

# SUSTAINABLE FINANCING FOR EDUCATION?

**Mobilisation and innovation for education  
in French-speaking countries**

**Note: The following recommendations were developed on the basis of the exchanges and discussions that took place during the seminar held in Paris on 4 May 2016, organised by France's Ministry of Foreign Affairs and International Development, the International Organisation of La Francophonie and the Coalition Éducation. They do not represent the official position of the seminar's organisers.**

**The Coalition Éducation** is a group of organisations from French civil society – NGOs, teachers’ unions and popular education organisations – that are committed to advocating for the right to quality education for all, particularly in the poorest and most fragile countries. The Coalition’s work includes advocacy to mobilise governments and encourage them to define education policies that meet the sector’s challenges as part of the Agenda for Sustainable Development adopted by the United Nations. It also mobilises citizens and the media on this issue. The Coalition Éducation is France’s connection to the Global Campaign for Education, a global alliance of civil society for the right to education that is represented in more than 100 countries.

**The International Organisation of La Francophonie (IOF)** is an institution founded on a shared language – French – and common values. It has 80 member States and governments. The IOF works on every continent, conducting political and cooperation actions in its priority areas: French language and cultural and linguistic diversity; peace, democracy and human rights; education and training; and sustainable development and solidarity. In all its actions, the IOF devotes special attention to youth and women, as well as to access to information and communication technologies. It endeavours to develop multilingualism as a crucial factor for harmonious communications between peoples and to raise awareness as to the importance of promoting linguistic diversity as a key component of cultural diversity.

**France’s Ministry of Foreign Affairs and International Development** is in charge of implementing France’s foreign policy abroad. France’s development and international solidarity policy combines poverty reduction with the promotion of the three components of sustainable development: economic, social and environmental. The French development and international solidarity policy aims at responding to four complementary issues: promotion of peace, stability, human rights and gender equality; equity, social justice and human development; sustainable, job-rich economic development; and preservation of environment and of global public goods. Education is one of the priority sectors of the orientation and programming law for France’s policy on development and international solidarity.

**2015 was a pivotal year for development with the adoption of a new transformative and inclusive agenda.** Education is an integral part of this agenda, with a dedicated objective (#SDG4) to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”. The Incheon Declaration and the Education 2030 Framework for Action, along with the Addis Ababa Action Agenda adopted on 27 July 2015, complete this ambitious framework.

**Fulfilling this mission presupposes significant investments in education,** taking into account the population growth in low-income countries on the one hand and the extension of the scope of the education sector, ranging from pre-primary education to higher education, on the other.

Yet education has shown **an annual financing gap of US\$39 billion,** US\$21 billion of which in low-income countries (UNESCO, 2015). Meeting the objectives adopted in September 2015 will require the mobilisation and better use of resources, especially in French-speaking countries.

With the fastest annual population growth rate in the world (estimated at 2.4% – UNESCO, Global Education Monitoring Report, 2015), sub-Saharan Africa is facing – particularly in its French speaking regions – a rising demand for access to quality education. Since 2000, considerable progress has been achieved in terms of enrolment rates at every level of education. However, this region remain burdened by both external (e.g. economic growth) and internal (governance, scarcity of resources, etc.) factors. These are significant impediments to achieving equitable, inclusive, quality education for all.

In relatively centralised contexts – the governments of French-speaking countries are traditionally the primary funder of the education sector and the bulk of the economy often relies on the informal and agricultural sectors – how can the resources that are needed for the education system be mobilised and boosted and, above all, how can their use be enhanced?

This issue was the focus of the seminar held in Paris on 4 May 2016, organised by France’s Ministry of Foreign Affairs and International Development, the International Organisation of La Francophonie and the Coalition Éducation. The seminar brought together 200 representatives from French-speaking countries, civil society, international cooperation and development organisations, and donors. **The following recommendations are based on the discussions and exchanges at the seminar. They do not represent the official position of the organisers.**

### **SUSTAINABLE FINANCING FOR EDUCATION**

**The needs in the education sector are massive: in 2030, the number of school-age children will rise by 619 million** (+50%), 444 million of which in sub-Saharan Africa alone (UNICEF, 2015). French-speaking countries are particularly concerned. The population growth rate in these countries is on average 2.7% per year (UNESCO, *ibid.*). In Chad, for example, the number of primary-school-age children will increase from 2.5 million in 2015 to 4.3 million in 2030.

**In French-speaking countries in sub-Saharan Africa, an average of one-fourth of all primary-school-age children remain not enrolled** (UNESCO, *ibid.*). Increasing the primary school enrolment and completion rates alone will demand massive investments, particularly in order to include the most marginalised children and those living in remote areas.

In low-income and lower-middle-income countries, **the costs of providing preschool, primary and secondary education will more than double, from US\$149 billion in 2012 to US\$340 billion annually between 2015 and 2030.** This represents an increase in the percentage of GDP devoted to education from 3.5% to 6.3% (Global Education Monitoring Report Team, July 2015). A part of this increase is due to a rise in the unit cost, from \$65 to \$199, to improve the quality of education in low-income countries and to include marginalised groups through special measures that come at a higher price.

## I. INCREASING FINANCING FOR EDUCATION

If the current trajectory continues, the education financing gap in the sector will worsen, making education an unsustainable investment for the poorest and most fragile countries, particularly for French-speaking countries in Africa. The goal of universal pre-primary, primary and secondary education will be impossible to reach without a considerable boost in funding for education.

### ➔ *Increasing the mobilisation of domestic resources*

Education is a fundamental right for which governments are responsible. In practice, the governments in French-speaking African countries cover on average 65-70% of the funding needs in the education sector. Although these countries have increased their average spending on education, this rise stems from an increase in revenue and not from a strategic choice of investing in education. Depending on each country's situation, the following opportunities might be seized to increase domestic resources:

- According to the Incheon Declaration, **creating incentives (variable funding, access to highly concessional funding, etc.) and encouraging countries to earmark 4-6% of their GDP for education and 15-20% of public spending for education.** This target could be adapted depending on each country's capacity, namely depending on the access or not to mining and energy resources.
- Investing in education by allocating the additional revenue from **increased economic growth** to the development of human capital, with an emphasis on education.
- Implementing measures to **expand the tax effort** in countries that have not achieved their full tax potential, in particular measures that limit tax exemptions and that counter the tax evasion strategies applied by multinational corporations (annual losses are estimated at US\$200 billion in developing countries, International Monetary Fund, May 2015), along with the elimination of certain public subsidies granted to the extractive industry.
- Creating a **space for reflecting on strategic directions for the financing of the education sector** in each country, bringing together the concerned ministries – **especially the Ministry of Finance** – as well as the sector's strategic partners, including civil society and those who contribute to its funding, such as private contributors.
- Encouraging discussions in each country about the **co-benefits of education and other social sectors**, namely health, social welfare and governance. This could be achieved by incorporating inter-sectoral dialogue as an element of national development plans and creating suitable consultation bodies that include all relevant actors (governments, local authorities, civil society, private sector, etc.).
- **Responding to the effects on the education sector of the magnitude, length and conjunction of various crises**, in particular education of refugee children. This can be achieved by **developing insurance mechanisms for the most fragile countries**, inspired in particular by the African Risk Capacity, to allow these countries to preserve and maintain their educational systems in the event of a crisis (natural disaster, epidemic, influx of refugees, etc.), including for refugee children.

### ➔ *Organising a significant and sustainable transfer of external resources to education*

Despite the efforts made to mobilise additional domestic resources, many countries will not be able to sustainably increase public spending for education to the level required to meet all their needs. In low-income countries, the increase in domestic resources will only be able to cover 58% of the costs of pre-primary, primary and secondary education (Global Education Monitoring Report Team, July 2015). The following opportunities may enable increased funding for education:

- **Creating a global education fund** backed by a results-based system that combines loans with philanthropic funds, in close collaboration with the Global Partnership for Education.

- **Revisiting the prioritisation of countries benefitting** from concessional funding, namely on the basis of:
  - \* *economic and budgetary criteria*: by providing additional incentives for governments that devote more than 4-6% of their GDP to education but still experience a significant education financing gap due to their sizeable needs, and targeting the poorest countries whose budget flexibility is limited;
  - \* *demographic criteria*: priority should be given to countries with the highest population growth forecasts between now and 2030, which have the most significant needs in terms of education, training and economic inclusion for youth – and/or the countries that make the most efforts to improve reproductive health in the interest of population stability.
- **Supporting the development of non- or low-concessional funding mechanisms** for upper-middle-income countries.
- **Working with international financial institutions (IFI) to examine the debt of countries** with a significant education financing gap to determine areas of budgetary flexibility that may enable a reinvestment in the education sector, including through concessional loans.
- **Reviewing the conditions for awarding grants to university students** from developing countries undertaking all or part of their studies in a higher education system abroad. These grants could be reoriented toward fields that yield significant gains in terms of human development in their home countries. The skills the students acquire could in particular help to reinforce the education sector in their native countries.
- **Introducing an education tax** (inspired for example by the innovative UNITLIFE mechanism used to finance the fight against malnutrition) by identifying sectors whose contribution to funding global education would be relevant and by adapting this tax in the different countries according to the gap to be filled in order to reach 6% of GDP dedicated to education.
- **Mobilising private funding, namely through:**
  - \* *Results-based aid that involves private sector actors*. A bilateral or multilateral donor would grant a loan to a government, at a concessional rate, for basic education programmes. The deferred reimbursement would then be ensured by a social or private actor (corporate foundation or private foundation), depending on the specific educational results obtained;
  - \* *Research and evaluation on social impact investment mechanisms* by identifying activities eligible for this type of funding (production of teaching materials, especially digital, construction of educational infrastructure, etc.).
- **Encouraging international organisations with human development as their mandate to ensure that their strategic plans are geared towards achieving education goals.** For example, organisations working in the health sector could be encouraged to better identify and increase their activities with a positive impact on education (girls' health, comprehensive sexuality education, and health and hygiene education).
- **Reinforcing national capacities, namely financial management and project management capacities,** to boost countries' absorption capacities, foster the use of national systems and cut the transaction costs engendered by excessively fragmented aid.

## II. IMPROVING THE EFFICIENCY OF EDUCATION SPENDING

The mobilisation of resources for education is not always synonymous with improved quality of education: the issue of efficient spending and needs-based allocation of resources is crucial. Improving efficiency and streamlining education spending are central issues for improving the quality of education and meeting the Sustainable Development Goals.

→ *Targeting the most marginalised populations as a priority*

The most highly-educated groups of the population often receive more resources than marginalised groups that have limited access to social services, including education. Reaching the goals of reducing inequality and promoting quality require the allocation of resources to population groups with the greatest need and ensuring the gradual expansion of education. The following opportunities could be used to raise the efficiency of education spending:

- To increase access to education and reduce inequality, **orienting education spending toward population groups with the least access to education**, namely through cash transfer programmes: targeting poor and marginalised groups, targeting rural areas and marginalised suburban areas, targeting mothers, conditionality of transfers, etc.
- Encouraging governments to use digital tools for targeting and monitoring population groups depending on their specific needs, namely through ICTs, for example to **set up or reinforce systems that map the population’s socioeconomic characteristics** using disaggregated indicators.
- To improve quality of education, **directing spending toward training courses for teachers and educational workers**, particularly in educational structures in rural, marginalised or underprivileged areas.
- **Increasing funding for the education sector in countries affected by crises, including for the education of refugee children**, ensuring the connection between humanitarian aid and development aid, especially in protracted crisis situations.

→ *Targeting the sub-sectors of education with the greatest impacts on human and economic development*

Basic education, including pre-primary, primary and lower secondary education, offers the best return on investment in terms of social and economic development. Both governments and donors should focus on this sub-sector, especially in low-income countries where the goal of universal basic education is far from achieved. The following opportunities could be used to increase efficiency of educational spending:

- **Targeting education spending based on sub-sectoral needs** by prioritising basic education and concentrating concessional funding in this sub-sector. The development of public-private partnerships and/or use of non-concessional funding mechanisms or mechanisms with lower levels of concessionality should be encouraged for the funding of technical and vocational training.
- *Maximising external investments through a better geographic and sectoral allocation of aid and reinforcing multilateral aid for education*
- **Investing in multilateral aid for education**, capitalising on existing resources and reinforcing the cohesion between initiatives, consistent with to the Addis Ababa Action Agenda. The proportion of multilateral aid for basic education dropped from 65% in 2005 to 43% in 2013 (OECD Development Assistance Committee), although the use of the multilateral channel makes it possible to better target “aid orphan” countries<sup>1</sup> and basic education, but also to reinforce programmatic aid. The capacity needs to be strengthened of international initiatives that finance and monitor global education, particularly the Global Partnership for Education and the Education Crisis Platform.
  - **Encouraging donor countries to target “aid orphan” countries where** the domestic and foreign resources are insufficient to meet their needs.

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<sup>1</sup> Bangladesh, Chad, Gambia, Guinea, Lesotho, Madagascar, Malawi, Nepal, Niger, Sierra Leone and Togo. OECD, 2016.

### **III. REDUCING THE OPPORTUNITY COST OF EDUCATION BY DEVELOPING A RESULTS CULTURE AND BY INVESTING IN INNOVATION FOR EDUCATION**

The scarcity of resources implies that existing funding must be targeted to key actions that satisfy quality and equity criteria. Creating an education ecosystem with conditions that are conducive to innovation and multi-stakeholder partnerships is one way of reducing the opportunity cost of education and establishing a virtuous cycle of innovation-evaluation-results.

#### **➔ *Improving the effectiveness of education systems***

Most of the education systems in French-speaking sub-Saharan African countries are faced with low levels of learning outcomes at the end of primary school, low primary and lower secondary completion rates, and particularly high repetition rates (14.4% according to UNESCO's Institute for Statistics, data for 2014-2016). 250 million children are unable to read or write, even after four years in school. This means that US\$129 billion are invested in vain each year (Education for All Global Monitoring Report, 2014).

- **Reducing repetition rates**, which tend to lead to drop-outs, by making sure that students start school at the right age, by expanding pre-primary enrolments, by implementing targeted policies on early learning, including allocation of resources, and by ensuring monitoring, namely by producing disaggregated data by gender, urban/rural location and income.
- **Supporting non-formal education** which, complementary to formal education, helps to improve lifelong acquisition of knowledge and know-how.
- **Improving learning results** by supporting and backing ongoing processes to introduce bilingual and multilingual policies, by reinforcing national monitoring and evaluation structures and their connection to education policies, as well as regional evaluation networks, and by using digital tools aiming at improving measure of learning outcomes to improve policy management.
- **Establishing frameworks for the participation of private actors in education provision.** A growing proportion of primary and secondary students in developing countries is enrolled in private schools. The private sector's participation could, in certain cases, help to offset an insufficient public supply or special requests from families. Private forms of education could, in some instances, make up for the weaknesses in public education systems. Nonetheless, while the participation of certain private actors in education systems would provide opportunities in French-speaking countries, there are also risks associated with the commercialisation phenomena observed in recent years.
- **Setting minimum standards for the provision of education services by private actors**, in accordance with national legislation and public policy, as well as with the human rights and educational rights framework, **and setting up regulatory and contracting mechanisms** for private establishments to ensure those standards are respected and applied, whilst building **governments' institutional capacities** to regulate private actors.
- **Financing independent studies of the impact of private actors' involvement** in the education sector, in terms of quality, equity and inclusiveness.

#### **➔ *Fostering innovation and the use of technology in education through the creation of education ecosystems that are favourable to research***

The use of digital technologies could be a major innovation in the education sector, helping to improve the cost-effectiveness of spending, namely regarding access to education, as well as the monitoring and production of data for quality-based education management. The demographic situation in Africa

has created an urgent need for innovation in teaching methods. In French-speaking countries, where the ratio of qualified teachers to students falls short, the mobilisation of resources and the fostering of innovative methods – such as open educational resources, digital public goods, development of hybrid training courses using ICTs, etc. -- offer a great potential for expanding access to education, especially for the most marginalised and vulnerable children and adolescents.

- **Funding research and innovation in the education sector**, relying on a culture of results-based monitoring and evaluation, in accordance with the principles of the Incheon Declaration and the Education 2030 Framework for Action.
- **Experimenting with and evaluating digital teaching solutions** to meet the needs of French-speaking African countries.
- **Ensuring conditions favourable to the development of educational ecosystems** that foster innovation and that strengthen partnerships.