GLOBAL CAMPAIGN FOR
EDUCATION
www.campaignforeducation.org

Global Campaign for Education

Briefing paper on key priority areas informed by the Strategic Plan 2023-2027
Education Financing

1. Background

All States are responsible for ensuring the right to education for all and in doing so they must provide adequate and sustainable public funding for education. This key obligation is enshrined in several binding human rights instruments and stressed by the 2030 Education Agenda, which includes the call for all governments to allocate the maximum of available resources to education. Holding governments to account for the upper end of the financing benchmarks outlined by the international law and political frameworks requires continued advocacy to ensure that education remains a budget priority and that education budgets align with the 4S scheme: share, size, sensitivity, and scrutiny[1].

The lack of education financing is due to multiple factors and has worsened due to various causes, such as the prevalence of regressive tax systems, over-indebtedness, privatization, and weak international cooperation to low-income countries. Behind those causes remains the idea that education is not a right that must be ensured. In fact, the estimation of the annual financing gap to reach SDG4 in low and lower middle-income countries is $148 billion[2], but this estimation may vary according to different sources, so the gap could be even worse.

Responding to current demands, education has been increasingly privatized worldwide, detrimental to education equity: it is estimated that 350 million children are enrolled in education provided by non-state actors (GEM 2021/22). In Western and Northern Europe, it is common for privately controlled higher education establishments to receive at least 50% of their funding from public sources. In Finland, Iceland, and the United Kingdom, all privately controlled establishments receive at least 50% of their funding from the public sector (OECD, 2020)[3]. Privatization in general deprives the state of its governing role in the education system, granting illegitimate powers to private actors and in cases in which private provision is also commercialized, forces families to pay for a service that should be free.

Lines between public and private education are increasingly blurred, and monitoring of privatization, private education providers' services, and their impact is weak.

[1] The GCE's "Financing Matters. A Toolkit on domestic financing for Education" provides a comprehensive explanation of the 4S scheme, including the sensitivity of the education budget.

[2] https://www.developmentaid.org/api/frontend/cms/file/2020/09/374163eng.pdf

[3] Global Monitoring Report, Non-state actors in educaiton2020/2021, Paris, 2020, p. 175.

On average, the poorest quintile of students only benefits from 16% of public funding for education, compared to the richest quintile, which benefits from 28%. Among low-income countries, only 11% of public funding for education goes to students from low-income families, while 42% goes to the richest.

In the last decade, public spending on education has been more equitable in 60% of the countries for which data are available.

However, almost 30% of the countries allocate less than 15% of public education resources to students from the poorest households. Among low-income countries, this percentage is alarmingly high, reaching 80% of countries. Furthermore, in 1 of 10 countries, students from the richest households receive four or more times the funds from public spending on education, compared to students from the poorest households[4].

Calls for education in emergencies often receive only 10-30% of the amounts needed, with significant disparities between countries and regions[5].

At least 69 million more teachers are needed by 2030 to achieve the sustainable development goal on education, yet around the word existing teachers face low pay and deteriorating conditions, affecting the status of the profession. There is a clear common cause uniting low pay and teacher shortages – both arise from decades of squeezed public funding, triggered most directly by the imposition of public sector wage bills constraints. Whether imposed by the International Monetary Fund (IMF) or by Ministries of Finance who adhere to the same neoliberal ideology and economic policy, public sector wage bill cuts and freezes have become a central flagship of wider austerity policies. Teachers are the largest single group on most public sector payrolls, so constraints on the overall wage bill disproportionately impact teachers, pushing down their pay and blocking new recruitments. Instead, a government can choose to raise tax revenues progressively rather than cut spending. Indeed, the IMF estimates that most countries could increase their tax to GDP ratios by five percentage points between now and 2030[6].

2. The GCE Strategic Plan (2023-2027)

Education financing has been a GCE advocacy priority since its foundation. We continue to work with a myriad of partners on all continents to advance the realization of this state central obligation.

GCE supports global funds to finance education, including the Global Partnership for Education (GPE) and Education Cannot Wait (ECW), and we exercise critical oversight of the World Bank, the International Monetary Fund, and private actors engaged in international governance of

[4] UNICEF. Transforming education with equitable financing. New York, 2023

[5] Ibidem

[6] Education International & Action Aid. Education versus Austerity. Why public sector wage bill constraints undermine teachers and public education systems – and must end. June 2022.

education. These actions are complemented by other important initiatives on capacity building and communications and by the implementation of a long-time campaign on education financing (One Billion Voices Campaign), in response to the mandate received from the GCE World Assembly.

The GCE Strategic Plan contemplates Education Financing as one of the worldwide joint advocacy actions needed to address key barriers that hinder the progress of education.

GCE's empirical research on education financing has contributed to inform the strategic plan as well as global and national thinking on education financing and transformation. Strategic activity includes crucial topics, such as budget tracking, debt servicing on education financing, resource mobilization, tax justice and other publicly led solutions, accountability for education investments and aid and privatization.

The GCE Strategic Plan asks governments and decision-makers at all levels to:

- Invest in public education to the maximum of their available resources and by increasing the share, size and scrutiny of their education budgets as well as making public investments in education sensitive to the needs of the most disadvantaged individuals and communities. This needs to be done with both resources from the national budget and international aid. This should involve:
    i. Increasing domestic resources for education through Fairer Taxation
    ii. Sustainably use available National Resources
    iii. Ensuring Equitable Spending of Education Resources
    iv. Ensuring Transparency and Accountability in Collecting and spending revenues

- Secure financial resources to enable lifelong education and learning emphasizing filling gaps in early childhood education, education for out-of-school adolescents and youth, and adult learning
- Set legally anchored funding targets for education, education improvement and development assistance and implement plans for how to achieve established targets
- Secure financial resources to provide education for all in contexts of emergency.

GCE offers its support to Governments to help achieve these asked for goals.

3. Critical challenges

Sustainable Development Goal 4 cannot be realized by 2030 without a significant and well-targeted increase in financing, particularly in those countries furthest from achieving quality education for all at all levels.

It is well known that if one percentage point were increased in the allocation of resources for public education, this fundamental right would be guaranteed to 35 million children of primary school age throughout the world. Therefore, the 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 is very urgent. International standards also call on developed countries to achieve the target of 0.7 per cent of gross national product (GNP) for ODA to developing countries[7].

The Transforming Education Summit adopted a comprehensive approach to the most pressing problems in education financing, calling to mobilize more resources, to increase equity and efficiency of investments on education and to build stronger and accurate education financing data and accountability.

The limited progress in this area requires greater efforts to overcome the colonial relations that continue to weigh on developing countries related to public financing.

Unfortunately, colonial legacy continues to misrepresent the nature of financial problems, leading to believe that the scarcity of resources is attributable to the lack of people's capacity to solve their national problems, for which international aid is frequently proposed as a panacea to domestic budgeting, thus hiding the business ambitions and political domination behind it.

The GCE insist that international aid and cooperation are not called upon to define the contents of public policy in developing countries and that one of the main challenges of our days is to strengthen national budgets, for which it is necessary to transform the finance agenda by adopting a global compact - making sure that the transformative finance agenda (which includes action on tax, debt, austerity, public sector wage bills and international aid and development assistance) frames national and global debates on financing in the coming years.

Education financing should not be disconnected from the aims of education. It is not enough to increase school budgets if this does not lead to the democratization of investment. The sensitivity of the budget is, then, a guiding element of education policies and implies prioritizing investments in those populations that have been historically excluded.

The increase in educational financing is not enough by itself to break the cycles of exclusion if it is not consciously directed at strengthening social justice through education. Education financing must have a political direction and that is why it is necessary to develop monitoring and data analytical systems to guide education policy.

The rapid expansion of privatization, owing to the deregulation and liberalization of the education sector, has led to a push towards more public-private partnerships. With a wide range of arrangements and modalities, public-private partnerships in education, linked to privatization, are becoming endemic at all levels. Lured by false propaganda, governments turn to the private sector in search of financial support, better management of education and even for running the education system. The corrosive impact of public-private partnerships in education needs careful consideration. It must not lead to public disinvestment in education to the advantage of the

[7] Incheon Declaration and Framework for Action

private sector; nor must the State relinquish responsibility for providing quality public education. It must not undermine the norms and principles of the right to education; nor must it negatively affect education as a public good. Governments should take action to secure that public-private partnerships in education are not intertwined with the commercialization of education[8].

4. Way forward

Crisis in education financing has deepened with COVID-19, so urgent action is needed by governments and development partners to deliver on existing education goals and prepare for the future. Transforming education financing will require going beyond existing commitments (4-6% of GDP and 15-20% of spending) to find universal, sustainable, and systemic solutions for mobilising more resources, increasing equity and efficiency of spending on education, and strengthening financing data and accountability[9]. Specific action on these areas was proposed by GCE during the Transforming Education Summit, looking for more and better government engagement and substantive civil society participation in decision making.

GCE should continue advocating for these aims and especially calling states and international community to account on expanding budget shares, progressive tax reforms, debt renegotiation and new debt workout mechanisms, as well as action on special drawing rights (SDRs), removing public sector wage constraints, human rights perspective on education spending, rise the share of aid, climate funding and concessional finance to 15-20%.

GCE should also claim for greater equity and efficiency in existing investments giving better opportunities to the excluded groups and linking sector planning and budgeting. Building systematic and reliable data on education spending is needed, so GCE is aiming at strengthening the Education Financing Observatory (EFO) as a key initiative for data gathering from a civil society perspective and influencing education financing policy at national and international levels.

These actions form the basis of a new g*lobal compact on education financing*, linking new domestic commitments with new international action on issues affecting education financing – to increase the share, size, sensitivity, and scrutiny of education budgets.

[8] Singh, Kishore. Report of the UN Special Rapporteur on the right to education to the General Assembly. A/79/342 26 August 2015, parag.120-122

[9] See also: UNESCO Global Monitoring Report. Policy Paper 44. How committed? Unlocking financing for equity in education.