ECONOMIC AND SOCIAL COUNCIL HIGH-LEVEL SEGMENT

Special Policy Dialogue

"*Accelerating progress on the Education For All (EFA) goals: mobilizing resources and partnerships*"

Monday, 4 July 2011

12:00 pm – 1:00 pm

I. Background

On 4-8 July 2011, the Economic and Social Council (ECOSOC) will hold its Annual Ministerial Review (AMR) at the Palais des Nations in Geneva, Switzerland. With its focus on making headway in *"Implementing the internationally agreed goals and commitments in regard to education"* it is an important opportunity for the international community to put education back up on the international agenda. As part of its AMR on education, ECOSOC will hold a short Special Policy Dialogue on *"Accelerating progress on the education for all (EFA) goals: mobilizing resources and partnerships"* from 12 PM to 1PM on 4 July 2011, the first day of the ECOSOC Ministerial segment.

The 2011 AMR provides an opportunity for ECOSOC to put a spotlight on the internationally agreed goals and commitments on education. MDG-2 aims to ensure that, by 2015, all children, boys and girls alike, will be able to complete a full course of primary schooling. The MDG-3 target is aimed at eliminating gender disparity at all levels of education by 2015, quantified by the ratio of girls to boys at all education levels. To ensure access to quality education for all and learning, progress also needs to be made on the broader Education for All (EFA) Goals agreed upon at the 2000 Education for All conference in Dakar, Senegal.

The past decade has been marked by tremendous progress on universal primary education. However, limited access of marginalized groups to education, high drop-out rates and grade repetition, and poor quality of education remain important challenges, in particular in several least developed countries and countries affected by conflict and natural disaster. At present, at least 72 million children of school age are still denied the right to education due to financial, social or other challenges.

II. ECOSOC special policy dialogue on *"Accelerating progress on the education for all (EFA) goals: mobilizing resources and partnerships"*

Substantive focus

Most of the cost of education is financed through domestic government budgets and private household expenditure. Recurrent costs, in particular teachers' salaries constitute the large majority of the educational budgets. Measured in real financial terms, over the past decade, education budgets have generally been increasing and the world as-a-whole is spending a slightly greater share of its national income on education, supported by economic growth. Despite these increases, two thirds of the low income countries for which data is available spend less than the international benchmark of 20 per cent of their budgets on education.

These global figures do, however, disguise large variations across regions and countries. At a regional level, in Sub-Saharan Africa (SSA), several countries have made great strides in increasing the share of national income on education since 1999/2000. At the same time, the share of national income invested in education has fallen in Arab States, from a high starting point, and in Central Asia and South and West Asia from far lower initial levels.

According to a report published by the UNESCO Institute for Statistics in 2011, SSA countries increased their real expenditure on education by more than 6 per cent each year over the past decade. It is often assumed that increased investments were used to absorb the costs associated with the abolition of primary school fees, which dramatically increased enrolment but also led to over-crowded classrooms in many African countries. On average, education accounts for more than 18 per cent of all public spending in SSA, compared to 15 per cent in other regions. SSA countries devote a much higher share of their GDP to primary education (2.2 per cent of GDP) than other regions, ranging from 0.6 per cent in Central Asia to 1.8 per cent in the Arab States and Latin America and the Caribbean.

The impact of the economic and financial and economic crisis threatens to reverse the impressive progress made on MDG-2 and MDG-3 over the past ten years. Past progress has been underpinned by the increase in both domestic and international sources to education funding. As the impact of the crisis continues to be felt across the globe it is putting additional strain on the public financing both in developing and developed countries.

Education spending already had to increase before the crisis to accelerate progress towards the education goals. Increasing revenue mobilization and raising additional domestic resources for education in low-income countries has therefore become even more significant within the context of the risks associated with the global economic and financial crisis.

During the initial stage of the crisis many low-income countries seemed to have been able to continue to maintain or even increase their education budgets, generally at the expense of rising fiscal deficit. Other low-income countries, however, saw their education budgets cut. Although recent analysis shows a recovery of economic activity in most developing countries, the prospects for education financing seem unclear, particularly as stimulus packages reverse and governments are called to tighten their fiscal policies. In many of those countries, there has been a downward revision of the education budgets in 2010.

While domestic resources can go a long way, without increased assistance by donor countries, developing countries, in particular low-income countries, will not be able to meet the education-related MDGs and EFA goals. The 2011 Education For All Global Monitoring Report has estimated the external financing gap to the Education for All goals in low income countries at USD 16 billion a year. While education financing gaps vary among countries what is clear is that a large amount of additional international resources is urgently needed to achieve the EFA goals.

Donors must make good on past commitments. Overall development assistance to basic education has almost doubled since 2002, to USD 4.7 bn. However, a worrying trend is that after increasing significantly during the first half of the decade, aid for basic education has stagnated since 2007, while in sub-Saharan Africa it fell by 6 per cent in 2008. Of even greater concern is the early indication that the financial crisis is weakening some donor's commitment to meet the international goals in general and the education goals in particular. Indeed, twelve OECD donors already reduced their aid budget in 2009. Moreover, it appears that only 5.8 bn of the USD 9.1 bn disbursed by bilateral donors in 2008 was available to directly support the recruitment and training of teachers, purchasing of textbooks and building of schools (Global Monitoring Report 2011).

Launched in 2002 to scale-up progress on education, the EFA Fast Track Initiative (FTI) has since been met with mixed results. One of its major successes has been the assistance provided to developing countries in formulating country strategies and in channeling financial support toward national strategies. One shortcoming of the FTI was that countries affected by conflict had difficulties to qualify for funding. The potential of the FTI to serve as funding framework in countries affected by conflict, where bilateral donors tend to have a more limited presence, needs to be further leveraged. Beyond ensuring better treatment of countries in post-conflict situations, strengthening the Fund's replenishment process is an essential step to better enable the FTI to provide the predictable and multi-year funding needed to make long term investments in education.

In terms of aid allocation between countries, too little aid for education currently goes to low income countries and countries affected by conflict, where the needs are greatest. In 2008, South and West Asia and Sub Saharan Africa, the two regions with the largest out-of-school population have received only 35 per cent and 17 per cent of all aid to basic education respectively. Despite being home to more than 40 per cent of the world's out-of-school children and carrying over half of the education financing gap, conflict affected countries only receive one quarter of basic education aid. The same countries have some of the largest gender inequalities and lowest literacy levels in the world. Moreover, development assistance to conflict-affected states is heavily skewed towards countries seen as strategic priorities, notably Afghanistan, Iraq and Pakistan. Global education initiatives, such as the FTI, can help in creating a better balance between donor "orphans" and donor "darlings" based on countries' needs.

Both development and humanitarian assistance will be needed, including during the transition from relief to development assistance. All too often the education sector is not supported during an emergency as it is not viewed by some agencies as a life-saving priority. According to the 2011 Education for All Global Monitoring report, today, the education sector receives just 2 per cent of humanitarian aid going to an already under-funded humanitarian aid system. As a result, once development funding restarts, education systems are often damaged or destroyed and pre-conflict education gains are lost.

Education aid must be better aligned with the Education for All commitments. The share of basic education in total aid to education varies considerably between donors. While some donors allocate more than half of their aid to basic education, other major donors continue to allocate a large share of their aid budgets to secondary and higher education. The EFA-Global Monitoring report estimated that if all donors spent at least half of their aid on education at the basic level, up from the current level of 41 per cent, they could mobilize an additional USD 1.7 billion annually.

Donors have also been lagging behind in increasing the use of country systems and sector or general budget support, and in improving donor coordination. With the high recurrent costs in the education sector budget support can be highly beneficial, especially at a time when national budgets are being squeezed. In 2007, less than half of education aid was channeled through national public financial management systems, far below the 2010 target of 80 per cent. Despite the limited number of major donors in the education field, coordination remains a major challenge. Only one in five donor missions was coordinated, compared with a 2010 target of 40 per cent. However, there are several countries which are making serious efforts to improve coordination among donors. This has included promoting a better 'division of labour'.

Against this backdrop, new sources of development financing could play a vital role. Several education partnerships, which have been launched over the past years, including with the private sector and foundations have helped to diversify education funding. Beyond the mobilization of resources the partnerships can serve as catalyst for a more effective use of resources in the education sector by promoting innovative approaches and more effective program delivery.

The private sector and foundations can make a major contribution. Today, the potential which the private sector and foundations have in raising funds for education remains very much underutilized, especially when compared with the large success of the health sector. A first estimate by Brookings of corporate contributions to education in developing countries suggests that U.S.-based companies contribute nearly half a billion dollars to education in developing countries each year, compared to $7 billion which is directed to the health sector. However, the corporate contributions tend to be small in size, divided among many non-profit projects with short-term grant cycles of 1-3 years. Additionally, corporate contributions are often not coordinated with other actors, including developing country governments and other donors. More data is needed about how global companies support education in developing countries.

Efforts to draw non-DAC contributors into the debate on future education spending, will not only help in complement other education financing, it will also help to broaden and diversify the narrow funding base in education. In the same vein, more also needs to be done in mobilizing innovative sources of financing, where the education sector is again lagging far behind the health sector.

In March 2010, the Leading Group on Innovative Sources of Financing for Development established a task force on innovative financing for education which is exploring several options. These include the establishment of an Education Venture Fund and the allocation of some of the proceeds of any future international financial transactions tax to education. Finding ways of channelling migrants' remittances back into education, for instance through diaspora bonds, is another option under consideration. The Advisory Panel of Experts on Debt Swaps and Innovative Approaches to Education Financing is exploring the feasibility of establishing innovative debt swaps for education, creating synergies between debt swaps and other financial instruments such as local currency education bonds.

Against this backdrop, the Special Policy Dialogue will explore the following three questions:

1. In the aftermath of the economic and financial crisis, how can developing countries mobilize the necessary domestic resources to meet the MDGs and Education For All goals by 2015? How can they maximize the effectiveness of their limited domestic resources?

2. How can donor countries be encouraged to make good on past Education For All commitments? How can it be ensured that aid is allocated and administered in a way that ensures the greatest development impact? Can new sources of financing help in closing the funding gap in education?

3. How can partnership help unblock untapped potential and ensure that existing resources are put to best use? How can we integrate and mainstream the importance of education in the values of corporate responsibility? What are some of the lessons learned from global health partnerships and how can they best be applied to the education sector?

Format

The meeting will be organized as a one-hour panel discussion. The session will be chaired by the ECOSOC President. The three panellists will make 5 minute introductory statements/presentations which will be followed by a moderated Q&A session. Ms. Wendy Hawkins will also T report on the key messages of the ECOSOC Philanthropy event.

Documentation

The present short aide memoire identifies possible issues and questions to be taken up during the panel discussion. The report of the Secretary-General for the AMR on *"Implementing the internationally agreed goals and commitments in regard to education"* and the report of the Secretary-General for the thematic discussion on *"Current global and national trends and challenges and their impact on education"* will also serve as background documents for the meeting.

Outcome

The President of ECOSOC will prepare an informal summary which will capture the main messages of the panel discussion. The summary will be made available on the ECOSOC website and included in the 2011 ECOSOC yearbook.