
The Sustainability of the Global Partnership for Education: The Role of Domestic Resource Mobilisation

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Tax Power campaign: Activista/ActionAid Zambia photo action in Kalingalinga compound, Zambia

PHOTO: ActionAid Zambia

The [Global Partnership for Education](http://www.globalpartnership.org/)¹ (GPE) is seeking to raise \$3.5 billion in a [replenishment](http://www.globalpartnership.org/replenishment)² event in June, to support low income countries with good plans to achieve progress towards education goals. Replenishing this global pot is important, but even more important is for the GPE to get the power relationships right at country level in order to harness increases in domestic resources for education - which can raise substantially more money and which is much more sustainable.

All of us working in the education aid business today should be seeking to make ourselves redundant over the coming ten or twenty years. Indeed, this should be an integral part of the [post-2015](http://www.un.org/millenniumgoals/beyond2015.shtml)³ sustainable development goals – that by 2030 aid to education should not be routinely required. Within that time frame we should be supporting the creation of sustainable domestic financing of development priorities like education - and GPE can and should play a pivotal role in making this happen.

Country-level power dynamics

Aid to education can of course be a very positive force, but it can also have unintended negative consequences. As many low income governments struggle to cover the core recurrent costs of the education budget, aid funding from donors is often the most flexible resource available for investing in educational reform. Recurrent costs for teachers' salaries are always the largest part of the education budget (in Africa often representing 80% or 90% of the budget). Most donors are reluctant to see their money cover such recurrent costs and most developing country governments are reluctant to use aid for this, as aid projects are often short term and the flow of aid is too unpredictable to cover core costs.

As a result, even where aid makes up a small percentage of the overall education budget it does have a significant influence in financing education reform. This can be welcomed in many ways but it can become a problem if the **direction** of education reform in a country is determined through the agreement of an aid project – which often happens behind closed doors between the Ministry of Education and donors. Ideally, the direction for education reform should emerge from a democratic and inclusive political process, where there is public awareness, media debate, parliamentary scrutiny and national legislation. In most countries landmark moments in education reform are linked to new education bills or new policies. A new aid project is not the same.

On the whole the Global Partnership for Education represents good practice, with countries being in the driving seat. The country-level process is focused on a [Local Education Group](http://www.globalpartnership.org/local-education-group)⁴ which is supposed to involve government, in-country donors and national civil society actors. In line with the [aid effectiveness agenda](http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm)⁵ the GPE actively encourages country ownership, donor alignment and donor harmonisation – reducing the danger of duplicating or competing education aid projects. It is premised on one unifying national education plan which should be scrutinised and discussed by all actors. And GPE has been highly innovative in helping civil

¹ <http://www.globalpartnership.org/>

² <http://www.globalpartnership.org/replenishment>

³ <http://www.un.org/millenniumgoals/beyond2015.shtml>

⁴ <http://www.globalpartnership.org/local-education-group>

⁵ <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

society be able to make credible contributions to national processes through the [Civil Society Education Fund](#)⁶ that supports national education coalitions in over 50 countries. GPE's new funding model also requires clear commitments to domestic financing of education – with countries moving towards spending 20% of their budgets on education. This should help to avoid the contradictory situation that occurred in 2013 where the Government of Uganda sought \$100 million from GPE, whilst reducing its own spending on education from 17% to 14.5% of its budget.

These are all positive developments - but GPE could do more. In 2013 the GPE's [Financial Advisory Committee](#)⁷ (now the Country Grants and Performance Committee) warned that “*the preferences and priorities of the various agencies are becoming more obvious in the program design. The FAC is concerned as to whether the applications are truly country-led*”. The concern here is that supervising entities at country level often have a disproportionate influence over the shape of the national education plan supported by GPE, suggesting that the country-level process is not as inclusive, democratic or nationally-owned as GPE would like. As the default supervising entity, the World Bank clearly has an ascendant voice in many countries, with UNICEF often playing the role in fragile and conflict-affected countries.

Although civil society is more involved than in the past, this is sometimes still with limited influence – being invited to a couple of meetings, being consulted but not being truly heard. Sometimes it is the sympathetic NGOs who are invited to join a process and not those who may be more challenging (but whose role is crucial), such as the teachers' unions. And too often, in cases where there is broad collaboration in developing a plan, this partnership is not sustained in the same way in monitoring and evaluating delivery. Problematically, at present, the education plans supported by GPE do not routinely generate wide public awareness or involve media debate; they are rarely subject to parliamentary scrutiny or national legislation. This is a missed opportunity, because broad national ownership of education reforms massively facilitates their implementation in practice. This is additionally the case as most education policy reforms depend on a level of continuity that few governments can provide on their own. Indeed, governments may change after four or five years, and it is civil society actors and of course teachers themselves that often offer greater continuity to ensure delivery in practice.

Making the case for domestic investment in education

GPE could do much more in respect of domestic resource mobilisation particularly. As a first step, GPE could be much more proactive in harnessing the strength of the partnership to make the case for investment in basic education with Ministries of Finance. Many Ministries of Education struggle to win the resource allocation argument alone and the coordinated efforts of the World Bank, in-country donors and national civil society could truly help to take the argument for education financing to another level.

There is one critical dimension to this which warrants emphasis. Under the influence of the IMF and the World Bank, most Ministries of Finance in low income countries frame their

⁶ <http://www.campaignforeducation.org/en/building-the-movement/civil-society-education-fund>

⁷ <http://www.globalpartnership.org/content/report-financial-advisory-committee-part-2-recommendations-program-implementation-grant>

priorities in three to four year [Medium Term Expenditure Frameworks](#)⁸ and these are intensely tracked, for example through six monthly IMF missions. In such short and medium term frameworks it is immensely difficult to win the case for investments in education. Within these timeframes the Ministry of Education is treated purely as a spending ministry, consuming lots of money and not providing any economic return. This is because the true economic returns to investment in education come after eight, ten or fifteen years. Unfortunately education is not a quick win, quick return investment – but if you do take the longer-term view it is the soundest economic investment a country can make to guarantee development.

The GPE should be working internationally to take this argument to the IMF and to appropriate people in the World Bank, to challenge the way in which they help Ministries of Finance to frame economic plans, exploring ways of factoring in the longer-term economic returns to education. And all the partners of GPE should equally be taking this argument to Ministries of Finance in every country, helping to elevate the voice of Ministries of Education, drawing on progressive economists and arguing for a long-term perspective.

But GPE could do much more than just help the make the case for increased domestic financing of education. GPE should be working to increase four S's in respect of education budgets:

- Increasing the **Share** of the budget going to education;
- Increasing the **Size** of the budget overall;
- Increasing the **Sensitivity** of the education budget, and;
- Increasing the **Scrutiny** of the education budget.

Increasing the **share** of the budget to education

GPE's new funding model is a step in the right direction, returning to one of the core foundations of its precursor, the Fast Track Initiative, which laid out an [indicative benchmark](#)⁹: that the countries receiving funds should spend 20% of their national budgets on education. This was seen as an integral part of the original model – countries that showed serious domestic commitments would be the ones that received coordinated international support to help them accelerate progress. But in its new incarnation, in the coming replenishment period, GPE could do much more in this area to ensure that this is followed through, systematically using two key benchmarks which are widely recognised: education spending should form 20% of national budgets and 6% of GDP.

Of the countries presently receiving GPE funds, where data is available:

- In 2011, 35 countries spent less than 20% of their budget on education (and 14 spent over 20%). *Shockingly, five of these countries spent under 10% (DRC, Eritrea, Nigeria, Pakistan and Zimbabwe), with Nigeria being the worst performer, spending just 6% of its national budget on education.*
- In 2011, 39 countries spent less than 6% of their GDP on education (and ten spent over 6%). *Shockingly, eleven of these countries spent under 3% (Cambodia, CAR,*

⁸ <http://www.imf.org/external/np/seminars/eng/2013/fiscalpolicy/pdf/brumby.pdf>

⁹ http://commdev.org/userfiles/file_FrameworkNOV04_0.pdf

Chad, DRC, Eritrea, Guinea Bissau, Madagascar, Nigeria, Pakistan, Zambia and Zimbabwe).

It is shocking, but perhaps not surprising, that some of the countries with the biggest education challenges are spending the least on education. Shocking because these are precisely the countries that need to spend more. Unsurprising because the lack of spending is probably a key reason for their failure to make more progress. Nigeria for example, which spends just 1.5% of GDP and 6% of its budget on education, has more children out of school than any other country in the world (10.5 million of the [57 million out of school](#)¹⁰). On both these indicators Nigeria could more than triple its spending on education, which could have a transformative effect - particularly in Northern Nigeria, ensuring that quality schools are available and safe.

There are serious questions about whether GPE ought to invest in countries that are not showing domestic commitment to education. This may be slightly different in fragile and conflict-affected contexts, but even here some coherence is needed and one reasonable benchmark might be to say that no country that spends under 10% of its budget or under 3% of GDP will be eligible. GPE funding should always be helping to leverage increases in domestic spending – rather than plugging gaps.

Another effective policy for GPE to pursue would be to refuse to support any country that has reduced its spending on education (against either of these indicators) over the previous three years - or that reduces spending during the lifetime of the GPE support. There may be circumstances where exceptions could be made, for example where rapid economic growth has meant that a government has fallen short on these indicators but where spending on education has nevertheless been rising, but a strong case would need to be made.

A rights-based perspective can be valuable in this context. In the International Covenant on Economic, Social and Cultural Rights, governments have committed to the progressive realisation of the right to education, pledging to use the maximum of available resources to make progress. Any country that is reducing its spending on education as a percentage of its budget or GDP is in direct infringement of this legally binding commitment. GPE resources should not be supporting countries that are wilfully violating the right to education.

Increasing the overall **size** of government budgets

Some countries are already spending a reasonable share of their budgets on education and many more countries are close to the internationally-recognised benchmarks outlined above. In these scenarios what more can we reasonably expect in domestic resource mobilisation? The answer, surprisingly, is often, 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, so it makes good sense for GPE to support action on these.

¹⁰ <http://www.uis.unesco.org/Education/Pages/out-of-school-children.aspx>

Increasing tax to GDP ratios

The [Education for All Global Monitoring Report](#)¹¹ (EFA GMR) in 2014 did some important work looking at tax to GDP ratios, observing that “*a modest increase in tax-raising efforts, combined with growth in the share of government budgets allocated to education, could help raise education spending by US\$153 billion by 2015 in 67 countries, a 72% increase from 2011 levels.*” This is 100 times more than the total amount of global aid that goes to support basic education in Africa.

Based on these calculations, Rwanda, which has a tax to GDP ratio of just 12.8%, could increase spending per primary school child by 75% by 2015. Meanwhile Uganda, with a present tax to GDP ratio of 12.5%, could increase spending by 50% over the same period. This is the scale of increased investment that can make a real difference, enabling all children to be in school and learning.

Ending harmful tax incentives

One simple way to dramatically increase tax revenues is to stop giving away unnecessary tax incentives and holidays to multi-national companies. ActionAid estimates that [\\$138 billion](#)¹² annually is given away unnecessarily in harmful tax incentives to multinational companies by developing countries. These are incentives given to attract investment, but in most cases the incentives are a long way down the list of factors that make a company invest in a particular country. Companies will do what they can to push for a tax break, but not receiving a tax break is very rarely a deal-breaker for them. Yet in much of Sub-Saharan Africa, these tax exemptions can amount to the equivalent of 5% of GDP. If these incentives were stopped you could fill the global financing gap on education within three months.

The [Education for All Global Monitoring Report](#)¹³ (EFA GMR) calculates that if Ethiopia eliminated tax exemptions and devoted 10% of the resulting revenue to basic education, then it would have “*an additional US\$133 million available, enough to get approximately 1.4 million more children into school*”.

In a similar way governments also lose valuable revenue by selling natural resource concessions for much less than their true value. The [EFA GMR](#)¹⁴ notes “*The Democratic Republic of the Congo incurred losses of US\$1.36 billion from its deals with five mining companies between 2010 and 2012. This is the same amount as allocated to the education sector over two years between 2010 and 2011*”.

Challenging aggressive tax avoidance

Another key way to increase tax revenue is to challenge aggressive tax avoidance. ActionAid’s report [Sweet Nothings](#)¹⁵ on Associated British Foods in Zambia showed that

¹¹ <http://unesdoc.unesco.org/images/0022/002270/227092E.pdf>

¹² <http://www.actionaid.org/2013/07/tax-incentives-cost-138-billion>

¹³ <http://unesdoc.unesco.org/images/0022/002270/227092E.pdf>

¹⁴ <http://unesdoc.unesco.org/images/0022/002270/227092E.pdf>

¹⁵ <http://www.actionaid.org.uk/sweet-nothings>

aggressive tax avoidance by just one company deprived the Zambian Government of funding that could have provided primary education for 48,000 children. In another expose, [Calling Time](#),¹⁶ ActionAid showed that a woman selling beer outside the largest SAB Miller brewery in Ghana paid more tax than the entire brewery and in fact paid more tax than the entire company did, not only in Ghana but across the whole of Africa.

In Tanzania, the Global Campaign for Education [A Taxing Business](#)¹⁷ report observed that the amount lost to tax dodging by big companies could pay for the training of all Tanzania's untrained primary school teachers - as well as training and salaries for more than 70,000 additional teachers; building 97,000 new classrooms; and ensuring every primary school-aged child has a reading and mathematics text book.

One way of avoiding tax is by "[mis-invoicing](#)".¹⁸ A recent study commissioned by the Danish Trade Minister showed that "*More than \$60bn has been illegally moved in and out of Uganda, Ghana, Mozambique, Kenya and Tanzania over ten years, with most of it passing through tax havens*". Mis-invoicing basically means that importers pretend to pay more for goods than they actually pay and the extra money is slipped into offshore bank accounts: "*In one notable case an American company invoiced for plastic buckets at \$972 each*". It is through scams like this that much more money floods out of Africa than arrives in aid – depriving governments of the revenue needed to invest in education.

Increasing revenue-raising capacity

All of these practices could be challenged if governments in developing countries had stronger revenue authorities with the technical expertise to strengthen tax systems, close tax loopholes and combat corporate tax avoidance. This would be one of the best and most sustainable uses of aid. One study quoted by [EFA GMR](#) showed that for every \$1 spent in aid spent to support tax systems \$350 in tax revenue was raised. Unfortunately, under 0.1% of aid is presently spent on supporting tax systems. As education advocates, GPE ought to be adding its voice to the call for more aid to spend on strengthening tax systems – because education spending is often one of the biggest beneficiaries of an expanded tax base.

Pursuing more expansionary macro-economic policies

There are of course many other ways to expand or shrink the size of the overall budget of a government. For many years the IMF has promoted policies of severe austerity as a condition attached to loans, holding down overall government spending based on arguments that are increasingly challenged, including within the IMF itself. The public sector wage bill caps once imposed by the IMF are no longer in place, but wider [macro-economic policy prescriptions](#)¹⁹ continue to hold down spending on education in many countries. More expansionary macro-economic policies can sometimes help countries break out of the cycle of under-development, especially if spending is well invested in education, more or less guaranteeing long-term economic growth.

¹⁶ http://www.actionaid.org.uk/sites/default/files/doc_lib/calling_time_on_tax_avoidance.pdf

¹⁷ http://www.campaignforeducation.org/docs/reports/GCE_A%20TAXING%20BUSINESS.pdf

¹⁸ <http://www.theguardian.com/world/2014/may/11/african-invoice-fraud-tax-havens-development>

¹⁹ http://www.actionaid.org/sites/files/actionaid/aaconf_contradictions_final2.pdf

GPE should proactively work with progressive economists to help articulate the case for investments in education in the context of wider macro-economic policy, showing that countries that have invested in education have achieved greater growth and challenging the extension of austerity policies to education spending.

Increasing the **sensitivity** of the budget to policy priorities

If we only focus on the headline figures of education spending we can easily miss important details. Sometimes governments make grand policy commitments to basic education but do not back these up in their budget allocations. For example, some governments in Africa continue to invest a disproportionate percentage of their education budget on tertiary education which benefits a small (but 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% (GMR 2014). In Malawi, average spending per pupil at tertiary level is US \$16,334, compared to just US \$57 at primary level (see GCE "[A Taxing Business](#)"²⁰). This is clearly regressive, insensitive spending. A more progressive and sensitive approach involves targeting spending to re-dress disadvantage – for example, investing in social protection/cash transfers for the poorest; spending more in primary education (a benchmark of 50% of spending to primary education makes sense in low income countries); and investing more in inclusion to bring children with disabilities into school. Too often governments may commit to doing more for the education of children with disabilities, but fail to allocate the budget necessary to ensure this is delivered in practice. We therefore need to track the **sensitivity** of budgets with a strong equity lens.

It is interesting to note here the work of [Pasi Sahlberg](#)²¹ from Harvard University, who shows that countries who invest to make their education systems more equitable make significant progress in improving overall learning achievement. This contrasts with education systems that had pursued a narrow vision of learning outcomes and improving their position in global league tables – where progress is rarely made and performance often drops. The consummate example of this is Finland.

There are some areas of education spending that seem to suffer from consistent under-investment, for example teacher training and professional development. Despite the widespread recognition that having [quality teachers](#)²² is essential to providing quality education, teacher training colleges are rarely prioritised in budgets and in-service training or professional development often remains an afterthought in budgets. Quality teachers should always be a top priority, but in too many countries teachers are now paid such low wages that they are almost forced to take second or third jobs. Governments ought to invest in what is proven to make the most difference, but there is often a weak connection between education research and budget allocations. Despite compelling evidence about the importance of investing in the [early years](#)²³ of education, most governments fail to do so. In primary schools it is often the case that the largest class sizes are found in grades 1 and 2, with declining attendance or smaller classes in the upper grades. Research shows that it would be better to invest in smaller class sizes in the early grades, so that children are supported to learn how to

²⁰ http://www.campaignforeducation.org/docs/reports/GCE_A%20TAXING%20BUSINESS.pdf

²¹ <http://pasisahlberg.com/portfolio-writings/selected-writings/articles/>

²² http://www.ei-ie.org/en/websections/content_detail/5969

²³ <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/reports/2007-early-childhood/>

learn. It is also clear from most research that the learner's home environment is one of the biggest determinants of success in school and yet almost no budgets are allocated to [women's literacy](#),²⁴ which could have a transformative effect on this.

We need to get inside the detail of education budgets and ensure that money goes where it will be most effectively spent, based on agreed national policy priorities and clear evidence of what works. Most importantly, investments need to be sensitive to improving equity - as this is the best means to improve achievements across the board.

Increasing the **scrutiny** of the budget

Perhaps most important of all is that we need to ensure that there is independent scrutiny of education budgets. If people are not confident that budgets allocated will be properly spent, it is hard to advocate for more resources. This is one area where civil society actors can play a key role, demystifying education budgets and documenting how they are supposed to be spent on different sectors and at different levels - from national to provincial to district school levels. Once it is clear how the budget is supposed to be spent, and who is supposed to be making decisions about it at different points, we can track whether this is happening in practice.

There are many positive examples of national and local [budget tracking](#)²⁵, of community audit groups tracking school budgets, and of budgets being posted on school walls to ensure full transparency. There are exciting examples from Uganda of a couple of district officials and head-teachers being taken to court for misuse of education budgets – which leads to dramatic increases in the flow of funding to other schools, as other officials realise they are at risk of being exposed.

At another level, in Uganda, there are concerns that annual budget allocations for education are routinely underspent as the education budget gets raided by State House. It is never enough to look only at budget allocations, we always need to look at actual spend. In doing so we can also observe issues around the equity of spend (or lack of it) – whether schools in one (politically-favoured) district get more per child than schools in another (unfavoured) area.

Indirectly GPE provides some support for this sort of work through the [Civil Society Education Fund](#)²⁶ – but independent budget tracking should be built into all approved plans. This should be seen as a central dimension of the data revolution that GPE proposes – ensuring that key budget and spending data is made transparently available to national citizens. More priority needs to be placed on helping local people to access and use both financial and performance data – so that we are empowering national citizens to hold their local schools and education systems to account.

²⁴ http://unesco.nl/sites/default/files/dossier/gmr_2013-4.pdf?download=1

²⁵ http://internationalbudget.org/wp-content/uploads/2011/01/Making_the_Budget_Work_for_Education.pdf

²⁶ <http://www.campaignforeducation.org/en/building-the-movement/civil-society-education-fund>

Conclusion

The Global Partnership for Education is much more than a global fund, and needs to prove its real power as a partnership over the coming replenishment period. This means looking at the much bigger picture of education financing and paying much more systematic attention to the central challenge of increasing sustainable domestic financing for education.

If treated just as a fund, just as an aid donor, GPE resources could just patch up failing and under-resourced systems – allocating money where governments are failing to do so, creating dependency and undermining domestic accountability.

But if conceived as a true partnership, GPE could use its collective political weight to make the case for more investment in education globally and nationally, to leverage increased domestic commitments, and to put in place accountability systems that focus on governments being held to account by their own citizens.

GPE needs to conceive of itself as a small and temporary part of the education financing equation – but one that has the capacity to make a transformative contribution, helping to build long term sustainable education systems that will be adequately financed long after GPE has left the scene.



Schoolchildren in Nigeria action as part of the Tax Power campaign
PHOTO: ActionAid Nigeria