Today, two-thirds of 10-years-olds cannot understand a simple text, and three out of four youth are off-track in obtaining the skills needed for employment. Sufficient, efficient, effective and equitable financing is critical to both support the urgent response to the ongoing global learning crisis and to enable the transformation of education systems.

There has been an overall positive trend in education financing globally over the past twenty years, yet it is far from enough.

**Adequacy?** Only two-fifths of countries meet the ‘15% of government expenditure’ threshold. Only around 10% of official development assistance (ODA) and less than 3% of humanitarian aid have been allocated to education.

**Efficiency and effectiveness?** Though there are various comparable analyses of the efficiency and level of effectiveness of education interventions, evidence from the Global South remains scarce. Wastage and uncertainty of impact lowers the willingness of spending. In many countries, public expenditure reviews reveal that spending patterns of ministries of education and education donors are not sufficiently influenced by the latest evidence.

**Equity?** Within low-income countries, the public education resources received by the richest child is nearly four times of that received by his poorest peer; between countries, there are significant disparities in the level of global support.
Increase the overall amount of resources available for education

→ Support the expansion of tax base through progressive tax reforms, and the fulfillment of 0.7% of donor’s national income on ODA.iii

→ Defend the bottom line of at least 4% of gross domestic product (GDP), 15% of total public expenditure, 15% of ODA and 4% of humanitarian spending for education.iv

→ Expand innovative financing mechanisms for education. These include (a) innovative sourcing such as climate finance, crypto financing, Global Partnership for Education (GPE) multiplier, International Finance Facility for Education (IFFEd), faith-based financing, etc. and (b) innovative spending such as debt swaps, result-based financing, public private partnerships, etc.v

Promote efficiency and effectiveness

→ Support Public Finance for Children (PF4C) to strengthen more sustainable education investments at national level.vi

→ Deepen partnerships among governments, educational actors and international agencies in improving operational capacity, and in implementing, evaluating, and scaling up effective and sustainable education programmes.vii

→ Invest in programmatic activities that are proven effective, including for example the RAPID education recovery framework:viii

  o Reach every child and keep them in school
  o Assess learning levels regularly
  o Prioritize teaching the fundamentals
  o Increase the efficiency of instruction including through catch-up learning
  o Develop psychosocial health and wellbeing

Ensure equity in spending

→ Support pro-poor budgeting to ensure at least 15% of national education expenditure reaches learners of the poorest 20% of households.ix

→ Prioritize public funding to lower levels of education where the poor and marginalized are better represented. 10% of government education expenditures should be spent on early childhood education.x

→ Monitor and ensure equitable education aid allocation in developmental and humanitarian context between and within countries. These include at least 50% of education ODA to least developed countries, and the establishment of a global mechanism to channel funding to where the education response is underfunded.xi
Endnotes


iii According to the World Bank, in 2020 the tax-to-GDP ratio was 10.7% only in low- and middle-income countries (15% in high-income countries). According to OECD, in 2021 only five OECD-DAC countries (Denmark, Germany, Luxembourg, Norway, Sweden) spent over 0.7% of gross national income on ODA. Please refer to the Transforming Education Submit discussion paper for further details on the benchmarking.

iv Based on the latest data available in August 2022, for every ten countries and territories globally, only five met the “4% of GDP” floor and four met the ‘15% of total public expenditure’ floor according to UNESCO Institute for Statistics (UIS) and the World Bank; only around 10% of total sector allocable ODA (according to the Credit Reporting System) and less than 3% of humanitarian aid (according to the Financial Tracking Service) have been allocated to education in the past decade.

v Please refer to the NORRAG Innovative Finance for Education on introduction and cases of different mechanisms in practice, and UNICEF. 2022. Financing Education Recovery: A Piece of Cake? on the emerging crypto financing. The new global mechanism of International Finance Facility for Education (IFFEd) multiplies traditional education aid up to seven times for lower-middle-income countries, or the “missing middle”.

vi Challenges in service delivery of any sector cannot be solved by solely injecting funding into the problem areas, but instead require a multi-sectoral and multi-stakeholder approach with evidence generation, advocacy, technical support and capacity building. Further resources can be found on the Public Finance for Children website.

vi For the overall global education financing architecture, please refer to Theirworld, & The Global Business Coalition for Education. 2021. The Education Finance Playbook.

vii For details of RAPID activities, please refer to World Bank, UNESCO, UNICEF, FCDO, USAID, & Bill & Melinda Gates Foundation. 2022. Guide for Learning Recovery and Acceleration. There have been global platforms established for exploring and scaling up effective education interventions in low- and middle-income countries, such as the Global Education Evidence Advisory Panel (GEEP).

ix With perfect equitable financing, 20% of public resources should go to the poorest 20% children, but that is difficult even in high-income countries because poor learners tend to leave school earlier, and thus unable to benefit from resources allocated to higher level of education. Based on data from UIS and the World Inequality Database on Education (WIDE), only about 40% of low- and middle-income-countries met the 15% benchmark. It is important to note that pro-poor also means pro-gender equity, pro-children with disabilities (CWD) and pro-other vulnerable groups since their education opportunity is more sensitive to household income, and that CWD or marginalized children are more likely to be from poorer households. For further guidance, see ActionAid, Light for the World, & the Global Campaign for Education. 2022. Gender-Responsive and Disability Inclusive Education Budgeting.

x This refers to the principle of ‘progressive universalism’, which involves giving initial priority in the allocation of public funding to lower levels of education. Then, gradually increasing allocations to higher levels when coverage is close to universal at lower levels, with a continued focus on the poorest and most vulnerable children. Towards the goal of ‘progressive universalism’, a sharp focus on pre-primary education is necessary. For further details, see UNICEF. 2020. Addressing the Learning Crisis: An Urgent Need to Better Finance Education for the Poorest Children.

xi According to the Credit Reporting System, the education ODA to least developed countries have been slightly below 30%, far from the 50% that was encouraged by the Addis Ababa Action Agenda. According to the Financial Tracking Service, appeals for education in emergencies often receive just 10 to 30 percent of the total funds needed, with significant disparities at country and regional levels.