Financing girls’ education - Keep your promises

There are currently 263 million primary and secondary age children and youth out of school around the world. Of these, 63 million children are of primary school age and 5 million more girls than boys are currently receiving no primary education. But even many of the children who are in school are not learning – more than 387 million children of primary school age around the world have not achieved minimum reading proficiency levels.

More investment is needed to achieve a breakthrough in ensuring free education for all. The globally accepted benchmark for investment in education is 20% of the national budget or 6% of GDP, which most developing countries have so far failed to meet. Increasing sustainable long-term domestic resources will be key: it’s estimated that 97% of the funding required to achieve SDG 4 must come from domestic budgets. One way to raise extra resources is to increase tax revenues, by reducing or eliminating tax incentives, especially to corporations. Research by ActionAid shows that each year, this ‘tax expenditure’ causes governments to lose huge amounts of potential revenues that could be spent on improving education, especially for girls.

At the Global Partnership for Education Financing Conference held in February 2018 developing countries pledged to increase domestic funding to education by more than US$30 billion, increasing projected budgets for education from a total of US$80 billion to US$110 billion. Donor organizations and countries pledged an additional US$2.3 billion to the GPE fund.

Nepal pledged to spend NPR 518 billion (around US$4.98 billion) on education between 2018 and 2020, an increase of 101.8% compared to the previous 3 years in absolute numbers.

We call on governments to honour these commitments.

Keep your promises

Nepal

Nepal loses at least US$510.5 million each year to harmful tax incentives. Just 11% of this could educate all 283,500 girls currently out of primary school.

- In the long term, educating these girls would have added a collective US$1.51 billion to the Nepalese economy over a 45-year working life due to increased productivity
- Nepal has a tax to GDP ratio of 23-24%
- Nepal spends 2.7% of its GDP on education, a 16.5% share of the total budget

ActionAid calls on the government of Nepal to:

Ensure it meets its GPE pledges to drastically increase budget allocations to education. Nepal must also work to reduce tax incentives losses to free up more funding to ensure that all girls get a quality primary education.
Recommendations

ActionAid calls on all governments to take the following measures to ensure public education is free, compulsory and of good quality and that there are no economic barriers to prevent families sending their girls to school.

Increasing the **SIZE** of national budgets by

- Announcing a timetable to reach a tax-to-GDP ratio of at least 20% by 2020.
- Maximising revenue available for investment in public services.
- Addressing inequality by building progressive and expanded domestic tax systems.
- Reviewing tax and royalty agreements in the natural resource sector.
- Closing loopholes which enable tax avoidance and evasion in the private sector.

Increasing the **SHARE** of the budget allocated to education by:

- Announcing a timetable to reach an allocation of at least 20% of government spending (6% of GDP) to education by 2020.
- Publishing a clear breakdown of budget allocations by sub-sector online.

Increasing the **SENSITIVITY** of national education budgets by:

- Reviewing education plans, budgets, proposals and spending to address educational inequalities.
- Ensuring a positive impact on girls and women, persons with disabilities, indigenous communities, refugees and displaced persons and other disadvantaged groups, through gender and inclusion audits.

Enhancing the **SCRUTINY** of national education budgets by:

- Supporting increased analysis of education budgets and performance by civil society and promoting greater accountability.

ActionAid believes that governments must ensure that their tax systems are fairer, more progressive and better able to raise the funds needed to keep the pledges they have made at the GPE and to ensure that all children – especially girls – are able to fully enjoy their right to a good quality education.

These calculations are based on publicly available information from organisations including the Global Partnership for Education, UNESCO and the World Bank. For full references and a methodological note see: http://www.actionaid.org/publications/making-tax-work-girls-education