Natural resource revenue could reduce out of school numbers by 86% in 17 developing countries

Paris, 7 May: A new paper from UNESCO's *Education for All Global Monitoring Report,* shows that 17 developing countries* could finance access to primary school for 86% of their out-of-school children or 42% of their out of school adolescents, if they managed their revenues from natural resources better.

Released the week of the World Economic Forum on Africa (Cape Town, South Africa 8-10 May), the policy paper reveals that an extra US$5 billion in funding for education could be raised from these 17 countries per year if 30% of income from their minerals and 75% from their oil and gas was converted into public revenue and 20% of this sum invested in education. This is equivalent to two and a half times the amount that these countries received in aid to education in 2010. It would fill a fifth of the $26 billion financing gap needed to give all children a good quality basic education.

"National commitment to education has to be supported by adequate resources. The 17 countries covered in this study face tremendous educational challenges that can be met only through additional financing to expand their systems," said Irina Bokova, Director-General of UNESO. *"The study finds that revenue from natural resources could enable these countries to reach over 11 million out-of-school children. This is an investment in future generations that should be seized now."*

The EFA Global Monitoring Report's paper, *"Turning the resource curse into a blessing for education*," gives examples of the revenue that natural resources could bring to education:

- In **Uganda**, following recent oil discoveries, the government's total budget is set to almost double by 2016. This could lead to a doubling of the education budget and send all primary and lower secondary school-aged children to school.
- In the **Lao People's Democratic Republic**, the value of copper and gold this year is expected to be worth more than double its value in 2008, enough to double their education budget and almost achieve universal primary education.
- The **Democratic Republic of the Congo**, receives less than 10% of the income from its minerals with the remaining 90% going to extracting companies. Striking a better deal with these companies and keeping more as government revenue could likely send all of its children to primary school.

Transparency of natural resource exports is key, but is not enough on its own to secure a country's future; it is also vital to ensure countries strike a good deal, and allocate a share to education.

"Many countries have mismanaged the income from their natural resources, have poorly negotiated with extractive companies, or have made misguided spending choices" said Pauline Rose, director of the Education for All Global Monitoring Report. *"In some cases, the funds have been channeled into armed conflicts instead of towards education. If they managed their income revenue better and put 20% of the revenue into education, ten of the 17 countries we analyzed could reach universal primary education."*

The EFA Global Monitoring Report has partnered with international NGO Global Witness and the Africa Progress Panel, chaired by Kofi Annan, to call on countries to use their natural resource revenue for social goods such as education. They are also calling on the G8 to prioritize transparency on the agenda.

Recommendations:

1. 'Old' and 'new' resource-rich countries must maximize the revenue they get from their resources to improve social services and particularly education
2. Funds from resources must be managed efficiently and transparently to enable citizens to monitor the way they are being used. All countries rich in natural resources should publish annual budget data (including resource revenues, the Enacted Budget, actual spending, and an Audit Report) as well as sign up to Extractives Industry Transparency initiative and other transparency and fair taxation measures.
3. At least 20% of the funds raised from resources should be channeled into education, which will bring equitable and sustainable benefits for the population.

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*NOTES TO EDITORS

Many resource-rich countries could reach Education for All if they raised more revenue and increased focus on education

	Current situation						Potential	
	Conflict-affected[1]	Youth literacy rate (%)	Education as share of total public spending (%)	Natural resource revenue		Potential extra education funding from natural resource revenue[2]	Out-of-school children who could be funded by natural resource revenue[3]	
				% natural resource exports	% total public revenue			
Country		2005–2010	2010	2007–08	2007–08	US$ million	Number (thousand)[4]	%
Resource dependent								
Oil and gas								
Iraq	Yes	83	...	111	89	...	...	...
Angola	Yes	73	9	54	81	2 245	493	100
Yemen	Yes	85	16	77	72	...	...	...
Nigeria	Yes	72	...	72	79	457	2 374	23
Congo	No	80	...	54	83	271	56	100
Chad	Yes	47	10	41	72	247	*1 895*	...
Cameroon	No	83	18	39	34	203	179	100
Minerals								
D. R. Congo	Yes	65	9	8	20	223	*3 620*	...
Zambia	No	74	...	8	10	159	184	100
Papua New Guinea	No	68	...	24	37	49	*334*	...
Guinea	Yes	63	19	11	22	45	355	100
Mauritania	No	68	15	30	25	...	...	...
Sierra Leone	Yes	59	18	4	2	11	*97*	...
Liberia	Yes	77	12	...	15	...	...	...
Recently discovered deposits[5]								
Oil and gas								
South Sudan	Yes	37	...	...	...	762	*3 876*	...
Uganda	Yes	87	15	...	...	450	623	100
Minerals								
Afghanistan	Yes	...	...	...	...	120	*1 786*	...
U. R. Tanzania	No	77	18	...	...	130	137	100
Lao PDR	No	84	13	...	...	95	23	100
Burkina Faso	No	39	21	...	...	82	596	58
Malawi	No	87	15	...	...	12	62	100
Both								
Ghana	No	81	24	...	...	692	567	100
Niger	No	37	17	...	...	92	916	91

Notes: The countries included in the table are those with youth literacy rates below 90%. Cambodia, Côte d'Ivoire, Madagascar and Mali are also set to increase extraction of natural resources in coming years, but the potential quantity of exports is not yet known. Countries in italics are the seventeen included in the aggregate figure used in the text.

1. According to the list of conflict-affected countries compiled for the 2011 EFA Global Monitoring Report.

2. 'Potential extra education funding from natural resource revenue' is based on assumptions that (a) governments increase the share of revenue raised from natural resource exports to 30% for mineral-rich countries and 75% for oil- and gas-rich countries and (b) governments spend 20% of the extra revenue (i.e. above what is already being raised) on education. Because Iraq and Yemen already raise more than 75% from oil exports, and Mauritania 30% of minerals exports, there is no extra education funding available.

3. Pupil unit costs were calculated for primary school and lower secondary school using either EPDC and UNESCO (2009) costings (therefore including improvements in quality) or actual unit costs as reported in the statistical tables of this Report. For countries where data were unavailable, an income group average was used.

4. For countries with available data, the potential number of pupils that could be funded was capped at the number of current out-of-school children, with funds remaining in many cases. For countries without out-of-school figures, the total number of pupils that could be funded is shown in italics. The inclusion of this number does not mean that there are necessarily that many children out of school.

5. For countries with recently discovered deposits, an annual average over 2010–2015 of current IMF projections on exports for natural resource revenue was used to calculate potential education funding.

Sources: EFA Global Monitoring Report team calculations (2012) based on IMF Article IV reviews and EPDC and UNESCO (2009); Annex, Statistical Tables 2 and 9.