding the information, they learn how to use the data to analyse the share of the budget allocated to education.
- Participants might find it helpful to create a large pie chart illustrating the share of the budget allocated to each sector or representing the education budget as a percentage of GDP. This will be helpful for the group members themselves to visualise the breakdown of the budget and for use in awareness raising within their own organisations and at community level, for example.

## 2. WHAT ELSE COMPETES FOR FISCAL SPACE IN THE BUDGET?

When looking at the full government budget it may be possible to identify how spending less in another sector might increase the share of budget for education. It is therefore important to understand the budget as a whole. One of the most important factors determining spending levels and trends for each government is the fiscal space available, i.e. the room in the existing budget to move spending around, depending on growth, trends in the budget deficit, government revenue, and debt levels. Overall, a government's decision about how much to spend on education is usually based on a combination of factors, including how much revenue it collects, how much space it has in its budget to make changes in spending allocations to different sectors, and how committed it is to education.

It's important to be aware of other social sectors, such as health or social welfare, and not compete with them for spending. Sometimes it's possible to identify win-win opportunities to turn bad allocations of public spending into good ones in order to increase the share of the budget to social goods. An example of this can be energy subsidies, initiated as a way to universalise access, often benefit higher-income households (as they tend to have greater access to energy services), thus reinforcing inequality. Such approaches are therefore regressive (IMF, 2014). Some countries have successfully reduced energy subsidies freeing up money to spend on education and other social sectors. In Indonesia, for example, a major boost in education financing came from the decision to cut fuel subsidies, which enabled the government to eliminate school fees and to improve education through nationally funded programmes (Steer & Smith, 2015).

In a number of countries, very high amounts of the budget are spent on debt servicing and defence spending, which limits spending on social sectors, including education. In some instances this reaches shocking levels: Ghana is currently spending over one third of its national budget on debt servicing (38%), Sri Lanka is spending close to two-thirds of its budget on debt servicing and defence combined, and Jamaica is spending nearly half its budget on debt servicing (48%).<sup>6</sup> Borrowing and re-accumulation of debt is on the rise in many countries, despite debt cancellation efforts and initiatives, due to a combination of factors: shortfalls in aid which was promised but not delivered, or aid which comes in the form of loans rather than grants, for example. Most direct aid for education and basic education has been in the form of grants, but since 2009 non-concessional loans for education have significantly grown in volume, at a rate now surpassing growth of grants: this could further add to new levels of debt. At the same time, there has been a boom in lending by private banks and other financial institutions borrowing at low interest rates from Europe and the United States, and looking to make large profits through lending at much higher interest rates to African governments.

By 2017, the number of countries with unsustainable debt will have risen to 15 using the World Bank threshold. Africa still spends US\$21 billion on debt repayments every year. By 2018, the rise in debt servicing could equal more than half the education budget in Mauritania (60%) and Niger (53%) (Mustapha & Prizzon, 2014).

It is therefore essential not only to understand the government's spending on education but also to look at other sectors and areas of spending. This is the focus of Exercise 5.

<sup>6</sup> All figures are based on 2014 planned spending (GSW 2015)

## EXERCISE 5. BUDGET ANALYSIS – HOW TO COMPARE SPENDING ON DIFFERENT SECTORS

### Aim

To practise analysing spending on different sectors in a sample budget in order to be able to conduct a similar analysis using your own country budget.

### Activity

In this exercise you are asked to carry out an analysis of a simple practice budget, calculate the share of the budget allocated to different sectors, and think about how this might relate to advocacy asks. The figures in the practice budget are deliberately constructed for some key advocacy points to be drawn out. You should look at the whole budget and think about how funds are distributed, keeping in mind what you have read so far in this module. Do also note that the figures in the practice budget are highly simplified. This will give you some initial practice before moving on to analyse your own budget, which is likely to be a much more complicated task.

**Step 1:** Review the sample budget below and answer the following questions:

- What are the priority areas (based on the percentage share of the total budget)?
- What do you think about the budget allocation to education, compared to other areas?
- Are there any areas that it might be possible to reduce to free up more money for education?
- What questions arise from the figures below?
- Is further information required in any areas?
- What key advocacy issues are emerging in relation to your analysis?

**Step 2:** If you are able to locate sector-by-sector figures for your country's budget but not the percentage share for each sector then try calculating this for yourself. In order to calculate the percentage, divide the sector/ministry approved budget amount by the total spending, and multiply it by 100. Once you've calculated the percentage share for education and other sectors then you can answer the questions above for your own budget.

### Practice Budget

SECTOR/MINISTRY/DEPARTMENT	APPROVED BUDGET (IN MILLIONS)	% SHARE APPROVED
Ministry of Defence	1,888.33	12%
Ministry of Roads, Transport & Rural Infrastructure	2,389.37	15%
Ministry of Agriculture	473.73	3%
Ministry of Education	2,550.38	16%
Ministry of Health	1,281.14	8%
Ministry of Water and Sanitation	420.45	3%
Office of the President	1,188.47	8%
Ministry of Energy and Mineral Development	1,829.39	12%
Public Administration	554.84	4%
Debt, interest payments	3,082.87	20%
TOTAL	15,658.97	100%

### Adapting the exercise for a workshop setting

Ask participants to work in groups to:

- Review the sample budget and answer the questions.
- Identify key advocacy points.
- Give feedback in plenary on the key points and the rationale for agreeing these.
- If you are able to locate similar figures for the country you are working in then you can use those instead of the sample budget.
- You may wish to omit the figures for the percentage share for each sector and instead help the participants to calculate these themselves.

*NB: In order to help steer the discussions the facilitator should review the budget in advance to familiarise themselves with it and identify key issues that might come up in discussions.*

### BOX 5. USING LEGISLATIVE COMMITMENTS TO FORGE ADHERENCE TO FINANCING COMMITMENTS

It is important that States commit to spending at a certain level on education and to increasing financing to fund agreed education policies and programmes over the long term. Over the last 15 years, several countries have taken steps to formalise this by amending their constitutions or introducing national legislation. This provides clear and binding legal commitments to finance the education policy commitments governments have made.

The Constitution of Brazil, for example, provides that *“the Union shall apply annually not less than 18% of its tax revenues, and the States, the Federal District, and Counties at least 25% of the tax revenues, including revenues resulting from transfers, for the maintenance and development of education.”* Further, Brazil’s National Education Plan 2014-2024, sets out long-term spending commitments on education, with a target to increase domestic

resources to 7% of GDP after five years, and 10% of GDP by the end of the plan period (Brazil Ministry of Education, 2014). In 2002, Indonesia amended its constitution to require allocation of at least 20% of the national budget to education. The 2008 Constitution of Ecuador provides that public expenditure for education shall be 6% of GDP. The right-to-education legislations of Argentina and Mexico bind these governments to invest 6% and 8% of GDP respectively. The Constitution of Ethiopia provides that *“the State has the obligation to allocate ever increasing resources to provide to the public health, education and other social services.”* Similarly, the Constitutions of the Philippines and of Vietnam provide that the State shall give priority investment to education. While governments do not in all cases live up to such commitments, they are important to drive government action and provide a lever for citizens to hold authorities to account.

*Source: Time to Get It Right: Lessons from EFA and the MDGs for Education 2016-2030 (GCE, 2015b).*

### 3. ADVOCATING TO INCREASE EDUCATION'S SHARE OF THE BUDGET

Increasing the share of the budget committed to education, over time, is a centrally important piece of any budget advocacy in education. With the ambitious new commitments and targets in the Education 2030 agenda (competing with other new SDG commitments), growing youth populations in most developing countries, and education aid in decline, the issue of public spending on education has never been more important. It is essential to monitor government progress in expanding spending over time, and in line with international standards. This next section explores this in more detail and is followed by two exercises to help the user to practice their own budget analysis of these measures.

### MEASURING REAL EXPENDITURE ON EDUCATION OVER TIME

Budget advocacy which only looks at the budget for one particular year, or for a limited number of years, might fail to identify trends in education spending. It's important to be aware of such trends, as spending on education is not a short-term, one-off investment. Rather, it is a long-term investment that requires incremental and predictable financial commitments. To get a good measure of spending trends over time and to compare one year to another it is important to look at what is happening in real terms – that is, has government expenditure on education increased in real terms (above the rate of inflation) over time (when compared with previous years)? Budgets are presented in nominal amounts, which are the actual figures allocated to, or spent on, education in any given year. To calculate the real amount, it's necessary to take into account inflation, in order to compare one year to another, and see if the government is really raising or lowering spending over time. This is explored in Exercise 6.

## MEASURING EDUCATION'S SHARE OF THE BUDGET AND OF GDP

The Incheon Declaration states: *"We recognize that the success of the 2030 education agenda requires sound policies and planning as well as efficient implementation arrangements. It is also clear that 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."*

Two measures that can be used to hold governments to account are the education budget as a percentage of gross domestic product (GDP), or as a percentage of total budget, over a given period of time. These two measures allow us to see whether the government is maintaining levels, increasing levels as their economy grows, or actually decreasing levels, and can help to identify how committed they are to education compared to other areas. For education activists to assess the relative efforts of a government's spending and performance, it is often useful to benchmark spending against international standards.

By agreeing to the Education 2030 Framework for Action, States have shown international consensus on the benchmarks of 15-20% of public expenditure and 4-6% of GDP (UNESCO, 2015b). ActionAid International, Education International, and the Global Campaign for Education (by agreement of its membership) advocate for the upper limits of these benchmarks to be the minimum. However, the Global Education Monitoring Report goes one step further, and notes that, at least in the shorter term, more than 6% of GDP may be required in low-income countries (EFA GMR, 2015b).

These international benchmarks are not new, and have been widely accepted as the required level of spending for many years. Yet the priority given to education in many national budgets, as a share of government spending, has barely changed since 1999. Total domestic spending on education has increased across the developing world over the last 15-20 years. However, education's share of the budget has hardly changed: in 2012 the world median average was 13.7%, falling short of the 15% to 20% target recommended in the FFA. Sub-Saharan Africa countries have allocated the largest share of government expenditure to education (18.4%), followed by East Asia and the Pacific (17.5%). South and West Asia allocated only 12.6% (EFA GMR, 2015a).

According to the 2015 GMR, an average of around 5% of GNP was devoted to education across all countries in 2012. Of 142 countries with data, 96 spent 4% or more of GNP on education (including 14 low-income and 18 lower-middle-income countries), and of these only 39 spent 6% or more on education. In low-income countries, the average was 4%.<sup>7</sup>

Spending will need to increase significantly to accomplish the new and more ambitious SDG targets and Education 2030 vision.

<sup>7</sup> Note, these figures are for GNP and not GDP (EFA GMR 2015a)

## CASE STUDY 1. DOMINICAN REPUBLIC CSOS FIGHT TO INCREASE EDUCATION SPENDING

While GDP in the Dominican Republic nearly tripled between 2000 and 2015, rising from nearly US\$24 billion to US\$67.2 billion, government expenditure on education failed to mirror the increase in national wealth. In 2010, government spending on education was only 2% of GDP, one of the lowest figures in Latin America, and a high number of children remained out of school. In this context, the Coalición Educación Digna was established, campaigning for the government to meet the General Education Law 66-97, and to spend at least 4% of GDP on pre-university education. Using online and offline communication tools, the movement spread organically: throughout the country, citizens and social organisations held spontaneous, peaceful demonstrations that brought together various different sectors and actors.

In 2013, they succeeded in securing a budget commitment of 4% of GDP to education for 2014 and 2015, fulfilling a pledge made 16 years previously. Since securing this commitment, both the Coalición Educación Digna and GCE member El Foro Socioeducativo, via its Education Budget Watch mechanism (Observatorio del Presupuesto en Educación), have undertaken monitoring and follow-up. While there have been significant achievements to date, there remains a need for better targeted spending in order for the budget to have greater impact. More attention is required to ensure that new allocations are spent in areas directly linked to quality, which will entail a revision of the budgetary allocation from the various programmes in the Ministry of Education. This shows the importance of working across the whole budget cycle, advocating for increased funds, as well as monitoring and tracking progress. There is a clear role for civil society, which must redouble its efforts and continue to monitor and scrutinise the budget in the Dominican Republic.

Exploring how close a country is to meeting one or both of the education spending benchmarks can be a useful advocacy tool, and add extra weight and pressure for the government to set time-bound plans to meet these targets (or at least move closer towards them), as the case study from the Dominican Republic shows.

It is also often useful to compare a country's performance against regional neighbours or similar countries; if a country is doing very badly against one of these benchmarks compared to their neighbours, then using a naming and shaming technique, can often be a powerful incentive for government action!



Foro Socioeducativo, the GCE member coalition in the Dominican Republic, launch their Education Watch report. Image courtesy of Foro Socioeducativo.

## WHICH BENCHMARK SHOULD EDUCATION ACTIVISTS USE?

It's important to evaluate the relative benefits of using either the measure of government expenditure (i.e. the 20%) or the percentage of GDP (i.e. the 6%) in each country for advocacy purposes. It is often important to look at both measures, as they can reveal different issues of financing education in a country.

- **Measuring the allocation to education as a share of the total budget.** The percentage of a government budget allocated to education is often the best measure of a government's *own commitment* to education spending – this is the aspect on which they can most easily have direct impact. It can also make it easier to compare spending over time, as it's not necessary to adjust for inflation. If the total budget rises or falls but the share allocated to education stays the same, then it is fair to assume that the government has a steady commitment. If the share allocated to education rises or falls, this can be assumed to be due to a change in government priorities. However, it is worth noting that the share allocated to education is often higher in some low-income countries or fragile states because a government budget only covers a few basic sectors (health, education, defence, etc.). In higher-income countries, government spending is often more diversified with larger amounts spent on other social sectors such as social welfare, for example. Some countries have low spending on all social sectors, including education.
- **Measuring the allocation to education as a share of GDP.** Analysing budget figures in relation to GDP provides a useful way to look at trends over time, and also removes the need to allow for inflation. Looking at GDP-to-education spending ratios can also give an idea of whether fluctuations in expenditure can be explained by fluctuations in the economy as a whole. This can be a useful measure when looking to identify whether the government is making enough effort to collect sufficient revenue to finance its budget contributions – especially when combining this with an analysis of revenue-collection methods. A government can only commit 6% of GDP if they have a healthy overall ratio of revenue to GDP. Therefore, low allocation to education as a percentage of GDP may be a result of low overall tax collection by the government, which would have an impact on all sectors. This issue will be explored in more detail in the next module.
- It should also be noted that where countries have a narrow production base, government spending makes up a large share of GDP. This is the case for some Small Island States, such as Kiribati, or smaller nations such as Lesotho who have very high GDP-to-education ratios. This can make the percentage of GDP spent on education look very large, when the amount itself is very small (GSW website). The share of GDP spent on education does not necessarily show how much of a commitment from the government is being made specifically to education, so the share of budget is a better barometer of commitment (see above). Furthermore, activists must act with a bit of caution when using the percentage of GDP as an advocacy mechanism, as an increase in the percentage of GDP spent on education could mean a cut in spending in real terms.
- The relationship of the education budget to GDP can help to compare the budgets of different countries. However, to make comparisons based on GDP more effective between countries where goods and services may cost more or less in real terms, GDP may be adjusted using *purchasing power parity*, a ratio based on how much it costs in standard terms (usually in relation to another, single currency such as US\$) to buy a given basket of goods.

## EXERCISE 6. BUDGET ANALYSIS: CALCULATING THE REAL AMOUNT ALLOCATED TO EDUCATION OVER TIME

### Aim

To use a practice budget to understand the impact of inflation and learn how to calculate the real allocation to education over time.

### Activity

In this exercise, users will learn how to adjust a budget for inflation.

Budgets are presented in nominal amounts, which are the actual figures allocated to, or spent on education. Real amounts, on the other hand, are amounts that have been adjusted for inflation. Inflation is the rising price of goods or services, which means that \$1 in your pocket today does not buy you as much as \$1 bought you last year. So, if you compare budget allocations over time, without taking inflation into account, you'll get a skewed picture.

Adjusting budget figures for the effects of inflation helps to compare figures for different years. This requires use of a deflator which will allow you to convert nominal amounts to real amounts. The deflator is a number value that varies from country to country and from year to year, depending on the inflation rate. You should be able to find out which deflator to use by consulting with the Ministry of Finance or the National Statistics Office, and it can normally be found in government budget documents, too.

**Step 1:** Review the Practice Budget below and make sure you understand all the terminology. You will be filling in the rows highlighted in orange.

**Step 2:** Look at the practice budget to identify the deflator for each year (row 4). In this example, 2013 has been chosen as the base year – the year in which you assume that a nominal amount is equal to the real amount. The deflator for the base year is always 1. For all the other years, you use a deflator to determine the value of an amount once inflation has been taken into account. You should clearly state your base year and ensure that it is used consistently throughout your calculations.

**Step 3:** Looking at the practice budget, use the deflator (row 4) to calculate the real education expenditure (row 2) and real total expenditure (row 6) to complete the table below. To determine the real values, use the following formula:

$$\text{Real value} = \frac{\text{Nominal value}}{\text{Deflator}}$$

**Step 4:** Calculate the Real Growth Rate. Once you have the Real Total Education Expenditure you can calculate the Real Growth Rate (row 3), which enables you to see the percentage change in spending on education from one year to another. Use the following formula to determine whether spending is increasing or decreasing:

$$\text{Real growth rate} = \frac{(\text{Real Education Expenditure year 2} - \text{Real Education Expenditure year 1})}{\text{Real Education Expenditure in year 1}} \times 100$$

Question: Is spending increasing or decreasing?

**Step 5:** Now do the same calculations for your own national budget.

This is likely to be a much more complicated exercise, as you will have to use budget documents for different years and find a comparable total for education – which can be hard as budget documents are large and often unwieldy. But the basic steps you will need to follow are:

1. Find your budget documents for a period of 3-5 years.
2. Find the total figure for the education budget (either the total allocated to the Ministry of Education or the functional budget allocation – i.e. the allocation to 'education').
3. Find a deflator to use from the Ministry of Finance, the budget documents, or Statistics Office.
4. Carry out the calculation using the formula above.
5. Remember that you can use this approach for all sub-sectors or specific programmes of education, such as, for instance, primary education.

*Exercise adapted from the Commonwealth Education Fund Budget Guide.*

## EXERCISE 7. BUDGET ANALYSIS: CALCULATING THE SHARE OF THE BUDGET ALLOCATED TO EDUCATION OVER TIME

### Aim

To practice 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.

### Activity

Using the practice budget above, users calculate what percentage of the total budget goes to education over the four spending years (2012-2015) and how this relates to GDP. The skills gained in this exercise can 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.*

$$\frac{\text{Education spending in year 1}}{\text{Total spending in year 1}} \times 100$$

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

To work out if spending on a specific sub-programme (e.g., 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:

1. Decide over which period of years you would like to compare spending on the chosen education policy or sub-sector;
2. For each of these years, record the amount spent;
3. 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.

$$\frac{\text{Education spending in year 1}}{\text{GDP in year 1}} \times 100$$

**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.

*Adapted from the Commonwealth Education Fund Budget Guide (CEF, 2009).*

PRACTICE BUDGET (FOR EXERCISES 6 AND 7)	2012	2013	2014	2015
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 government expenditure (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
9 Education spending as a percentage of GDP	%	%	%	%

#### 4. WHO ELSE IS FINANCING EDUCATION?

In this section we look at who else is financing education and at other actors and processes which impact on governments' public budgets and the overall financing available to education.

##### THE ROLE OF OFFICIAL DEVELOPMENT ASSISTANCE

While it is critical to understand the overall share of the budget being spent on education, it is also important to understand how this share is being financed, and also to identify spending that is not captured in the government budget. Budget analysis often leads to broader questions, about what other resources the education sector receives and how these influence the allocation of public resources.

//...international public finance plays an important role in complementing the efforts of countries to mobilize public resources domestically, especially in the poorest and most vulnerable countries with limited domestic resources. //

*Education 2030 Framework for Action*

While each country bears ultimate responsibility for ensuring the right to education for all, some countries are unable to mobilise sufficient resources domestically. Official development assistance (ODA) remains a critical element of financing many low-income country budgets. However, as GCE's Education Aid Watch 2015 notes, aid to education has declined in recent years, in particular to basic education and in some low- and lower-middle-income countries. A number of countries have been very hard hit by reductions in donor aid in recent years. Since 2010, aid for education has fallen and is now stagnant. The withdrawal of just a couple of important donors from this sector has cut donor support to basic education by one third to more than half for some countries. Moreover, aid to education is predicted to stagnate further in the coming years; certainly, it is hard to imagine aid playing the same central role in financing the Education 2030 agenda as it did for the MDG agenda.

Nevertheless, aid will continue to be vital in supporting some countries to deliver their SDG and Education 2030 commitments. For instance, the GEM report team estimates that just reaching universal pre-primary (one year), primary and secondary education – of good quality – in low- and lower-middle-income countries will require US\$340 billion per year. Of this, there is an estimated funding gap of US\$39 billion, based on the assumption that governments increase their own share of the budget to just above 6% of GDP; therefore external sources such as official development assistance are critical (EFA GMR, 2015b).

Understanding the role and character of foreign aid in the national education budget is key to designing effective advocacy strategies – it might be hard to advocate for an increased budget share for education if the government is struggling with losing large sums of money due to donor withdrawal.

In countries that are highly donor dependent, it is particularly important to understand what is happening in relation to donor commitments, especially if reductions to on-budget aid are taking place which might be constraining the government's own fiscal envelope and capacity to increase its budget commitments. If major cuts take place over a short space of time, it can be very difficult just to maintain current spending levels, even if a country scales up its own domestic resource allocations to education. Moreover, aid can be given in different forms and under different conditions, all of which have implications for the education budget –

and for effective advocacy. It is, therefore, also crucial to have a good understanding of the different types of aid, as outlined in Box 6.

In some countries, the Global Partnership for Education<sup>8</sup> plays a critical role as a major multilateral funder of education. An important pre-requisite for GPE funding is the development of a strategic and credible Education Sector Plan (ESP), which necessitates the prioritisation of sub-sectoral objectives – and trade-offs between them – within a coherent medium-term expenditure framework, consolidating external with domestic resources.

The Education Sector Plan is then assessed according to key priorities such as: drafting and development through a country-led process; relevance and soundness in line with country priorities and needs; whether it deals with issues of equity, efficiency, and learning; coherence across subsectors; and, if the financing, implementation, and monitoring arrangements are realistic and achievable. What this means is that negotiation and policy dialogue both among national constituencies and with international development partners, which often take place through Local Education Groups (LEGs) (GCE, 2014), encompasses the full spectrum of the education sector. For example, the rationale for an early childhood educational sub-sector will be played out against other priority sub-sectors (i.e. basic or higher education), and the dialogue, rather than centring around aspirational policy, focuses on the budget lines required for achieving the different mixes of sub-sectoral objectives within a national budget that encompasses predictable aid funds (GPE/UNESCO 2015).

## BOX 6. TYPES OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

**General budget support (GBS)** is a way of giving international development support, where the money is given directly from a donor – bilaterally or multilaterally – to a recipient country government. It is used by donors to support poverty reduction policies developed by the recipient government. It is directly channelled into the National Treasury and goes through the Ministry of Finance, via programmes or projects managed according to different budgetary procedures, financial management, accountability and procurement systems of

the recipient country. It is not earmarked to a specific sector and can be spent according to national priorities. This entails the Ministry of Finance deciding how to allocate these resources, often in engagement with other ministries for their share of additional budget support, including the Ministry of Education (given the average share of the overall budgets is somewhere in the region of 15% in low-income countries and lower-middle-income countries one can expect a similar emphasis to be placed on education within the allocation of GBS). The importance of GBS varies greatly from country to country and from year to year, but it can be significant. In 2010, 17% of all aid received by Malawi was GBS and 20% in Mozambique.

**Sector budget support**, like general budget support, is an un-earmarked financial contribution given to a particular sector (for example, it can be allocated specifically to the education sector, but not earmarked within that). However, in sector budget support, the dialogue between donors and partner governments focuses on sector-specific concerns, rather than on overall policy and budget priorities.

Both general and sector budget support are generally considered to be high quality, as they help to build governments' own systems and capacities, and can be spent on countries' own priorities, which helps to strengthen country ownership of policy and policy-making, to develop administrative capacity and to reduce the transaction costs of aid. In the Paris Declaration of 2005, donor governments of the Organisation for Economic Co-operation and Development (OECD) agreed to increasingly use budget support in order to harmonise approaches and increase aid effectiveness.

Multilateral aid to education is hugely important. For instance, in 2013, around one third of all aid to education spent was multilateral aid.<sup>9</sup> The EU and World Bank play particularly important roles in terms of volume of aid, as the largest and second largest multilateral donors respectively in 2013. Given their collective significance to education, their decisions and spending can have a significant impact on global trends, and at country level. The World Bank<sup>10</sup> in particular has been shown to have an important influence on education policy setting (GCE 2015c). The Global Partnership for Education (GPE) also plays a significant role in convening of country-level policy dialogue, and supporting coordination and policy setting at national level.

Partly as the sector has a very narrow donor base (Brookings/UNESCO 2013), some have argued for a much stronger role of multilaterals in education, particularly in coordination, as they tend to make greater use of country systems, score better on assessments of aid quality, and can provide more predictable finance, giving countries the confidence to make long-term fiscal commitments.

Finally, a number of bilateral donors are increasingly channelling funds through multilateral agencies.<sup>11</sup> For instance, Japan, the Netherlands, Norway, Spain, Denmark and the United States, have almost doubled the share of their aid channelled through multilateral organisations from 2008 (GCE 2015c).

Different types of bilateral and multilateral aid can be channelled through government systems, and are also, to varying degrees, aligned with the government's own budget priorities. These can include project-specific funds, programme funds, and pooled funds. All of these would be recorded in budgets and/or public expenditure accounts. These types of funds, along with general and sector budget support, are called **on-budget aid**.

Some aid, however, is delivered in parallel, such as when donors fund projects implemented by NGOs or contract other private entities, with sometimes little involvement and awareness of the government. This kind of aid is described as **off-budget**, which means that external resources are invested in specific services or programmes that are not part of the government budget and planning system. This can be the most challenging area to account for in budget work. The difficulty is that without accurate recording of both on- and off-budget aid by the government it can be hard to piece together the total size of public expenditure on education.

9 Based on calculations from the GMR 2015 aid tables (this is 2013 data)

10 The World Bank's aid to education is made through its lending arm, the International Development Association (IDA); the term the 'World Bank' therefore refers to IDA as the aid channel

11 Multilaterals receive funds via two routes from bilateral donors: 1. Unearmarked, for which the multilateral agency makes decisions on their allocation, which may or may not reflect bilateral agency priorities; 2. Funds that are earmarked by bilateral donors for particular purposes (such as education and/or for specific countries)

## HOUSEHOLD SPENDING ON EDUCATION

Looking at public budgets often raises questions about who else pays, or might be helping to deliver education, what isn't captured in the budget, and what is the relationship to public expenditure.

The shortfall in government spending is often partly mitigated by household spending on education. Household out-of-pocket payments (payments at the point of use of education, such as user fees charged by public educational institutions) still account for a large share of total education expenditures. This is a regressive way of funding the education system, as it is the poor who are forced to pay more – and a disproportionate share – of their overall household income.

User fees, often the biggest out-of-pocket burden on households, can both discourage poor people from starting or completing education and exacerbate poverty, by forcing parents to take on some of the burden of financing education. Education is a human right, one which is explicitly stated to be free in the Universal Declaration of Human Rights, and the continued charging of user fees not only runs contrary to the right to free education but also to the principles of the SDG agenda and Education 2030 Framework for Action. In fact, through both SDG 4 and the FFA, governments have committed to ensuring free, equitable, and quality education for at least nine years of education, encompassing pre-primary, primary and secondary levels; and the FFA's indicative strategies state that provision should be made for 12 years of free education. Furthermore, abolishing fees has shown to have a remarkable impact on getting children into school (Bhalotra, Harttgen, & Klasen, 2014).

There is an astonishing lack of data on total household spending on school fees (both public and private) and other education costs; however, rough estimates suggest the scale is massive. A survey of 15 African low-income countries indicated that the average total household spending on education (including expenditure on both public and private school fees, learning materials and other indirect costs) amounted to 1.7% of GDP, equivalent to just under half of public expenditures (3.8% of GDP) (UIS, 2011). Household expenditure on education represented 33% of total public education expenditure at the primary level and 68% at the lower-secondary level. Spending also varied considerably by country: in Benin, for example, the survey found that households spent 10 times as much on education as a share of total household spending as in Chad. Assuming that these sample African countries

are representative of low-income countries more generally, rough estimates would suggest that households in low-income countries spend about US\$5 billion on basic education, in comparison with the US\$11 billion spent by governments (Foko, Kouak Tiyab, & Husson, 2012).

## WHAT IS THE ROLE OF THE PRIVATE SECTOR?

Non-state actors have long been a feature of education systems around the world, with involvement in a wide range of services including school management, curriculum development, auxiliary service provision (catering, transportation, etc.), testing and, of course, provision. NGOs and religious organisations in particular have acted as providers, educating huge numbers of children, often without charging fees. In recent years, however, there has been a qualitative and quantitative shift in the role of non-state actors in education provision, with deeper engagement of the for-profit private sector, supposedly as a route to achieving the Education For All goals in the previous period, and now to achieving SDG 4. There has been a growth in the phenomenon of so-called low-fee, for-profit, private schools, for example, and a shift in the discourse of many donors and some governments of both donor and developing countries. We believe it is critical that public funds are not used to support the expansion of private schools, and absolutely not for the expansion of for-profit



A girl looks out from a classroom at a Bridge International Academy, a low-fee private school, in Mathare informal settlement, Nairobi. Image courtesy of Xavier Bourgois.

private schools, when these funds are needed for improvements to public systems. This approach has serious implications for equity, inclusion, quality, education with a public purpose, and a rights-based understanding of education.

Some bilateral and multilateral donors – such as the World Bank and the UK Department for International Development – have begun to support these for-profit private school enterprises. This is a worrying trend, as independent evidence suggests that such schools – of which national, regional and international chains are emerging – can be of poor infrastructural quality<sup>12</sup>, largely use untrained teachers<sup>13</sup>, offer low salaries and few labour rights (Kingdon, 2008), and do not deliver a full vision of quality education.<sup>14</sup> Such schools target poorer segments of the population, offering ‘low fees’, although analyses of low-fee private school fees in various countries show that the claims of ‘affordability’ for the poorest are simply not true. For example, one study has defined low-fee schools as “those with tuition rates less than 50 percent of the minimum wage” (Heyneman, Stern, & Smith, 2011). School fees considered ‘low’ under this definition could cost up to 85 percent of an average monthly income in Pakistan, or up to 94 percent in Benin, given that many households do not receive the minimum wage.<sup>15</sup> Similarly, the cost of sending one child to such a school in Nigeria would consume nearly 20% of the annual minimum wage, which is itself far above the income of the poorest households (Härmä & Adefisayo, 2013); sending one child to the low-fee Omega chain of schools in Ghana would cost 40% of annual household income for the poorest families (Riep, 2015).

This is occurring against a backdrop of broader trends towards greater privatisation in the developing world, with a very large push toward the potential for private finance to unlock the levels of finance required for the SDGs. In fact, in some of the discussions around the role of private finance, it is couched in almost magical

terms and as the silver bullet for delivering the SDGs. As with all solutions pitched as being a silver bullet, some degree of caution is required.

Public private partnerships (PPPs) are also being promoted as a key tool to reach the Sustainable Development Goals. The last decade has seen a huge increase in the amount of money invested in PPPs in developing countries: from 2004–2012, investments in PPPs increased by a factor of six (Romero, 2015). There are also multiple implications for government budgets (see Box 7).

When analysing the possible role and contribution of the private sector, it is also vital for civil society activists to put the potential of private finance into perspective and to evaluate it soberly, and to ensure that governments are also doing this. The potential direct contribution of the private sector to public services can be overestimated, particularly when many private sector actors avoid paying taxes – over their indirect contributions to public services – where profit is made. This means that they deprive governments of domestic revenue and directly contribute to a smaller tax base. Moreover, insufficient regulation of PPPs may result in public money being invested for private profit.

There is a clear difference between a small, not-for-profit, private school in a village in Pakistan and large, project-based PPPs. However, these are all part of broader trends which see a shift in perceptions towards a shrinking role for the state, and increased corporate influence in the education sector. It is urgent that education activists fight for more and better finance for public education to mitigate these trends. It is also important to keep a watchful eye on governments to ensure they are not using public funds to support private provision of education. From a right to education perspective, GCE, Education International and ActionAid have real concerns about the ability of the private sector to deliver equity and quality, and the potential for them to reduce quality and increase inequity. All the discussion of private sector solutions could in fact serve to be a dangerous diversion from the task at hand.

12 Many low-fee private schools do not have registered status with governments, and as such do not meet regulations on labour rights or infrastructure (Aslam, et al. 2014).

13 In Ghana, 50% of teachers in government schools have not been trained but in certain districts this rises to 90% in low-fee private schools (Akaguri 2011). In ‘chain’ schools, the Omega chain of low-fee private schools provides three weeks of pre-service training in how to deliver standardised lessons to teachers with no previous training and the MA Ideal chain in India provides just four days of pre-service training (Pearson website). Bridge International Academies also offer three weeks pre-service training, as indicated in several of the job advertisements for Bridge’s teacher training managers (Bridge International Academies website).

14 In much of the evidence about low-fee private schools and quality, the proxy used for quality education is test scores, often in basic reading, writing and numeracy. This is problematic; while it is undeniable that foundational literacy and numeracy are critical skills, an education that only teaches children basic reading and mathematics is not an education of quality. For more on this, see Right to Education Project 2013.

15 Using the definition of ‘low-fee’ that includes tuition rates less than 50 percent of the minimum wage, we calculated that Pakistan minimum wage = 10,000 Rupees pcm) (\$97.89 in USD, September 2014) – Minimum Wage Foundation; Benin minimum wage = 31,625 CFA pcm (\$62.14 in USD, September 2014) – ILO Global Wage Database. Pakistan GNI per capita = \$1380, current USD. Benin GNI per capita = \$790, current USD. Both from World Bank Data.

## BOX 7. PUBLIC PRIVATE PARTNERSHIPS: OFF BUDGET AND OFF THE BALANCE SHEETS

As part of a broader push by international financial institutions and donor governments for more private sector involvement in delivering the SDGs, Public Private Partnerships (PPPs) feature very prominently in the discussions around the Education 2030 and the Financing for Development agendas. PPPs allow governments to spend public money with private companies, in return for financing, building and/or operating part or all of a public service.

There are many definitions of PPPs, and a wide variety of types of PPP, but in terms of financing, they are broadly classified as being:

- a) **User pays:** where the private partner charges individuals for using the facility, for example by asking them to pay tolls for using roads. These can also be supplemented by government subsidies. In this example, the toll reimburses the private partner for the cost of building the road (and operating the toll system)
- b) **Government pays:** where the private partner receives regular payments from the public partner, depending on the type or level of service provided. Government payments can depend on whether or not the service provided by the private partner is of the contractually-agreed quality, and also on how the services are used by individuals (i.e. a fee paid by the government depending on how many individuals have used the service).

Accounting practices for PPPs can create perverse incentives for governments. For example, in the case of a ‘government pays’ PPP, a partnership with a private company can reduce the need for governments to raise funds in order to start the project; instead, PPPs use the annual government payments to the private company to pay for the development of infrastructure. Importantly, this also means that governments are allowed to keep the PPP project and contingent liabilities ‘off balance

sheet’ – as a contingent liability is recorded in the accounts only if the contingency is probable, and the amount of the liability can be estimated. Although ‘government pays’ PPP projects still represent a form of government borrowing, this accounting practice increases governments’ incentives to use PPPs because the costs and government future debts do not appear on their budget line (‘on-budget’) when the project is completed.

According to Maximilien Queyranne, from the IMF Fiscal Affairs Department, the fiscal risks of PPPs are “*potentially large*” because they can be used to “*move spending off budget and bypass spending controls*” and “*move debt off balance sheet and create contingent and future liabilities*”. In fact, PPPs remain attractive to decision-makers because they allow governments to circumvent legislated budgetary limits – and are often opaque. The OECD (OECD, 2012) and the IMF have called for maximum standards of fiscal transparency to be followed as a result.

So far the increase of PPPs in developing countries has mainly been driven by economic growth and thus the need for infrastructure development, but also by low interest rates in developed countries, which have driven investors to ‘search for yield’ elsewhere (see above on the debt implications also of this). It is absolutely critical to understand that, far from being the much vaulted ‘solution’ to shortages of finances PPPs are, “*in most cases, the most expensive method of financing, significantly increasing the cost to the public purse*” (Romero, 2015). Oxfam has shown how similar PPP arrangements for health in Lesotho, by funding hospital building, has led to far greater increases in public spending than through public-only financing (Marriott, 2014).

PPPs are becoming an increasing feature in education, with well-known and emerging models including the outsourcing of both educational and non-educational support services, voucher schemes, and charter schools.

# MODULE 3: INCREASING THE SIZE OF THE OVERALL BUDGET

## SUMMARY:

In many countries, simple steps to increase the size of the total budget, in particular through fairer taxation, could massively increase the domestic resources available for public education.

This module explores issues around the size of the overall government budget. It identifies the main potential tax revenue losses in developing countries, especially focusing on losses as a result of tax incentives given to multinational companies or of companies dodging taxes. It also explores natural resource revenue and the potential for earmarked funds as a possible advocacy area. It emphasises the need for fair taxation to be central to any calls for increased taxation, helping education activists better understand the importance of ensuring that tax is raised in a progressive way.

The module will help you to start thinking about how to advocate on tax justice issues. However, much more detail on developing an advocacy plan can be found in Module 6.

## BY THE END OF THIS MODULE YOU WILL HAVE:

- Understood the importance of tax revenues as a sustainable source of financing for education.
- Carried out a practical exercise to decide if tax justice advocacy is right for your organisation.
- Explored how much tax is collected in your country.
- Understood how more funds could be raised, and how taxes can be progressive or regressive.
- Understood how multinational companies avoid paying their fair share of tax and looked at how much is lost to corporate tax avoidance in your country.
- Developed a powerful advocacy message on tax dodging and education. Explored how your organisation might advocate for tax justice and who you might collaborate with.



## 1. WHY THE SIZE OF THE BUDGET MATTERS

In this module we look at the importance of the size of the government budget overall, and why education activists working on domestic financing should begin to work on expanding the size of the total budget through tax justice advocacy. Taxation can be an inhibiting or enhancing social justice tool, and tax justice advocacy and campaigning focuses on pushing for taxation systems that are set up as an instrument to build more equal and fair societies, for example through the four Rs (Christian Aid/SOMO, 2011):

- raising **revenues** to pay for public services, including high quality, accessible, public education
- **redistributing** revenues to lessen the gap between rich and poor within and between countries
- raising **representation** of citizens to strengthen government accountability
- **repricing** of goods and services, for example to control consumption of harmful products like alcohol and tobacco.

In the previous module, we looked at the importance of ensuring that at least 20% of a country's total budget is allocated to education. But if the overall budget is small then even 20% of it won't amount to much. It stands to reason that the smaller the budget, the less there is available for public education and other vital essential public services funded by the government.

In many countries, the total government budget is much smaller than it could or should be, and the budget available for public education is too small. Most government revenue comes from taxes: taxes on income and profits, social security contributions, taxes levied on goods and services, and taxes on the ownership and transfer of property, for example. If a government is not raising enough tax revenue, then the amount it has to spend on essential public services is limited. These countries not only need to ensure more tax revenue and do that through widening the taxation system, but they also need to do this fairly – that

is by building fairer tax systems ensuring those who can afford to pay more are required to do so. One approach is to shift towards a 'progressive' taxation system – i.e. one where wealthier individuals and companies contribute more, in accordance with their greater income share – and away from more 'regressive' systems – where individuals with lower salaries pay a greater proportion of their income in tax than those with higher salaries (see glossary and section 6 in this Module). This would enable more resources to be collected and to be spent on quality public services for all (i.e. public education systems). However, in many developing countries, the impacts of tax evasion, tax avoidance, tax 'competition' and tax havens severely limit the amount of tax money that governments are able to collect. This common sense is also backed up by robust evidence of the clear links between the amount of tax raised and collected, and the amount a government spends on public education. According to the 2014 Global Monitoring Report, if governments in 67 low- and middle-income countries had modestly increased their tax-raising efforts and devoted a fifth of their budget to education, they could have raised an additional US\$153 billion for public education spending in 2015, increasing the average share of GDP spent on public education from 3% to 6% (EFA GMR, 2014b).

That's why working to increase a country's total budget is important, especially in countries where a good share of the budget is already being allocated to education. This section aims to answer the fundamental question of whether the size of the budget available to a government is enough to enable it to deliver quality education for all and, if not, to explore what can be done to increase it.

## 2. WHY IS TAX SO IMPORTANT?

### TAX PAYS FOR QUALITY PUBLIC EDUCATION

Tax revenues are the main type of revenue that governments use for delivering essential public services, combating poverty and ensuring development. Even in highly donor-dependent low-income countries that receive considerable amounts of aid money to help fund basic services, domestically raised revenue (primarily through tax) makes up by far the largest share of annual budgets. Unlike aid, revenue from tax is more predictable over the long term. This is particularly important because education is a long-term investment that requires long-term predictable financing. It is not a short-term, one-off, quick source of income. The major returns to investment in education accrue over 10 or more years (when a child completes their education and contributes to their society).

Tax revenue helps fund quality public education not only because it can help to raise more funds for public education, but because it can help with the right type of funding. In particular, it raises long-term predictable funding that can be used to fund recurrent or operating costs. These operating costs are precious in education because they cover teachers' salaries, which constitute the major item in education budgets. Indeed, 2014 data from a cross-section of countries shows that 81% of education spending is recurrent (and 90% of primary education spending), compared to 74% of health, 41% of agriculture and 17% of WASH (water, sanitation and hygiene) spending (GSW website). Aid budgets rarely cover teacher salaries – except in the case of general or sector budget support<sup>16</sup> – because aid is seen as too short-term, unpredictable, volatile and sensitive to political variables (GCE, 2013b). Governments are reluctant to employ a teacher with such funding as they are aware of the need to continue paying the salary long after the end of a particular aid project.

Put simply, the big education challenges need systemic solutions and sustainable financing. It is for this reason that tax is presently the major source of financing government education plans, even in highly aid-dependent low-income



Children in Benue State, North Central Nigeria, taking part in a tax justice campaign to increase funding for education. Image courtesy of ActionAid.

countries. Interestingly, according to a sample of government budgets in 2014, domestically raised revenues account for, on average, well over 86% of overall education sector spending in the budget, and 90% of spending on primary schooling – compared to only 74% of spending in health or 57% in agriculture, and 25% in the water and sanitation sector.<sup>17</sup> These sectors are more able to absorb short-term unpredictable funding, for example for spending on new infrastructure, which comes almost exclusively from donor funds in most low-income countries.

It is also interesting to note that government spending on education as a proportion of the total education budget has risen between 2012 and 2014, while aid has seen reductions overall since 2010 (Government Spending Watch, 2015). This suggests that that governments are currently filling the gaps left as aid retreats from education. But the SDG commitments require much more than gap filling, and with no foreseeable increase of aid for education on the horizon, this is going to entail significant new domestic resource commitments.

<sup>16</sup> See Box 6 for a more detailed explanation of general budget support and sector budget support. Put simply, these are forms of aid which are channelled directly to governments' budgets and are not earmarked for specific activities and so can cover the government's own budget commitments, including helping to support recurrent costs

<sup>17</sup> This is drawn from Government Spending Watch 2014 planned government spending data, covering 56 developing countries (GSW website). Not all countries provide a breakdown of government vs. donor spending, so this is from a sample of countries. As GSW analyses government budget documents, this data only includes aid which is on-budget and planned for use in government systems and sector plans – not general budget support

## TAX PAYS FOR TEACHERS

The quality of a country's public education system depends on the extent to which the country has committed to ensuring that all its teachers are highly trained, qualified and motivated. Multiple studies have demonstrated that teachers – and the level of teacher knowledge about their subject – are the most important determinant of quality education. Achieving the Sustainable Development Goals target of providing free, equitable and quality education for all will require the employment of millions more trained teachers.

According to the UNESCO Institute of Statistics, there is a shortfall of primary education teachers that could grow to 25.8 million teachers by 2030 if action is not taken; while this is predominantly down to attrition (teachers retiring or leaving the workforce), 3.2 million new posts will still need to be recruited for. In many countries, tight education budgets have led to a reliance on hiring teachers with little or no training, or para-teachers, on low salaries and in poor working conditions – undermining the teaching profession and the quality of teaching and learning. For 32 of the 94 countries with available data, UNESCO estimates indicate that fewer than 75% of primary school teachers have been trained according to national standards. More than half of these countries are in sub-Saharan Africa, and in 8 of these countries less than half of teachers are trained (UIS, 2015c).

This is the result of massive underinvestment in teachers over many years. There has not been enough of the right kind of financing available to pay for qualified teachers in many countries. Donor funds have not been able to fill the gaps, as they don't tend to cover operating costs or are too unpredictable to be able to support a long-term recurring item like teacher salaries. This makes governments reluctant to hire teachers in case they find they cannot pay the salaries two or three years later, as making teachers redundant is politically very sensitive. Historically, the IMF has restricted the amount of funds that can be committed to teachers (see the Introduction, Section 2 on Policy Background for more information on this). Greater domestic resource mobilisation could help to fill the teaching gaps in many countries.

## TAX HELPS BUILD ACCOUNTABILITY

Not only are there good practical and financial reasons for governments to try to raise more revenue through taxation, but effective and fair taxation systems are crucial elements of a well-functioning society.

A growing body of research shows that taxation matters for governance.<sup>18</sup> If governments do not depend on taxpayers for revenue, they have little need to be accountable and responsive to citizens. A country can only achieve full accountability to its people, and take full responsibility for its obligations, if it has access to sovereign resources drawn from the country's own economy. Tax acts as a glue that binds the accountability of governments to their citizens: when tax revenue pays for education, governments are more likely to feel responsible for ensuring that the money is well spent. If taxpayers see governments wasting their money, or believe that others are unfairly avoiding paying tax, they may be reluctant to pay their taxes. So ensuring that tax funds are well spent, and fairly raised, can help citizens to become more vocal in holding their governments to account.

Additionally, when civil society is more engaged with how governments allocate and spend taxes, especially in societies where corruption is a widespread concern, this can help improve the overall state-citizen accountability chain – so there is also a clear role for CSOs and teaching unions in monitoring and tracking tax revenue and public expenditure. Yet in many low- and middle-income countries there is little public information or debate about taxation – even at election time. Wealthy and influential people sometimes avoid or evade tax, sometimes politicians spend or steal public funds corruptly, and public attitudes to taxation are often negative. Most ordinary and particularly poor people do not recognise the ways in which they are taxed, and where they do, taxation can be perceived as an unjust imposition as they may not make the connection between taxation and the provision of public services. (AAI, 2013c).

<sup>18</sup> Research includes *Taxation and State Building in Developing Countries* (eds. Brautigam, D; Fjeldstad, O-H; and Moore, M) Cambridge University Press, 2008; *Revenues, State Formation, and the Quality of Governance in Developing Countries* (Moore, M.) *International Political Science Review* 2004, vol. 25, no. 3; *Between Coercion and Contract: Competing Narratives Around Taxation and Governance* (Moore, M) in *Capacity and Consent: Taxation and State Building in Developing Countries* (eds. Brautigam, D; Fjeldstad, O-H; and Moore, M) Cambridge University Press, 2008; Tax Justice Network Africa: Building Democracy in Africa through Taxations, 2015 [http://www.taxjusticeafrica.net/sdm\\_downloads/building-democracy-in-africa-through-taxation/](http://www.taxjusticeafrica.net/sdm_downloads/building-democracy-in-africa-through-taxation/); *The Politics of Taxation and Implications for Accountability in Ghana 1981–2008* (Prichard, W) 2009

## TAX HELPS FIGHT INEQUALITY

Tax policy can also play an important role in redistributing wealth within an economy and reducing inequalities. This is achieved by combining progressive taxation, whereby the percentage of tax paid increases as the income increases, with better and targeted expenditure on public services. The impact is greater still when investment is made into improving the quality of a public service like education, as delivering this is a vital step to addressing inequality (Seery & Caistor Arendar, 2014).

## TAX IS KEY TO FINANCING THE 2030 EDUCATION AGENDA

After many years of relative neglect of taxation issues in development thinking, among civil society groups, unions, international organisations and governments alike, there is a growing awareness of the importance of progressive taxation as a critical long-term resource for sustainable development – not least in the education sector:

As domestic resources will remain the most important source for funding education, there must be a clear commitment by governments to provide equitable financing commensurate with national educational priorities, needs and capacities to advance the progressive realization of the right to education. Countries will need to increase public funding for education. This requires widening the tax base (in particular, by ending harmful tax incentives), preventing tax evasion and increasing the share of the national budget allocated to education.

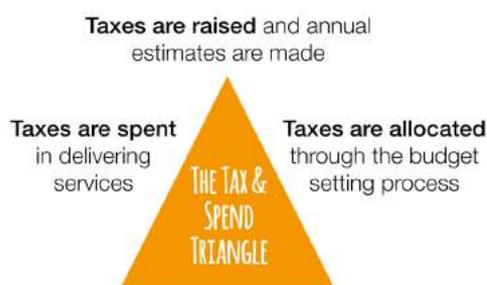
*The Education 2030 Framework for Action*

Tax revenue is going to become increasingly important in delivering education for all, especially as governments grapple with achieving the 17 ambitious Sustainable Development Goals. Rising debt burdens in many countries are going to make already constrained fiscal space even tighter (i.e. the amount of money not already allocated and which is available for governments to spend). This means more 'new' money needs to be found to fund new areas and service expansion, without adding to debt burdens. While aid began to make a slow recovery in 2012, allocations to education have been growing at a slower rate than to other sectors. There are also worrying signs of a decline in aid with announcements by a variety of donor countries, predominantly in the European Union, of re-prioritisation of aid in light of the conflict in Syria (GCE, 2015). This means that countries increasingly need to be able to fund public education through their own domestic resource mobilisation, and governments around the world are already rapidly looking into increasing their domestic tax take.

## WHY WORK ON TAX JUSTICE?

Until recently, most education activists have focused their advocacy efforts on increasing tax spending and allocation, but have not made recommendations on how to increase revenues. The Tax and Spend Triangle in Figure 2 is a simple way to visualise this. By only campaigning for increased allocations to education from the existing budget, activists have missed out on an important avenue for increasing the overall amount of public money available for financing public education. It is now increasingly accepted that focusing on taxation and revenue increase are important for delivering the Education 2030 Framework for Action.

FIGURE 2: THE TAX AND SPEND TRIANGLE



In summary, education activists should work on tax justice for a number of reasons, including:

- Increasing the size of the budget: Without increased domestic resource mobilisation it will be very difficult to finance the new 2030 Education agenda.
- Funding quality, public education: Tax revenues are the main source of funding public education and other public services.
- Providing a long-term, sustainable funding solution: Financing qualified teachers and quality education requires more long-term financing from tax revenues. It can also help government to move away from aid dependency.
- Building accountability: Tax can help to build accountability for public service delivery, and build a stronger state, and encourages better governance.
- Reducing inequality: Tax is a crucial instrument of income and wealth redistribution, both through financing public services and sustainable development, and by ensuring that those who can afford to contribute more do so.
- Increasing self-determination: The more a country can rely on domestic resource mobilisation for the public revenue it needs, the less vulnerable it will be to conditions attached to development assistance.

## EXERCISE 8. MAKING THE CASE FOR WORKING ON TAX JUSTICE

### Aim

To begin to explore why taxation is relevant to the work of your network.

### Activity

This exercise is intended to get you thinking about why you and your organisation might want to work on tax justice issues; we suggest you revisit this exercise when you have completed the whole module to think about it again.

**Step 1:** Think about why taxation is relevant to your organisation, union, network or community, by considering the questions below:

- Look at the tax triangle in Figure 2. What work are you currently doing on the triangle?
- As an education advocate, can you make a compelling case for working on tax and/or where the money for quality education should come from?
- What obstacles might get in the way of making the case for fair tax to fund education? For example, is there a negative view of taxation in your country? Would your advocacy need to overcome negative perceptions? What messages would you need to develop to overcome these obstacles?

### Adapting the exercise for a workshop setting

- If some of the participants are relatively new to this topic and you want to get them to start thinking about the meaning of fair tax, before embarking on the exercise, you could use one of the introductory activities from ActionAid's Tax Power Reflection-Action Toolkit (ActionAid, 2015b) such as the Tax Stones, for example.
- Ask participants to work in groups on the questions above and prepare feedback to make a case for working on tax justice in their context.
- Give feedback as role play – with participants presenting the case to their organisation or board members.

### 3. IS THE SIZE OF THE BUDGET BIG ENOUGH? – MEASURING TAX-TO-GDP RATIOS

A good measure of whether a country is raising enough tax revenue and whether the size of its budget is big enough is the tax-to-GDP ratio. This indicates the share of a country's output that is collected by the government through taxes. Tax-to-GDP ratios are an imperfect but widely used measure of tax collection. There are dangers that tax-to-GDP targets may lead tax authorities to prioritise those taxes that are easier to collect, such as indirect taxes (for example VAT), as this may make up a larger proportion of their income; however, these kinds of taxes are often regressive and can impact the poorest hardest. It is also harder for lower income countries to raise tax-to-GDP ratios than higher income countries, owing to large informal sectors and less diverse tax bases. However, treated with caution, the tax-to-GDP ratio offers some indication of the potential for a country to raise more revenue.

The United Nations Development Programme (UNDP) suggests a benchmark of a minimum of 20% tax-to-GDP ratio for all countries, i.e. at least 20% of GDP should come from taxes. Currently, tax revenues in low- and middle-income countries fall short of both what is needed and of levels in richer countries (OECD, 2014a). Indeed, higher-income countries tend to have higher tax ratios: the average tax-to-GDP ratio in OECD countries is 33% of GDP in taxation; compared to 16% of their GDP in low-income countries and 23.8% in lower-middle income countries.<sup>19</sup> There are regional contrasts (an average of 21% in Latin America and 16% in sub-Saharan Africa) but these regional and income groups also mask vast differences in overall levels across individual countries, with some countries having remarkably low rates, such as Bangladesh and Pakistan both collecting only around 10% of their GDP in taxes. The high levels of variability between countries<sup>20</sup> show that government policies and practices can make a marked difference to how much tax is collected.

FIGURE 3: TAX REVENUES BY INCOME GROUP  
(PREPARED BY JAVIER PEREIRA BASED ON HERITAGE FOUNDATION DATA)

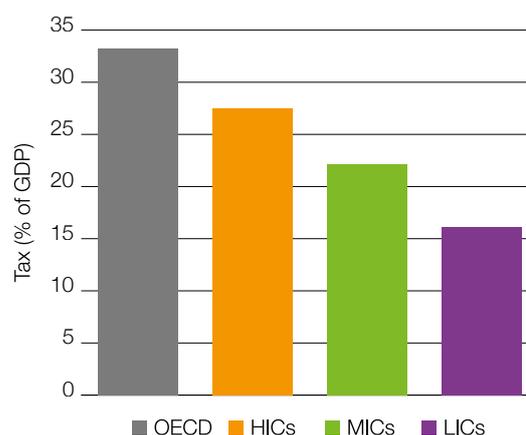
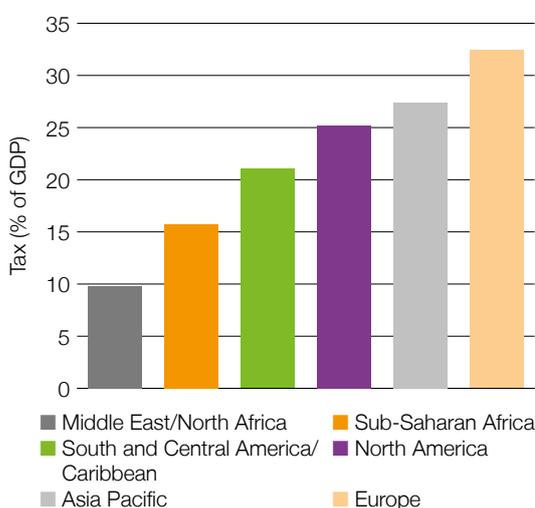


FIGURE 4: TAX REVENUES BY REGION  
(PREPARED BY JAVIER PEREIRA BASED ON HERITAGE FOUNDATION DATA)



<sup>19</sup> All figures in this paragraph are based on the analysis of the Heritage Foundation online database. See: <http://www.heritage.org/index/explore?view=by-variables> Income groups as per the World Bank classification, see: <http://data.worldbank.org/about/country-and-lending-groups>. There are other datasets like ICTD which use slightly different measures though overall patterns are similar <http://www.ictd.ac/datasets/the-ictd-government-revenue-dataset>

<sup>20</sup> See for example Figure 2 in Global Taxation: Financing Education, a report by Klees et al for the International Commission for Financing Global Education Opportunity, March 2016

In relation to the education budget, the FFA recommends that countries spend at least 4-6% of GDP in the medium term on education. In fact, it asserts that *“least developed countries will need to reach or exceed the upper end of these benchmarks if they are to achieve the targets”* (UNESCO, 2015a). Likewise, the Global Monitoring Report team suggests that over 6% of GDP may be required in the shorter term for low-income countries, which still have a long way to go to achieve quality education for all.

## HOW MUCH TAX IS COLLECTED IN DEVELOPING COUNTRIES?

In recent years, the amount of tax collected by developing countries has started to increase. However, overall, levels of tax collection remain much lower than in OECD countries, and in many countries it is lower than the 20% tax-to-GDP ratio recommended by the UNDP. As a result, the budget available for basic public services such as education suffers.

Ethiopia is a good example of a country where the size of the total budget is a serious problem. Ethiopia has committed over 20% of its budget to public education for many years, yet continues to struggle with very high dropout rates and very poor quality. How is it possible for Ethiopia to improve its public education when it is already allocating the internationally recommended share of its budget to education? The answer lies in the very small size of its total budget. In 2013 Ethiopia had a tax-to-GDP ratio of just 9.2% (World Bank website), which is very low by international standards and a long way from the recommended 20%. Accordingly, even though 27% of the total government resources were allocated to public education, the actual amount spent was very small. To increase expenditure on education at current revenue levels, Ethiopia would have to cut back on other areas, such as health, social welfare, support to agriculture, the judiciary and police. In other words, the only way for Ethiopia to realistically increase its education budget would be to increase the size of its total budget, i.e. by increasing the collection of taxes, and as such its tax-to-GDP ratio.

## CASE STUDY 2. BRAZIL AND INDIA – CONTRASTING STORIES

Many of the world's poorest countries cannot expect domestic taxes alone to provide the financing needed to meet [education goals] in the near future. In some middle income countries, however, such as Egypt, India and the Philippines, there is far greater potential to mobilize domestic resources for education. India became the world's tenth largest economy in 2011, but tax revenue was equivalent to only 16% of GDP, and government expenditure per person was just US\$409. By contrast, in Brazil – the world's sixth largest economy – tax revenue was equivalent to 24% of GDP and expenditure per person was US\$4,952.

This huge difference is a key reason Brazil has managed to go further in improving education quality and narrowing learning inequality. The levels of current spending on education as a share of total government expenditure in the two countries also reflect the greater priority that Brazil affords to the education sector. In 2011, government spending on education in Brazil was 18% of total government expenditure, with US\$2,218 being spent on each primary school child. India devoted 10% of the government budget to education, with US\$212 spent per primary school child. If India reduced tax exemptions, tackled tax evasion and diversified its tax base, it could greatly change this picture.

*(EFA GMR, 2014b)*

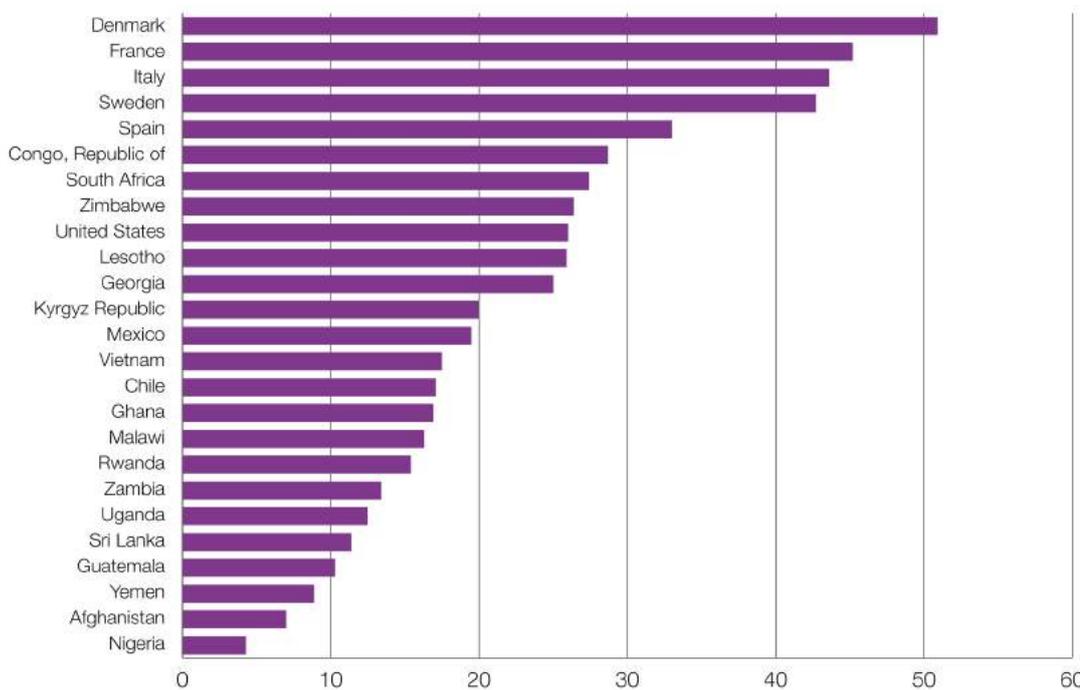
## THE IMPORTANCE OF UNDERSTANDING THE NATIONAL CONTEXT WHEN ANALYSING TAX-TO-GDP RATIOS

The evidence of a robust link between poor tax-to-GDP ratios and low-quality education has led to an increased focus on the mechanisms that can fill the gap between what is currently being raised and what is needed. However, there are some important cautionary tales to be heeded when thinking about raising more revenues. Many analysts contrast tax-to-GDP ratios in rich countries with those in poorer countries and conclude that poorer countries are not making enough effort to collect taxes. But any such judgement has to take account the circumstances of the country in question.

Rich countries can raise more taxes because a much larger proportion of economic transactions take place in the formal economy, where systems and record-keeping facilitate taxation, and because more people have incomes above a threshold where they can afford to pay taxes. In low income countries, a low tax-to-GDP ratio may reflect issues such as a weak tax administration, extensive tax incentives, or high levels of tax avoidance (see section 4 of this Module). Also, GDP figures in some low-income countries are known to be very unreliable, which makes comparisons difficult.

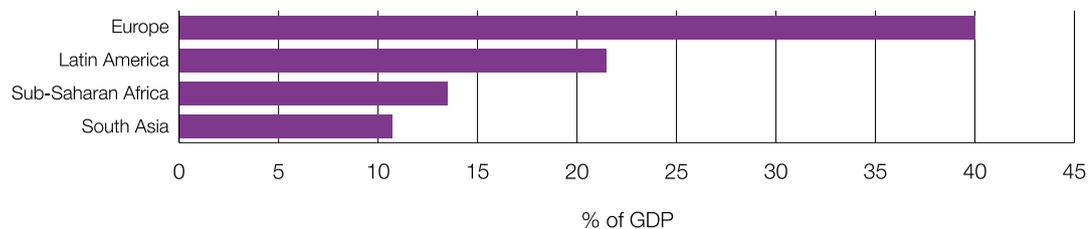
It is very important to understand each country context, the reasons behind the current revenue levels and the possibilities for increasing tax revenue – and to make sure that there is a focus on fair taxation – before embarking on a campaign.

FIGURE 5: TAX REVENUES AS A PERCENTAGE OF GDP  
LATEST AVAILABLE DATA YEAR 2014-15



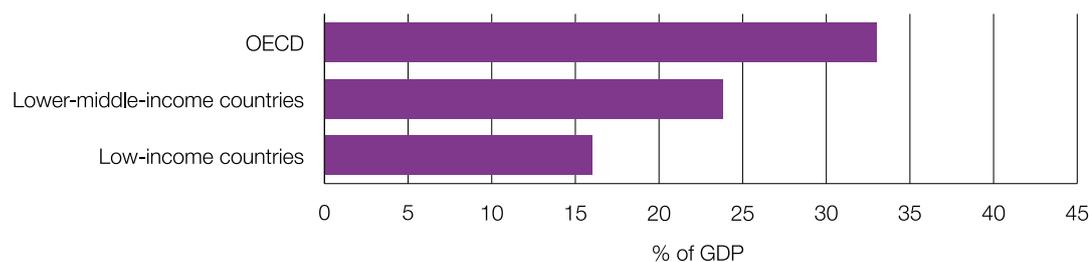
All figures are for 2014/2015 as used by World Bank, IMF, Development Finance International, and OECD.

FIGURE 6: TAX REVENUES AS A PERCENTAGE OF GDP BY REGIONAL COUNTRY GROUP



All figures are for 2013: OECD, Economic Commission for Latin America and the Caribbean (ECLAC), Inter-American Center of Tax Administrations (CIAT), and BID (accessed 2016).

FIGURE 7: TAX REVENUES AS A PERCENTAGE OF GDP BY COUNTRY GROUP



All figures are based on an analysis of the Heritage Foundation online database.

## EXERCISE 9. IS YOUR COUNTRY COMMITTING ENOUGH REVENUE TO EDUCATION?

### 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 and share 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 developing countries to raise enough revenues from taxes.
- If revenues are low, the spending available for social 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. We have provided the data for all GCE member country coalitions so you can look at your country's progress without needing to go through the lengthy process of finding this information yourself.

**Step 1:** Go to Annex 1, and locate the data for your country, which is displayed in the three columns, focusing on a) tax revenues collected as a % of GDP, b) the % share of GDP allocated to education, and c) the % share of the total government budget that is allocated to education. *Note that these figures change over time, so this won't be an exact science – the purpose is to begin to think about how these issues relate to your country.*

If your country is not included in the list, you can select another country for the purpose of this exercise. Alternatively, you can use the instructions at the bottom of Annex 1 to research the data for your country.

**Step 2:** Looking at the data you have found for your country and thinking back at what you have learned in this Module, consider the following questions:

1. Does your country collect enough tax as a percentage of GDP (bearing in mind the recommended tax-to-GDP ratio of 20%)? What could be the reasons stopping the government from collecting more (e.g. large informal economy)?
2. Is your government committing a large enough share of the budget to properly finance quality public education (bearing in mind the SDG 4 targets of governments allocating at least 4-6% of GDP and 15-20% of the overall budget to education)?
3. Is the tax-to-GDP ratio and share of the GDP and budget allocated to education for your country better or worse than you expected? Is the trend up or down over the last 5-10 years? How does this compare to other similar countries?
4. 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?

### Adapting the exercise for a workshop setting

- Before the session the facilitator should check Annex 1 to ensure that data is available for all the countries represented in the workshop. If any data is missing this should be researched before the session or you can focus on one or two case study countries instead. If you are working on just one or two countries make sure that you have data over a period of 3-5 years so that a comparison can be made over time.
- 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 work in small groups to discuss the questions in step 2 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.

## 4. REVENUE LOSSES IN DEVELOPING COUNTRIES

A lot of revenue is lost in developing countries through a combination of tax dodging by multinational companies and generous (and often unnecessary) tax incentives offered to them. Simple steps to reduce these could massively increase the domestic resources available to public education. A major issue concerns the taxation of multinational companies. Part of the problem is that corporate tax rates are too low. In addition, in recent decades, reductions in corporate income tax rates have occurred across the globe, reducing considerably the worldwide average tax rate, which declined from 30% to 22.8% between 2003 and 2015 (Pomerleau, 2015). This is largely the result of the perceived mobility of multinationals, which has led to increased and intensifying competition between national governments to try and attract foreign companies with ever lower rates of corporate income tax.

Along with the competition, which has led to a lowering of rates of tax that companies pay, companies can also avoid paying their fair share of taxes by exploiting tax breaks that countries offer or through tax dodging, whether by exploiting legal loopholes (tax avoidance) or by illegal means (tax evasion). Many multinational companies do not pay their fair share of taxes in low- and middle-income countries, depriving those countries of billions of dollars that could be used for financing public services.

### BOX 8. LOST REVENUES AND EDUCATION

Reversing the immense losses to public sector revenues from tax incentives and corporate tax dodging could make a dramatic difference to realising the right to education for all.

In **Ethiopia**, generous tax exemptions amounted to about 4.2% of GDP in 2008/09. If Ethiopia had eliminated these exemptions and devoted 10% of the resulting revenue to basic education, then the country would have had an additional US\$133 million available, enough to get approximately 1.4 million more children into school.

In **Ghana**, the IMF stated in an April 2015 report that discretionary tax treatments, in the form of exemptions, special regimes and tax holidays may amount to “perhaps 6% of GDP”. This would equal around GC 6,806 million or US\$2.27 billion. The revenues could more than double the education budget (AAI & TJN-Africa, 2015).

In **Kenya**, the government estimated that in 2012 all tax incentives and exemptions stood at around US\$1.1 billion annually (AAI & TJN-Africa, 2012): this could more than double the public primary education budget, which stood at US\$924.15 million in 2012/2013 (GSW website). In a country where 1 million children are out of primary school, this could finance their school enrolment ten times over. It could pay for the training and salaries of the 50,000 additional teachers that Kenya still needs in order to provide primary public education for every child, for 100,000 new classrooms, for two new textbooks

for every child of primary and lower secondary school age – and still leave more than US\$10 million in change.

In **Tanzania**, potential revenue lost through a combination of avoidance, evasion, capital flight (rapid flow of wealth and assets out of a country) and tax incentives combined was estimated to be an average of US\$1.07 billion a year. This is more than the total public education budget in 2011, which stood at US\$967 million. According to GCE’s analysis, this lost revenue could have paid for: more than filling the primary teacher gap, by providing training and salaries for 70,650 additional teachers, allowing every child to attend public primary school with a teacher-pupil ratio of 1:35; training of 40,625 primary school teachers who are currently untrained; and ensuring that every primary school-aged child has a mathematics and a reading textbook.

According to IMF figures, **Nigeria** is losing 0.5% of its GDP just in corporate income tax incentives given to companies with ‘Pioneer Status’, which provides a 3 to 5-year corporate income tax holiday; this would amount to around US\$2.6 billion a year. According to government figures, Nigeria is also losing around US\$327 million a year on import duty exemptions. Removing these incentives could more than double the education budget (AAI & TJN-Africa, 2015).

The Africa Development Bank estimated that Uganda lost US\$272 million, or at least 2% of GDP, to tax exemptions in 2009/2010.

The IMF Head of Mission was quoted in July 2013 as saying: “Tax incentives in **Uganda** are too many and right now, not important to attract investment.” The US\$272 million is equivalent to almost the total public primary education budget in 2012, and nearly half of planned spending on the entire public education sector in 2013-2014: it is more than enough for the Ugandan government to meet their pay commitments to existing teachers (which they currently say they cannot afford) and pay salaries for more than 80,000 new primary school-teachers, bringing the total to more than 250,000 teachers.

In **Nicaragua** – where only three quarters of children complete primary school, and as few as 12% in some regions – total tax exemptions were the equivalent of US\$415.6 million in 2008. This is more than two and a half times the amount being spent on public primary education: just over a quarter of the value of the tax exemptions could pay for two years of pre-service training for 5,000 new primary

school teachers, five years of in-service training for all current primary school teachers, and ‘Paquetes Solidarios’ (backpacks including school materials and shoes) for every primary and secondary school aged child in the country.

In **Bangladesh**, more than 40% of teachers at primary and lower-secondary level are untrained. ActionAid has estimated that in 2005 tax incentives amounted to more than US\$133 million: this would have been enough to pay for the training of every untrained teacher.

In **India**, around US\$112 billion (5.7% of GDP) was lost in 2012/13, mainly from excise/customs duty exemptions and from corporate income tax incentives. If 20% of this had been earmarked for education, the sector would have received an additional US\$22.5 billion in 2013, increasing funding by almost 40%.

*Unless otherwise stated, taken from “A Taxing Business: Financing EFA through Domestic Resources” (GCE, 2013) and “Increasing tax revenues to bridge the education financing gap” (EFA GMR, 2014b).*



A march in Kilwa, Tanzania, demands tax justice to pay for trained teachers and school infrastructure which supports children with disabilities, during GCE's 2016 Global Action Week for Education. Image courtesy of TEN/MET and ActionAid.

## TAX INCENTIVES – THE GREAT GIVEAWAY

The Incheon Declaration specifically acknowledges the importance of “ending harmful tax incentives” in financing the Education 2030 Framework for Action. Given the increasing recognition of this as a mainstream concern in the education community, it is important that education activists identify whether this issue is relevant to their context.

Tax incentives are tax exemptions and breaks provided by a government to companies and investors, often assuming they will increase investment into the country. Such incentives often take place over a specific period in the form of corporate tax ‘holidays’ (often several years, during which tax payment on some or all of the various taxes a company is liable to pay are exempted), or are tax rate reductions for specific types of activities. Tax incentives often result in countries losing substantial amounts of revenue, yet an increasing body of evidence shows that they are not an effective tool for increasing foreign investment.

Companies often negotiate substantial tax breaks as the price of investment in a country. Countries often offer these with little thought to the cost and benefit. Of course, investors are happy to accept incentives, but in many cases countries are giving up potential revenue without any net benefits in return, since the investors would probably have invested anyway. It is for this reason that some tax incentives are referred to as ‘harmful’ – because they give up precious national tax revenue with little or no national benefit (see Box 9 for the worst kind of incentives).

A number of studies have shown that tax incentives are only a minor factor in corporate investment decisions, other factors such as available skills, infrastructure and political stability being more important. The IMF has stated: “Reduced tax rates and incentives can attract foreign investment, but only where other business conditions are good. Business surveys repeatedly find that while taxation matters for foreign investors, other considerations – infrastructure, rule of law, labour – matter more.” (IMF, 2011). A 2010 study by the University of Nairobi found that the main reasons for firms investing in Kenya were access to the local and regional market, political and economic stability and favourable bilateral trade agreements; tax concessions offered in special economic zones were mentioned by only 1% of the businesses sampled (Kinuthia, 2011). Similarly, in the World Bank’s 2012 *Investor Motivation Survey for the East African Community*, 93% of investors said that they would have invested anyway, had tax incentives not been offered. Tax incentives ranked 17th, behind a host of factors including exchange rates, utility and transport infrastructure, and the other benefits of free zones (Mwachinga, 2013). Moreover, tax breaks for foreign investment can crowd out local companies that are not getting the same incentives (AAI, 2013a).

In 2013, ActionAid estimated that the amount given away by developing countries globally to multinational companies through corporate income tax exemptions was US\$138 billion every year, or nearly US\$3 billion each week. A fraction of this could help fill the global finance gap for basic education (AAI, 2013a).

## BOX 9. THE WORST TAX INCENTIVES

Four types of incentives should be avoided at all costs:

1. **Discretionary incentives** give companies special deals in individual agreements. They are often awarded behind closed doors, kept secret and are therefore vulnerable to corruption. Since they often go beyond the general legislation in offering companies massive tax reductions, they distort the market in favour of investors with the most political influence. The IMF notes: *“Any incentives must be in the law and available to all investors on the same terms and not subject to administrative discretion.”* (IMF, 2011, p. Appendix XI)
2. **Tax holidays** can give companies a period of many years when they pay no taxes at all, or at least no corporate income taxes, and tend to apply for a fixed period at the start of an investment. The IMF has noted that *“tax holidays [are] generally agreed to be the worst form of incentive... They are widely regarded as a particularly ill-designed form of investment incentive, and one that poses considerable dangers to the wider tax system”* (IMF, 2011, p. para 55 and Appendix X). The reason is that, while depriving countries of revenues, they tend to attract footloose investments that move on once the preferential terms end, rather than making long-term commitments that bring new skills and technology to the local economy. They encourage businesses to ‘close down’ at the end of the tax holiday period and reinvent themselves under a different name to benefit from a new tax holiday (Klemm, 2009).
3. **Free zones** offer all businesses operating in particular geographical (or sectoral) locations large tax reductions as well as infrastructure, business support and proximity to other firms. But such tax incentives encourage businesses to stay within the bubble, reducing interaction with domestic businesses that would otherwise benefit from forward and backward linkages. Free Zones are also notorious for companies making fewer social security contributions to their workers and for labour rights abuses. They are often associated with banks on trade union activity, low pay, and poor working conditions, and subsidise poor quality jobs employing women in insecure work, such as the garment industry. Since free zones offer low tax rates, they can also put pressure on policymakers to provide similar incentives to firms outside the zones (Keen & Mansour, 2009).
4. **Stability agreements** between investors and governments freeze the tax terms applied to the former, making it harder for governments to change them in future. This means that while other businesses have no option but to comply with future changes that might increase their tax bills, favoured investors are allowed to continue with special treatment, sometimes permanently. Thus future governments are locked in by such agreements, reducing their options to democratically change tax rates to potentially bring in more revenues (AAI, 2013a).

(AAI, 2015a)

## TAX DODGING BY MULTINATIONAL COMPANIES

Tax incentives offered by governments are not the only way in which large multinational companies reduce their tax bills. International companies also often proactively dodge the taxes that they should pay in developing countries, whether by exploiting legal loopholes, or acting illegally (some wealthy individuals do this too). Multinationals and rich individuals are dodging the taxes they should be paying by using gaps in weak national tax laws, tax havens and international tax loopholes – leaving developing countries haemorrhaging billions of dollars of revenues. The multinational companies that are making money in a country use resources such as minerals, workers, infrastructure and security – most of which cost tax money to provide – and must pay their share through fair tax contributions.

The scale of this is vast. Insufficient data makes exact calculations impossible, but an estimate by IMF researchers in 2015 suggested that developing countries could lose US\$213 billion

a year just to tax avoidance (Crivelli, De Mooij, & Keen, 2015). These tax loss figures from the IMF are estimates for all developing countries, including upper-middle- and lower-middle-income countries as well as low-income, so the lost money is not all available to finance education in low-income countries. But to put the size of this figure into perspective, that's more than five times the global financing gap to ensure that every child can receive 12 years of quality public education in low- and lower-middle-income countries, so reducing money lost to tax avoidance could certainly go a long way towards filling the gap. With the scale of the education financing challenges we face, every drop of tax money is so vital to our children, and we should not allow a single hole for it to escape.<sup>21</sup>

What's more, in spite of significantly more investment from foreign companies in developing countries in the last 20 years, there has not been a similar increase in the tax revenues paid by them – this means the problem of unpaid tax from multinationals may be getting worse, not better.<sup>22</sup>



Local members of ActionAid's youth campaign network, Activista, calling on African Finance Ministers to stop tax leaking out of Africa, outside their meeting in Abuja, Nigeria, 2014. Image courtesy of ActionAid.

<sup>21</sup> The Global Monitoring Report team calculates the annual global financing gap as US\$39 billion over 2015-2030 for reaching universal pre-primary, primary and secondary education of good quality in low- and lower-middle-income countries (EFA GMR 2015b).

<sup>22</sup> ActionAid showed that foreign direct investment (FDI) has grown in importance for developing countries (AAI 2015a). The IMF says it has tripled since the 1980s to about a third of their GDP. So far, however, the increasing scale of FDI in the world's poorest countries, as a percentage of GDP, has not been accompanied by a significant increase in the share of corporate tax revenues in GDP. That means businesses are doing more business in developing countries, but the direct benefit to the budget is not being felt.

## BOX 10. TAX EVASION, TAX AVOIDANCE AND TAX DODGING

**Tax evasion** is illegal or fraudulent non-payment or underpayment of taxes.

**Tax avoidance** is legal but often morally questionable. It is often referred to as 'aggressive tax planning', which means deliberately arranging finances and company structures in such a way as to significantly minimise declared income and therefore pay as little tax as possible, often by finding and exploiting loopholes in different countries' legislation. Almost all corporations practise tax avoidance (or tax planning) to some degree; where it becomes 'aggressive' is subjective, but a court may rule that tax avoidance has been so aggressive as to be tax evasion.

**Tax dodging** is often used by activists as a deliberately vague and legally imprecise term to encompass both avoidance (legal, albeit morally questionable) and evasion (illegal). It is important to note that there are many fully legal loopholes that enable individuals and companies to avoid paying their fair share of tax, as well as well as more illegal ways to evade paying tax.

It is important for activists to keep in mind these differences if intending to do tax advocacy, particularly as some companies may be litigious when their reputation is publically questioned. For example, accusing anyone of engaging in evasion must be done with extreme caution, as evasion is illegal. If a company has been evicted of tax evasion in a court of law, this can be reported, but caution should be taken if saying that a company is evading tax based on independent or in-house research; this could be libellous, placing organisations at risk of being sued.

Many multinational companies exploit their complex cross-border structures in multiple locations to avoid paying corporate taxes in the countries where they operate. They often do this by establishing sister companies in countries where tax rates are low, artificially shifting and reporting profits there, rather than in the country where they are actually doing business and making the profit. Multinationals are particularly well-placed to make use of international tax structures to dodge paying their fair share of taxes in developing countries – often exploiting loopholes to avoid tax, sometimes paying as little as 5% in corporate taxes, when smaller local businesses are paying up to 30%, for example.

Some companies shift their profits – which have actually been made in other countries – into so-called 'tax havens', jurisdictions what are characterised by very low or barely existent tax rates, as well as a level of secrecy around corporate ownership and accounts. Tax havens enable tax dodging: over half of world trade passes through tax havens. Analysis by ActionAid in 2013 showed that just under one in every two dollars of large corporate investment in the Global South was being routed from or via a tax haven (AAI, 2013b).

### CASE STUDY 3. ZAMBIA CAMPAIGN HIGHLIGHTS TAX REVENUE LOSS

The level of corporate tax dodging in Zambia is immense. The government estimates that the country is losing a total of at least US\$2 billion annually through corporate tax avoidance. This is twice the annual public education budget. Tackling tax avoidance could therefore make a dramatic difference to public education, which is still chronically underfunded, in spite of strong political and financial commitments from the government (in 2016 the government is committing around 17% of its budget to public education).

Zambia has made great strides in public education: in 2000, more than half a million primary school-age children were out of school. That figure is now lower than 200,000. But still there is a long way to go, particularly in providing sufficient, well-trained teachers to ensure quality public education: there is currently an average of only one trained teacher to every 53 pupils at primary level. In Zambia, under-resourced systems have strained under the weight of increased demand (UNESCO website).

Stopping tax avoidance – even by individual companies – could make all the difference. In 2013, ActionAid revealed that a combination of taking the government to court to receive a tax break meant for small-hold farmers and tax avoidance by a single company, Zambia Sugar, the largest sugar manufacturer in Africa and a subsidiary of the UK-based multinational Associated British Foods, had cost the Zambian government US\$27 million between 2007 and 2012. Currently, around 19,000 teachers are needed in Zambia to provide universal public primary education (UIS website). The tax dodging and tax incentives received by this one company alone could have paid to train all 19,000 teachers, at today's prices.

In Zambia, tax dodging by big mining companies has been particularly visible, especially during the boom in copper prices from 2005 to 2008. Copper mining profits almost quadrupled from 2005 to 2006, jumping spectacularly from US\$52m to US\$206.3m. Copper accounted for 20% of export earnings, but brought in state revenues worth less than 0.5% of GDP. Prior to 2008, revenues from the mining sector as a whole accounted for less than 1% of GDP. Zambian officials blame this

discrepancy on tax avoidance. A subsequent government crackdown on tax avoidance, including audit reports, found that the Glencore Company was artificially altering prices and costs in order to avoid reporting any profit in Zambia, and thus avoided paying taxes. Five NGOs took up the cause, filing complaints with the OECD against two companies – one of which was Glencore – and this culminated in the UK government investigating allegations surrounding Zambia's lost tax revenues from foreign-owned mines, including claims that Glencore avoided paying up to GB£76 million a year in tax on its Mopani Mine in the country.

In reaction to increasing pressure on the Zambian government after a number of high profile tax dodging cases, particularly in the mining sector, the government announced a review of tax incentives and measures to tackle corporate tax dodging. As a result, from 2008, following the introduction of the windfall tax and upward revision of the mineral royalties from 0.6% to 3%, state revenues from the extractive industry as a percentage of GDP have risen considerably (Extractive Industries Transparency Initiative website).

*Adapted from "A Taxing Business: Financing EFA through Domestic Resources" (UNICEF, 2015) with updates from ZANEC and ActionAid Zambia in April-May 2016.*



**A member of the community giving testimony in Zambia.**

Image courtesy of the Zambian National Education Coalition (ZANEC).

According to the Tax Justice Network's Financial Secrecy Index, there are at least 73 tax havens around the world (TJN website). Some offer benefits to particular sectors and others offer low taxes across the board. Many of the better known ones are small islands with little industry, especially UK crown dependencies such as Jersey, Guernsey and the Cayman Islands. It is less known that some of the biggest tax havens are actually part of big and rich countries, such as the US state of Delaware. In some cases, jurisdictions can act as tax havens for specific sectors or sub-sectors: one example is the Netherlands, which has exceptionally generous rules for holders of patents and trademarks.<sup>23</sup>

Tax havens not only offer companies and individuals low or even zero corporation tax rates, but they also provide a veil of secrecy that means proper scrutiny of the company is difficult or even impossible. The shadowy nature of tax dodging makes it hard to assess the overall impact but it is clear that the scale of tax haven use is massive – and negative for development.

The Tax Justice Network has estimated that globally, at least half of all corporate transactions and trade passes through tax havens, even though these jurisdictions account for just 3% of the world's GDP, and that as much as US\$32tn could be held offshore (Henry, 2012). Whatever the estimate used, it is clear that the problem is vast, and tax dodging by multinationals and wealthy individuals – especially when combined with the use of lower corporate income taxes and tax incentives – robs public budgets around the world of hundreds of billions of dollars.

## EXERCISE 10. HIGHLIGHTING THE LOSS OF REVENUE THROUGH CORPORATE TAX DODGING

### Aim

To help readers to understand the amounts that are lost to government budgets from companies reducing their tax bills in their country, and to develop advocacy messages to make the case for fairer taxation.

### Activity

No one thinks it's fair when they hear that public education is underfunded because multinationals are not paying their fair share of tax! One of the most powerful messages you can use to make the case for fair taxation is to show the amount being lost from companies not paying their fair share of tax and then highlight what this means for public education. Making powerful links between losses from companies not paying tax and the impact on development or poverty has been shown time and again to be a successful way to show the moral imperative for changing companies' behaviour. This can help your network to reach out to others working on tax justice with a powerful single message linking their work to yours.

This exercise is intended to get you started using statistics and making compelling advocacy messages about the immoral nature of this behaviour.

**Step 1:** See if you can find any estimates on losses from tax incentives, tax dodging, or lack of extractives royalties in your country or a similar country in terms of economy in your region. You might be able to get this information from your national tax justice or budget advocacy coalition. Alternatively, the regional Tax Justice Network may be able to give advice. Other possible sources include reports from the regional Development Bank, IMF or World Bank; budget speeches or statements; academic papers; Ministry of Finance and revenue authority reports; and newspapers. The big accountancy firms also sometimes publish lists of tax exemptions. Make sure you keep track of all sources for any statistics, and ideally get a peer review from an external expert (such as a member of the regional Tax Justice Network) to check your figures, before you use them in your lobbying and advocacy work.

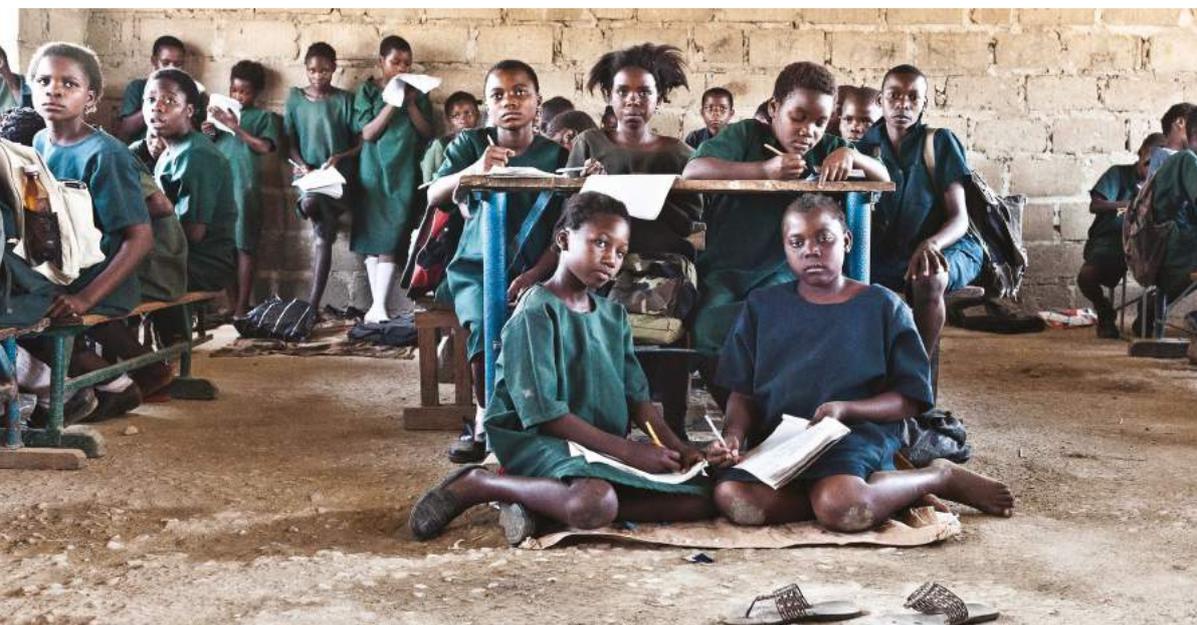
<sup>23</sup> Different organisations have different estimates as to the exact number of 'tax havens'. The Tax Justice Network has identified 73, a higher estimate than many others (TJN website)

**Step 2:** Choose a compelling example to show what the lost tax could pay for in your country. This could be more children in school, more teachers, schoolbooks, school buildings, or an increase in the current education expenditure, for example. Make sure you have clear costings for the item you choose (per pupil spending, the cost of one teacher, present national spending on education, etc.). If estimates are already available for your country, you may need to update them. Where data is difficult to find you could use examples from a country with a similar context, making sure you translate the figures into your local currency so they can be easily understood.

**Step 3:** Use the information that you have collected to make a simple set of powerful advocacy messages based on the key issues in your context. These should illustrate what a difference it would make to education in your country if tax were not lost to avoidance or evasion. Try also to communicate how unfair it is that companies pay so little tax relative to normal tax payers. Think about who your message is aimed at. Do you need to develop different messages for different groups? To see how powerful such messages can be [check out this video](#), or [this one](#) by ActionAid on how a market trader in Zambia pays more tax to the government than British company Associated British Foods! ActionAid have also produced [this video](#) specifically on how tax pays for girls' education. (Please see Annex 3 for a list of all resources used in the exercises).

#### Adapting the exercise for a workshop setting

- Before the workshop find statistics on education costs and tax losses for the countries involved.
- Introduce the issue to the group either by presenting the Zambia video shared above or using the Leaky Pot tool from the Reflection-Action & Tax toolkit (ActionAid, 2015b). Facilitate a plenary discussion for participants to discuss their reactions.
- Divide the participants into small (ideally single-country) groups. Depending on the time available and on the level of experience of the participants, they should either be handed a set of statistics for their country or given time to research these. Alternatively, this could be a pre-workshop task for participants.
- Based on the country statistics, participants should then develop an advocacy message.
- Each group should find a creative way to present their advocacy message to the wider group.



Loveness Banda, ten years old (sitting on the floor, right), in a crowded classroom at Ndege Basic School, Mazabuka, Zambia, where British-owned sugar factory Zambia Sugar avoided taxes of US\$27 million between 2007 and 2012. Image courtesy of ActionAid.

## 5. EXTRACTIVES & EARMARKED TAXES – MISSED OPPORTUNITIES FOR INCREASING REVENUES?

Low- and middle-income countries that are rich in natural resources could make huge strides towards universal schooling if they managed resource revenues better and devoted a significant share to public education. In 2014, the GEM Report team estimated that if 17 resource-rich developing countries managed resources revenues better and devoted a significant share to public education, they could collectively allocate an additional US\$5bn to public education. This included countries already rich in resources and those with recently discovered deposits, including Ghana, Niger and Uganda, where revenue from natural resources could finance access to public primary school for 86% of out-of-school children, if the governments maximised the revenue generated and dedicated a significant share to education (EFA GMR, 2013).

Governments have the responsibility to ensure that their citizens are benefiting, and not simply the multinational companies who are extracting the mineral wealth. For example, in 2012 the Ghanaian Minister of Finance stated that an estimated US\$36 million was being lost each year through deals that favoured mining companies; this would have been enough to train more than a quarter of Ghana's untrained primary school teachers (Christian Aid & TJN-Africa, 2014). In Peru, estimated cumulative losses from poor collection of mining royalties from 1994 to 2006 could have paid for more than three years of schooling for all out-of-school children at primary or lower-secondary school age (UNICEF, 2015), currently approximately 300,000 (UNESCO website). Raising revenues from extractives is one of the most complex tasks for many developing country governments because, while they are among the most profitable enterprises, they are also the most adept at avoiding and evading tax.

It is worth noting that some of the potential revenue from extractive industries is not actually tax, but payment for the products and royalty payments – i.e. payments by the extracting company made to a country for the one-off benefit of extracting its irreplaceable natural resources. It is crucial that this short-term national wealth is turned into lasting public benefit through providing revenue to invest in public education. When natural resources

are found and investment is made into their exploitation, the revenue benefits to the country can be a very large (but time-bound) windfall.

Extractive industries are already a huge part of the economy in many countries, and oil and gas discoveries in Ghana, Mozambique, and across various East African countries raise the potential for massive new pools of finance. Of course, extractives are also very volatile and so are not often as predictable a source of income as other areas, and as ActionAid has pointed out: *“The absence of a period of slow, sustained building of a tax system means the opportunity to build a social contract, with the accompanying governance benefits, is lost. Furthermore, the windfall can remove any incentive to conduct this painstaking, politically contentious work.”* This is part of the syndrome of effects known as the 'resource curse', with resource-rich countries accounting for nine of the 12 countries at the bottom of the Human Development Index, which is a measure of wealth, life expectancy and education (AAI, 2013c).

Nigeria offers a good example of this. Nigeria is the largest economy in Africa; it is also home to the largest number of out-of-school children in the world. Nigeria's economy has grown by at least 5% per year since 2003 but the percentage of children out of primary school has barely changed, from 37% in 1999 to 34% in 2010 (UIS website). Moreover, it has a highly unequal education system, with the richest quintile receiving an average of 12 years' education and the poorest receiving fewer than 3 years. Many Nigerians have little faith in public schools, nor in the state's capacity to deliver on other essential public services. Nigeria has one of the lowest tax-to-GDP ratios in the world, at well below 10%.<sup>24</sup> Oil revenues (including taxes, sales revenue and royalties) comprise 70% of total revenue, and they have made little effort to diversify the base, nor to build the more complex state-citizen contract through an effective taxation system. In 2013, the GEM Report team estimated that the share of government budget allocated to public education was 6% and the percentage of GDP was 1.5% – some of the lowest allocations to public education in the world (EFA GMR, 2014b). This has left Nigerian children robbed of the benefits of a resource boom and overall economic growth.

<sup>24</sup> Nigeria tax-to-GDP ratios are very low and notoriously difficult to calculate; the World Bank World Development Indicators data puts this at just 1.6% for latest available years (World Bank website). This is partly because Nigeria has a peculiar revenue collection pattern. Approximately 50% of Nigeria's government revenues are derived from non-tax sources: principally sales and royalties from oil and gas. It is therefore suggested that a better estimate might be to use broader revenues, including oil and gas. Latest IMF figures put this revenue-to-GDP ratio at 9.9% (IMF 2015)

## EARMARKING TAXES FOR EDUCATION<sup>25</sup>

Earmarking is the process of assigning revenue from specific taxes to particular objectives, in this case education. Under a full earmark, the earmarked revenue is the only source of finance for the programme, while a partial earmark means that other financing also contributes. Earmarking may also be wide (covering a whole spending programme) or narrow (for a specific project within the programme). A distinction can also be made between 'soft' earmarking and 'hard' earmarking, the latter of which is enshrined in law.

There are several examples of taxes earmarked for education: the Ghana Education Trust Fund (funded by 2.5% of VAT collections); the Nigeria Tertiary Education Trust Fund (to which national companies pay 2% of assessable profits); the Brazilian Fund for Maintenance and Development of Basic Education (partly financed by earmarking 15% of VAT revenues); China's Education Surcharge levied on VAT taxpayers at 3% of Consumption and Business taxes; and India's flagship education programme that is funded partly by an 'education cess' (a 'tax-on-tax' introduced on all Union taxes at the rate of 2%). In any scenario where earmarked taxes are used for education there is a particular need to ensure that they are genuinely supplementary to existing allocations – generating additional revenue that would not otherwise be raised. One option is to set a benchmark on existing tax allocations or spending on education, before introducing a new earmarked tax – so that it can be clearly seen (and tracked) that earmarked tax is providing additional revenues.

Earmarked taxes for scaling up a time-bound education programme could be a critical way for governments to fund the specific new education pledges made in SDG 4 and in the FFA. For example, many countries will need to substantially increase spending on education over the coming years in order to scale up public provision of early childhood education, or to universalise access to secondary education, both of which are new and explicit commitments contained within the frameworks.



An empty classroom protest to achieve universal primary education in Nepal. Image courtesy of Bishal Gurung, ActionAid.

It is important for education activists to be aware that the issue of earmarked taxes is contentious – and proceed with suitable caution. In particular, education activists should work alongside campaigners from other social sectors to ensure that there is an increasing pie available overall to fund all of the SDGs, and especially public services. Fighting for earmarked taxes for education while other organisations are fighting for health or nutrition, for example, may be counterproductive. It is important that if organisations do fight for earmarked taxes they do this with other organisations to fund broader 'social services'; that way the government can decide where is best for this to be allocated according to differing needs, which are often interlinked and inter-reliant, once increased fiscal space has been achieved.

<sup>25</sup> Adapted from ActionAid, Domestic Tax and Education: A Research Report for The International Commission on Financing Global Education, 2016 (forthcoming)

## CASE STUDY 4. BRAZILIAN OIL ROYALTIES BILL SECURES FUNDS FOR PUBLIC EDUCATION AND HEALTH

In August 2013, the Brazilian Campaign for the Right to Education celebrated an historic victory as a new bill was passed by Congress to ensure that royalties from newly discovered oil fields go to public education and healthcare. This success was, in part, the result of advocacy carried out by the Brazilian Campaign for the Right to Education, which represents more than 200 organisations and movements across Brazil, on the back of political pressure created after widespread protests related to public spending.

National demonstrations rocked Brazil in June 2013. Originally triggered by transport fare rises, these quickly moved on to demonstrate more widespread unrest at a lack of public spending on public services, while huge expenditure was being poured into the 2014 FIFA World Cup preparations. The unrest prompted then-President Rousseff to present an emergency package of investment and reforms in public services. A new bill designating all royalties from newly discovered oil fields to public education and healthcare was one

outcome of the negotiations around these reforms. According to the resolution, passed in August 2013, 75% of drilling royalties the Brazilian government received from oilfields in the pre-salt layer were to be invested in public education and 25% on healthcare. The pre-salt area is so-called because the oil and gas lies beneath several thousand metres of water, rock and salt off the Brazilian coast.

The Brazilian Campaign for the Right to Education worked towards this outcome with furious lobbying and advocacy at a number of levels. The bill was a huge win both in its overall purpose – making more funding available for public education – and in the detail, by ensuring that the terms of the agreement and the type of revenue allocated was most likely to guarantee secure and accessible financing for public education. Finally, pressure was applied on the Congress to ensure that the bill was passed. This oil revenue was projected to contribute more than US\$75 billion to public education over the following 10 years.

*Information provided by the Brazilian Campaign for the Right to Education ([www.campanhaeducacao.org.br](http://www.campanhaeducacao.org.br))*

## 6. COLLECTING MORE TAXES FAIRLY

While increasing revenues through tax is important, it is also critical to make sure taxation is fair in order to ensure that: 1) tax can play a role which helps to address inequality; 2) that tax can support the progressive realisation of rights; and 3) that any expansion of taxation does not increase the burden on the poor.

Understanding the concepts of progressive or regressive tax systems is vital. If a country relies on taxation of resource wealth, corporate taxation, high incomes or taxation of property or wealth, while collecting less tax from those on low incomes, this would generally be considered progressive. Conversely, a reliance on consumption taxes (such as VAT levied on food, fuel and other goods) *tends*<sup>26</sup> to be considered regressive, as the poorest use these as well as the rich, and spend a larger percentage of their meagre resources on them. Tax systems can often also be regressive in their gender impacts too, as women are disproportionately affected, for example by consumption taxes:

because they usually bear greater responsibility for caring for their families, they spend a greater proportion of their wages than men on goods and services. In reality, tax systems in most countries are regressive (or at best are not progressive enough) (Duncan and Sabirianova Peter, 2008).

One of the major issues in many developing countries is an overreliance on VAT. Over the last 20 or so years VAT has become an increasingly important source of tax revenue in developing countries – meaning that many have raised more tax, but in a regressive way. While developed country economies tend to rely on VAT for about 30% of total tax revenues, in developing countries the percentage is often dramatically higher, averaging above 50%. In Latin America almost two-thirds of tax revenues come from consumption taxes (with VAT accounting for most of this) (IMF, 2011). This greater dependence on VAT as a source of revenue is often a result of pressures from international financial institutions and donors, but it is also because many southern countries have very large informal sectors and significant rural populations, from whom it is difficult for governments with weak tax administrations to collect income tax (Keen, 2009).

<sup>26</sup> While it tends to be assumed that VAT is regressive, it is not always. If there are thresholds which exempt the poor, or if VAT is not applied to goods that the poor must use this can certainly make VAT less regressive.

When assessing how regressive VAT is in a particular context, it is worth looking at specific items and their impact of the extra cost of VAT on the rights of the poorest and most vulnerable. An example is sanitary pads, which in many countries are not tax exempt. When girls can't afford sanitary items, that can lead to their absence from school. The same can be said for other basic items like pencils or books.

In a progressive system, companies, especially rich multinationals, pay their fair share of tax. Taxation of companies is a very important part of any tax system, particularly in developing countries, where there are fewer possibilities for developing a strong tax base. Corporate taxation is also (theoretically) a relatively easy tax to implement, as often there are very few large corporations in low-income countries, making it less complex to administer. It is particularly important that large corporations do not get away with not paying their fair tax, as is often the case, by being offered large and unnecessary tax exemptions or 'holidays'.

Personal income tax also tends to be progressive, because it is often set at a higher rate for people with higher income levels (so the richest pay more) and many of the poorest have to pay none due to their work being outside the formal economy. However, income tax has tended to provide a relatively small (although growing) proportion of revenue in most developing countries, due to problems with tax administration capacity. Because the tax administrations can be weak in low-income countries, the taxes due to be paid by wealthier people or companies are often not collected properly (Moore, 2015). In addition, many of the wealthiest members of society manage to avoid or evade their tax payments.

Ultimately, if countries are to raise more funds for education and other public services, without unfairly squeezing their citizens, this will require: fairer taxation of corporations, particularly multinationals; taking steps to curb tax avoidance; stronger taxation and royalty collection for extractive industries; and dramatically reducing tax exemptions and closing other loopholes which encourage tax avoidance, while also limiting the areas which unfairly burden the poor, such as VAT, and making the richest pay more in income or wealth taxes.

## 7. MOVING FORWARD WITH TAX CAMPAIGNING

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As the Sustainable Development Goals agenda has a series of new and ambitious commitments, it will be vital for education activists to work with others to advocate for more domestic resources to finance that agenda and avoid fighting over the same stagnant or shrinking pot, and instead try to jointly expand the total pot available for initiatives which fight poverty and inequality. Tax justice advocacy entails confronting some of the most powerful relationships and vested interests in a country – multinational companies and the political elite. Unfortunately, the voices fighting for equitable tax reforms are likely to be weak compared to those that keep tax systems unfair.

Civil society groups will therefore need to work together to amplify their voices, and to form or strengthen national coalitions or alliances to deliver change. Working with others in coalition or as part of a network will give access to a much broader set of skills and make it possible to work at different levels (local, district, national and international) and across different sectors (education, health, etc.) to bring about change. Reaching out to others advocating for more or fairer tax (i.e. tax justice networks) and those campaigning for better delivered results from tax (i.e. those making the case for investment in education and other public services) is an essential part of this.

It's important to start building a strong narrative about the unfairness of current tax systems. Raising awareness at community level and elsewhere of who is paying taxes (and who is not) and how that deprives a country of revenue is an important place to start. This section includes ideas, examples and exercises that will help to identify the best approach to working on tax in specific contexts, thinking about who to work with and how to identify where there is opportunity for change.

## EXERCISE 11. IDENTIFYING FURTHER EVIDENCE NEEDS

### Aim

To start to think about evidence needs and gaps, to look at who is already working on these issues, and what gaps you still might want to fill.

### Activity

Getting your analysis right is crucial for doing tax campaigning. Whether you intend to identify what problems and solutions you'd like to focus on, or you are shaping your advocacy focus, aims or objectives, you will need a lot of evidence at the ready.

Deciding which part of the overall tax system on which to focus your advocacy will depend on a number of factors, such as who else is working on the issues in your country, and what opportunities for change there are at present (i.e. a new resource windfall has been found or a new VAT measure is passing through parliament). You might want to find out what research has already been done, to carry out or commission some evidence-gathering to help you frame your work, or to convene a meeting of academics and other policy experts to hear more on key areas.

**Step 1:** Investigate the available information in your country and identify who has already done research. Here are a few ideas to get you going:

- Examine the types of tax incentives offered – to whom? On what? In which sectors? Are some of these unnecessary?
- Examine whether particular tax breaks achieve desired equity or other policy goals. Examine the tax system's impact on a typical family or examine the tax system's impact on low-income households. How can this be made fairer while getting more resources to education?
- Is there evidence that a proposed tax change will achieve its desired economic or social goal?
- Could a badly needed expenditure programme be funded by a specific tax increase?
- What political opportunities are on the horizon? Is there a window of opportunity for change? do you know who is influential and what power they have? Why not do a power mapping exercise (see Module 6)?

**Step 2:** Identify what evidence is missing to make your arguments around tax. It might take a long time to gather all the information you need so it helps to identify which evidence gaps are most urgent.

**Step 3:** Think about how you can fill the identified evidence gaps. For example, do you need to commission some research? Is it necessary for you to reach out to others to help to identify what evidence they have/know etc. – maybe organising a policy roundtable discussion?

**Step 4:** Plot a timeline and identify who can help with each step.

### Adapting the exercise for a workshop setting

- The participants should either be asked to carry out the first step in advance or be supported to find this information during the workshop. If this is being done as a facilitated process, participants can get into groups and give feedback in plenary.

## IDENTIFYING TAX ALLIES

It is vital for education activists to build voice and understanding within their own organisations, as well as linking with others that hold specific knowledge and expertise. Developing an advocacy strategy involves thinking about potential allies.

It's worth considering the advantages and challenges of working in alliances, coalitions and networks. Working in a coalition or network can provide major added value to advocacy work by bringing together the strengths and resources of diverse groups to create a powerful force for change. But it's not without challenges. It can take time and energy because it involves building relationships of trust and keeping people constantly informed and involved.

When considering who to link up with in a tax advocacy alliance, coalition or network, it's important to consider the different skills, experience or relationships each organisation can bring. Some tax justice advocacy can be tackled only by global action and will require coordinated action with international or regional partners, such as regional coalitions, GCE, international NGOs working on tax, or education unions. The first port of call might be national or regional Tax Justice Networks.

There can sometimes be an overlap between allies and indirect targets, those who are sympathetic to the specific advocacy objectives of education activists and also have influence over influential people, but need some initial influencing to persuade them to support the change that needs to be made. It is useful to distinguish between strategic allies (those with whom education activists may have a more natural allegiance and shared values, have worked with in the past and are likely to do so again) and tactical allies (those that may become allies on a particular aspect of the issue, such as research). It is ideal to have a mixture of natural allies and some more unusual allies that are able to demonstrate the breadth of support for taxation.

## IN ORDER TO REACH OUT TO ALLIES AND TARGETS EDUCATION ACTIVISTS CAN:

- Contact national or regional Tax Justice Networks (see <http://www.globaltaxjustice.org>).
- Reach out to other sector networks, such as health networks or social protection networks – and working together to be stronger in advocating for more social spending together.
- Link up with INGOs – of which a number are already working in this arena, i.e. ActionAid and Oxfam.
- Establish contacts with public and private sector trade unions, whose workers potentially have wages suppressed by multinational companies profit shifting, and who by receiving a salary may be some of the most regular individual tax payers in the country paying personal income tax. Teachers and their unions have a personal interest in a high quality public education system.
- Collaborate with the media to expose both the scale and specific examples of tax injustice.
- Progressive academics and research institutes may also be useful allies.
- Contact professional associations or individuals such as lawyers and accountants.
- Reach out to small and medium-sized enterprises (SMEs), as demonstrating support from business can strengthen campaigns. SMEs don't have the same capacity to dodge taxes and don't benefit from the generous tax incentives received by multinational companies. They can therefore be a powerful ally in campaigning for tax justice and a level playing field between themselves and multinational companies.
- Establish connections with tax administrations. In most countries, tax administrators are sympathetic, recognising the need to improve systems and increase capacity. As a government department they are unlikely to be able to provide support publically but may be able to share information from behind the scenes. Tax administrators seldom play a role in negotiating incentives and often do not know about them until too late. Many criticise tax incentives for complicating the system.

## IS THERE POLITICAL MOMENTUM FOR CHANGE?

An important issue to bear in mind is whether there is a real opportunity for change in a specific country. There may be an immediate opportunity to bring about change, as in the Bolivia example in Case Study 5, which might necessitate acting very quickly. Alternatively, it may be necessary to build advocacy over the long term, building slow pressure for reform.

The space for change in tax regimes often comes only when:

- there is a large policy change or bill going through parliament;
- there is an election or change of government and advocacy can help to make this an election manifesto issue (see Case Study 5); or
- new industries or resource discoveries have taken place (see Case Study 4).

Often a good place to start is to expose publically the unfair nature of taxes, to start to catalyse broader change – building up citizens'

tax literacy so that when a political opportunity presents itself, public awareness is already strong. The key to success may be to build a mass campaign based on moral pressure and outrage. Too often, debates over tax issues are dominated by groups that stand to benefit directly if the proposals are enacted. Education activists can broaden these debates by raising questions about fairness and revenue adequacy.

Building public pressure will be vital. The key to success may be to build mass awareness and moral outrage of citizens – which turns into a 'moral imperative' for companies to pay more in countries where they are doing their business or extracting wealth. Simple, powerful statistics of the losses incurred and what that can pay for is part of building that citizen pressure. We believe that we need to help catalyse a broader change in the behaviour of companies. Often what companies do is perfectly legal – but that doesn't make it right! Most people agree especially when they understand how this robs societies of vital resources for areas such as public education.

### CASE STUDY 5. BOLIVIA: THE IMPORTANCE OF TIMING

In 2006, only 18% of the value of Bolivia's oil and gas exports stayed in the country. Thousands of activists were mobilised to campaign for foreign oil and gas companies to pay a fair rate of tax and put pressure on Evo Morales during the election process, so that when he was elected president he was committed to taking action.

The Centre for Labour and Agricultural Development (CEDLA) produced radio shows and leaflets in different indigenous languages, helping marginalised people to understand the tax system. Fundación Solón ran mural competitions, many of which highlighted the

importance of Bolivians having control over their own resources, in order to build broad understanding and support for reform.

This public pressure led Evo Morales to bring the industry back under state control when he was elected in 2006. As a result, 50% of oil and gas exports stayed in the country. The extra revenue also helped create a special social protection initiative, giving cash payments as an incentive for mothers to attend pre- and post-natal classes.

*(Christian Aid, 2013)*

## LINKING LOCAL, NATIONAL, AND GLOBAL ACTION

How a tax campaign is rolled out varies from country to country, and depends on what can drive change in specific contexts. However, it's important to either work across levels (local, district, national, etc.) or to connect with others working at different levels for greater impact.

At local level, this might involve raising awareness about tax and exploring how taxes are affecting communities, making the link between the poor financing of education in an area and insufficient revenue collection, particularly in relation to multinational companies operating locally. It might involve building the capacity of local groups on tax issues and connecting local education activists and tax justice campaigners so that they might work together to mobilise citizens to join a national campaign (both the Bolivia and Niger examples use public mobilisation for building pressure). At district or provincial level, it might involve building capacity on tax issues or supporting networks and coalitions of citizens to connect and jointly engage in advocacy work on the education budget and tax with district level authorities.

At national level, it might involve holding workshops with key stakeholders to build capacity and make the case for tax justice as a means of enhancing domestic spending on education. In countries with lots of multinational companies, it is useful to link to global actors to bring about change. A good example of this is the case study of Areva in Niger (see Case Study 6). It may be helpful to contact the GCE global secretariat to get support to connect with global actors.

## NEXT STEPS IN PLANNING TAX ADVOCACY

This module might have helped education activists delving a little deeper into the issues around tax justice, through readings and practical exercises. For those that have identified tax justice as a possible advocacy priority, we recommend following the steps in Module 6 to draw up a tax advocacy plan.

### CASE STUDY 6. NIGER: THE IMPORTANCE OF NATIONAL TO GLOBAL ACTION & POLITICAL OPPORTUNITY

Niger is one of the poorest countries in the world. It is also home to one of the world's largest uranium mines.

Areva mines uranium in Niger – and has a huge operation that is essential to the French nuclear industry. Yet a study by Oxfam showed that the company paid virtually no tax before 2005 due to a favourable contract and tax exemptions. When the contract was due to run out in 2012, Oxfam and partners began campaigning to eliminate tax exemptions and ensure that Areva pays its fair share of tax.

ROTAB (the Network for Budget Transparency and Analysis), a local campaigning organisation, worked with Oxfam to get massive public sign up in Niger and then take the petition to France and deliver it to the French President and the Areva CEO, backed by a public and media campaign. This helped to raise public awareness and put pressure on the French government and Areva to stop their unfair practices in Niger.

The campaign was a success and, with estimated increased royalties of US\$100m in the new contract, the government of Niger was able to invest US\$80 million a year more in primary education and in health.<sup>27</sup>

*(Oxfam International, 2013)*

<sup>27</sup> <https://www.oxfam.org/en/pressroom/pressreleases/2013-12-19/areva-niger-who-benefiting-uranium>



# MODULE 4: INCREASING THE SENSITIVITY OF THE EDUCATION BUDGET

## SUMMARY:

This module explores issues around the sensitivity of education budgets and spending. By ‘sensitivity’, we mean whether or not the budget supports the poorest and most marginalised, in order to achieve equity by scaling up quality for all. Headline figures for education spending can sometimes miss out these crucial details, and this module enables readers to view budgets through an ‘equity lens’. Therefore, this module starts by exploring the common issues around the sensitivity of the budget, with a focus on inequity in education systems and inequality in outcomes – also looking at how this can exacerbate broader inequalities in society. The module sets out what to look for when examining budgets from an equity angle. It then outlines the practical implications for budget advocacy at local and national level.

## BY THE END OF THIS MODULE YOU WILL HAVE:

- Understood the issue of equity in spending and how to identify whether the needs of different groups are prioritised in budget setting.
- Identified the groups that are most marginalised in terms of access to quality education in your country, and what policies and programmes are in place to support these groups.
- Examined funding allocations to the different levels of education (primary, secondary, etc.) in your country, and assessed whether government resources are equitably allocated.
- Explored the significance and fairness of funding allocations to different regions in your country.

*Analysing education budgets and spending from an equity perspective can be quite complex. It’s not always easy to access the relevant information, particularly given the overlapping nature of discrimination and oppression based on gender, race, class, ability, region (e.g. urban vs rural), age etc. This can mean that identifying groups and corresponding funding allocations is particularly difficult. If you don’t have budget analysis experience, make sure you have read Module 1 thoroughly before embarking on this module.*



## 1. INCLUSION AND EQUITY IN EDUCATION FINANCING

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// Inclusion and equity in and through education is the cornerstone of a transformative education agenda, and we therefore commit to addressing all forms of exclusion and marginalisation, disparities and inequalities in access, participation and learning outcomes. No education target should be considered met unless met by all. //

*Education 2030 Framework for Action*

It is the role of education activists to give a voice to marginalised populations. This includes exposing inequity, discrimination and exclusion in education. One area where CSOs can take action to address inequity in education is by identifying how the financial decisions and budgets of governments might discriminate against the poorest or most marginalised. Paradoxically, the most marginalised groups – such as women and girls, those in rural and remote areas, and persons with disabilities – which require more attention to achieve equity outcomes, often receive the least resources.

Most governments' budgets contain instances of discrimination. Government expenditures can benefit certain groups while disadvantaging others. Yet, when governments direct resources to historically disadvantaged groups, the budget can be used to right long-standing wrongs.

At present, the education systems in most developing countries are largely reproducing inequalities in society, with significant variations in the type and quality of education available to different sections of society, which can entrench pre-existing inequalities (EFA GMR, 2010). While education alone cannot reduce inequality, there is good evidence that improving equity of educational outcomes can help to tackle broader and extreme income inequality in society (De Gregorio & Lee, 2002). This is especially important in these times of growing income and wealth inequality (Seery & Caistor Arendar, 2014). High-quality, public education which is universally available, fee-free and broadly equitable can support social mobility of the poorest, while also raising standards for everyone, as has been shown with the success of Finland's education system (Sahlberg, 2012).

The SDG 4 goal and targets, and the accompanying Education 2030 Framework for Action, make clear that tackling inequity in education is critical to the success of the Education 2030 agenda. Yet, the extent of inequity in (and as a result of) education remains truly shocking, and is a fundamental violation of human rights. Moreover, the broader SDG framework, including through the preamble, commits to "leave no one behind" and tackling income inequality is embodied in a standalone goal (SDG 10).

## ADDRESSING INEQUALITY IN EDUCATION

Building a more equitable education system will be one of the greatest challenges for many governments when turning the commitments of the Education 2030 agenda into policies – and may well require a 'stepping stone approach' (see Box 11), or at least a series of priorities in policy setting. Then, turning these policies into action will be the next major challenge and resources will need to be allocated to address inequality and promote equity through more equitable spending.

This means that the most marginalised groups – those furthest from meeting the development goals, such as the poorest, persons with disabilities, ethnic, racial and linguistic minorities and those living in remote locations – must be targeted to redress previous discrimination, through public spending approaches and formulae that recognise and target disadvantage and marginalisation, as well as strategies including building inclusive education systems. Reaching these groups often involves more expensive and targeted interventions. For instance, persons with disabilities may need braille learning materials, or children in very remote areas may need transport to help them attend schools.

For civil society, using advocacy approaches which put pressure on governments to implement policies to redress inequity and improve quality is crucial. There are also some common areas which require a strong analysis of equity in national or regional budget allocations, including assessing whether government spending tackles different types of inequality: spending by levels, geographical distribution of spending, and spending by specific marginalised groups.

It is vital that any advocacy on education financing includes a solid analysis of equity as too many governments, often under pressure from special interests, are not spending in an equitable way. The following are key questions to ask:

- Who gets the resources, and in what percentage/volume?
- Is this a fair allocation?
- Who has the power to influence (or not) how that budget is allocated?
- Which groups are the most marginalised from education, and are their needs addressed in budget allocations?
- Which regions in a country have the most education deprivation, and do they get more resources to help them overcome this?

### BOX 11. LEAVING NO ONE BEHIND: A PROGRESSIVE STEPPING-STONE APPROACH TO FINANCING THE SDGs

Despite the unprecedented ambition of the new education agenda, the SDGs and the Education 2030 Framework for Action lack near-term equity targets. Given that the education budget is not a bottomless pit, tough choices must be made. One way to approach this is

to progressively scale up quality education or take a stepping-stone approach. For example, governments could set the target of closing the gender gap in school attendance in lower-secondary, or bridging the rural-urban divide in secondary school attendance, as a stepping stone on the route to the 2030 targets. These equity targets would help to turn the policy spotlight on the most disadvantaged, generating public debate on strategies for delivering high quality services to all.

## EQUAL SPENDING IS NOT THE SAME AS EQUITY<sup>28</sup>

It is easy to assume that if all children are getting an equal amount of government spending, this means that there is equity in financing for education. In other words, equitable financing is often seen as synonymous with equal spending per capita or per pupil.

But in most instances that is not the case: addressing existing inequities usually requires affirmative action for marginalised or disadvantaged groups, and the greater the degree of disadvantage, the greater the needs and the support required to overcome these hurdles. Equal spending per capita, especially in unequal circumstances, is unlikely to lead to equity in education.

For example, poorer areas may be more in need of school feeding programmes, and families may need cash incentives to encourage them to send their daughters to school. Children with disabilities or from language minorities may need additional resources or teachers with specific training to ensure their inclusion.

It is also crucial to take into account the numbers of out-of-school children. Education financing decisions are often based on per-capita approaches that allocate resources almost entirely to reflect numbers of children in school. This can mean that schools or school districts in disadvantaged areas, where there is a higher concentration of out-of-school children, can be systematically disadvantaged in their efforts to attract these children into school and keep them there.

In other words, financing needs to play an explicitly redistributive role to help to overcome disadvantage. One (fairly) simple way to do this is to provide higher levels of per capita financing for pupils facing identifiable disadvantages or for regions where this is the case. Some countries already allow for this in their financing formulae, often with an explicitly redistributive bias to disadvantaged regions. For instance, in Ethiopia, there are a number of provisions in the decentralised spending formulae used by national government to transfer to the regions, and this includes a 10% supplement for hilly terrain and a higher per capita transfer for pastoral populations. Hardship allowances averaging 30% are also built into salary cost estimates for staff working in remote areas. Financing requirements for regions are estimated on the basis of the per capita funding required to achieve the national education sector strategy target of full universal primary schooling. Because the formula takes into account the gap between current enrolment levels and target levels, it includes an implicit premium for regions with large out-of-school populations. Many developed countries also explicitly redress disadvantage: in the UK a relative-needs formula includes a pupil premium for children from poorer or disadvantaged backgrounds, with free school meals as a proxy for household deprivation.

Every country has different patterns of inequality and disadvantage that need to be addressed. As such, there is no one-size-fits-all approach to ensuring equity through financing.

## 2. ANALYSING BUDGETS WITH AN EQUITY LENS

A strong equity lens must be the starting point for understanding the context and types of inequality and disadvantage which need to be addressed in budget advocacy. In some cases, the solutions might involve supporting specific programmes for the most disadvantaged; spending more in early years education; addressing deeply ingrained gender discrimination; and investing more in inclusion to bring children with disabilities into school.

Ultimately, understanding the complex dynamics of equity in education, equitable spending, and assessing the actual impact of spending on equitable education opportunities, is complex and likely to be highly contextually driven by the dynamics of each country and the historical drivers of inequality. Each country will have its own unique set of issues to overcome, which will require a carefully balanced, and contextualised spending analysis.

CSOs have a special role to play in this dynamic, as a watchdog, mouthpiece and an amplifier of the needs of the poorest and other disadvantaged groups.

Two core questions that need to be answered are “*who is missing out, and why?*”, and then “*how can spending help address this?*” The first question is explored in Exercise 12. The second question is more complex as it can be difficult to access information on which groups are benefiting from resources (see Exercise 13).

We have identified three specific areas as information ‘short-cuts’ for assessing equity of spending, including:

- identifying spending and allocations that target specific groups for equity;
- tackling inequality of spending by level of education; and
- spending in different geographical areas to address inequality.

It is also important to understand historic trends to identify whether allocations are increasing or decreasing, and to ensure that allocations keep abreast of inflation. These areas are further explored in the following exercises. How much can be done on these areas very much depends on the amount of information and transparency in budget setting and spending there is in-country. Looking at costings in education sector plans is another way of identifying areas for advocacy.



Girls at school in Ghana.

Image courtesy of Kjersti Jahnsen Mowé/Global Campaign for Education.

## EXERCISE 12. THINKING ABOUT EQUITY IN ACCESS TO QUALITY EDUCATION

### Aim

To identify the groups that are most marginalised in terms of access to quality education and what policies and programmes are in place to support these groups.

### Activity

**Step 1: Explore the key equity issues.** Review the questions below and answer as many as you can.

**Step 2: Develop a research plan.** Based on the questions you were unable to answer, identify your knowledge gaps. What additional information do you need in order to decide the focus of your advocacy programme? Is there enough information in your budget documents? If not, where else might you get this information? Who might help you? Are there experts in financing who might be able to help you? Draw up a plan identifying the additional information needed, who will do the research and when.

**Step 3: Identify who to link up with.** Based on your answers to the questions below, are there any particular groups you think you should be working with in your advocacy programme?

### Questions

#### Identifying inequalities in education opportunities:

Which groups are most systematically marginalised in terms of access to quality education? For example:

- Do children with disabilities have equal access to quality education? – What about specific ethnic groups?
- Are there gender gaps at the different levels of education?
- Are there big differences in access to quality education in different geographical areas? What about between urban and rural areas? Are people in specific geographic regions particularly disadvantaged?

#### Reviewing government policies and programmes:

- Does the government have policies, plans and programmes (besides universal programmes such as Universal Primary Education) in place to address and alleviate the effects of historic and/or systemic discrimination experienced by these groups?
- Which groups does the government identify for equity measures? Can you find specific budget allocations for these groups?
- Do any of these measures, despite being intended to address equity challenges, create more discrimination, inequity and social injustice overall? Why? How can that be avoided?

#### Identifying who has voice and power, and who doesn't:

- Which groups are able to influence policy or budget decisions and are most vocal? Is there an imbalance of power which needs to be addressed? Is there any 'hidden' power to target, such as culture or customs?
- Are there any groups without power which you might want to work with to help build their voice to improve equity in education?
- Are there effective mechanisms in place to ensure that parents and community members have a voice in education, for example Parent Teacher Associations, School Management Committees (SMCs), education coalitions? Are people from marginalised groups adequately represented?

#### Adapting the exercise for a workshop setting

- A variety of participatory tools could be used to introduce this topic and get participants thinking about issues of equity and marginalisation. For example, you might ask participants to create a map of the country or region in which they are working and to identify areas in which there are particular problems in equal access to quality education. Alternatively, you might use a body map tool (ActionAid Networked Toolbox) to support participants to explore the factors which help and hinder children from different groups to access quality education.
- Participants should discuss the questions in small groups and then give feedback on key points and issues for advocacy.

### 3. EQUITABLE SPENDING TO SUPPORT MARGINALISED GROUPS

Achieving more equitable government spending patterns may require affirmative action to target the most marginalised and disadvantaged; these actions must be government policies, but they must also be backed up with adequate budgetary allocations.

Yet, specific spending to address such needs can be very difficult to track, largely because most governments do not categorise spending by beneficiary type. For example, only nine countries out of a sample of 21 developing countries had specific lines available for analysis on spending for children with disabilities (Development Finance International, 2015). This means analysing whether or not children with disabilities are getting the right kind of support to redress disadvantage is nearly impossible in one third of countries.

It is important to find out whether budgets have earmarked funds for certain groups or areas of a country, and to identify whether this might be necessary to tackle historic discrimination (as with the case of India in Case Study 7). While a budget or related policy may not formally appear to discriminate against groups, governments must monitor the corresponding expenditures to ensure that different groups are benefiting equally. This may be a sensitive issue in contexts where a particular group has been – or still is – persecuted, and people might refrain from being identified as members of the group. A clear example is communities where children are infected and affected by HIV and AIDS, but where parents may not want to disclose positive status (opening up their ward to discrimination) in order to claim additional entitlements.

#### CASE STUDY 7. TRACKING DISADVANTAGE IN INDIA TO REDRESS HISTORICAL DISADVANTAGE

In India, Dalits have historically suffered from physical and social exclusion, and intense discrimination. As a result, the majority live in poverty and over half are not literate. In more recent years, legal protections have been put into place to address these injustices. A policy issued in 1979 by the Planning Commission of India, the Scheduled Castes Sub Plan (SCSP), sought to ensure that Dalits were receiving their fair share of government spending. So that the government could more effectively move towards this goal, in 1995 the Planning Commission created a budget code, 789, to categorise all SCSP funds. In other words, expenditures by national and state departments targeting Dalits were to be marked with Code 789. For years, however, the code was not applied. Without consistent application, it was impossible to know the extent to which the government was complying with the SCSP mandate.

Since 2007, the National Campaign for Dalit Human Rights (NCDHR) has worked with the Centre for Budget Governance and Accountability to document the failure of state and national governments to apply the code. They have developed a methodology that involves budget analysis and the tracking of expenditures tagged with Code 789. The

campaign then used a Right to Information petition to the State of Delhi to show them information on whether Code 789 was being used – finding that it was not operational.

Meanwhile, NCDHR implemented a multipronged communication strategy. It disseminated its research to all institutions concerned with human rights, governance, and transparency – including Members of Parliament, the Comptroller and Auditor General, and even the Planning Commission itself, which is the nodal body that formulates the country's influential five-year development plans. NCDHR also organised workshops around the country to train social activists to do the same kind of budget analysis in their own regions.

Access to detailed budget information, combined with the ability to analyse that data, provided the evidence that NCDHR needed to pressure the government to keep its promise to target resources to Dalits. For instance, using this code, NCDHR helped to uncover US\$140 million of funds being diverted to cover the costs of the 2010 Commonwealth Games. Following a public outcry, the government returned the funds to Dalit programmes.

*(IBP, 2011)*

Many countries continue to disburse funding on the basis of equal expenditure per child, thereby failing to take into account differences between schools and regions, and the needs of disadvantaged groups. Other countries actively discriminate, allotting disproportionately lower levels of funds to some geographies, communities or school systems reaching the poor.

In India, the so-called Kendriya Vidyalaya Schools (schools managed by the central government for its own employees and considered among the best in the country) invest approximately US\$487 per child per year, compared to the average of roughly US\$45 per student per year that is spent on average (RTE Forum – India, 2015).

Other countries, in contrast, apply a funding formula for public resources to benefit the most disadvantaged. Brazil is a pioneer in this area; it has improved the equity of allocation for the poorer regions of Brazil, such as the north and north-east through the *Fund for Primary Education Administration and Development for the Enhancement of Teacher Status (Fundo de Manutenção e Desenvolvimento do Ensino Fundamental e de Valorização do Magistério – FUNDEF)*, which seeks to ensure a minimum spending level per pupil.

In Vietnam, programmes emphasise a minimum standard of quality for schooling, focusing on disadvantaged communities and providing extra government resources to poorer districts. As a result, the share of children in the most disadvantaged district who answered a grade 4 question correctly rose from 18% at the beginning of the school year to 47% at the end (EFA GMR, 2015a).

Another technique which can help to overcome gender discrimination is gender-responsive budgeting (GRB). Taking a GRB approach means that governments include an analysis of gender into all their programmes and within sectors to create budgets which address gender-based discrimination. Chile has included gender as a cross-cutting theme in its national budget, and uses incentives (salary bonuses) for public sector staff as a tool to achieve measurable results. This is an important aspect to take into account when monitoring government education policies and programmes in education, where there are often large gender gaps.

CSOs also carry out their own gender budget analysis to try and influence government policies. The most commonly used method takes the government's policy framework and examines it sector by sector, both in terms of utilisation of budget expenditures and longer-term impacts on men and women.



A disabled child is supported to participate in education in Peru.  
Image courtesy of Campaña Peruana por el Derecho a la Educación (CPDE).

## CASE STUDY 8. CIVIL SOCIETY ANALYSIS OF BUDGETS THROUGH A GENDER LENS

Most efforts at gender-based budget analysis have covered public expenditures, classified into: (1) women-specific expenditures; (2) gender equality expenditures in sectors or line ministries; (3) mainstreamed government expenditures that provide goods or services to the whole community; and (4) expenditures to achieve equity in public sector staff rosters. Some efforts done at country level include:

- The Women's Budget Initiative in **South Africa** expanded its initial broad focus on the national budget to analyses of specific budgets for domestic violence prevention, treatment, housing, and child support grant programmes, among others.
- In **Burkina Faso**, the Coalition Nationale pour l'Education Pour Tous presented a gender budget report to ministers and parliamentarians, raising awareness about the impacts of education spending decisions on girls and women. Ultimately, they managed to secure a commitment from the Education Ministry to establish gender-sensitive participatory education budgets.
- Some studies extended coverage to revenues: the **South African** Women's Budget Initiative looked at taxation to reduce bias against women, and a review of value-added tax in **Uganda** recommended tax relief on items used by women in the care economy.

In countries with limited transparency and a lack of available information about spending related to groups or individuals, some organisations have carried out 'benefit incidence analysis' (see Box 12) to determine the distribution of public

spending (i.e. who is benefitting from spending). This tool can also be used to identify inequity in spending at different levels of education, such as primary compared to tertiary.

## BOX 12. BENEFIT INCIDENCE ANALYSIS: UNDERSTANDING EQUITY OF SPENDING

A benefit incidence analysis considers who (in terms of socio-economic groups) receives what benefit from education, using household survey datasets on education usage, and some measure of socio-economic status combined with unit costs allocated to education services. When utilisation rates are combined with unit costs for different services, the distribution of benefits from using services can be estimated and compared. These incidence analysis tools have found, for example, that even though a majority of the population in many low-income countries is rural, education resources continue to be skewed towards urban areas. In Rwanda, 83% of the population resides in rural areas and yet receives 51% of total education resources (World Bank, 2011a). In Gambia, 62% of the population resides in rural areas and yet receives

36% of total education resources (World Bank, 2011b). In the Democratic Republic of Congo, one of the world's most inequitable countries, the benefit of public spending on primary education for the poorest decreased from 24% in 2005 to 21% in 2011. Within higher education, 57% of those enrolled in 2011 were from households in the richest quintile, compared with 38% in 2005, with the benefit of spending on higher education for the poorest decreasing from an already low 4% in 2005 to 0.5% in 2011; and yet 22% of the budget was allocated to higher education in 2011 (World Bank, 2014). Similarly, a benefit analysis of education spending for Nepal revealed that in the financial year 2005/06, spending on primary education was more progressive and pro-poor, while spending on secondary and higher education was more regressive (Policy Research and Development Nepal, 2010) (Karki, 2015).

## EXERCISE 13. EXPLORING EQUITY IN EDUCATION FINANCING

### Aim

To build awareness of the impact of budget allocations on equity in education, to identify areas where more information is needed, and to provide a starting point for designing an advocacy programme focused on achieving more equitable education spending.

### Activity

**Step 1:** Review the questions below and answer as many as you can.

- Are there specifically earmarked allocations in the budget for particular marginalised groups? If so, were the allocations arrived at by building on relevant policies, plans and programme designs? If not, how was the size of the allocations determined?
- Have accounting codes been established that distinguish such earmarked funds from other funds in the budget (see the example of the Dalit campaign and budget code in Case Study 7)?
- What processes, if any, has the government put into place to monitor the expenditure of these funds? Have the affected groups been formally involved in this monitoring process? If not, why not?
- Do allocations include benefit incidence analysis (see Box 12) to ensure that the affected groups are benefitting from the policies, plans and programmes as intended? Has anyone conducted a benefit incidence analysis in your country?

**Step 2:** Based on the questions you were unable to answer, identify your knowledge gaps. Draw up a plan identifying the additional information needed, who will do the research, with what support, and when. Some of the questions require detailed knowledge of budgets and specific budget analysis skills so you might want to consult with in-country experts in order to answer them.

**Step 3:** Based on your answers, what are the key equity issues relating to the financing of education? What might be the focus of your advocacy work?

### Adapting the exercise for a workshop setting

- This requires a facilitator or a resource person that has a good understanding of budget analysis and of the issues relating to equity in education financing.
- Make sure that detailed information about the education budget is available in an easy to use format for the participants to refer to during the session.
- Participants should discuss the questions in small groups and then give feedback in plenary on key points and issues for advocacy.

## 4. EQUITABLE SPENDING BY LEVEL OF EDUCATION

Distributing scarce funding across different levels of education is a politically challenging process. One of the most prevalent areas of inequity in spending approaches (and one of the easiest to assess) is the allocation of public resources among education subsectors. At present, education finance tends to be highly regressive in developing countries because those who do not access education at all receive no public education resources, while those who continue their schooling for longer tend to receive a larger allocation of public resources. This is not just because they stay in school longer but also because more money tends to be spent per pupil at higher levels.

Allocations need to reflect the current realities of country education systems. In most low-income countries, there is a strong rationale for spending more on basic education as a more broadly equitable model as this level is most

likely to be accessed by children from poorer income households. Governments spending more on upper-secondary and tertiary education will most likely benefit children from higher income households, representing regressive spending. Yet in the countries that might be most expected to support the poor through public spending, education spending tends to be focused often at the levels attained primarily by the rich.

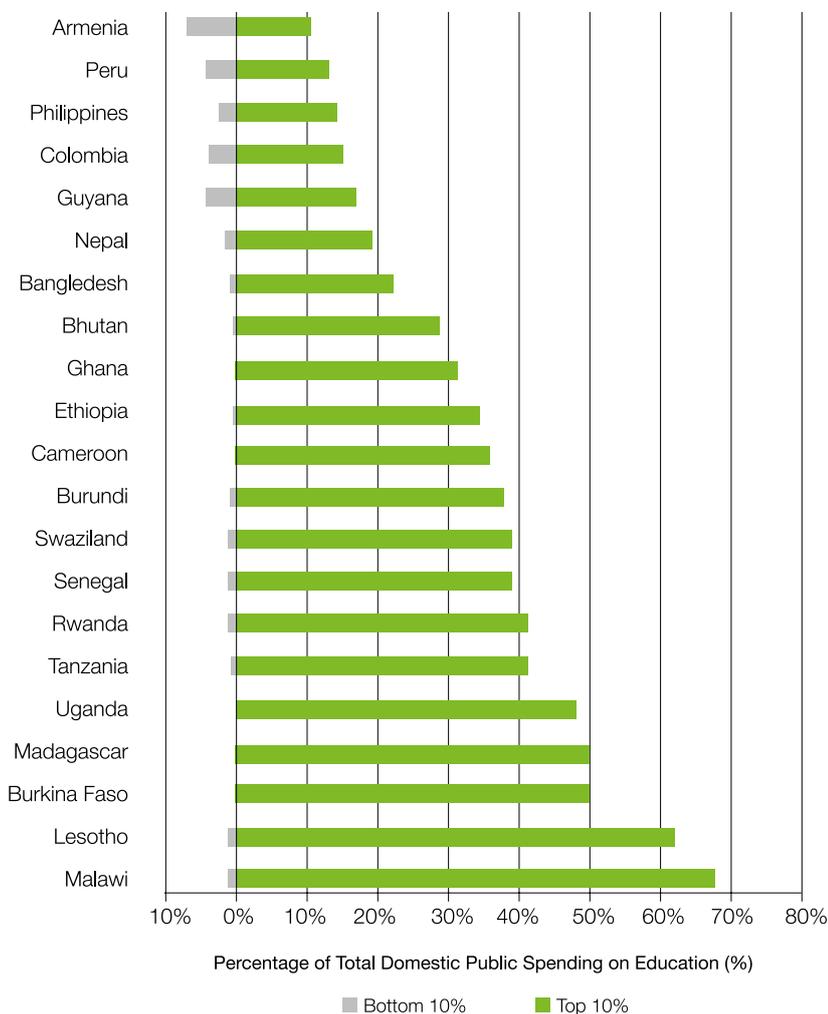
It is key to remember that, in the Education 2030 context, the commitment to “*leaving no one behind*” will entail ensuring universal education opportunities, and at least nine (but preferably 12) years of free public education, including a strong focus on addressing inequities, and implementing policies which allow the poorest and most disadvantaged groups to go to school and stay there.

Civil society should advocate to ensure this happens. Since 2000 (when the EFA and MDG targets on education emphasised the need to expand free primary education of good quality), of 56 countries with data, just 16 increased the share of the budget spent on primary education. Moreover, in the current SDG context, the high numbers of children transitioning to secondary education warrant extra resources – now and in the future. Among the 61 countries with relevant data for public spending as a share of national income for 1999 and 2012, 38 increased expenditures on secondary education. A very low share of education budgets is allocated to pre-primary education in low- and middle-income countries. As a share of total public government expenditure on education, global spending on

pre-primary education made up only 4.9% in 2012; Sub-Saharan Africa spent 0.3%. This is in spite of the fact that investment in early years education has been shown to have the most impact in terms of redressing inequalities.

Some governments continue to invest a disproportionate percentage of their education budget on tertiary education which benefits a small (but often powerful and vocal) elite. Indeed, in low-income sub-Saharan African countries, on average 43% of public spending on education is received by the most educated 10%. In middle-income countries, the top 10% receive 25% of public spending on education (EFA GMR, 2014a). The table below illustrates this disproportionate way of spending, which fosters inequality.

**FIGURE 8. PERCENTAGE OF TOTAL DOMESTIC PUBLIC SPENDING ON EDUCATION GOING TO THE 10% MOST EDUCATED OR THE 10% LEAST EDUCATED (STEER AND SMITH 2015)**



Further, per pupil allocations tend to be much higher in tertiary education in low-income countries. The allocation to higher education per pupil in sub-Saharan Africa, for example, was over nine times more than primary school; in South and West Asia it was five times more – while high income countries spent just 1.4 times more (UNESCO website). Malawi serves as a good example of the importance of understanding different trends of spending within the sector. While Malawi spends around 16.3% of its total budget on education, this is being allocated in a highly inequitable way. Spending per primary school child is among the world's lowest and 72% of public resources allocated to the education sector benefit the most educated 10% (UNICEF, 2015). The subsidising

of higher education in Malawi perpetuates wider inequalities given that more than 90% of university students are from the wealthiest 20%.

So one of the first tasks when looking at the sensitivity of the budget is to identify how much is spent at different levels of education and whether this is fair. However, even leaving aside inequitable distribution among regions and beneficiaries (see the following sections on these), there are often major structural inequities within sector spending.

## EXERCISE 14. BREAKING DOWN SPENDING BY EDUCATIONAL LEVELS

### Aim

To practise breaking down spending according to the different levels of education and assessing whether government resources are equitably allocated.

### Activity

**Step 1:** Look at the table below which shows spending broken down by pre-primary, primary, secondary and tertiary education in four example countries.

**Step 2:** Answer the following questions:

- Which country do you think has the fairest allocation across different levels?
- Which country do you think has the most unfair allocation across levels?
- Explain why you think so?

**Step 3:** Try finding information about funding allocations to the different educational levels in your own country's budget. How fair do you think the allocations are? Whether or not you can do this will depend on how the budget is presented. If it's impossible to do with the information that is publically available, you might want to consider asking for a meeting with the minister and/or ministry officials to discuss the issue with them. What thought has been given to the fairness and equity of budget allocations across the different educational levels?

EXAMPLE COUNTRIES	PRE PRIMARY	PRIMARY	SECONDARY	TERTIARY
Country A	2%	50%	10%	38%
Country B	10%	20%	35%	35%
Country C	10%	40%	30%	20%
Country D	4%	20%	16%	60%

### Adapting the exercise for a workshop setting

This requires a facilitator or a resource person that has a good understanding of budget analysis.

- Make sure that the relevant information from your country's education budget is available in an easy to use format for the participants to refer to during the session.
- Participants should discuss the questions in small groups and then give feedback in plenary on key points and issues for advocacy.

## 5. EQUITABLE SPENDING ACROSS GEOGRAPHICAL AREAS

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Another major source of spending inequity is across geographical areas. Often allocations go disproportionately to areas with the largest populations, urban or wealthy areas, or areas which are politically favoured by governing parties. This is despite the fact that it is widely accepted by global experts that it costs more to deliver services to rural and poorer areas, largely because of the need to pay premiums to workers to attract them to those areas. Per capita allocations to these areas therefore ought to be higher, not lower.

In many countries, the way teaching staff are deployed can also raise equity concerns. Contract teachers are commonly hired at a fraction of what it costs to hire teachers on a civil service wage, and they are often deployed

in remote regions, which tend to serve more disadvantaged populations, indicating that less is spent per child in such areas (EFA GMR, 2015a). Teachers' salaries need to be accounted for in funding formulae to promote equity, yet in many countries they are not.

Financing formulae which attempt to address geographical inequalities are prevalent in debates about education spending in developed countries, but their characteristics and impact on education outcomes have received much less attention in developing countries. Their application needs to be better understood within particular countries' unique central or decentralised governance contexts.

## EXERCISE 15. BREAKING DOWN SPENDING BY GEOGRAPHICAL LOCATIONS

### Aim

To carry out a practice exercise to begin to think about the significance of funding allocations to different regions.

### Activity

**Step 1:** Review the information provided below on education expenditure per province.

	EXPENDITURE ON EDUCATION PER PROVINCE	POPULATION PER PROVINCE	PER CAPITA SPENDING
Province 1	9,000,000	45,000	200
Province 2	30,000,000	250,000	100
Province 3	16,000,000	150,000	106
Province 4	15,000,000	60,000	250
Province 5	2,000,000	17,500	114

**Step 2:** Answer the questions below.

1. Which province got the biggest share of the education expenditure?

2. What was its share?

Province:                      Share:

3. What was the per capita spending on education in each province?

Province 1:

Province 2:

Province 3:

Province 4:

Province 5:

4. What are your thoughts on this allocation?

5. If you were presented with this data, what would you do with the information?

What else might want to find out more information around?

**Step 3:** Try finding information about funding allocations to the different geographical areas in your own country's budget.

How fair do you think the allocations are? Whether or not you can do so will depend very much on how the budget is presented, on the complexity of your budget system, the degree of decentralisation and whether the government has an allocation system for spending across different regions. This means the reality of carrying out a similar exercise in your context will be infinitely more complex. As in the previous exercise, if it's impossible to do this with the information that is publically available, you might want to consider asking for a meeting with the minister and/or ministry officials to discuss the issue with them. What thought has been given to the fairness and equity of budget allocations across the different geographical areas of the country?

### Adapting the exercise for a workshop setting

- This requires a facilitator or a resource person that has a good understanding of budget analysis.
- Make sure that the relevant information from your country's education budget is available in an easy to use format for the participants to refer to during the session.
- Participants should discuss the questions in small groups and then give feedback on key points and issues for advocacy in plenary.

## CASE STUDY 9. COUNTRY EXPERIENCES IN EQUITY SHARING FORMULAE

In recent years, **Brazil** has made strides forward in championing a finance approach which seeks to address broader national inequalities. The federal government uses a national formula to determine the share of state taxes to be assigned to education in the decentralised revenue system, with higher levels of financing required for rural areas and disadvantaged groups such as indigenous people and black Brazilians. These education interventions are also backed by the work of the *Bolsa Familia* programme in Brazil, which supports the poorest children to go to school by giving cash transfers, conditional on school attendance, to the poorest and most marginalised families (Beghin, 2008). As a result, the wealth gap in school attendance has narrowed: average school attendance among children from the poorest 20% of families has doubled from four years to eight years since the mid-1990s. The impact is also being seen in examination results: the PISA assessment recorded a 52-point increase in Brazil's mathematics score since 2000 – equivalent to gaining a full academic year and one of the fastest increases on record. As of June 2016, however, the resources currently ring-fenced for education are under threat due to a pending proposed constitutional amendment submitted by the interim president Michel Temer, which would allow the government to limit public spending for at least 20 years.<sup>29</sup>

In **South Africa** there is a longstanding and robust financing formula which aims to address historical spatial inequalities, left over from the apartheid regime. Constitutionally, municipalities are entitled to an equitable share of nationally raised revenue (the local equitable share). In education a further equity formula is applied: the relative size of the budget bears an inverse relationship to the quality of education in a province. For example, Western Cape (with a generally wealthier population) was the best-performing province in terms of 2015 matriculation results, with a pass rate of 85%, while Limpopo (one of the poorest provinces) was third lowest, at 66%. Therefore, Limpopo is allocated more resources. The inverse relationship between the share of the overall

budget and performance in, and quality of, education reflects the larger share of children in the poorer provinces' populations, the legacy of apartheid and other inequalities, and the extent to which educational performance correlates with socio-economic circumstances.<sup>30</sup>

A 2012 study of funding allocations in **Kenya** found that the equitable sharing provisions at that time did not result in a needs-based allocation of financing. For example, funding allocations tended to reflect numbers of children in school, leading to severe underfunding of the poorer arid and semi-arid regions with large out-of-school populations. This formula has since been revised along with a major devolution process (Alemayehu & Watkins, 2012).

Until a few years ago, provinces in **Pakistan** received funds based on their share of the population. The formula did not account for levels of deprivation in the provinces or their ability to raise their own taxes and thus district budgets tended to be the lowest where out-of-school populations were the highest. In Punjab, for example, two districts received 9% of the total education budget while the eight least performing districts received only 8% of the budget. Improving equitable distribution requires paying attention to distributions among and within provinces. In 2009, the government reformed its funding allocation formula and introduced three additional criteria for determining provincial shares (poverty, revenue collection, and population density). As a result, allocations have become much more needs-based. Poorer provinces such as Baluchistan have noted the positive impact of this measure in their education sector plans (Malik & Rose, 2015).

29 Statement by the Latin American Campaign for the Right to Education (Spanish only): <http://v2.campanaderechoeducacion.org/es/noticias/648-manifiesto-contra-las-propuestas-del-gobierno-interino-de-brasil-que-recortan-recursos-publicos-en-salud-y-educacion.html>

30 Speech Delivered by the Minister of Basic Education, Mrs Angie Motshekga, MP, at the Announcement of the 2015 NSC Examinations Results, Johannesburg, 05 January 2016 <http://www.education.gov.za/Newsroom/Speeches/tabid/950/ctl/Details/mid/3816/ItemID/3312/Default.aspx>

# MODULE 5: INCREASING THE SCRUTINY OF THE EDUCATION BUDGET

## SUMMARY:

The module starts by introducing the critical role of citizens in scrutinising budgets and spending and holding governments to account for what they commit to spend on education. It explores the possibilities for engagement at different stages in the budget cycle and at different levels. The module focuses in particular on budget tracking – the monitoring of budget disbursements and expenditure across the system to determine whether the resources allocated by the budget have been released on time and spent according to plan. It contains concrete examples of CSOs' work in this area and provides practical exercises to improve your skills.

## BY THE END OF THIS MODULE YOU WILL HAVE:

- Understood the importance of the role of civil society in scrutinising education budgets and spending.
- Understood how citizen scrutiny of education budgets and spending can be carried out at different stages of the budget cycle and at different levels (i.e. national, regional, district).
- Planned a budget tracking process, defining objectives and focus, identifying partners, collecting budget information and deciding on methodology.



## 1. THE ROLE OF CITIZENS IN SCRUTINISING BUDGETS AND SPENDING

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This module looks into the critical role of citizens in scrutinising budgets and spending, and holding governments to account for what they commit to spend on education. Different approaches are explored, with a particular emphasis on budget tracking.

Transparency and accountability are fundamental to an effective education sector. This requires active citizen engagement in budget processes, and for education activists worldwide to be vigilant in holding governments accountable for their commitments, and to ensure these translate into effective actions which can lead to equitable, quality education for all. This is a key role for civil society, teachers' unions and other education activists, and forms the foundation on which to build effective and accountable States that respond to the needs and desires of citizens. It helps create healthier democracies by breathing lifeblood into the social compact between the State and the public. It is for this reason that NGOs, education unions and GCE national coalitions have a long history of engaging in advocacy around the budget. In 2000, the Dakar Framework for Action called for *"the engagement and participation of civil society in the formulation, implementation and monitoring of strategies for educational development."* Since then, CSOs have grown in number and capacity, and now actively participate in government decision-making (EFA GMR, 2015a). Through the Education 2030 Framework for Action, world leaders have reaffirmed this commitment, highlighting that civil society actors *"need to be engaged and involved at all stages, from planning through to monitoring and evaluation, with their participation institutionalised and guaranteed."* (UNESCO, 2015a)

Civil society and education activists can help ensure accountability in budget processes by influencing decision-making to be more relevant and responsive to needs, campaigning for marginalised voices to be heard, following the

money and ensuring it reaches its intended beneficiaries – and raising the alarm if it doesn't. Civil society can for example engage by:

- Taking an active role in education budget formulation processes locally or nationally and raising strategic questions on education financing with Ministries of Finance.
- Disseminating user-friendly versions of the budget.
- Carrying out independent budget analysis and demystifying the education budget, both of which allow civil society organisations to identify shortcomings in budget planning and allocation, and differences between the resources that were committed, and what was actually spent.
- Training organisations or individuals to engage with budget work, including parent-teacher associations and school management committees at the local level, and parliamentary committees at the national level.
- Supporting budget tracking activities to uncover what is happening to the budget in practice in different districts or schools.
- Identifying the reasons behind bottlenecks and blockages in spending channels to help improve efficiency.
- Engaging communities in participatory monitoring, for example through social audits and citizens' scorecards which can help assess the efficiency and quality of public services.
- Consolidating and analysing data from tracking exercises at national or local level and using the information gathered to identify gaps in delivery of services, and quantify the investment needed to achieve education for all.
- Raising issues about underspending, exposing misuse of budgets, exposing corruption, pushing for remedial action, and taking corrupt officials to court.

## CASE STUDY 10. EFFECTIVE BUDGET WORK IN ACTION THROUGH THE CIVIL SOCIETY EDUCATION FUND (CSEF)

The Civil Society Education Fund is a global programme managed by GCE since 2009, and funded by the Global Partnership for Education (GPE), which supports the participation of representative and democratic national coalitions in education sector policy dialogue, planning, budgeting and monitoring. It is founded on the understanding that strong, broad-based and locally-driven civil society involvement in these processes is crucial to ensuring free, equitable and quality education for all, and for delivering on national and international education goals.

GCE coordinates CSEF in close collaboration with regional implementing partners including the Africa Network Campaign for Education for All (ANCEFA) in Africa, the Latin American Campaign for the Right to Education (CLADE) in Latin America and the Caribbean, the Asia South Pacific Association for Basic and Adult Education (ASPBAE) in Asia and the Pacific, and the Arab Campaign for Education for All (ACEA) in the Middle East, North Africa and Eastern Europe. In addition, three Financial Management Agencies are responsible for fund management including Oxfam Ibis, ActionAid Americas, and Education International Asia and the Pacific (EIAP).

CSEF currently provides support to national education coalitions in 62 countries across Africa, Asia and the Pacific, Latin America and the Caribbean, the Middle East and Eastern Europe. Through CSEF these coalitions carry out budget advocacy and budget tracking as a core part of their work; some examples include:

- In **Benin**, the Coalition Béninoise des Organisations pour l'Éducation pour Tous (CBO-EPT) produced an interactive radio programme on the impact of free tuition. The coalition also shared an alternative report on education financing in 10 disadvantaged municipalities. It highlighted issues such as: the need to fund improved infrastructure; a mismatch between growth in enrolment

and investment in the sector; and the poor management of educational grants to disadvantaged schools. Government officials acknowledged the issues and outlined corrective measures planned for the 2015-2016 school year. For more information visit: <http://ancefa.org/?Benin&lang=en>.

- In **Burkina Faso**, the Coalition Nationale pour l'Éducation Pour Tous (CN-EPT/BF) organised an advocacy workshop for out-of-school children, and women. The participants planned advocacy initiatives for the 2016 municipal elections, focusing on the need to defend education during the development of municipal plans and to ensure dedicated education budgets. The coalition used the results of its budget monitoring process to call on authorities to provide better and more transparent management of education funds to ensure that teaching supplies are of good quality and reach schools before classes begin on October 1 each year. For more information visit: [www.cneptbf.org](http://www.cneptbf.org).
- Until recently, average teacher salaries in **Cambodia** were less than US\$80 per month, with frequent delays in payments. Teachers often resorted to charging students for materials or withheld curriculum content and charged for after-school tutoring. These costs put a severe burden on poor households, leading to drop-outs and increased inequality. In light of this, the NGO Education Partnership (NEP Cambodia) conducted household surveys, school-level monitoring, and consultations with teachers; and presented proposals to the government to improve teachers' recruitment and welfare, and strengthen financial management. In 2013, the Ministry of Education announced significant increases in teacher salaries and better regulation of payments. For more information visit: [www.nepcambodia.org](http://www.nepcambodia.org).

- In the **Dominican Republic**, Foro Socioeducativo (FSE) manages an Education Budget Watch project. Their regular Education Watch Bulletin, which includes analysis of education budgets, is disseminated widely to government, civil society, parents, teachers, the media and international organisations. Through their engagement with the 4% campaign, led by the Coalicion Educacion Digna (Coalition for Education with Dignity), Foro Socioeducativo called for the government to meet its commitment to spend 4% of GDP on education. In 2014 and 2015 the government did allocate 4% of the budget to education, although budget tracking showed that actual spending was slightly below 4%. The Ministry of Education wrote to the coalition stating that “*without a doubt*” monitoring activities such as Education Budget Watch are “*real contributions to the debate on education issues*”. For more information visit: [www.forosocioeducativo.org.do](http://www.forosocioeducativo.org.do).

- In **Timor Leste** in 2015, the Timor Leste Coalition for Education (TLCE) held a radio debate on the need to increase the education budget allocation to 20% of the national annual state budget. TLCE also met with the parliament education commission to discuss increasing the education budget and improving education policy, as well as requesting support for TLCE’s advocacy work in Timor Leste. TLCE is also part of the Social Audit Committee (under the Prime Minister’s Office) which monitors the implementation of the education budget. The output from the monitoring will be presented at ministerial level for future consideration and policy changes. For more information see: <https://www.facebook.com/Timor-Leste-Coalition-For-Education-585858558181384>.

GCE website

## 2. BUDGET ADVOCACY

### CITIZEN ENGAGEMENT AT DIFFERENT STAGES OF THE BUDGET CYCLE

Module 1 outlined the different stages of the budget cycle. These differ from country to country, and opportunities for civil society to participate in the various budget processes also vary widely. Some entry points do exist in nearly every country, and it is therefore vital for education activists to have a good understanding of their respective government’s budget calendar, in order to identify how best to advocate for better public finance for education. This includes considering which official budget documents are published, potential spaces for citizen engagement, how responsive the government is likely to be, and which aspects of government can be influenced. It is also imperative to know when (i.e. at what stages of the budget process) and how to lobby decision-makers with evidence to support arguments about what needs to change and why.



Community members taking part in local education discussions in Pakistan. Image courtesy of the Pakistan Coalition for Education (PCE).

### BOX 13. WHAT CAMPAIGNING OR ADVOCACY WORK CAN BE CARRIED OUT AT THE DIFFERENT STAGES OF THE BUDGET CYCLE?

**1. Budget formulation:** when the budget plan is put together by the executive branch of government.

During the development of the budget, education activists can release analyses about what are, or ought to be, priorities, with the hope of influencing budget formulation. There may also be opportunities for activists to establish informal lines of communication with executive branch officials, which could facilitate influencing specific issues – not only at this stage, but throughout the full budget cycle. In countries where the legislative process, which occurs at Stage 2 (see Module 1, pages 26-27) (Stage 2) has little impact on the budget, it is often worth focusing on the formulation stage, as that is when the key decisions are made. In countries that issue a pre-budget statement, civil society groups should take advantage of the opportunity to respond to the policy priorities presented, to the media for example. Where there is not a pre-budget statement, it may well be worth calling for greater openness in the preparation of the revenue forecasts and other factors which have underpinned the choices in the budget.

Budget allocations can be influenced by:

- Researching the education needs of different groups and the total needs for education.
- Disseminating budget analysis findings.
- Producing alternative or shadow budgets.
- Making suggestions about additions to/ reallocations within the budget proposal.

Revenue policies can be influenced by:

- Issuing policy analyses to influence the executive's positions on tax policy or, for example, revenues from extractive industries, prior to the release of the budget.

**2. Budget approval:** when the budget plan may be debated, altered, and approved by the legislative branch.

The budget approval stage is typically when information is made available and public attention on the budget is at its peak. It therefore provides education activists with a strong opportunity to influence the budget process. The extent of influence will also depend on any existing connections with potential

champions in the legislature and/or how much influence the legislature genuinely has over the process. When the executive presents its budget to the legislature, ideally, the legislature will have the resources and time to review the executive's proposal and make amendments. This creates further opportunities for education activists to gain media coverage for their budget analyses, and to mobilise public opinion.

The legislature's decision-making can be influenced by:

- Publishing a critical synopsis of the budget.
- Engaging with officials and the public, ensuring messages are tailored for each audience.
- Working with parliamentarians to influence reallocations or changes to the budget proposal.
- Engaging with the media; sometimes this might not be focused on putting pressure for changes in the current year's budget, but could be used to highlight and take advantage of media coverage for harder, longer-term changes – i.e. showing how certain tax decisions (such as ending tax breaks to multinational companies) could have expanded the funds available for greater allocation to free, public education.

**3. Budget execution:** when the policies of the budget are carried out by the government.

Unless the executive regularly issues public reports on the status of expenditure during the year, CSOs have limited ability to monitor the flow of funds across the system. However, the budget execution stage is often a very good time for civil society to carry out budget tracking – tracking expenditures of specific schemes, and whether these are reaching their intended destinations and have been used for their intended purpose (this is explained in detail in section 3 of this module). Very often there are delays in disbursement and release of funds from the centre to school level and/or to programmes aimed at specific aspects of education, such as adult education or vocational youth training. These delays can result in underspending and can have an impact on delivery.

Advocacy at the budget implementation stage might involve:

- Assessing the quality of spending to see if the policy goals associated with the budget allocation are being met, and if government funds are being used effectively.
- Campaigning for (timely) in-year reports where these are not consistently released.
- Organising local budget advocacy groups to analyse spending in the area on a particular school or education programme, for example.
- Measuring the impact of budget allocations and disseminating findings.
- Influencing allocations to specific areas and monitoring implementation/budget spending throughout the budget cycle (not just at the end during auditing) through engagement with authorities and service providers.

**4. Budget oversight:** when the actual expenditures of the budget are audited and assessed for effectiveness.

This stage is essentially about checking that funds were spent as planned, by:

- Researching the impact on specific population groups (such as urban and rural communities, children with disabilities, or people from minority ethnic communities).
- Measuring inputs against outputs, in order to identify fraud/corruption/wastage.
- Using data/research findings as a basis for public hearings etc.
- Checking if all budget allocated was fully spent or whether there was underspend. In case of the latter, going to the media, releasing public statements and pressuring government to fully spend the budget is important.
- Making recommendations about how the following year's budget allocation for education needs to change.

## DEMYSTIFYING BUDGETS

When governments are open and accountable, there is a much greater chance of funds being spent effectively and as promised. However, information about budgets can often be limited, difficult to find or presented in a dense or complex way. If citizens are not confident that budgets allocated will be properly spent, or that their taxes are being appropriately allocated and spent, then it is hard to advocate for more resources. CSOs and unions, especially those with strong roots in communities, can play an important part in helping to open up the process of budget making, demystifying budgets, and make budget information more accessible and comprehensible for citizens.

## BOX 14. DEVELOPING A CITIZENS' GUIDE TO THE EDUCATION BUDGET

Budget reports are often very long and written in complicated technical language, which can make it difficult for citizens to analyse – or even understand – them. In a number of countries, governments now produce simplified, short and easy-to-read citizens' budgets. However, these usually focus on the national budget and might not contain a lot of detail about the education budget or about planned spending at the local and provincial levels. A useful way to make a budget more comprehensible to the public is to develop a citizens' guide to the education budget (International Budget Partnership).

Ideally, simple budget information should be provided by the government. However, if this is not available, education activists might decide to produce a simple guide to the education budget as part of the education budget tracking process. This might include information on:

- The budget cycle;
- How much money the education sector will receive and a comparison with other sectors;

- How much money is allocated to different education levels (primary, secondary, tertiary, etc.);
- How much money has been earmarked for the poor and other marginalised groups;
- How money is disbursed;
- Who is responsible for education spending at different levels and at every stage; and
- Other issues and problems identified.

The guide could be presented in a number of ways, ranging from a simple brochure with pictures and illustrations, to a more comprehensive report. Developing such a guide can deepen an organisation's own expertise and knowledge on the budget process. It will also provide an easy way of sharing with other organisations and citizens involved in the budget tracking process (either as members of a budget tracking team or as respondents), or with members of the general public who are affected by budgeting decisions.

## 3. TRACKING BUDGETS

Budget tracking usually means monitoring budget disbursements and expenditure across the system. It determines whether the resources allocated by the budget have been released on time and spent according to plan. Budget tracking can be conducted at national, state, district or institution (i.e. school) level. Because it checks disbursements through the system, budget tracking can also help to identify mismanagement and corruption. It can focus either on how the overall education budget has been spent at these different levels, or examine a specific programme or education subsector (e.g. primary education) nationwide. Comparisons between states or districts can reveal how they are implementing programmes, if they are reducing inequities, and the overall quality of these programmes.

Exploring discrepancies between budget allocations (what is planned to be spent) and expenditure (what is actually spent) can reveal inefficiencies, blockages, leakages or weak capacities in the system. In practice, budgets are not always implemented in the exact form in which they were approved by the legislature; often, funding levels in the budget are not adhered to and authorised funds are not spent on the intended purposes.

Deviations may happen as a result of conscious policy decisions, as a reaction to changing economic or political conditions, or because of a disaster. However, concerns arise when there are delays and dramatic differences between the allocated and actual budgets that cannot be justified as reflecting sound policy within the context.

Civil society and education activists have a unique role to play in these processes. As CSOs work at different levels they can engage in tracking budget expenditure against commitments at national level/in the capital city, or work at the subnational or local level with provincial or local issues. Most groups working at the provincial or local level seek to monitor budget implementation, influence officials in charge of implementation, or activate local oversight mechanisms. At school level, budget tracking of actual school expenditure can also be done in an individual school or across a sample of schools. This might involve checking that resources allocated to teaching and learning materials or infrastructure have been spent as stipulated in the budget, for example.

Trying to link national and subnational work is complex and raises several challenges, but ideally this work would be combined with analysing national commitments and the flow of money, exploring how well money is spent and exposing leakages or misuse of funds (see Case Study 11).

## CASE STUDY 11. BUDGET MONITORING YIELDS RESULTS IN MALAWI

In Malawi, the Civil Society Education Coalition (CSEC) has a long history of tracking education expenditures. As part of the process, community-based members of CSEC administer a series of standardised questionnaires to teachers and education officials around the country. Questionnaires administered to headteachers in a number of schools provide information on various performance indicators. CSEC also collects data from district assemblies, district education offices, division offices, the Education Supplies Unit, and teacher training colleges.

Analysis of the data from the questionnaires is used to produce a report, which is launched annually during a public meeting with ministry officials, parliamentarians, development partners, and the media, during the annual parliamentary budget deliberation. The coalition then holds district meetings during which district assembly officials, district education officials, non-governmental organisations, and school officials can discuss the results and, if necessary, formulate action plans to address any problems. Over the years this has helped to identify issues related to late salary disbursements for teachers, and has led to increased funding for special education programmes for children with disabilities, and addressed disparities between

rural and urban areas. CSEC has used its increasing influence to participate in government meetings and working groups on education. The coalition has used these experiences to widen civil society's participation and influence in Malawian society more generally, and enhance its capacity for monitoring and evaluation.

Source: Based on IBP case study <http://internationalbudget.org/wp-content/uploads/Civil-Society-Coalition-for-Quality-Basic-Education-Carries-Out-Public-Expenditure-Tracking-Surveys-in-Malawi.pdf>



A makeshift school under a tree in Lilongwe, Malawi. Image courtesy of Kjersti Jahnsen Mowé/Global Campaign for Education.

## BOX 15. TRACKING PLEDGES MADE TO THE GLOBAL PARTNERSHIP FOR EDUCATION

As highlighted in Module 2, the Global Partnership for Education (GPE) is a major multilateral funder of education in several developing countries. In 2014, GPE organised a large-scale pledging conference with the aim of replenishing its resources for the 2015-2018 period. A total of US\$28.5 billion was pledged at the conference; of this, US\$26 billion came from 27 developing country governments committing to increase their spending on education, far exceeding the US\$16 billion target initial set by GPE for domestic resource pledges. As part of these impressive and ambitious commitments:

- 21 countries pledged that their education budgets will be equal to or more than 20% of the total national budget by 2018.
- 11 of these countries pledged to increase their education budgets.
- 12 countries pledged to allocate at least 45% of education budgets to primary education.

Civil society coalitions and activists can play an important role in monitoring pledges and holding governments accountable for the commitments they made in 2014. Further, a number of developing countries did not pledge at the replenishment event. This work will be particularly important in the lead up to GPE's next replenishment campaign and event, likely to be in 2017, and GCE will be providing civil society coalitions with tools and resources to scale up monitoring and advocacy work around GPE pledges.

## UNDERSTANDING THE CONTEXT

Before embarking on a budget tracking process, it is important for education activists to think about the kind of tracking they want to do, where they want to do it, and which programmes are of interest to their organisation.

Vital to any decision around this, are factors such as the degree of decentralisation in the country, responsibilities at different levels, key challenges that are faced, and the particular strengths of the organisation or network to engage with these. Exercise 16 below is intended to help when thinking through that process.

### EXERCISE 16. UNDERSTANDING THE CONTEXT: MAPPING EDUCATION SPENDING RESPONSIBILITIES AND IDENTIFYING ISSUES

#### Aim

To map who is responsible for education spending at different levels and begin to identify issues.

#### Activity

**Step 1:** Identify the spending structures at different levels – Draw up a table of the different agencies responsible for spending the education budget and their roles. Do this from national through to school level. Make sure you are clear about how transfers work and who is responsible for disbursements.

LEVEL	AGENCY	ROLE	RESPONSIBILITY	ISSUES IDENTIFIED
National				
Provincial				
District				
School				

**Step 2:** Identify issues – Are you already aware of particular issues or blockages in the system that will need to be explored as part of your budget tracking process? Do some provinces struggle to spend their allocations? Are there rumours of mismanagement or corruption in a particular agency or region? Identify blockages or other issues affecting education spending and add these to your table.

**During your budget tracking process:** *You will need to explore these questions in much more detail when you actually embark on your budget tracking process. To obtain information about education spending processes and issues, take a look at government budget documents or audit reports, talk to provincial or district budget officers, or to the Education Ministry. Your ability to access relevant data will depend on whether your government has an open information policy. If it's not possible to access the information you need, your first step might be to lobby the government to make the budget process more transparent. In many ways budget tracking is about building relationships, so that information is continually shared.*

#### Adapting the exercise for a workshop setting

- You could use a map to do this exercise in a more visual and participatory way. Ask participants to create a large map of the country or region and to locate the different agencies or individuals responsible for spending on the map. Information about links between the various actors and about blockages can also be marked on the map.
- Alternatively, a [chapatti diagram](#) could be used to identify the different actors involved, their relationships to each other and their relative power, as well as blockages in the system.

## TRACKING THE RELEASE OF FUNDS FROM THE CENTRE

Once a budget is agreed, the National Treasury releases funding to the relevant ministry, department, or agency. The transfers, which can be made in quarterly or monthly payments from a central revenue fund, may be made by means of formal warrants (government authorisation forms) which sanction the release of funds and specify the budget line items against which the agency may incur expenditures.

The 12-month period during which a budget is in effect is called the financial year; it does not necessarily coincide with the calendar year. During the course of the financial year, accounting officers or their delegated staff members record all of the outstanding revenue and expenditure transactions effected during the year, and these recorded transactions form the basis for in-year budget and accounting reports. At the end of the year, once all transactions are recorded, the accounting officer prepares final accounts of the entity's financial operations for the year.

This is how most countries work. Whether or not these budgets can be accessed depends on the level of transparency in a system. However, good practice would see a government publishing in-year reports to be scrutinised, and then sharing the final accounts in a year-end report.

During the in-year phase CSOs can help citizens hold the government (at all levels) to account by:

- Organising local budget advocacy groups to understand what should be reaching their local area or school;
- Measuring the impact of budget allocations and utilisation; and
- Disseminating findings throughout the budget cycle (not just at the end during auditing) through engagement with authorities and service providers.

In the auditing phase, CSOs can help to check that funds were spent as planned by looking at the audit reports and identifying areas of underspending (by programmes, across the system, or geographically).

## CASE STUDY 12. BUDGET TRACKING AS A TOOL TO TACKLE CORRUPTION IN MALAWI

Malawi's decentralised system means that basic education funds are disbursed from the National Treasury directly to district accounts, where they are allocated at the discretion of the district assemblies. In the absence of a right to information law, the government provides little information on the use of these funds. The Civil Society Education Coalition (CSEC) therefore works with government contacts and organisations such as the World Bank and UNICEF to access more accurate information, and translates the national and district budgets from English to Chichewa, making the content accessible, and distributing them to local communities. The coalition also has a long history of engaging with citizen-led tracking of education budgets and spending (see Case Study 11).

In 2011, the coalition engaged with grassroots groups known for education budget tracking to carry out regular spot-check surveys which identified that 5 million Malawi kwachas (US\$11,500 at the time) had disappeared from an education fund in the Chitipa District. They took the matter to the District Commissioner, who claimed that he had redirected the funds to the District Health Office – a claim later revealed to be untrue. The groups petitioned the Local Government Committee, drawing the community's attention to the misuse of funds. As a result, the Minister demanded that the missing funds be reimbursed to the schools, and the District Commissioner was removed from his post. The team then monitored the District Support to Schools Fund to ensure that the funds were returned, to the benefit of the 60,000 students in Chitipa.

*For more information on CSEC visit: [www.csecmw.org](http://www.csecmw.org)*

## TRACKING SPENDING THROUGH THE SYSTEM

Most education spending takes place at the subnational level. With the increased decentralisation of education budgets, there are more and more countries where financial transfers are made from national level to the provincial, district, local or school level. However, this money does not always reach the school. Tracking through the system involves looking at where the money goes, and can be used to expose corruption or financial mismanagement.

While corruption can be an issue, many more discrepancies occur due to limited absorptive capacity of government entities (i.e. inability to spend available resources effectively), a poor budget system or other technical problems. For instance, the intended purpose of particular funds may not be clear from the budget, while weak reporting systems can make it difficult to monitor the flow of expenditure. A lack of capacity within a ministry or at local level may mean the full budget allocation cannot be spent. This can happen for various reasons – a department may lack the capacity to roll out a project, or there may be insufficient staff to deliver a certain service. There might be money for school books but procurement procedures may be too lengthy, or weak supply chains may hinder spending, so the allocated funds cannot be spent as they were intended on time. Unspent funds may have to be returned to the National Treasury at the end of the financial year, which can result in less funding being allocated in the next budget cycle. Current literature on education financing suggests that deviation between planned and actual budget expenditure may be one of the reasons for the weak causal relationship between reported spending on specific school inputs and related outcomes.

For the tracking process to work well it generally needs to involve engagement at three levels: analysis of national allocations; identification of how well this is being disbursed through the system to the next level (e.g. provincial/regional/state or district); and monitoring of delivery at school level. At national level, engaging directly with government and policy makers, ensuring accurate up-to-date information about the levels of funding that should be flowing through the system, as well as information about when disbursements are made, and where the money is spent, is critical. This can be followed up at district level; i.e. by engaging with the district education office and asking whether and how much funding arrived – and to which schools, as well as exploring the reasons for these findings. In some instances, huge amounts of allocated funds can go unused because of late disbursements. Such delays have been shown to sometimes leave local governments with too short a time frame to effectively implement the funds. These funds are then returned to the Treasury. If they are unable to meet the set deadlines, they may lose the funding altogether the next year. So keeping money flowing smoothly and addressing blockages is important.

In some countries, poorer regions and districts can have difficulty spending the full allocated amount. For example, in India per pupil spending rose as part of a renewed commitment to primary schooling, but some of the poorest areas were unable to spend the money. An example is Bihar, one of the poorest states in India, where per pupil spending increased by 27% between 2011/12 and 2012/13 compared to the national average of 5% over the same period. However, Bihar spent just 38% of its allocations in 2011/12 compared to a national average of 62% being spent (Accountability Initiative Centre for Policy Research, 2010). In 2013-14, in Pakistan the Punjab region left an estimated 9-13% unspent, while Sindh left nearly 25% unspent. These are just some examples demonstrating the importance of civil society in monitoring the flow of funds, identifying bottlenecks, and demanding action to rectify any inaccuracies or discrepancies in spending and delivery of commitments.

### CASE STUDY 13. IMPROVING CONDITIONS FOR TEACHERS IN REMOTE AREAS OF THE GAMBIA

In 2012, the teachers' union (GTU) and the teachers' credit union (GTUCCU) in The Gambia found that teachers in some rural and hard-to-reach areas were forced to travel long distances, often for several days and by unsafe transportation means, to collect their salaries from assigned banks. Often, the payments were delayed. This meant lost teaching days and also demotivated the teachers, making them more reluctant to work in remote areas.

Discussions between the GTU and the government led to the involvement of the GTUCCU in helping to facilitate more efficient salary payments to teachers, with on-time payment assured. The involvement of the credit union enabled pre-financing of salaries when the government was late in processing them,

thus ensuring teachers were paid on time. In addition, this helped to uncover discrepancies in the system, i.e. where so-called 'ghost teachers' were receiving salaries. The GTUCCU also introduced a new motorcycle scheme which gave teachers access to motorcycles. This provided a safer means of transportation and enabled teachers to reach remote areas in a more efficient manner. As a result, teachers began receiving their salaries on time, absenteeism was reduced, and teachers became more motivated to accept postings in very remote schools. This example also demonstrates the role that civil society and teachers' unions can have in engaging as mutual and effective players in monitoring and dialogue affecting the education budget at local level.

*Source: Education International (2015) Teachers Assessing Education For All: Perspectives from the classroom [http://download.ei-ie.org/Docs/WebDepot/EI\\_EFA\\_Assessment\\_2015.pdf](http://download.ei-ie.org/Docs/WebDepot/EI_EFA_Assessment_2015.pdf)*

Ensuring funds are released and spent effectively through the system from national to local is one vital role for CSOs. In countries where major decisions on education budgets are made at the subnational level (usually state or regional) then a greater focus must also be placed on tracking spending from this level downwards.

Sub-nationally raised revenues are a growing factor in overall budget allocations. In these cases, it is vital to ensure that education activists fully track the funds allocated at state level, through transfers from the state to local bodies. In many cases, a lack of transparency can thwart attempts to track subnational funds and the amount of information available can vary greatly from one area to another. Opening up the space both for tracking and for participation in decision making at subnational level, is an important role for education activists (IBP website).

It should also be noted that in some countries expenditures are determined only after the budget has been adopted, because the budget provides some central funds directly to legislators or members of parliament who then allocate the funds as they see fit in their constituency (constituency funds). This has been pointed out to have a number of major problems – not least that it breaks with the roles of MPs as law-makers and overseers of the budget. There is a clear role in these cases for civil society to track how these are allocated and spent (van Zyl, 2010).

In summary, by engaging with the budget throughout its implementation, civil society can identify the points where downstream blockages are causing concerns and can make appropriate advocacy interventions.

## CASE STUDY 14. SOCIAL AUDITS IN GUATEMALA

In 2002, the Guatemalan research and advocacy organisation, ASIES, launched the Grand National Campaign for Education (Gran Campaña Nacional por la Educación or GCNE), working with a coalition of 77 non-governmental organisations from around the country. Since then, GCNE has organised a number of community-focused surveys, or social audits, to monitor the implementation of public primary school programmes, particularly programmes that provide free meals and textbooks.

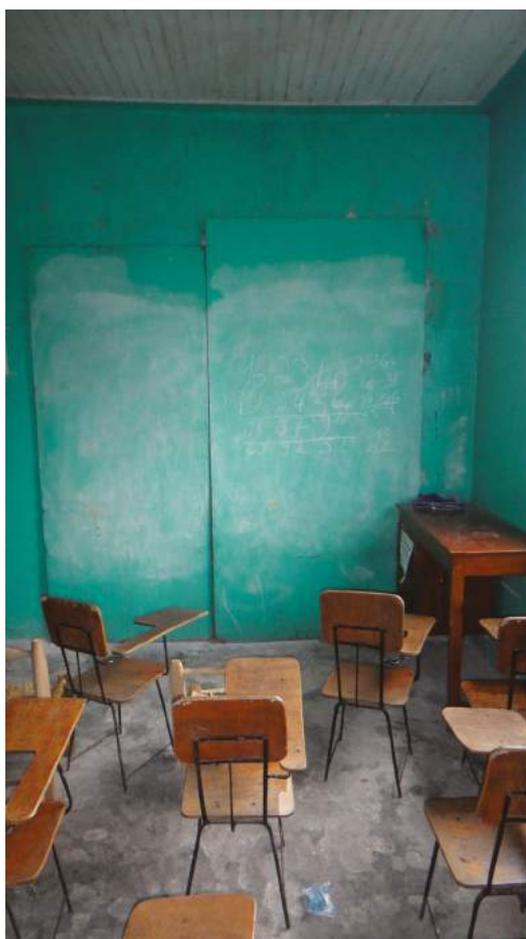
GCNE uses a scientific sampling methodology to select schools from across the country for its surveys. The surveys target headteachers, teachers, parents and students regarding issues such as their awareness of the availability of free meals and textbooks, the adequacy of the budgets for these programmes, and their level of satisfaction with the programmes. The surveys have uncovered startling findings that help explain the country's lack of improvement in education. For example, one survey found that approximately 80% of headteachers were unaware of the free meal programme and that approximately 75% of schools did not receive textbooks for all students.

## 4. BUDGET TRACKING AT SCHOOL LEVEL

At the local level, a major priority for civil society organisations is to track education budgets to know what money is supposed to arrive and what actually arrives in each school.

At school level a similar process can take place to that which is followed at provincial or district level: looking at whether the money has arrived, how much, when, and whether this is consistent with the information gathered at district level. Unfortunately, in many cases schools do not receive their funding until half way through the academic year, due to slow disbursements from the centre downstream. This can mean schools go without money for part of the year and then suddenly have to spend it very quickly, in which case they may not be able to spend it appropriately or absorb it all. In this case, a key part of any advocacy would be to help make this process smoother and quicker.

Building the capacity of school management committees and parent-teacher associations to understand budgets and support planning can really help, as can the posting of school budgets on noticeboards. Civil society organisations should be the first to condemn scams such as ghost teachers on payrolls and should be willing to support taking corrupt officials and headteachers to court. The more independent scrutiny there is of the budget, the easier it is to make the case that new investments in education will reach where they are needed and will make a difference. It is important to argue at the same time both for measures to stop corruption and for more budget allocation, where governments are falling short of accepted targets for spending on education.



**A classroom lies in poor condition in Haiti.**  
Image courtesy of Kjersti Jahnsen Mowé/  
Global Campaign for Education.

## CASE STUDY 15. BANGLADESH: TRAINING LOCAL LEVEL BUDGET ANALYSTS

ActionAid Bangladesh has been engaged in budget work since 2001, supporting school monitoring groups to develop school plans and alternative budgets, and then building links with the government to meet the groups' requests. The school budget is viewed as including financial and non-financial inputs, such as teachers and textbooks which are budgeted for centrally. In this way, communities are able to discuss the range of inputs to their school. As the biggest items of expenditure are centrally managed, the school budget is often very small, consisting mainly of funds raised from parents or guardians, and is spent on additional school inputs, such as security guards, school gardens and maintenance of buildings. So it can be limiting to understand the budget purely in terms of what is spent at school level.

The project was carried out with the support of local-level budget analysts, who were trained on budget analysis, the links between school and national budgets, and education policy. Starting with an analysis of the family budget (to illustrate how everyone budgets in their lives) the local-level budget analysts worked with community members to examine school assets (quality of buildings, teachers, size of classes, number of contact hours, etc.). This was followed by a visioning exercise to enable stakeholders to

describe their dream-school. By comparing the current assets and the necessary inputs for their dream school, the group was able to identify where the shortages were and develop plans to fill the gaps. From this, the school monitoring groups were able to prepare yearly plans for the school, and demand the required budget from the local and national government.

The project has had varying levels of success. A clear benefit has been revived school management committees and much greater parental involvement in the schools. There are much stronger links between parents and teachers, and parents are more supportive of teachers, understanding their skills, knowledge and commitment to education. In addition, there is greater awareness of the links between paying taxes and the right to education as this quote illustrates: *"We pay tax to the government. We also pay additional taxes by purchasing the daily necessities but the government does not care about our right to education... We don't want much, but the government does not fulfil our basic requirement... the government must emphasise, facilitate and ensure primary education for all."* However, an example from Chitmorom School illustrates the limitations of the approach. Here the need for two more teachers was identified, but government policy of centralised recruitment and allocation meant that these teachers could not be hired.

Source: AAI.

## TIPS FOR SCHOOL BUDGET TRACKING

Budget tracking can be done at school level to check whether the allocated funds have arrived at the school and have been spent according to plan, and to identify the financial contributions made by parents and others.

Ideally this should be done in a participatory way with parents, children and other key stakeholders actively involved in the process from the start. In Box 16 there is a simple outline of the methodology and a list of some of the questions that need to be answered.<sup>31</sup>

<sup>31</sup> For a more in depth description of how to carry out school budget tracking, see ASPBAE 2010

## BOX 16. SCHOOL-LEVEL BUDGET TRACKING: A METHODOLOGY

1. Put together the budget tracking team. This should involve parents and other key stakeholders as well as people with budget tracking skills and knowledge about the specific budget that is being tracked.

2. Decide who to talk to. Key respondents might include children, parents, teachers, PTA and SMC members, district education officers, local government officials, etc.

3. Use a mix of data-gathering approaches to obtain the information needed. This might include:

- Literature review – obtain and examine key budget documents and plans relating to the school.
- Interviews – carry out interviews with individuals such as the head teacher who hold a lot of information about the school budget and expenditure.
- Survey – design and carry out a simple survey that can be used to gather information about the school facilities, teachers and students, budget, spending, contributions made by parents, etc.
- Focus Group Discussions – bring together a group of stakeholders to explore a particular issue relating to school budget allocation and spending.

- Workshops – bring together a group of stakeholders to explore issues relating to the school budget and expenditure in a workshop setting.
- 4. Summarise and validate the findings, and share them with key stakeholders.
- 5. Decide what to do next, together with relevant stakeholders.

### Questions for school budget tracking

- What was the government education budget allocated to the school?
- Has the school received all the allocation from government that was budgeted for?
- What other sources of funding has the school received?
- What funds have been spent so far? And on what items have these funds been spent?
- Did the school prepare a plan for the year? Was the money spent as per the plan?
- Does the school spend funds not covered by government resources? For example, for electricity, security guard, water, printing of examination papers? If so, where do these funds come from?
- What are parents expected to contribute towards the cost of education?

## THE COST OF 'FREE' EDUCATION

Parents are often expected to make significant financial contributions towards their child's education. This can include direct and indirect charges such as user fees, admission fees, PTA and SMC contributions, textbook charges, exam fees, school maintenance fees and library fees. This is in addition to the cost of travel, uniform and meals, all of which might limit the attendance of children from poorer families. When looking at the school budget it is important also to identify and take into consideration the costs borne by parents and guardians, as they can have a significant impact on the right to education, particularly of poorer children.<sup>32</sup>

<sup>32</sup> For a detailed survey to help identify the indirect and direct costs of education to parents see AAI 2011

## EXERCISE 17. PLANNING YOUR BUDGET TRACKING WORK

### Aim

To prepare for budget tracking: defining budget tracking objectives and focus, identifying partners, collecting budget information and deciding on methodology.

If you are thinking about carrying out a budget tracking exercise, it's important to start by identifying what you want to do and why. This exercise will help you to explore your reasons for working on this, the problems you seek to address, and at what levels.

### Activity

#### Step 1: Select your budget tracking team –

Put together a team made up of budget tracking experts and other key stakeholders.

#### Step 2: Collect budget documents from reliable sources –

Try to get hold of key national and local budget documents at an early stage as you may want to refer to them as you try to identify key issues and define your budget tracking objectives and focus.

**Step 3: Identify the issue –** Based on your previous analysis of education spending in your country, what do you think the problem is? Are you concerned about underspending on key areas, inequitable distribution of funds, delays in payments, or committed funds not reaching local schools, for example?

**Step 4: Define your budget tracking objectives –** It is essential to think why you need to do this tracking and how you intend to use the evidence you gather. What do you want to find out? What do you hope will change as a result of your tracking? Are you hoping to expose and eliminate corruption in a particular district, for example? Will the analysis be used primarily for advocacy with the government, to raise public awareness, or to mobilise communities on their rights to education?

#### Step 5: Decide on the focus of your budget tracking

– there are different possible starting points for setting your budget tracking agenda. For example:

- By population group – e.g. focusing on a specific geographic area, on girls, or on children with a disability.
- By government programme – e.g. early childhood education programme.
- By issue – e.g. HIV and AIDS.
- By using policy documents as a benchmark – e.g. Poverty Reduction Strategy Papers.

**Step 6: Decide what level to work at –** Are you working at local, provincial or national level (or a combination of the three)? At national level you might wish to carry out budget tracking of a whole subsector such as primary education. At provincial level it might involve tracking whether funds are being spent on time and

according to plan. And at local level you might want to see if committed funds are reaching schools and that the money is being spent as stipulated in the budget.

**Step 7: Identify potential partners –** Decide whether you should work in collaboration with others. What are your organisation's strengths? Do you need to reach out to others with better skills or connections? Would it be helpful to collaborate with organisations doing similar work in different parts of the country or at different levels (local, regional, national)? Based on your answers, which organisations do you want to partner with and how will you approach them?

#### Step 8: Design your methodology and budget tracking instruments –

The methodology for tracking the budget will depend on your research objectives, the type of information required, the level of access to budget documents and data, the willingness of the government to share data, and the availability of alternative sources of information. A combination of approaches is usually necessary to effectively track the budget, including: document review, key informant interviews, surveys, focus group discussions and observations.

You are now ready to start your budget tracking process; gathering, analysing and verifying the data, disseminating your findings to key stakeholders and agreeing next steps. This will include thinking about how your research findings might be used as part of your advocacy process.

Take a look at Box 16 for details of how to carry out a budget tracking process at school level.

For further information about how to carry out education budget tracking see:

- *Education Watch Toolkit, A Resource Pack for EFA Research and Monitoring, Part 3, Budget Tracking, ASPBAE, 2010, p. [http://www.aspbae.org/sites/default/files/pdf/EdWatch%20Tool%20Kit\\_3\\_Budget%20Tracking.pdf](http://www.aspbae.org/sites/default/files/pdf/EdWatch%20Tool%20Kit_3_Budget%20Tracking.pdf).*

#### Adapting the exercise for a workshop setting

- It's unlikely that you will be able to carry out this whole exercise in a workshop setting. However, if the right people are present and you have sufficient time, you could work through most of the steps.
- Participants should work in groups, then give feedback on discussions in plenary, and identify what further preparation is needed before embarking on the budget tracking process.



# MODULE 6: BRINGING IT ALL TOGETHER – DEVELOPING AN ADVOCACY PLAN

## SUMMARY:

Developing a clear advocacy plan with long-term aims and objectives will help ensure that your advocacy work is strategic and targeted, and that you maximise the impact of your domestic financing efforts.

In this module you will be taken through the advocacy planning cycle below, covering the following stages:

## ADVOCACY PLANNING CYCLE



## BY THE END OF THIS MODULE YOU WILL HAVE:

- Decided on your area of focus and identified key issues for advocacy on domestic financing for education
- Identified causes and effects and possible solutions for your chosen issue
- Identified your advocacy goal
- Set your SMART objectives
- Identified the people you need to influence and your allies
- Understood opportunities for engagement in the budget process
- Carried out your own SWOT analysis
- Decided on your advocacy message
- Chosen your tactics and started to plan for action

This module is intended to act as an introduction to the advocacy planning process, giving you an overview of each of the key stages in the process. However, it is not exhaustive and, depending on your level of experience, you will no doubt need to make use of one or more of the excellent in-depth advocacy planning toolkits referenced at the end of the module. Furthermore, it is important to note that while following the steps in the proposed advocacy cycle is useful, you are likely to need to go back and forth between the different steps, and update certain areas as you progress with your planning.



## 1. IDENTIFYING AND UNDERSTANDING THE ISSUE

Working through one or more modules of this toolkit will have helped you to get an insight into which domestic education financing issues you want to take forward in your organisation. It may be that one of the 4 Ss (share, size, sensitivity and scrutiny) or a specific topic within one of the modules resonates particularly to the challenges your country is facing, or to your organisation's

focus areas. This section will help you to think through this in more detail and to narrow down the specific advocacy area you will be focusing on, including by starting to analyse why and how you will do this. This will involve reflecting on your organisation's focus and capacity, and the national environment in which you operate.

### EXERCISE 18. DECIDING ON YOUR AREA OF FOCUS AND IDENTIFYING KEY ISSUES

#### Aim

To identify your network's or organisation's priority area and key issues for advocacy on domestic financing for education.

#### Activity

**Step 1:** Based on the work that you have done so far, complete the table below indicating the key issues that are relevant to your organisation or network.

**Step 2:** After completing the table, can you identify a specific domestic financing area you would like to focus on in your advocacy work?

AREA OF FOCUS	WHAT ARE THE MAIN ISSUES (IF ANY) RELATING TO THIS AREA?	ARE YOU ALREADY WORKING ON THIS AREA? HOW? WHAT KIND OF WORK? WHAT DO YOU ALREADY KNOW?	WHICH AREA ARE MOST IMPORTANT IN YOUR CONTEXT? RANK THEM FROM 1-6 (1 = MOST IMPORTANT).	BASED ON YOUR ANSWERS SO FAR. IS THIS A PRIORITY AREA FOR WORK IN YOUR COUNTRY? IF SO WHY?
SHARE OF THE BUDGET – Understanding your country's budget and advocating for a larger share for education.				
SIZE OF THE BUDGET – Understanding tax issues in your country and advocating for an increase in the overall size of the budget.				
SENSITIVITY OF THE BUDGET – Analysing the education budget and advocating for a greater focus on equity, quality and inclusivity.				
SCRUTINY OF THE BUDGET – Learning how to track budgets and 'follow the money' in order to improve accountability.				

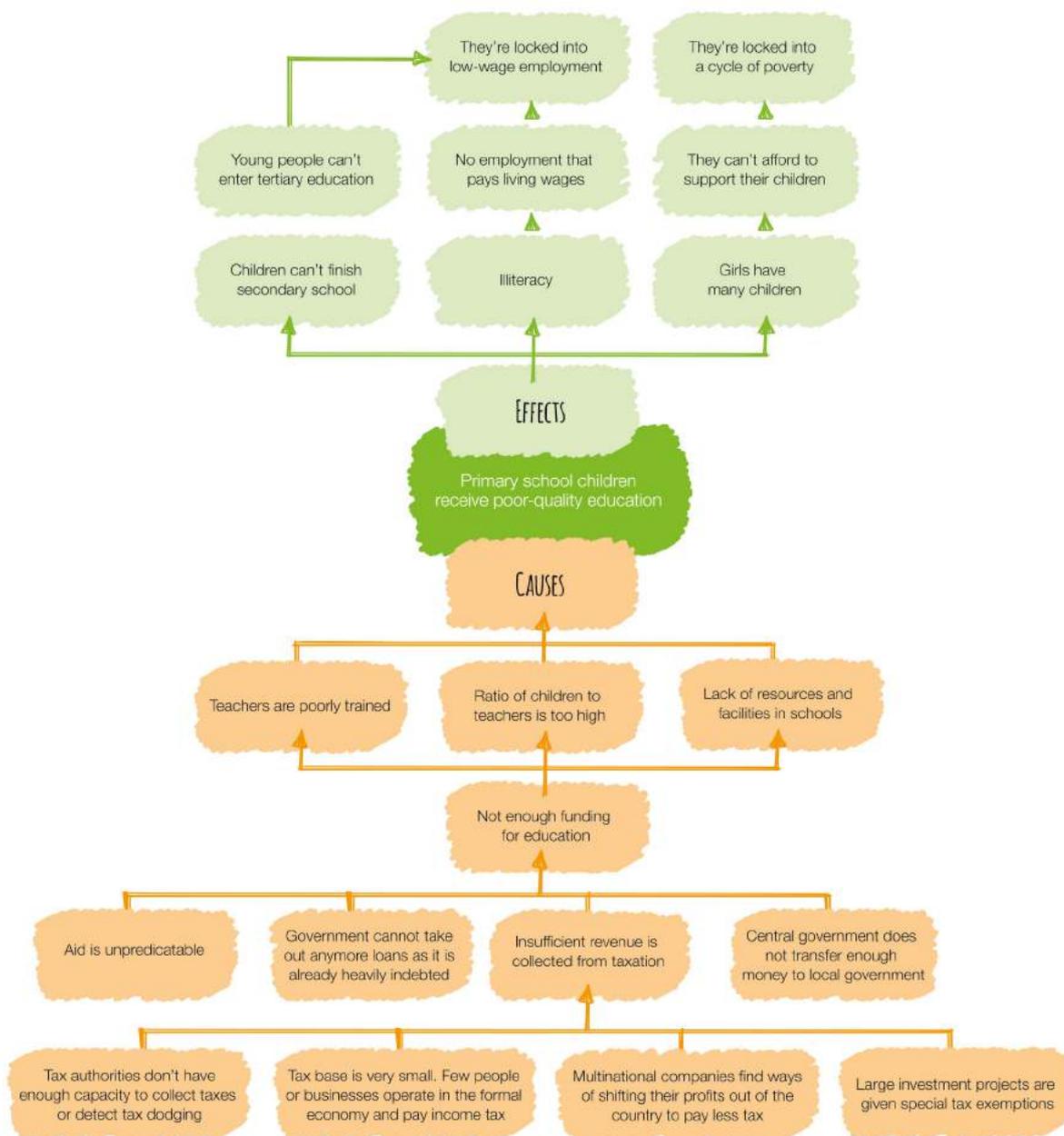
#### Adapting the exercise for a workshop setting

- Create a large version of the table on flip chart paper.
- Get participants to discuss their scores in small groups, writing their comments on post-it notes.
- Participants should then add their scores and comments to the table, using sticky dots for the scores and post-it notes for comments.
- Discuss in plenary, especially where there are areas of disagreement, and finalise the table.
- Based on the table, each participant identifies the domestic financing area they would like to focus on in their advocacy work.

After identifying the issue you want to focus on, it's essential to ensure a strong understanding of the context. This needs a deeper, more focused analysis of specific challenges and problem areas that exist within the environment that you work and that affect your issue. A useful

starting point can be to carry out a **Problem Tree** analysis in order to explore the issue, identifying the underlying causes and effects.

### EXAMPLE: A PROBLEM TREE EXPLORING TAX AND EDUCATION ISSUES



This diagram is based on illustrations in Christian Aid/SOMO 2011.

## EXERCISE 19. CARRYING OUT YOUR OWN PROBLEM TREE ANALYSIS

### Aim

To identify root causes and effects for the issue identified

### Activity

Carrying out a **Problem Tree** analysis will help you to identify the causes (roots) of a problem, and the consequences (branches) of the issue in question (trunk). The exercise may throw up multiple root causes of a problem so **prioritisation is important**.

**Step 1:** Draw a **tree trunk** and write down in the trunk the **issue/problem** you are investigating.

**Step 2:** Add **roots**, which represent the **causes** of the problem. Some roots are closer to the surface: these are the more obvious factors that contribute to the problem. But what causes these factors? The deeper you go, the more causes you uncover.

**Step 3:** Add **branches** which represent the **effects** of the problem. Some branches grow directly from the trunk; these are the problem's more immediate effects. Each branch may sprout many more branches, showing how the problem may contribute to a range of indirect and longer-term effects.

**Step 4:** Based on this analysis, what is the specific problem you want to address?

### Adapting the exercise for a workshop setting

- Follow the steps above using cards or post-it notes to write the causes and effects on. That way they can be easily moved or removed, which means there is room for disagreement, discussion and negotiation and the tree can be gradually co-created taking everyone's' views into account.

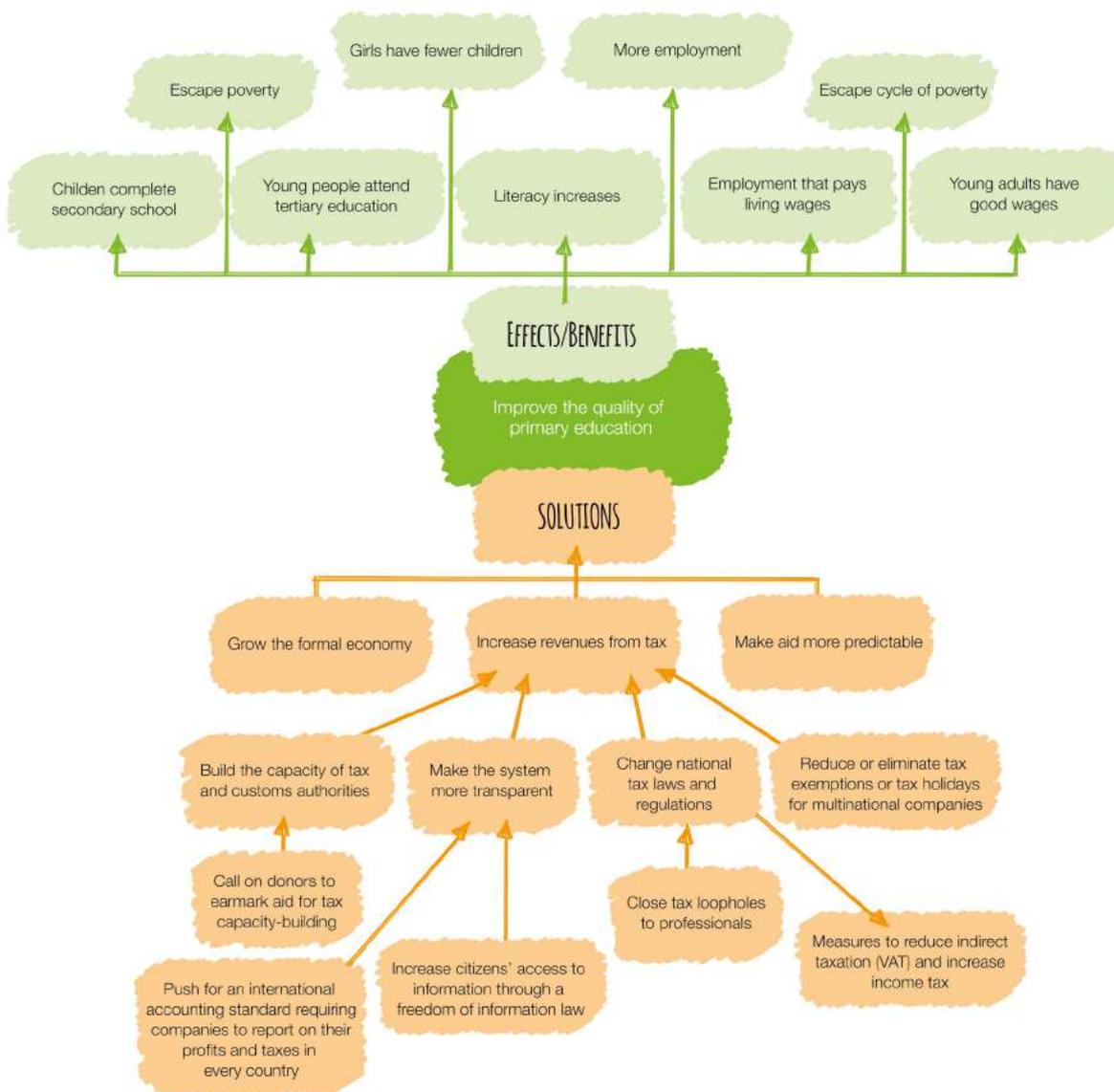


School children in Peru taking part in campaign activities.  
Image courtesy of Campaña Peruana por el Derecho a la Educación (CPDE).

After identifying the specific problem you want to address you will need to plan how to address this and effect change through your

advocacy. Here a **Solution Tree** analysis can be helpful in order to identify possible short- and long-term solutions to a problem.

### EXAMPLE: A SOLUTION TREE ILLUSTRATING TAX AND EDUCATION ISSUES



This diagram is based on illustrations in Christian Aid/SOMO 2011.

## EXERCISE 20. CARRYING OUT YOUR OWN SOLUTION TREE ANALYSIS

### Aim

To explore possible solutions to the problem identified.

### Activity

This exercise will follow your Problem Tree analysis, so that you can identify solutions that respond to your identified problem.

**Step 1:** Draw a tree trunk on a large sheet of flip-chart paper. The trunk represents what you would like a certain situation to be like in the future.

**Step 2:** Add roots. They represent possible solutions or methods to bring about the desired future situation. The solutions should relate to the main causes of the problem as indicated in the roots of your problem tree. The roots that are closer to the surface are those that would contribute most directly to improving the situation. The solutions may also reinforce each other.

**Step 3:** Draw the branches. These represent the effects of the improved situation. Some branches grow directly from the trunk: these are the more immediate effects. The longer branches are used to represent the longer-term effects of the improved situation.

**Note:** You may want to add some of the branches first, outlining the situation you would like to see in order to then identify some of the actions that might help you reach that situation.

### Adapting the exercise for a workshop setting

- Follow the steps above using cards or post-it notes to write the solutions and effect on. That way they can be easily moved or removed, which means there is room for disagreement, discussion and negotiation and the tree can be gradually co-created taking everyone's views into account.

The solutions identified through the Solution Tree will help you define the approach you want to take to address your issues and achieve the change you seek. But you will also need to take into account the external context in which you operate, such as who makes decisions, what policies are in place, where the government gets funding from to implement its plans and programmes, infrastructure, what the economy is like, which groups in society are most marginalised etc. There are various tools that you can use, such as a **PESTLE analysis** (Womankind, 2016) which would help you map out the external forces (positive and negative) that might impact your advocacy work including:

- **Political:** relevant decision-making bodies, changes in government, political instability, etc.
- **Economic:** poverty and inequality levels, national economic situation and trends, etc.
- **Social:** ethnic and religious factors, education statistics, employment rates, health issues, etc.
- **Technological:** technological development, internet access, communications, etc.
- **Legal:** current and future legislation, regulatory bodies and their processes, etc.
- **Environmental:** natural disasters and risks, etc.

## 2. SETTING YOUR GOAL & STRATEGIC OBJECTIVES

The analysis above will help you to define your long-term goal and the specific strategic objectives of your education financing advocacy work. This is critical for knowing what it is you are campaigning for and what specifically you want to achieve with

your campaigning. Your goal should be based on the principles and vision of your organisation, which will strengthen people's inspiration and commitment to work together towards it. Your objectives will be more concrete and specific.

### EXERCISE 21. IDENTIFYING YOUR ADVOCACY GOAL

#### Aim

To identify your organisation's long-term education financing advocacy goal.

#### Activity

In order to gain clarity on your overall long-term goal, reflect on and respond to the questions below:

- 1) What is the main issue that you have identified?
- 2) What do you want to change in the long-term?
- 3) What is your overall goal?

To \_\_\_\_\_

#### Adapting the exercise for a workshop setting

- Discuss the questions above in small groups.
- Share and finalise your responses in plenary.
- The plenary session might help you consider new aspects you had not thought of and therefore shape your goal further.

After identifying your goal, you are ready to define your short-term and long-term advocacy objectives. An objective is the **specific change you want to see which will advance progress towards the ultimate goal.**

A long-term objective will usually focus on changing policy or practice, whereas shorter-term objectives can focus on raising awareness or getting an issue on the agenda.

## EXERCISE 22. SETTING YOUR SMART OBJECTIVES

### Aim

To identify SMART objectives for your advocacy strategy.

### Activity

For objectives to be effective they need to be **smart**:

- **Specific:** they should clearly spell out the specific change you want to achieve.
- **Measurable:** you should be able to measure whether you are meeting the objectives or not.
- **Achievable:** can you achieve the objectives with the resources you have? Think about staff capacity as well as budget.
- **Realistic:** are the objectives realistic; can they be achieved within the set timeframe?
- **Time bound:** when do you want to achieve the set objectives? Plan out a timeline for when things need to be done by in order to achieve each objective. This will also affect the timeframe of your advocacy.

**With this in mind, come up with two smart objectives, one for the short-term and one for the long-term to guide your advocacy strategy.**

Short-term objective:

To \_\_\_\_\_

Long-term objective:

To \_\_\_\_\_

## 3. IDENTIFYING YOUR TARGETS AND ALLIES

In order to develop your advocacy strategy, you need to identify those who hold the power that can help you achieve the change you want, including:

- Decision-makers who you need to influence (primary targets)
- People with influence over decision makers, some of whom may be allies (secondary targets)

- Constituents, the people who are directly affected by the situation
- Allies, those who share your aims and can help your influencing plan
- Opponents, those who will try to block the change you seek

A **power map** will help you identify your targets, as well as a broader set of stakeholders, including potential allies and opponents.

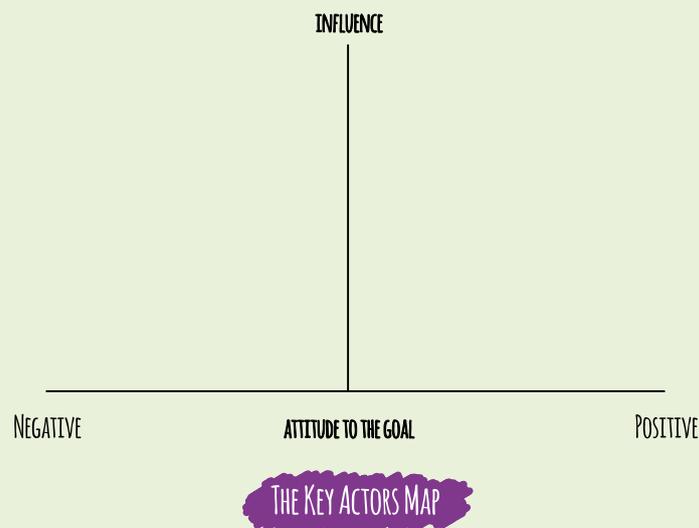
## EXERCISE 23. USING A POWER MAP TO IDENTIFY THE PEOPLE YOU NEED TO INFLUENCE AND YOUR ALLIES

### Aim

To identify the organisations and people with whom you need to engage in order to achieve your desired outcomes.

This can include:

- Your own coalition/group
- Other community groups
- Unions
- Local government
- State government (which departments or ministers?)
- Federal government (which departments or ministers?)
- Local, regional and national media
- Regional and international bodies (i.e. tax networks and UN bodies)
- Experts, academics
- Young people
- Industry



### Activity

The level of influence and attitudes of each of the key actors can be analysed using a power map. This is a simple matrix with a horizontal and vertical axis (see above). The vertical axis indicates the level of influence or power each person/organisation has to help you achieve your goal. Those with the most power or influence are placed at the top of this axis. The horizontal axis indicates whether people/groups support or oppose your specific objectives. Those most opposed to your desired changes are placed to the left, and those in support of your objectives are at the right.

**Step 1:** Identify the individual/organisation holding the most influence in terms of delivering your desired outcome (your goal). Place them on the power map, according to how much influence and how supportive of your advocacy goals they are.

**Step 2:** Place other individuals/organisations in turn on the power map. Consider the relative power of the stakeholders in your advocacy. Who is closest to the key decision makers? Move them around if needed.

**Step 3:** When your map is complete, identify the two or three locations within the map where you feel your advocacy might affect the greatest influence. Are there people or organisations who hold power and who you might successfully influence or build strategic relationships with?

**Step 4:** Who are the strategic allies (with whom you share common values and a long-term basis for united work), or tactical allies (who may only be reliable allies for the duration of the campaign or a particular aspect of the issue)? What can they offer to the work? What is their expertise or strength (e.g. mobilisation, national coverage, data collection, knowledge of issues)?

## 4. IDENTIFYING KEY MOMENTS & OPPORTUNITIES

Once you have identified the focus for your advocacy, it is important to ensure you understand the spaces in the budget process for influencing change. The exercise below will help with this.

### EXERCISE 24. UNDERSTANDING OPPORTUNITIES FOR ENGAGEMENT IN THE BUDGET PROCESS

#### Aim

To identify the key moments and allies for engagement during the budget process.

Policy development processes vary across countries, depending on the form of government, the key players in the budget process, and other factors. Consequently, the strategies for affecting the policy process will also vary. In order to carry out effective budget advocacy, the most important things to consider are:

1. Timing: Understand the right moments to lobby key decision-makers and influencing different decisions.
2. Who to influence and work with: Understand who to work with and target in order to bring about the changes you seek.

#### Activity

Keeping these two points in mind, complete the table below to map out the opportunities to influence (when and how) that exist in the budget processes in your country. Use the Budget Cycle diagram in the Budget Basics Brief to support this exercise.

Outline the key stages of the budget process in your country, including dates.	
What spaces exist for engagement by CSOs/unions at each of these stages?	
What, if any, previous work have you/your coalition/network done at the different stages of the budget cycle?	
Who are your allies?	
Are there groups (i.e. some parliamentarians) who are sympathetic to your cause? If so who are they?	

#### Adapting the exercise for a workshop setting

- In small groups or in plenary, write each stage of the budget cycle on a piece of card and place the cards in order, creating your budget cycle. Write the names of the months in the appropriate places.
- For each stage of the budget cycle, ask participants to note down on post-it notes the spaces that exist for engagement by CSOs/unions. Use one post-it note per space and place these at the appropriate stages on the budget cycle.
- In your groups or in plenary discuss the possible allies you might have in the process and write these on post-it notes (ideally of a different colour to those used above). If you find that some of these allies correspond to particular stages in the budget cycle you can place them appropriately, otherwise just place them in the centre of the image.
- Once you have added your main allies, you can also add sympathetic groups to your visual.
- Review and discuss in plenary.

## 5. ASSESSING YOUR RESOURCES

As part of your advocacy planning process, you will need to do an analysis of the external environment and of your resources (people, skills, knowledge, and budget), for example through a SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis.

### EXERCISE 25. CARRYING OUT YOUR OWN SWOT ANALYSIS

#### Aim

To assess the internal and external factors that may help or hinder your advocacy work.

#### Activity

A SWOT analysis can be used to assess the internal and external factors that may help or hinder your advocacy work enabling you to refine your goals, objectives, and activities. Some of the internal strengths may well counteract the external threats, and some of the external opportunities may mitigate the weaknesses.

Complete the table below by brainstorming the external and internal factors that will impact your advocacy strategy:

- Thinking about your internal capacity and resources, identify the 2-3 most important strengths and weaknesses.
- Thinking about the external situation, identify the 2-3 most important opportunities and threats.
- Then rate how important each is for your strategy on a scale of 1-5 (1 = very important).
- Outline the implications of the SWOT analysis for your advocacy strategy, considering the following questions:
  - How can we build on our strengths to further our strategy?
  - What must be included in our strategy to minimise our weaknesses?
  - What must be included in our strategy to take full advantage of the opportunities?
  - What must we do to reduce the impact of the threats?

	POSITIVE	NEGATIVE
<b>INTERNAL</b>	<b>Strengths</b> <i>(Useful skills or resources that might help you achieve your advocacy achieve its aims.)</i> <ul style="list-style-type: none"> <li>• Strength:</li> <li>• Score:</li> <li>• Strength</li> <li>• Score:</li> </ul>	<b>Weaknesses</b> <i>(A lack of internal skills or resources which might prevent you achieving your advocacy aim.)</i> <ul style="list-style-type: none"> <li>• Strength:</li> <li>• Score:</li> <li>• Strength</li> <li>• Score:</li> </ul>
<b>EXTERNAL</b>	<b>Opportunities</b> <i>(Factors external to your organisation which might help you achieve your aims)</i> <ul style="list-style-type: none"> <li>• Opportunity:</li> <li>• Score:</li> <li>• Opportunity:</li> <li>• Score:</li> </ul>	<b>Threats</b> <i>(Factors external to your organisation which might prevent you achieving your aims)</i> <ul style="list-style-type: none"> <li>• Opportunity:</li> <li>• Score:</li> <li>• Opportunity:</li> <li>• Score:</li> </ul>

#### Adapting the exercise for a workshop setting

- Follow the steps above but use post-it notes or pieces of card to write the strengths, weaknesses, opportunities and threats on. That way they can be easily moved or removed, which means there is room for disagreement, discussion and negotiation and the tree can be gradually co-created taking everyone's views into account.

## 6. DECIDING ON YOUR MESSAGING AND STRATEGY

Once you have agreed your advocacy objective/s and key targets, you will need to agree on your message or 'ask', outlining the change that you want to achieve. Your advocacy 'ask' will

be developed from the recommendations that emerge from your education financing research. Ideally, you will have one or two key messages that are relevant to all stakeholders. Other more specific messages can then be decided upon later for each of your key targets.

### EXERCISE 26. DECIDING ON YOUR ADVOCACY MESSAGE

#### Aim

To agree a clear message for your education financing advocacy work.

#### Activity

Remember the advocacy objectives and key targets identified earlier in this module:

- What is the change you want to see (your advocacy objective)?
- What evidence did you gather about the problem and solution?
- Who can help you achieve the change you want (key targets)?

Based on these, what is the message you want to send?

**REMEMBER** – A good message is simple, solution focused, practical and reasonable, evidence-based, appropriate for the audience, and personal. *Think about: Why should they care? What can change? What can they do*

**It's important also to think about the different approaches needed for different audiences:**

**A full brief** is useful for you and your team, and can be used for those who are really interested and involved. It should include:

- What the problem is and how it can be changed.
- Evidence.
- Why change is important.
- What is being done and can be done to make the change happen.
- What specific actions need to be taken.

**A short message** to get your message across quickly (in less than one minute) to people who might be interested. Include:

- What the problem is and how it can be changed.
- What you want from the person you're speaking to.

**Adapted messages** for your specific audiences. Find ways to link the interests of the people you want to influence.

#### Adapting the activity for a workshop setting

- In addition to the exercise above you might like to use role play within the group to explore different messages and their impact.
- In small groups, participants decide on an advocacy message.
- One member of the group takes on the role of an education minister, for example, and another takes the role of the lobbyist, trying to convey the message as clearly and persuasively as possible.
- To add to the fun, you could do this in the style of an 'elevator pitch' which means your lobbyist only has 60 seconds to convince the minister.
- Repeat the exercise with different characters, adapting your message accordingly.

The various messages chosen by the different groups should then be written down. Participants can then vote on the best one, or perhaps combine elements of two or more of the messages to create the final advocacy message.

*Adapted from An Advocacy Toolkit: The Education We Want (Plan International, 2014)*

Every advocacy plan will be different, but most will contain a combination of the following strategies:

- **Research:** Using existing research, linking up with research institutions, or carrying out participatory/citizen-led research to build evidence for your lobbying and campaigning (see previous modules).
- **Lobbying:** working with rights holders and coalitions to influence decision makers on a particular issue in order bring about policy change. This might be by sharing views in a government consultation, participating in conferences and public meetings, engaging in face-to-face meetings, or in written or telephone communications. Any lobbying strategy should be backed by thorough research. It's important that the lobbyist knows their subject and is clear who is being targeted and how to reach them. Lobbying can bring improved legislation and more effective enforcement. Unlike campaigning, which aims to reach large numbers of activists or the general public, lobbying aims to reach a small number of key decision-makers on a specific issue. Lobbying does not only happen at national level. For example, at local level community members may lobby local government representatives to support their calls for policy change.
- **Campaigning and mobilisation:** targeting the wider public and communities to create awareness, empower them, strengthen their engagement around an issue that is important to them and work together to put pressure on decision makers to bring about change. Campaigning tactics might include rallies and marches, public stalls and exhibitions, high profile stunts, music or drama performances, public meetings, non-violent direct action, talks and presentations, petitions, social media interaction.
- **Mass communications:** using media to raise awareness and change attitudes. Using the media can be an effective way to get your voices heard, build support for a case and put pressure on those who have power to bring about change. In order to achieve an impact, it's important to be clear about what audiences you are targeting, why you want to reach them and which channels or mediums are most appropriate in each case. Mobile and social networking will be key for some audiences but letter writing, radio or TV may reach others.



School children raise their umbrellas to symbolise the protection that education can offer children fleeing conflict at a rally in Spain, 2016. Image courtesy of Campaña Mundial por a la Educación España.

## EXERCISE 27. CHOOSING YOUR TACTICS AND PLANNING FOR ACTION

### Aim

To think about what actions you need to take to achieve the change you want to see. What combination of lobbying, campaigning and mass media work might be needed?

### Activity

Think about what needs to be done to achieve your objective:

**Step 1:** Write your objective on a piece of paper.

**Step 2:** Think about what needs to happen for this objective to be achieved. Write down each answer and place these to the left of the objective. These are your outcomes.

**Step 3:** Think about who you need to influence in order to achieve your outcomes. How could you influence them? What actions do you need to take? Place these to the left of your outcomes.

**Step 4:** Continue the process until you have a detailed map of the different pathways you could take.

**Step 5:** Which of these pathways do you think would be the most effective and realistic?

**Step 6:** You can now add a timeline – work backwards from your objective – what needs to happen and when?



**Step 7:** Once you have completed your flow chart you can use this information to complete your advocacy plan, which might look like this:

Objective:

OUTCOME	ACTION	BY WHOM	BY WHEN	RESOURCES REQUIRED	RISKS

### Adapting the activity for a workshop setting

- Follow the steps above but use large pieces of paper or card to write each outcome and action on. That way they can be easily moved or removed, which means there is room for disagreement, discussion and negotiation and the flow chart can be gradually co-created taking everyone's views into account.
- The same cards can then be moved to create the matrix. Add new cards for people, dates, resources, etc.

*Adapted from An Advocacy Toolkit: The Education We Want (Plan International, 2014)*

## 7. DEVELOPING A MONITORING AND EVALUATION FRAMEWORK

It's important to develop a monitoring and evaluation framework as part of your advocacy plan, with clear objectives, outcomes, indicators and baseline information. This will ensure that you are able to:

- learn from experience
- adapt plans to respond to events
- improve the effectiveness of future work
- be accountable to communities and other stakeholders
- report to funders and partners
- share learning with other organisations
- ensure that resources are used effectively.

Reviewing advocacy success can be particularly difficult. Often the results are intangible, timescales lengthy, and the causes of any policy change may be unclear and difficult to attribute to any one organisation. There are three different stages to effective policy change and your monitoring and evaluating will need to assess progress on all three:

1. Getting the issue on the agenda
2. Achieving policy change
3. Achieving change in practice

### EXERCISE 28. THINKING ABOUT THE INFORMATION YOU NEED TO MONITOR

#### Aim

To identify the information to be monitored during the advocacy process.

#### Activity

Draw up a list of the information you think you might need to monitor during the course of your advocacy work. This might include:

- record of activities that have been implemented
- record of lobbying meetings and communications with targets
- significant communications received
- use of advocacy materials, reports, arguments, etc.
- coalition development
- partnership development (e.g. capacity building)
- advocacy materials produced and distributed
- public speaking engagements on the issue
- media monitoring (press releases sent out, media coverage, etc.)
- mass campaign events or activities, e.g. petitions
- any changes in your target's actions, opinions or attitudes
- any policy changes on your issue.

For each type of information on your list identify the possible source of information. These might include reports, surveys, evaluation forms, statistics, observations, consultations, audits, the media.



Young people in Ethiopia campaigning for lifelong learning opportunities. Image courtesy of Basic Education Network Ethiopia (BEN-E).

## 8. MOVING FORWARD

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The purpose of this module has been to bring everything you have learned through the financing toolkit together, to get you to focus in on a specific problem area and to start to think about how to build your advocacy strategy.

Based on advocacy planning cycle at the beginning of this module, and on the work carried out during the various exercises, you should now be in a position to develop a concrete strategy including the following elements:

- Goal & objectives
- People you want to influence – targets, allies and opponents
- Advocacy messages and methods
- Activity plan including timing, responsibilities, budget and resources needed
- Risks and how to mitigate them
- Monitoring and evaluation framework



The backdrop for the Global Campaign for Education's Fifth World Assembly, 2015. Image courtesy of David Philip/Global Campaign for Education.



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# ANNEX 1: NOTES AND RESOURCES FOR EXERCISE 9

The table below highlights the following information about revenue collection and spending on education in GCE member countries:

- Tax revenues collected as a % of GDP (orange column)
- The % share of GDP allocated to education (purple column)
- The % share of the total government budget that is allocated to education (green column).

COUNTRY	TAX AS % OF GDP – LATEST AVAILABLE DATA YEAR IN 2014–15	SHARE OF GDP TO EDUCATION IN 2014 (%)	SHARE OF BUDGET TO EDUCATION 2014 (%)
Afghanistan	7.0	4.27	12.45
Albania	20.7	3.5	12.12
Angola	25.0	3.46	8.32
Armenia	20.10	2.79	10.68
Bangladesh	10.30	1.93	11.73
Belarus	23*	4.8	12.45
Belize	23.30	6.09	22.29
Benin	14.50	5.02	20.67
Bhutan	13.00	5.57	19.85
Bolivia	27.34	6.71	16.85
Brazil	24.65	5.91	17
Burkina Faso	15.70	4.16	15.21
Burundi	12.30	5.77	19.83
Cambodia	13.00	2.36	12.8
Cameroon	13.20	3.01	15.38
Cabo Verde	19.10	6.2	16.75
Central African Republic	9.90	2.3	8.62
Chad	12.70	2.85	12.46
Chile	17.10	4.56	19.07
Colombia	17.75	3.48	13.29
Comoros	12.60	4.89	18.49
Congo, Democratic Republic of the Congo	10.40	3.52	18.08
Congo, Republic of	28.68	5.98	12.98
Côte d'Ivoire	15.70	5.18	20.41
Dominican Republic	13.80	4.33	23.53
Ecuador	14.5**	4.87	15.67
El Salvador	14.73	3.52	14.76
Ethiopia	12.90	4.49	23.05
Fiji	24.8	5.69	15.70
Georgia	25.0	1.98	9.27
Ghana	16.9	4.97	18.29
Guatemala	10.3	3.22	22.95
Guinea-Bissau	9.2	2.74	14.25
Guyana	24.0	4.82	14.96
Haiti	13.5	3.72	11.97
India	16.7	2.95	11.85
Jamaica	23.70	4.9	14.56
Jordan	16.50	3.96	12.67
Kenya	17.90	5.12	16.8

COUNTRY	TAX AS % OF GDP – LATEST AVAILABLE DATA YEAR IN 2014–15	SHARE OF GDP TO EDUCATION IN 2014 (%)	SHARE OF BUDGET TO EDUCATION 2014 (%)
Kiribati	14.80	15	15.23
Kyrgyz Republic	20.00	6.47	24.97
Lesotho	25.90	7.94	13.5
Liberia	18.5	3.5	14.92
Madagascar	9.9	3.18	23.73
Malawi	16.3	6.82	16.74
Mali	16.7	4.82	20.82
Moldova	20.90	6.87	17.11
Mongolia	17***	4.2	15.07
Mozambique	21.50	7.19	17.53
Nepal	17.60	4.2	18.46
Nicaragua	14.70	4.29	23.67
Niger	17.20	6.96	18.31
Nigeria	4.30	1.61	6.54
Pakistan	11.2	1.74	6.56
Papua New Guinea	22.0	5.15	13.41
Paraguay	13.1	4.48	10.92
Peru	16.7	3.13	15.33
Rwanda	15.4	4.61	15.16
Samoa	23.3	6.6	17.01
São Tomé and Príncipe	15.0	5.91	13.04
Senegal	19.5	6.3	22.02
Sierra Leone	9.1	2.62	15.13
Solomon Islands	28.4	12.07	22.77
South Africa	27.4	5.99	23.68
Sri Lanka	11.4	1.65	7.89
Swaziland	28.0	6.61	19.89
Tajikistan	21.0	5.41	17.80
Tanzania	20.5	5.2	17.14
Timor Leste	N/A	3.25	8.7
Togo	16.8	5.26	16.62
Uganda	12.5	2.63	13.57
Vanuatu	15.9	5.3	24.75
Vietnam	17.5	4.18	17.01
Yemen	8.9	N/A	N/A
Zambia	13.4	5.17	20.17
Zimbabwe	26.4	8.72	25.42

Many resource rich countries which rely on royalty payments from the extractive industries (such as oil and gas) collect a much larger share of its revenue through non-tax revenues. It may, therefore, be more appropriate to also analyse the percentage of revenue overall, as well as the tax-to-GDP ratio in these cases. This includes the following countries from the above list:

\*Belarus: in 2015 the percentage of overall revenue-to-GDP was 41% compared to only 23% for tax-to-GDP.

\*\*Ecuador: in 2015 the percentage of revenue-to-GDP was 38%, more than double the tax-to-GDP ratio of 14.5%.

\*\*\*Mongolia: in 2015 the percentage of revenue-to-GDP revenue was 27% compared to the tax-to-GDP ratio of 17%.

See section 3 in Module 3 of toolkit for more information.

The numbers can be found in the latest IMF World Economic Survey:  
<https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx>

## RESEARCHING DATA FOR YOUR COUNTRY

While we have supplied figures for all GCE coalitions above, numbers change over time, and you might therefore want to look for more updated data. If this is the case, or if your country is not included in the list, try using the sources listed below, which were used to gather the data in the table:

Data on **tax and revenue ratios**:

1. Development Finance International and is based mainly on three different sources:
2. OECD data (for any OECD countries)
3. IMF data and 'Article IV' country reports
4. World Bank (however, this can be out of date and sometimes only captures multiple years), available here: <http://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>

You can also find your own data at national level through the office of national statistics and/or in budget documents. Further, the Heritage Foundation Index of Economic Freedom for 2015 includes a list of country-by-country macro-economic data. This is available here: <http://www.heritage.org/index/explore?view=by-variables>.

Data on **education as a share of budget and/or a percentage of GDP** was

based on two different sources:

1. Government Spending Watch data for 2014. Available here: <http://www.governmentspendingwatch.org/spending-data>
2. UNESCO Institute of Statistics (UIS) also has data on countries spending as % GDP and % government budget; however, this tends to be a few years out of date. This can be accessed via [http://data.uis.unesco.org/?ReportId=184&IF\\_Language=eng#](http://data.uis.unesco.org/?ReportId=184&IF_Language=eng#)

# ANNEX 2: FURTHER READING

## BUDGET WORK, ANALYSIS AND TRACKING

- **International Budget Partnership (2015); *Open Budgets. Transform Lives (video)*.** Three IBP partners share their compelling stories of how they used budget analysis and monitoring to improve government spending and policies to help the poorest and most marginalised people in their country. <https://www.youtube.com/watch?v=PkNVY5hN4Mw>
- **International Budget Partnership (2012); *A Citizen's Guide to Understanding and Using Inflation for Budget Analysis (video)*.** Video guide that uses pictures, numbers, animations and narration to explain the basics of inflation, and how to do various calculations using inflation. [www.inflationguide.org](http://www.inflationguide.org)
- **International Budget Partnership (2010); *Guide to Transparency in Government Budget Reports: Why are Budget Reports Important and What Should They Include?*** <http://www.internationalbudget.org/publications/guide-to-transparency-in-government-budget-reports-why-are-budget-reports-important-and-what-should-they-include/>
- **Commonwealth Education Fund (2009); *A Budget Guide for Civil Society Organisations Working in Education*.** Guide focusing on the practical skills and information needed to undertake budget analysis. <http://www.campaignforeducation.org/docs/csef/CEF%20Budget%20Guide%20for%20CSOs.pdf>
- **ASPBAE (2010); *Education Watch Toolkit; Module 3 – Education Budget Tracking*** [http://www.aspbae.org/sites/default/files/pdf/EdWatch%20Tool%20Kit\\_3\\_Budget%20Tracking.pdf](http://www.aspbae.org/sites/default/files/pdf/EdWatch%20Tool%20Kit_3_Budget%20Tracking.pdf)
- **ASPBAE (2010); *Follow the Budget Trail: A Guide for Civil Society*** <http://www.aspbae.org/sites/default/files/pdf/Budget%20Tracking%20Tool%20Kit.pdf>
- **V. Ramkumar (2008); *Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditures*.** Extensive guide for detailed analysis of the way budget systems work. <http://www.internationalbudget.org/wp-content/uploads/Our-Money-Our-Responsibility-A-Citizens-Guide-to-Monitoring-Government-Expenditures-English.pdf>
- To learn more about what should be in each of the official budget documents, look at the **Open Budget Survey** results for your country: <http://internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/>

## TAX AND EDUCATION

- **ActionAid (2016); *Mistreated: The Tax Treaties that are Depriving the World's Poorest Countries of Vital Revenue*.** [http://www.actionaid.org/sites/files/actionaid/actionaid\\_-\\_mistreated\\_tax\\_treaties\\_report\\_-\\_feb\\_2016.pdf](http://www.actionaid.org/sites/files/actionaid/actionaid_-_mistreated_tax_treaties_report_-_feb_2016.pdf)
- **ActionAid (2015); *Levelling Up: Ensuring a Fairer Share of Corporate Tax for Developing Countries*.** [https://www.actionaid.org.uk/sites/default/files/publications/levelling\\_up\\_final.pdf](https://www.actionaid.org.uk/sites/default/files/publications/levelling_up_final.pdf)
- **Christian Aid (2014); *Taxing Men and Women: Why Gender is Crucial for a Fairer Tax System*.** <http://www.christianaid.org.uk/images/taxing-men-and-women-gender-analysis-report-july-2014.pdf>
- **Education International (2014); *Tax Justice: A Resource Guide for Education Unions*.** [http://download.ei-ie.org/Docs/WebDepot/TaxJustice\\_EN.pdf](http://download.ei-ie.org/Docs/WebDepot/TaxJustice_EN.pdf)
- **Global Campaign for Education (2013); *A Taxing Business: Financing Education For All Through Domestic Resources*.** [http://www.campaignforeducation.org/docs/reports/GCE\\_A%20TAXING%20BUSINESS.pdf](http://www.campaignforeducation.org/docs/reports/GCE_A%20TAXING%20BUSINESS.pdf)
- **ActionAid (2013); *Sweet Nothings: The Human Cost of a British Sugar Giant Avoiding Taxes in Southern Africa*.** This report calculates how British sugar giant Associated British Foods has dodged a Zambian tax bill big enough to put 48,000 children in school a year. [http://www.actionaid.org/sites/files/actionaid/sweet\\_nothings.pdf](http://www.actionaid.org/sites/files/actionaid/sweet_nothings.pdf)

- **ActionAid (2013); Tax Justice: The Domestic Perspective.** [https://www.actionaid.org.uk/sites/default/files/publications/nds\\_report\\_-\\_final\\_version.pdf](https://www.actionaid.org.uk/sites/default/files/publications/nds_report_-_final_version.pdf)
- **Africa Progress Panel (2013); Equity in Extractives: Stewarding Africa's Natural Resources for All.** [http://www.africaprogresspanel.org/wp-content/uploads/2013/08/2013\\_APR\\_Equity\\_in\\_Extractives\\_25062013\\_ENG\\_HR.pdf](http://www.africaprogresspanel.org/wp-content/uploads/2013/08/2013_APR_Equity_in_Extractives_25062013_ENG_HR.pdf)
- **Tax Justice Network-Africa and ActionAid (2012); A Race to the Bottom: East Africa Tax Competition:** [http://www.actionaid.org/sites/files/actionaid/eac\\_report.pdf](http://www.actionaid.org/sites/files/actionaid/eac_report.pdf)
- Visit the **Tax Justice TV You Tube** site to learn more on various issues: [https://www.youtube.com/playlist?list=PLPle\\_vPYGn5y3Bdu-oTwrPvymMtXQI2TS](https://www.youtube.com/playlist?list=PLPle_vPYGn5y3Bdu-oTwrPvymMtXQI2TS)
- **ActionAid (2011); Just and Democratic Local Governance Budgets: Revenues and Financing in Public Services Provision.** An excellent resource for those exploring how to do more local planning and national analysis. [http://www.actionaid.org/sites/files/actionaid/budgets\\_-\\_revenues\\_and\\_financing\\_public\\_service\\_provision\\_-\\_hrba\\_governance\\_resources.pdf](http://www.actionaid.org/sites/files/actionaid/budgets_-_revenues_and_financing_public_service_provision_-_hrba_governance_resources.pdf)
- **Eurodad (2011); Exposing the lost billions: How financial transparency by multinationals on a country by country basis can aid development.** Overview of how the cross-border nature of multinational companies' operations combined with the absence of adequate transparency regulations have damaging implications for a country's ability to mobilise domestic resources. [http://eurodad.org/uploadedfiles/whats\\_new/reports/cbc\\_report.pdf](http://eurodad.org/uploadedfiles/whats_new/reports/cbc_report.pdf)

## EQUITABLE FINANCING

- **UNICEF (2015); The Investment Case for Education and Equity.** [http://www.unicef.org/publications/files/Investment\\_Case\\_for\\_Education\\_and\\_Equity\\_FINAL.pdf](http://www.unicef.org/publications/files/Investment_Case_for_Education_and_Equity_FINAL.pdf)
- **Save the Children (2014); More is Not Enough: Achieving Equity in Domestic Education Financing.** <https://www.reddbarna.no/om-oss/english/international-reports>
- **Alemayehu & Watkins (2012); Financing for a Fairer, More Prosperous Kenya: A Review of the Public Spending Challenges and Options for Selected Arid and Semi-Arid Counties (pp. 77-79).** This report provides useful conclusions on how to promote more equitable education spending. <http://www.brookings.edu/~media/research/files/reports/2012/8/08-financing-kenya-watkins.pdf>
- **Education for All Global Monitoring Report (2010); Reaching the Marginalized.** <http://unesdoc.unesco.org/images/0018/001866/186606E.pdf>
- **Tax Justice Network website.** Has a section dedicated to inequality and democracy. <http://www.taxjustice.net/topics/inequality-democracy/>
- **The Commitment to Equity (CEQ) website;** Carries out benefit incidence analysis in a number of countries. <http://www.commitmenttoequity.org/publications/index.php>
- **Global Education Monitoring Report's World Inequality Database on Education (WIDE).** Information about education inequality in different countries. [www.education-inequalities.org](http://www.education-inequalities.org)
- Read more about benefit incidence analysis Ghana in this 2009 report from the **Integrated Social Development Centre – Benefit Incidence Analysis for the Education, Health and Water Sector in Ghana:** <http://www.isodec.org.gh/publications/ISODEC%20BIA%20Final%20Report.pdf>

## AID TO EDUCATION

- **Global Campaign for Education (2015); Education Aid Watch.** Publications about aid to education and recent aid trends. [http://www.campaignforeducation.org/docs/reports/Education%20Aid%20Watch\\_2015\\_EN\\_WEB.pdf](http://www.campaignforeducation.org/docs/reports/Education%20Aid%20Watch_2015_EN_WEB.pdf)
- **Global Partnership for Education website:** <http://www.globalpartnership.org>

## PRIVATISATION

- **The GCE website** contains resources for civil society education coalitions working on the issue of privatisation: <http://campaignforeducation.org/en/resources#PRIV>
- **Private Profit, Public Loss: Why the push for low-fee private schools is throwing quality education off track** – forthcoming (to be available from the link above); September 2016.

## ADVOCACY AND CAMPAIGNING

- **ActionAid (2016); Tax Power Campaign Reflection-Action toolkit.** <http://www.actionaid.org/publications/tax-power-campaign-reflection-action-toolkit>
- **Plan International (2014); An Advocacy Toolkit: The Education We Want.** A youth advocacy toolkit. <https://plan-international.org/advocacy-toolkit>
- **International Budget Partnership (2013); Stratified Advocacy: Models and Tactics for Working Across Different Levels of Governments.** Brief outlining how different approaches to budget advocacy at different decentralised levels might work. [http://internationalbudget.org/wp-content/uploads/Stratified\\_Advocacy.pdf](http://internationalbudget.org/wp-content/uploads/Stratified_Advocacy.pdf)
- **Christian Aid (2011); Tax Justice Advocacy: A Toolkit for Civil Society; wealth of information on planning and developing a tax justice advocacy strategy.** <http://www.taxjusticetoolkit.org/>
- **UN OHCHR (2010); Human Rights in Budget Monitoring, Analysis, and Advocacy; Training Guide.** A practical tool to empower civil society and build state institutional capacity in public policy and budget monitoring, from a human rights based approach. <http://www.internationalbudget.org/wp-content/uploads/Human-Rights-in-Budget-Monitoring-Analysis-and-Advocacy-Training-Guide.pdf>
- **ActionAid International and Education International's Toolkit on Education Financing (2009).** Aims to help you build a strong campaign on education financing adapted to your own unique national context. [http://download.ei-ie.org/Docs/WebDepot/EI-ActionAid\\_Toolkit.pdf](http://download.ei-ie.org/Docs/WebDepot/EI-ActionAid_Toolkit.pdf)
- Capacity building workshop materials from the **International Budget Partnership; Civil Society Budget Work: Using Budgets to Achieve Impact:** <http://www.internationalbudget.org/capacity-building/capacity-building-materials/civil-society-budget-work-using-budgets-to-achieve-impact/>

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- Exercise 2.** Understanding your country's budget p36
- Exercise 3.** Key questions to answer when starting budget work p37
- Exercise 4.** Identifying issues around the share of the budget for education p42
- Exercise 5.** Budget analysis – how to compare spending on different sectors p44
- Exercise 6.** Budget analysis: calculating the real amount allocated to education over time p49
- Resources:
- Commonwealth Education Fund Budget Guide (2009)  
<http://www.campaignforeducation.org/docs/csef/CEF%20Budget%20Guide%20for%20CSOs.pdf>
- Exercise 7.** Budget analysis: calculating the share of the budget allocated to education over time p50
- Resources:
- Commonwealth Education Fund Budget Guide (2009)  
<http://www.campaignforeducation.org/docs/csef/CEF%20Budget%20Guide%20for%20CSOs.pdf>
- Exercise 8.** Making the case for working on tax justice p63
- Resources:
- ActionAid's Tax Power Reflection-Action Toolkit (ActionAid, 2015b):  
[http://www.actionaid.org/sites/files/actionaid/tax\\_power\\_reflection-action\\_toolkit\\_-\\_mar\\_2016.pdf](http://www.actionaid.org/sites/files/actionaid/tax_power_reflection-action_toolkit_-_mar_2016.pdf)
- Exercise 9.** Is your country committing enough revenue to education? p68
- Exercise 10.** Highlighting the loss of revenue through corporate tax dodging p76
- Resources:
- *Sugar manufacturer Associated British Foods avoids paying corporate tax in Zambia* – the Guardian website, Feb 2013  
<http://www.theguardian.com/business/video/2013/feb/09/associated-british-foods-avoids-corporate-tax-zambia-video>
  - ActionAid International, *The Power of Tax*  
<https://youtu.be/ijtOErKjPMg>
  - ActionAid International, *Power of Tax: Tax Pays For Girls' Education*  
<https://www.youtube.com/watch?v=lc7BPUP87w8>
  - ActionAid's Tax Power Reflection-Action & Tax toolkit  
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- Exercise 18. Deciding on your area of focus and identifying key issues p123
- Exercise 19. Carrying out your own Problem Tree analysis p125
- Exercise 20. Carrying out your own Solution Tree analysis p127
- Exercise 21. Identifying your advocacy goal p128
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- Exercise 25. Carrying out your own SWOT analysis p132
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- Exercise 27. Choosing your tactics and planning for action p135
- Exercise 28. Thinking about the information you need to monitor p136

