

Background document



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2021 Global Education Meeting - High-Level Segment *Invest in education - a global mobilization for COVID-19 recovery and the futures of education (10 November 2021)*

UNESCO convenes periodic Global Education Meetings (GEMs) aligned with the meeting schedule of the High-level Political Forum on Sustainable Development (HLPF). All Member States and other stakeholders that are part of the global education cooperation mechanism participate in the GEMs.

The 2021 GEM has two segments: the Ministerial Segment which took place in July 2021 and the High-Level Segment in November 2021, held at the margin of the 41st Session of the UNESCO General Conference. The Ministerial Segment endorsed the multi-stakeholder Working Group's proposal for the improved Global Education Cooperation Mechanism.

Co-hosted by UNESCO and the Government of France, the High-Level Segment of the 2021 GEM will galvanize global political commitments to raise the profile of education and its investment imperative, as a catalytic driver for the world's COVID-19 recovery and acceleration toward Agenda 2030, paving the way for the futures of education.

In pursuant to the 2020 GEM Declaration, this high-level 2021 GEM will also review the implementation of the commitments made at the extraordinary session of GEM in October 2020, particularly in relation to the education financing commitments.

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Introduction

Background

In October 2020, Heads of State and Government, Ministers and representatives of the international education community met at the extraordinary session of the Global Education Meeting (2020 GEM), in response to the urgent call to protect education suffering from the worldwide school closures and the constrained fiscal environment as a result of the COVID 19 pandemic; and to promote education as a catalytic force for inclusive recovery and sustainable development. The 2020 GEM, convened by UNESCO with the Governments of Ghana, Norway and the United Kingdom, reached a global agreement (2020 GEM Declaration) on the commitment to protect education finance and to implement priority actions needed to build more resilient, flexible, inclusive and gender-responsive societies and education systems.

The 2020 GEM Declaration consists of two sets of the international community's commitment. First, the commitment to protect education finance included three measures: a) increase or maintain the share of public expenditure on education towards at least 4-6% of GDP and/or 15-20% of public expenditure; b) ensure that national recovery stimulus packages include allocations for equity-focused support measures and for skills development; and c) to increase the volume (ref. 0.7% of donor GNP for ODA to developing countries), predictability and effectiveness of international aid to education. Second, the following four priority actions were agreed upon:

- 1) **Safely reopen educational institutions** through closer inter-sectoral collaboration, strengthening and restoring access to services and ensuring that reopening plans are equity-oriented, gender-responsive, inclusive, targeted and adequately funded.
- 2) **Support all teachers and education personnel** as frontline workers, ensuring their safety, well-being and decent working conditions; consulting their representatives in decision making; and providing them with urgency professional development.
- 3) **Invest in skills development**, including social and emotional learning and well-being, for inclusive recovery, decent work, enhanced employability and sustainable development.
- 4) **Narrow the digital divide in education**, develop quality open educational resources and build digital commons as a complement to face-to-face learning.

The 2020 GEM also triggered a dialogue about improving the Global Education Cooperation Mechanism as a means to support countries to accelerate their progress toward SDG 4, recovering from the COVID-19-affected context. Many have called for stronger policy leadership, better synergies, greater efficiency and improved delivery in global and regional cooperation as the response to these goals and challenges.

Outline of this background document

This background document follows up on the three paragraphs of the 2020 GEM Declaration under the "Way Forward":

9. *We will monitor the implementation of these commitments over the next 15 months, collect and exchange good practices, and report on the fulfilment of commitments at the next ordinary session of the Global Education Meeting planned for 2021 (2021 GEM).*
10. *We request UNESCO and its partners, together with the SDG-Education2030 Steering Committee, to assess the impact of the COVID-19 crisis on the progress towards the achievement of the SDG 4 and other education-related targets, examine the strategies and*

priorities to recover and accelerate the progress and propose relevant and realistic benchmarks of key SDG 4 indicators for subsequent monitoring.

- 11. We invite UNESCO to expeditiously design and lead a consultation in coordination with relevant stakeholders in order to develop a proposal to strengthen the SDG-Education 2030 Steering Committee to be able to effectively steer and coordinate the global education cooperation mechanism in line with the Education 2030 Framework for Action and in the post-COVID-19 context. We agree to extend the mandate of the current SDG-Education 2030 Steering Committee members during the consultation process as a transitional measure, until an agreement on a strengthened global education coordination mechanism is reached at the earliest convenience, and not later than the GEM 2021.*

Part 1 is a background paper for the main theme of the High-Level Segment of the 2020 GEM – education finance – and examines the 2020 GEM commitment to protect education finance at the time of COVID-19 and beyond. Jointly prepared by UNESCO, the Government of France and the OECD, the paper synthesizes available information and analyses regarding education finance from a lifelong learning perspective. In so doing, it explores ways and means to mobilize non-traditional resources for education (including from other sectors) while fostering the equity and efficiency of investments.

Part 2 reports on the implementation of the Paragraphs 9 and 10 of the 2020 GEM Declaration, namely, the fulfilment of the 2020 GEM commitments, the preliminary assessment of the impact of the COVID-19 crisis on the SDG 4 targets and the development of national benchmarks on the seven SDG 4 monitoring indicators. Since the 2020 GEM, UNESCO convened twice Ministers of Education across the world to share innovative responses in transforming their education systems amid the crisis and to discuss the lessons learned that would help accelerate countries' progress towards SDG 4: in March 2021 commemorating one year into the COVID-19 pandemic and in July 2021 at the Ministerial Segment of the 2021 GEM.

Part 3 presents updates on the reform of the Global Education Cooperation Mechanism in reference to Paragraph 11 of the 2020 GEM Declaration. The Ministerial Segment of the 2021 GEM, in which over 85 education ministers as well as leaders of the international education community participated, endorsed the proposal of the multi-stakeholder Working Group an improved global cooperation mechanism. Moreover, the Ministerial Segment invited the strengthened SDG4-Education 2030 High-Level Steering Committee constituencies to nominate their representatives prior to the High-Level Segment of the 2021 GEM and also requested UNESCO to lead further development of the Working Group's proposal in consultation with its Member States and partners.

Part 1. Financing Quality, Equitable and Efficient Education

Executive Summary

1. This background policy paper has been prepared in the context of the Declaration of Incheon and the Sustainable Development Goal on Education (SDG 4), which committed all countries to ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all as targets to reach by 2030.

Impact of COVID-19 on education financing

2. The financing issues in education which are the subject of this paper predate the COVID-19 pandemic, but the health and economic crisis has exacerbated the situation. The world is now even further away from achieving SDG 4. In addition to a gap in the volume of financing, there are also concerns about the effectiveness of resource use in education, including for equity, quality and efficiency.
3. Since the COVID-19 outbreak, as signalled in the Declaration of the last Global Education Meeting (GEM) in October 2020, there is an increased concern regarding the extent of the impact of the pandemic on progress towards the Education 2030 goal, especially with the now-visible decline or stagnation in education budgets in many low- and lower-middle-income countries.
4. It is necessary to close financing, equity and quality gaps through a set of policy measures for the short and medium-to-long term in the context of both development and recovery from the crisis.

Addressing the gaps in education financing

5. Addressing the gaps in education financing requires policy actions in three key areas: (1) financing, (2) efficiency and (3) equity.

A - FINANCING

6. In the short term and as recommended in the GEM 2020 Declaration, countries should:
 - Increase the share of public expenditure on education to meet the international benchmarks of at least four to six per cent of GDP and/or 15 to 20 per cent of public expenditure.
 - Ensure that national recovery stimulus packages include allocations for: a) measures to recover learning loss for all learners and reduce negative socio-emotional impacts during educational disruption (in particular supporting the development of digital distance learning); b) (re-)enrolment campaigns and targeted support for learners who are at risk of not returning to school, especially girls, persons with disabilities, refugees, those living in poverty, those living in rural areas, internally displaced persons, and persons affected by conflict, crises and natural disasters; c) reskilling and upskilling programmes to increase employment opportunities for people affected by job losses (and facilitate graduates' transition to the labour market); and d) bolstering the effectiveness of investments in education by centring them on identified thematic actions to achieve quality, such as training teachers and planning vocational education according to the needs of labour markets (involving the private sector) and taking into account the lessons learnt from the COVID-19 crisis by reinforcing investments in digital education/skills.
 - Consider introducing extraordinary fiscal measures to increase financial resources for the education system in the short run.
 - Increase the volume, predictability and effectiveness of international aid by: a) meeting the benchmark of 0.7 per cent of donor gross national income (GNI) for official development

assistance (ODA) to developing countries; b) increasing the share of ODA to education as a percentage of total ODA; and c) ensuring that international aid for education is contextualized and aligned to national education strategies, aid-effectiveness principles, and COVID-19 recovery plans. Aid should target countries and populations most in need, including those not reached by government programmes.

7. In addition, the cost-per-student expenditures for a context-responsive good quality education should be considered as another measure or benchmark of the level of investment (alongside expenditures as a percentage of GDP and/or percentage of public expenditures). While it would be more difficult to measure unit costs rather than expenditures as a percentage of GDP or public expenditure, this measure may be more comparable internationally as it is less influenced by demographic factors. However, per-student expenditure comparisons must take full account of the differences between economies and cost-of-living differences across countries and would have to be adjusted for purchasing power parity.
8. In the medium and longer term, and recognizing that domestic resources are vital for making progress towards the SDG 4 - Education 2030 agenda:
 - Most low-income and lower-middle-income countries (LICs and LMICs) may need to spend more than six per cent of GDP and more than 20 per cent of government budgets on education to get close to achieving the aspirations of SDG 4, and there is a need to consider new sources of funding and resource mobilization.
 - A whole-of-government reflexion is necessary to work on thematic priorities and resource provision, recognizing that progress in education will be supported by broader macro reforms. Countries need to mobilize additional domestic resources through tax reform. Increasing the tax-to-GDP ratio requires fundamental reform that is implemented gradually over time. Such reforms include strengthening the formal economy, streamlining the use of corporate tax incentives, strengthening the design of the personal income tax and VAT, and re-assessing property and capital taxation.
 - Progress in the education sector must be monitored based on data and information on funding levels and how funds are used, based on shared indicators. Improved data quality and coverage, particularly around equity, inclusion and gender, will necessitate ensuring the comparability of existing data sources and adopting new approaches for data collection. The value of better data lies in both targeting resources and evaluating financing strategies.

B - EFFICIENCY

9. There is a need to achieve systemic improvements to education financing that will promote more effective use of resources and provide sustainable support for priorities in the long term. This will require investments to include additional strategies or policy areas (not just innovation) that can increase efficiency. In the short, medium and longer term, and recognizing that increased efficiency is vital for making progress towards the SDG 4 - Education 2030 agenda, countries should:
 - Develop and implement evidence-based financing policies and investments to advance both quality and efficiency, such as matching resources with learners' different needs, providing equity funding to schools, and supporting schools with their budgeting responsibilities; and
 - Increase the efficiency of the school funding mechanism by improving funding formulas to provide a more equitable method of resource distribution, supporting sub-national governments and administrations to play a more effective role and looking at efficiency questions from a more educational angle as opposed to a purely economic perspective.

10. A multisectoral approach is necessary to reach SDG 4. In discussions between government ministries of finance, education, labour, vocational training, higher education, and research, there is a need to strengthen the link between educational investments and outcomes, to support the achievement of economic and social goals and demonstrate education's ability to make efficient use of existing and additional resources to deliver value for money.

C- EQUITY

11. We are concerned with equity as an outcome as well as the kinds of financing mechanisms that best support more equitable resource distribution. Equity and efficiency are not competing goals in education systems. There is strong evidence that the two can go hand in hand and even reinforce each other. When allocating scarce resources, policy-makers should therefore ensure that funding prioritizes equity in pursuit of synergies between efficiency, equity and educational performance. Examples of such investments include high-quality early childhood care and education, girls' education, efforts to reduce educational failure, and matching highly qualified and motivated teachers with the most challenging schools.
12. Countries should consider creating and strengthening policies, programmes and funding that support equity and inclusion in education and vocational training. For example, countries can promote greater access to early learning and well-being, particularly among disadvantaged families. These programmes both provide more equitable learning environments and help children acquire essential social and emotional skills. Countries can target additional resources towards the most marginalized and vulnerable children and especially migrants and refugees (in the form of cash or other forms of scholarships, such as exemptions from fee payments) as well as toward schools (capitation grants). Governments can also reduce the concentration of disadvantaged students in particular schools. In addition, non-education-specific financing policies and programmes, such as health and social welfare, can have a large impact on education.

Introduction

The COVID-19 pandemic has led to school closures worldwide, exacerbating issues of exclusion and the global learning crisis that had existed prior to the health crisis. All countries have been affected, but to varying degrees, due to their differing infection rates and policy choices. Likewise, educational policy responses have varied – some countries have kept schools open to ensure the continuity of education, while others have closed schools to stop COVID-19 transmission.

By September 2021, schools were fully open in 117 countries compared to 94 in September 2020. Schools were partially open in 41 countries compared to 52 in 2020 and closed in 17 countries versus 41. According to UNESCO, since the onset of the pandemic, schools have been completely closed for an average of 18 weeks (4.5 months) worldwide. If partial closures are factored in (i.e. closures for certain localities and/or educational levels), then across the globe, schools were shut for an average duration of 34 weeks (8.5 months) or nearly a full academic year.

Prolonged and repeated class and school closures during 2020 and 2021 resulted in learning losses and increased drop-out rates, disproportionately impacting the most vulnerable and marginalized students, especially girls, and affecting progress towards Sustainable Development Goal 4 (SDG 4) and its equity targets. Remedial action and campaigns to bring all the children back to school and to accelerate the recovery of learning losses remains an essential component of the national COVID-19 response in several education systems around the world. Teachers and educators need adequate support and preparation. Connectivity and bridging the digital divide also remain key priorities for building the resilience of education systems and providing hybrid learning opportunities.

To recover from the COVID-19 disruption and achieve national and international goals, countries will need to invest more extensively and effectively in their education systems. Simply returning to pre-COVID-19 levels and practices of spending on education will not be sufficient, as many education systems already needed additional finance even before the crisis and were grappling with challenges of quality and inclusion. UNESCO estimated that the financing gap risks increasing by up to one third in low- and lower-middle-income countries due to the school closures (UNESCO, 2020a). The funding challenge is not only about mobilizing resources but also about tackling the large spending inefficiencies and inequalities common to many education systems, to make better use of resources and align spending with positive educational outcomes.

When monitoring education finance globally, the international community usually refers to the Education 2030 Agenda benchmarks of at least four to six per cent of gross domestic product (GDP) and/or 15 to 20 per cent of public expenditure being allocated to education. It also refers to meeting the benchmark of 0.7 per cent of donor gross national income (GNI) for official development assistance. Other areas of policy discussion have also recently emerged, including changes in domestic taxation, innovative financing, the role of employers, and the role of philanthropy in supporting public education.

The Declaration of the 2020 Global Education Meeting (GEM) co-hosted with the governments of Ghana, Norway and the United Kingdom, recalled the importance of education financing. Countries committed to increasing or maintaining the share of their public expenditure dedicated to education to meet the international benchmarks, and ensuring that their national recovery stimulus packages include allocations for education. The declaration also recognized the importance of international efforts and solidarity through the provision of development aid.

UNESCO and the Government of the French Republic are co-hosting the 2021 GEM in November in Paris. As part of this meeting, a high-level segment will focus on education financing, under the theme

of ‘Investment in Education: A global mobilization for recovery and accelerating sustainable development’.

Outline of the paper

This paper is an input for the high-level segment of the 2021 GEM, which focuses on education financing. It draws together and synthesizes available information and analyses regarding education finance from a lifelong learning perspective. Furthermore, it explores ways and means to mobilize non-traditional **resources** for education (including from other sectors) while further fostering the **equity** and **efficiency** of investments. The paper is the result of cooperation between UNESCO, the French Government, and the OECD together with consultation among other concerned international organizations. The evidence that it presents is based on: (i) data from the UNESCO Institute for Statistics; (ii) the 2021 joint survey by UNESCO, UNICEF, the World Bank and the OECD on education systems’ responses to COVID-19; (iii) data on education financing collected by the Global Education Monitoring Report and World Bank team in 2021; (iv) data on stimulus packages collected by UNESCO; and (v) other data from the OECD.

The paper is designed to stimulate discussion on where and how to increase the financial resources for education, prioritize allocations to ensure equitable and efficient financing in support of recovery, strengthen the resilience of education systems, and eventually contribute to sustainable development. The paper is organized into four sections, each focusing on a particular key question:

- **Section 1:** What is the impact of the COVID-19 pandemic on education financing? The section includes an analysis of budget trends and stimulus packages, which have been the key response to the public health crisis in many countries.
- **Section 2:** How can the resource base for education be widened to ensure that SDG 4 is achieved by 2030? The section examines short- and longer-term policy measures that could be designed to address the gaps in financing more generally, with a particular focus on domestic resources and raising tax revenues. It provides a global perspective on domestic tax revenues, analysing the complex ways in which education is critically dependent on this most important source of public funding, and why it matters for the achievement of SDG 4.
- **Section 3:** How can we ensure equity, quality, and inclusion in education financing? The section examines where and how funding should be used and prioritized, especially for achieving more equity, inclusion, quality, and efficiency in the education system. It also looks at the link between educational outcomes and individual and societal benefits and implications regarding fiscal policy, particularly the importance of recalling the right to education as a goal in itself and the socio-economic benefits for individuals and societies.
- **Section 4:** What needs to be done to improve the evidence and accountability in education financing through investment in data and monitoring? This last section highlights the gaps in data collection, monitoring and evaluation in the areas of financing education and assessing equity and efficiency. It proposes some suggestions for policy consideration in view of the GEM 2021 outcome document, the 2021 Global Education Meeting Declaration.

The paper concludes with a proposal of key policy recommendations as a basis for the GEM 2021 outcome document.

1.1. Status of Education Financing and Impact of COVID-19

This paper presents a comprehensive picture of education financing and the visible impact of COVID-19 at the national and global level. The picture presented here takes account of the entirety and complexity of education financing regarding sectors and levels as well as sources of funding. The paper covers lifelong learning and all educational levels – from pre-primary to tertiary education, including

vocational training – and includes all sources of funding (from all levels of government, in addition to households and private and external sources) and all types of education providers, both public and private. The paper also takes into account the principle of equity that should underlie education financing. This principle is crucial for achieving SDG 4 and gender equality, and meeting the educational needs of the most marginalized and vulnerable children, especially migrant and refugee children and children with disabilities.

1.1.1. Financing education requires crucial action to meet the commitments

Education requires long-term and predictable financing if it is to attempt the structural reforms necessary to achieve SDG 4, which require years of policy actions and implementation. Among others, these reforms include curriculum alterations, systems strengthening and expansion, infrastructure development and teacher recruitment, remuneration and training. Predictable financing is also necessary because delivering quality education requires a large, qualified, motivated workforce of teachers, teachers' trainers, heads of schools and inspectors.

However, there is a broad international consensus that education systems, particularly in low- and middle-income countries, are facing gaps in financing that could affect a whole generation of children and youth as well as adults. This funding crisis pre-dated the COVID-19 pandemic. In many countries, there has been a chronic underfunding of education and a decline in development aid, as regularly highlighted by UNESCO, in particular through the GEM report. The crucial need for action in this area was already agreed at the highest political level. In 2015, the Education 2030 agenda urged countries to adhere to the international and regional benchmarks of allocating to education at least four to six per cent of GDP, and/or 15-20 per cent of total public expenditures. More recently, countries committed to the [2020 GEM Declaration](#), promising to: 1) increase or maintain the share of public expenditure on education; 2) include in their COVID-19 recovery packages equity-focused measures for education, (re-)enrolment campaigns, and training and skills development to increase employment opportunities; and 3) increase the volume, predictability and effectiveness of international aid.

Table 1 shows the number and percentage of countries that were meeting the benchmarks as of 2019. The information comes from data released in September 2021 by the UNESCO Institute of Statistics, except for high-income countries which draw from the OECD dataset for 2018. Of the countries with data, 47 and 69 per cent respectively do not meet the benchmark of spending as a percentage of GDP and as a percentage of total expenditures. When the two benchmarks are considered jointly, the percentage of countries that are behind is even higher, 77 per cent. The share of countries not meeting their commitments on the first benchmark is large among low-income countries (LICs, 67 per cent) and high-income non-OECD ones (59 per cent). It is worth mentioning that the data coverage for high-income non-OECD countries is the most sparse, with only 39 per cent of all countries included.

Table 1. Rates at which countries fail to meet the education financing benchmarks, according to income level (2019 except when indicated otherwise)

Income level (2019)	2019 coverage		Do not meet benchmark (2019)	
	Number countries with data	Percentage	# countries	Percentage
Benchmark: Public expenditures on education as % of GDP (at least 4-6 per cent) *				
Low income	21	68	14	67
Lower middle income	38	75	16	42
Upper middle income [‡]	41	75	18	44
High income				
OECD (2018 data) [‡]	33	100	12	36
Non-OECD	22	39	13	59
Total	155	68	73	47
Benchmark: Public expenditures on education as % of total government expenditures (15-20 per cent) *				

Low income	13	42	9	69
Lower middle income	30	59	16	53
Upper middle income [¥]	32	58	16	50
High income				
OECD (2018 data) [¥]	33	100%	32	97
Non-OECD	23	40	17	74
Total	131	58	90	69
Two benchmarks combined				
Low income	12	39	9	75
Lower middle income	24	47	13	54
Upper middle income [¥]	29	53	19	66
High income				
OECD (2018 data) [¥]	33	100	32	97
Non-OECD	18	32	16	89
Total	116	51	89	77

Sources: OECD (2021c, extracted 5 October); UNESCO-UIS (2021, extracted 27 September); World Bank (2021).

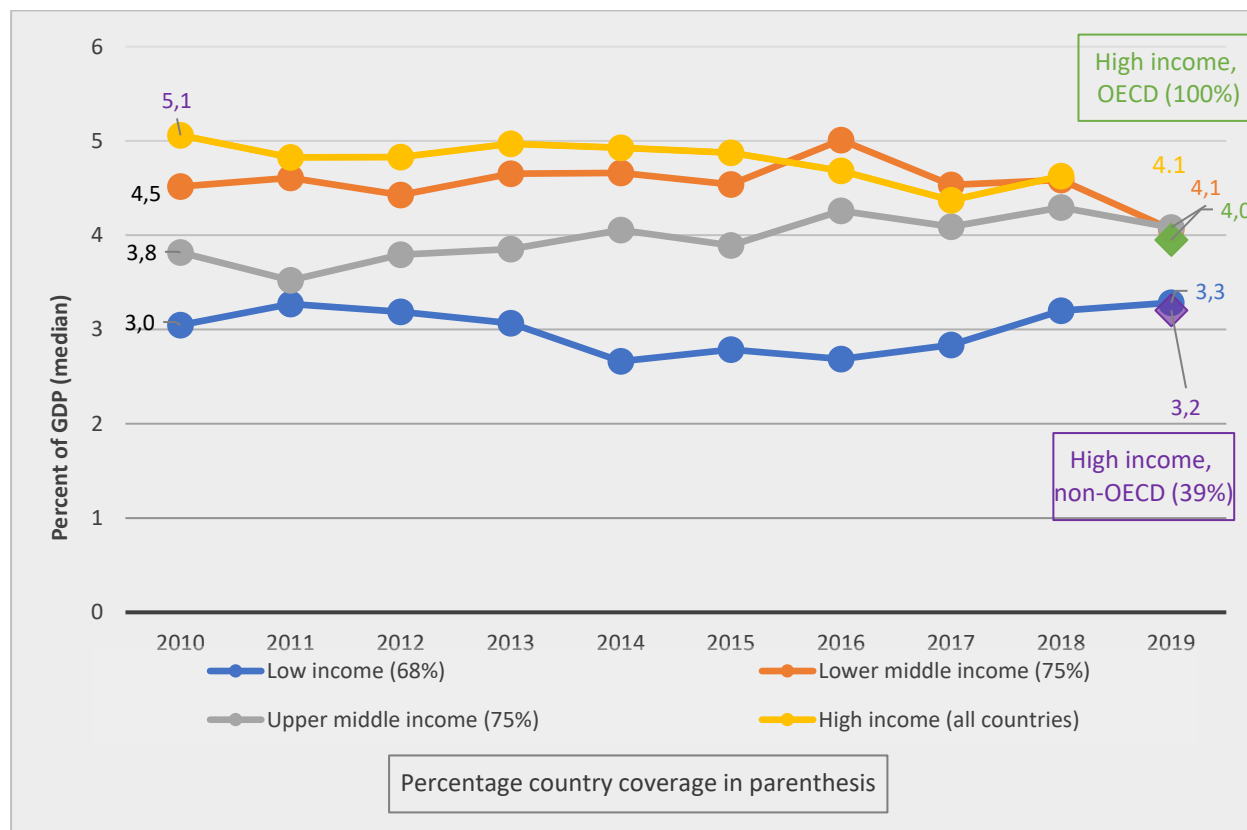
Notes: (*) Except for high-income OECD countries, the data refer to total general (local, regional and central) government expenditures (current, capital, and transfers) and expenditures on core educational goods and services. It includes expenditures coming from public (i.e. all government ministries and agencies financing or supporting education programmes in the country), international and private (e.g. households) sources.

(±) It includes the four OECD countries classified as upper middle income: Colombia, Costa Rica, Mexico and Turkey.

(¥) It covers expenditure on educational institutions and expenditure outside educational institutions. It comprises expenditure by all public entities, including the education ministry and other ministries, local and regional governments, and other public agencies. Data excludes pre-primary education.

In addition to the number of countries failing to reach the benchmarks, the data show that low-income economies are raising lower revenues for education than the Education 2030 Agenda and the 2020 GEM Declaration call for. In 2019, for example, government expenditures as a percentage of GDP reached 3.3 per cent for these countries, compared to shares above 4.0 for the other income groups (see **Figure 1**). The exceptions are high-income non-OECD countries, which in 2019 allocated about the same as low-income ones — 3.2 per cent, although for this group the median is calculated over a much lower country coverage compared with the other income levels (only 39 per cent).

Figure 1. Evolution of government expenditure in education as a percentage of GDP,* by countries' income level (2010/19)[‡]



Sources: OECD (2021c, extracted 5 October); UNESCO-UIS (2021, extracted 27 September); World Bank (2021).

Note: (*) Except for high-income OECD countries, the data refer to total general (local, regional and central) government expenditures (current, capital, and transfers) and expenditures on core educational goods and services. It includes expenditures coming from public sources (i.e. all government ministries and agencies financing or supporting education programmes in the country), international source, and private source (e.g. households).

(±) It includes the four OECD countries classified as upper middle income: Colombia, Costa Rica, Mexico and Turkey.

(¥) Data is for 2018. It covers expenditure on educational institutions and expenditure outside educational institutions. It comprises expenditure by all public entities, including the education ministry and other ministries, local and regional governments, and other public agencies. Data excludes pre-primary education.

Even if still inadequate, the financial efforts have been remarkable for low-income economies. Since 2010, these countries have increased spending on education by 7.8 per cent (starting from three per cent of GDP). The increase for low-income countries is similar to that of upper-income ones, except that the latter started from a slightly higher baseline and were able to reach the four per cent benchmark by 2019.

Although used for benchmarking countries' efforts at financing education and lifelong learning, education expenditures fail to capture the complete picture. The costs of providing education and lifelong learning can be much higher when all funding sources are accounted for — other ministries, households, non-governmental organizations and agencies. The National Education Accounts (NEA) methodology has been applied to address such a limitation (**Box 1**) and it suggests that the education spending gaps might be underestimated.

Box 1. The NEA methodology suggests that financing challenges might be more resounding than benchmark data indicate

The National Education Accounts (NEA) is a methodology that compiles education expenditures from different sources, levels and types of education, and providers. A recent application of the methodology by UNESCO-UIS and UNESCO-IIEP in eight countries shows that:

The total costs of education and learning are much higher than expenditure data reveal

The exercise for selected countries shows that around 2015, Côte d'Ivoire, Nepal, Uganda and Viet Nam allocated respectively 4.4, 3.8, 2.1 and 6.0 per cent of their GDP to education. However, these expenditures are a limited proportion of the total costs of providing education and learning. When all funding sources are considered, it is evident that sometimes two to three times more resources are required: 7.3 per cent in Côte d'Ivoire, 9.3 in Nepal, 6.3 in Uganda, and 7.8 in Viet Nam.

Ministries of education are not always the main funders: whole-government efforts tend to be underestimated

Public funding sources are complex and diversified in the eight countries surveyed. For example, Côte d'Ivoire spent an additional 9 per cent on education when the previously ignored funds allocated by government agencies were added to the bill. These additional resources are drawn from other budget accounts, like the President's Emergency Programme and 17 other ministries with tertiary and pre-primary institutions under their responsibility.

Overall, education expenditure data underestimate whole-government efforts and, consequently, present a distorted picture of the financial efforts required.

Households bear a considerable burden in financing education in LICs and MICs and can be the major funders of schooling

When accounting for household contributions, it is evident that families share a large burden of the costs of their children's education. The NEA methodology shows that households contributed about one-third of education expenditure in Côte d'Ivoire, one-half in Nepal, more than one-half in Uganda and one-quarter in Viet Nam.

Source: UNESCO-UIS, UNESCO-IIEP and UNESCO-IIEP Pole de Dakar (2016).

1.1.2. The effect of COVID-19 on government spending is yet to be fully determined

Several analyses conducted to examine the impact of COVID-19 on governments' spending on education give some divergent perspectives. In the 2021 joint survey conducted by UNESCO, UNICEF, the World Bank and the OECD, countries' declarations show that 49 per cent of them increased their public education budget in 2020 relative to 2019, while 43 per cent maintained their existing budget. For 2021, about 60 per cent of countries planned to increase their budget compared to 2020, but it is important to note that the sample of countries is not globally representative. Low- and lower-middle-income countries were more likely to provide financial support to students, while high-income countries were more likely to increase teacher compensation. Only 25 per cent of low-income countries compared to 96 per cent of high-income countries reported being able to meet regular spending levels or make extra expenditures.

Faced with coronavirus-induced needs, two-thirds of low- and lower-middle-income countries have reportedly cut their public education budgets since the onset of the pandemic, according to the World Bank and UNESCO's (2021) [Education Finance Watch](#) (EFW) report. In comparison, only one-third of

upper-middle-income and high-income countries have reduced their budgets.¹ These cuts seem to have been relatively small thus far, but it remains to be seen how much is actually spent and there is a danger that future cuts will be larger, as the pandemic continues to take its economic toll and fiscal positions worsen. It is worth noting that when education budgets are cut, the impact is not felt equally across all elements of the budget – salaries generally remain largely intact and it is capital and non-salary recurrent expenditures that suffer. Moreover, these trends imply a significant widening of the already large spending disparities between low- and high-income countries.

According to the EFW report, in 2018/19, high-income countries were spending the equivalent of US\$8,501 annually for each child or youth compared to US\$48 in low-income countries. Since 2020, COVID-19 has only widened this huge per-capita spending disparity between high and low-income economies. In addition, the report found that the financial contributions of households, governments, and development assistance to aggregated education spending have remained relatively stable over time, with governments providing around 82 per cent, households 17 per cent, and development assistance (donors) less than one per cent - although this share for development assistance increases to about 18 per cent for low-income countries.

The EFW report stresses that the education financing challenge is not only about mobilizing resources but also about improving the effectiveness and equity of funding — that is, translating spending into positive schooling and learning outcomes. Unfortunately, increases in public spending in the period leading up to the COVID-19 outbreak have been associated with relatively small improvements in the access to and completion of formal schooling. Furthermore, the evidence is relatively limited concerning positive learning outcomes, mainly due to few countries having data available. For three-quarters of the countries with available data, increased spending registered improvements in learning-adjusted years of schooling. Still, the [learning poverty rate](#) – the proportion of 10-year-olds unable to read a short, age-appropriate text – continues to be associated with countries' economic levels, with high-income countries having low levels of learning poverty and low-income countries having high levels of learning poverty.

It is important to realize, as will be shown in later sections of this paper, that long-term growth is not possible without education. Education is an investment in human capital that we know has large long-term payoffs.

1.1.3. Conclusion

The analysis in this section shows that global spending on education has increased over the last 10 years. However, there are signs that the trend is stalling and that the pandemic may interrupt this upward trend. Funding has grown most rapidly in low- and lower-middle-income countries, though the gaps between current allocations and what is needed to achieve the SDGs are still the widest. The anticipated deterioration in government finances over the short and medium term suggests that without concerted national efforts and global mobilization to prioritize education, the outlook for increasing or even just protecting the resources required for the achievement of SDG 4 is not promising.

1.2. Addressing the Gaps in Education Financing

Governments may consider various strategies to widen the resource base for education and many of these are much broader than what is in the remit of a ministry of education. These can be differentiated according to the timelines. Short-term strategies might include allocating more for education in the context of stimulus packages while maintaining or increasing education budgets as a

¹ It is important to note, however, that in the study the coverage of high-income countries was very small (only Chile and Panama).

share of GDP and total government expenditure. On the other hand, long-term strategies imply increasing domestic resources through taxation system reforms and innovative tax strategies. This section of the paper covers these strategies, drawing on the available data and analyses conducted by different agencies.

1.2.1. Increasing domestic resources in the short term

Reducing investment in education at the critical juncture of recovery from the COVID-19 pandemic will worsen the risk of a generational catastrophe. Investing now in education will be vital to driving an inclusive recovery and economic transformation, and to building resilience. However, there is a concern that education budgets are not adjusting proportionately to the challenges brought about by COVID-19, especially in low-income countries.

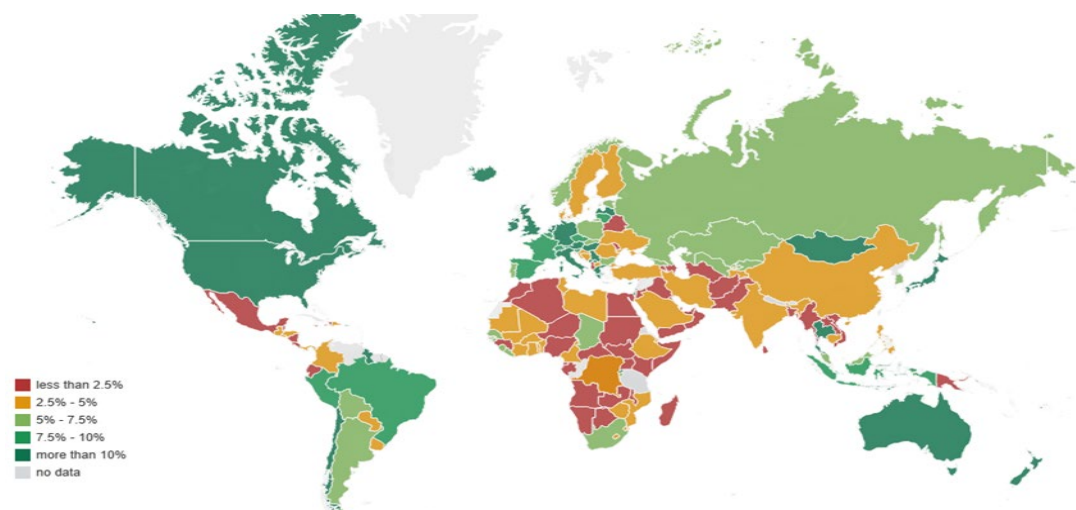
The stimulus packages announced by many countries could be an opportunity to boost the resource base for educational transformation. Although a total of **US\$16 trillion** was invested in stimulus packages worldwide since the beginning of the pandemic, US\$468 billion was invested in education stimulus, of which **97 per cent** was spent in high income countries. As of June 2021, the data showed that the education and training sector has been allocated only **2.9 per cent** of the 16 trillion.² While countries with means were able to take financial actions to mitigate the impact of the pandemic, it was not an option for many low-income countries. The IMF (2021) reports that the many of the world's richest countries mobilized more than 10 per cent of their already large GDP for fiscal stimulus, whereas low- and middle-income countries were able to allocate small share of their GDP, which was already much smaller than those of the high-income countries to start with (**Figure 2**).

This pattern was also clear from the UNESCO survey on stimulus packages conducted in 2021. Among the responding countries, only 17 per cent of the high-income countries and 19 per cent of upper-middle- income countries said that they did not have any stimulus packages. However, among the low- and lower-middle-income countries the proportion was 28 per cent. Moreover, 76 per cent of high-income countries said that education was part of their stimulus packages, while that number drops to 64 per cent for low- and lower-middle-income countries. A lack of financial means to address the impact of the pandemic is likely to have widened the already existing gaps.

Recovery measures should stimulate the rebound of the economy and strengthen the productive capacity of countries. Making provisions to limit the loss that students have incurred during the pandemic constitutes a profitable investment. The challenge will now be to ensure that we do not return to 'education and training as usual' but that we integrate best practices that have worked well during the crisis within the education and training approaches for the future.

² However, it is probably the case that organizations and businesses might have invested significant amounts of funds in education and training, for instance to teach people how to use remote communication tools.

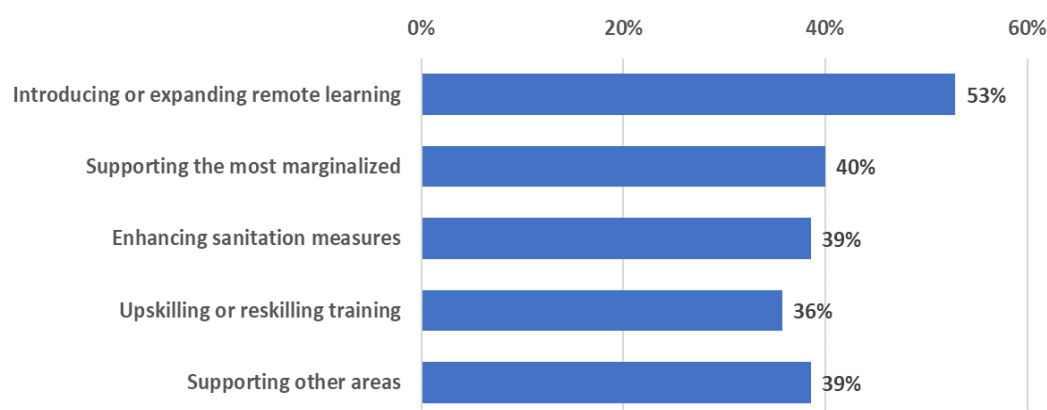
Figure 2. Additional spending and forgone revenue in response to the COVID-19 pandemic (% of 2020 GDP)



Source: Reproduced from IMF (2021).

Additional funding for education and training was provided by 69 per cent of respondents (48 countries) through their stimulus packages. **Investing in digital learning was a priority across regions and income groups**, as seen by 53 per cent of the countries with data.³ However, only 27 per cent of low- and lower-middle-income countries responding to the survey had a fully operationalized policy on digital learning accompanied with explicit guidance, compared to half of the high-income countries. Remote learning and remote connection do not only apply to the industrialized world; developing countries need to make sure they become an integral part of the new online networks that are formed. This is an opportunity for schools and universities in developing countries (e.g. to connect remotely more often with universities in the industrialized world). Other areas that attracted governments' fiscal response were marginalization and inequalities (40 per cent),⁴ sanitation and health measures (39 per cent), and skills upgrading (36 per cent), as shown in Figure 3.

Figure 3. Uses of education stimulus (% of reporting countries, N=70)



Source: UNESCO (2021)

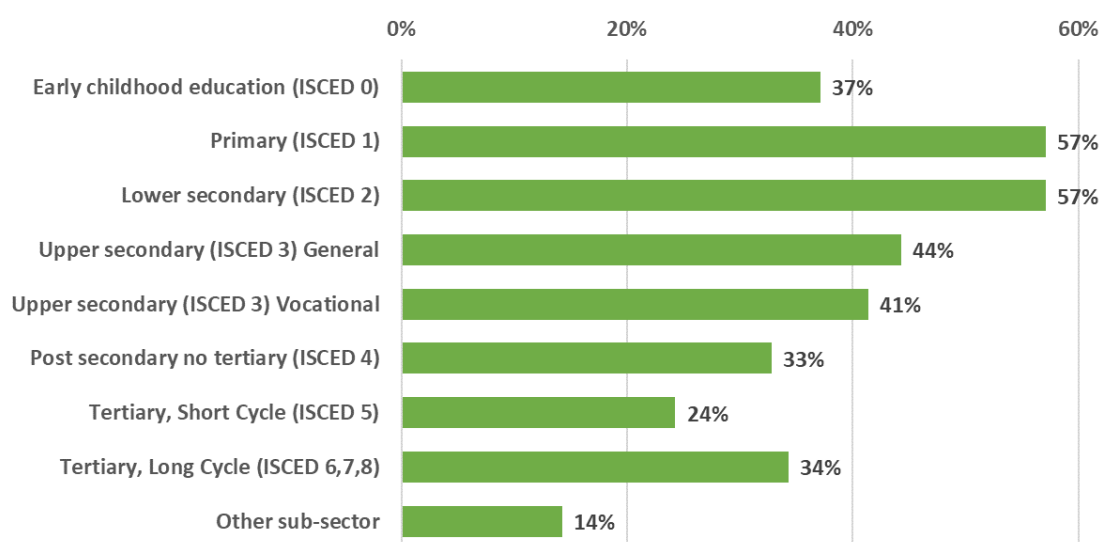
³ This corroborates the findings of the joint survey on COVID-19 responses, which notes that 70 per cent of countries had a plan to offer either internet access or devices at subsidized or zero cost in 2021.

⁴ Respondents did not often specify which groups. Among those mentioned, most are children from disadvantaged families, students facing financial difficulties, and people living in the areas directly impacted by the pandemic.

Although expanding digital learning was a prime concern worldwide, **secondary priorities of the stimulus packages varied by region and income level**. For example, most reporting countries from Africa (55 per cent) invested in enhancing sanitation measures,⁵ and nearly half of reporting countries from Asia and the Pacific (47 per cent) allocated stimulus to support the most marginalized learners. In Europe and North America, 64 per cent of reporting countries supported other areas. These include: increasing teacher numbers (reducing the pupil-to-teacher ratio) and providing teacher training; renovating/improving school buildings/infrastructures; providing extra support to students (loans, study guidance, transport, psychological consultations, measures for well-being related to remote learning, etc.); giving financial support to schools and training centres; preventing drop-out and increasing access (especially admission to higher education); and maintaining or providing more extracurricular activities such as art education.

Of all education levels, **basic schooling was prioritized worldwide** (see **Figure 4**), at least in the first year of the pandemic. More than half of the countries (57 per cent) prioritized spending at the primary and lower-secondary levels, while post-basic and early childhood care education appear to have been given relatively less attention (in some countries, these subsectors can be managed outside the education system). Additionally, pre-primary schools closed for shorter periods of time than other higher levels of education during the pandemic, which may also explain the lower investment in these sub-sectors. Regionally, the trend of emphasizing basic education is particularly powerful in African countries. The majority of African countries (64 per cent) and Arab States (80 per cent) reported more stimulus funding being allocated to primary and lower secondary than to any other sector. However, the argument that primary education needs greater investment in digital technology just because it is currently less digitalized may not necessarily hold. The pandemic has shown how much harder it is to use technology in meaningful ways with young children. If countries have to make a choice, it might be preferable to keep primary schooling local, relational and social, and focus digital investments on secondary education, where it is much more difficult to get specialized teaching expertise in the developing world and where students have much greater agency to benefit from remote resources.

Figure 4. Educational levels catered for in stimulus packages (% reporting countries, N=70)



Source: UNESCO (2021)

⁵ Among the items mentioned the most were face masks, hand sanitizers, gloves, body temperature detectors, and sterilized water/sprays. Some also mentioned distancing measures as sanitation measures.

The pre-pandemic availability and use of digital technology were generally lower in primary schools than in secondary schools and above (Gallup NewSchools Venture Fund, 2019). Basic education may have needed extra financial support to expand distance learning plans, such as funding for purchasing devices, developing age-appropriate platforms, and training teachers and students to use technology for primary-level instruction. It is likely that the teachers and families of primary-level children needed more support and up-skilling to roll out digital learning plans than those at higher levels, due to their more limited access and reliance on school-based ICT prior to the pandemic (Jannah and Jerusalem, 2020).

1.2.2. Increasing domestic resources for education in the medium-to-longer term

Stimulus packages have proven to be an effective means by which to mobilize resources for education in the short term. In the long term, though, governments need to consider other measures to expand their fiscal space. This section discusses the need to address tax systems and revenues, the contribution of employers to financing skills development, and the support given by ed-tech and telecom companies toward facilitating the digital transformation.

1.2.2.1 Creating a virtuous circle generating more and better education and sustainable tax systems

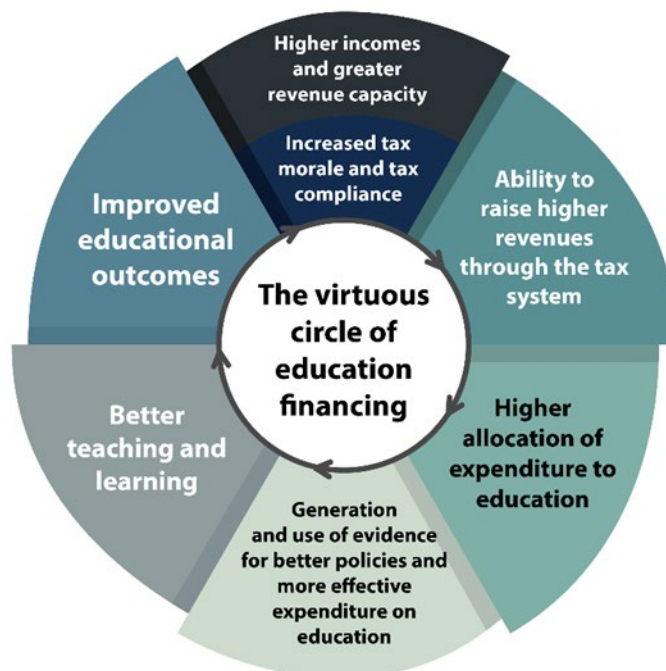
The Education Commission estimates that 97 per cent of increased funding for education may need to come from domestic resources, in other words, tax revenue raised by governments. On the other hand, while the Global Education Monitoring Report says that the share of domestic resources exceeds 99 per cent (UNESCO and World Bank, 2021). Domestic resources are ultimately the only sustainable way of financing and making progress towards SDG 4, and this is why the Incheon Declaration, the Education 2030 Framework for Action, and subsequent GEMs have emphasized the international benchmarks for education expenditures (as already mentioned, four to six per cent of GDP and/or 15 to 20 per cent of government budgets). However, considering the likelihood of decreased ODA, at least in the short term, low-income and lower-middle-income countries (LICs and LMICs) might need to spend more than the recommended international benchmarks to achieve the aspirations of SDG 4.

From a social welfare perspective, the benefits of governments investing in education outweigh the costs. Effective and equitable education and skills systems lead to higher wages and stronger employment prospects for workers, to say nothing of the social benefits of better education, such as more active, engaged and informed citizens. For businesses, it leads to greater productivity and higher profits. Governments recoup the costs of their investment in education through increased growth rates and tax revenues on higher business profits and wages earned by educated workers, as well as other positive externalities from education such as better health outcomes. The OECD provides comparative data on the returns of education in its annual Education at a Glance publication, and this shows that OECD member country governments make over US\$100,000 profit per male tertiary graduate in total, with a lower profit of US\$60,000 per female tertiary graduate (OECD, 2021b). It is also important to note that governments benefit from ensuring basic education (upper secondary), although profits from this level are substantially lower. Both the returns and the costs of education and training are shared among individuals, businesses and the government, but countries differ in the extent to which these are shared.

The tax system is also a chief means of ensuring that governments have sufficient levels of financing to invest in education (Norrag, 2020). Taxes provide the largest and most stable source of government revenues in almost all LICs and LMICs and are significantly higher than the resources provided through development cooperation and other aid transfers. Mobilizing domestic resources via taxation is a key part of guaranteeing that governments can invest in education, and taxation is one of the sources that has the potential to support the levels of expenditure envisaged by the SDG 4 Education 2030 Incheon Declaration and Framework for Action (four to six per cent of GDP).

There is much discourse that investing more extensively and effectively in education and training in the short term will pay off for economic growth in the longer run. Improved educational outcomes contribute directly to higher incomes and improvements in living standards. They therefore lead to **higher tax revenues** in the medium to long term, alongside other outcomes such as employment opportunities. So there is the potential to create a virtuous circle that continually improves education and makes the tax system more sustainable (see Figure 5).

Figure 5. A virtuous circle generating better education and a more sustainable tax system



Source: OECD (2020c)

The virtuous circle of education and tax revenues occurs via two main avenues:

- First, through the higher incomes that result from improved educational outcomes. Higher **per-capita incomes** expand the taxable base within an economy, increasing the overall level of taxes that can be raised from it, particularly from direct taxes on income and indirect taxes when the income is spent on consumption items. Analyses of the links between tax revenues and per-capita incomes support this, as they demonstrate that countries with high levels of per-capita income also typically have higher levels of tax revenues as a share of GDP.
- Second, improving the quality of education can help to increase taxes thanks to higher levels of **tax morale**. Tax morale, generally defined as the intrinsic motivation to pay taxes, is a vital aspect of the tax system, as countries rely on the voluntary compliance of taxpayers for the bulk of their revenues. Recent work by the OECD (2019d) uses public opinion surveys to better understand the drivers of this phenomenon, identifying two ways in which better education can increase tax morale. The first is a direct way, as individuals who are more educated tend to be more compliant with their taxes. The second way is indirect, as the provision of more and better education from public authorities increases trust in and satisfaction with governments, which in turn improves tax morale.

Taken together, these avenues offer an opportunity for governments to further reform their tax policy and administration to increase domestic revenues. This is particularly important for LICs and LMICs, where public resources are constrained. The virtuous circle will be even more important as policy-

makers address the impacts of the pandemic. As the crisis subsides, providing additional investment in education will be a vital part of social and economic recovery. Investment in education will support economies to resume growth as quickly as possible. It also contributes to the creation of more cohesive societies in which every individual has the chance to develop his or her talents. In this spirit, investment in education should be a priority at the centre of any economic or social strategy for post-COVID-19 recovery.

There is an estimated US\$39 billion annual funding deficit thwarting the achievement of SDG 4, and this mainly affects LICs and LMICs. However, as **Figure 5** shows, achieving quality education itself can contribute to closing this funding gap. Funds for education in LICs and LMICs come mainly from two sources: domestic financing (governments as well as households) and international development cooperation. Domestic financing, of which tax revenues are the primary component, is by far the largest source of funding in these countries, dwarfing the resources provided through development cooperation (see **Section 2.3** for a discussion of foreign aid for education). Therefore, public domestic financing is the only source that has real potential to grow and contribute to improved learning outcomes in these countries.

Many LICs and LMICs have a tax-to-GDP ratio of less than 15 per cent. These countries need to broaden their tax base, as agreed in 2015 at the Addis Ababa Conference to accelerate progress toward SDG 4. LICs and LMICs should therefore introduce structural reforms to mobilize more revenues and ensure sufficient financing for their education systems (see **Box 2**).

Box 2. Making the case for increasing the tax-to-GDP ratio

To structurally reduce the education funding gap, many LICs and LMICs need to mobilize domestic resources by collecting more tax revenues, in absolute amounts as well as by increasing their tax-to-GDP ratios. In some LICs and LMICs, this ratio remains at levels that are insufficient to finance a budget consistent with inclusive growth. Revenues should be increased by widening the tax base, by abolishing inefficient or regressive tax expenditures and increasing tax compliance, and by implementing measures to ensure that richer households and corporate entities (domestic and international) pay their fair share of tax.

Structural tax measures and policy recommendations to increase the tax-to-GDP ratio include:

Strengthen the formal economy. While informality and non-compliance are often associated with low-income subsistence workers who cannot afford to pay tax, they can also arise in the case of workers and businesses that can afford to pay but choose not to, for example, because they find it more profitable and/or easier to operate partly or fully outside of the tax system. The foregone tax revenues (and economic costs) are large. Reducing the size of the informal economy by bringing more agents within the reach of the tax net and making existing taxpayers fully compliant will help countries collect more revenues. This includes designing a social protection system in a way that incentivizes formalization; ensuring that taxation does not hinder formal job creation and does not disincentivize workers' entry into the formal sector; simplifying tax provisions and communicating them better; nudging entrepreneurs to become incorporated once they have sufficiently expanded their activities; and last but not least, improving enforcement.

Abolish/redesign poorly targeted and ineffective tax expenditures. Many LICs and LMICs have narrow tax bases as a result of a wide range of special tax provisions. These provisions are often not well designed or targeted, and are often beneficial to households and firms that need the support the least. Broadening the tax base and improving the design of tax expenditures is important. A crucial step in this process is developing an annual tax expenditure report that lists all tax expenditures and calculates

their foregone revenue and, possibly, their distributional implications. This report should be made publicly available, as this increased transparency will lead to better-informed tax policy-making.

Streamline the use of corporate tax incentives, including incentives to attract foreign direct investment (FDI). Many LICs and LMICs have very generous systems of corporate tax incentives to attract FDI, but these come at a large tax revenue cost, and are often poorly designed and provide benefits to investment that would have taken place without the tax incentive. The move towards a global corporate minimum tax aims at putting an end to the use of wasteful and inefficient incentives and will contribute to increased tax revenues in LICs and LMICs.

Strengthen the design of the personal income tax and VAT and reassess property and capital taxation. In most LICs and LMICs, the personal income tax remains underdeveloped and poorly designed, and capital income (dividends, capital gains, interest payments, and rental income) is often taxed at low effective rates. VAT gaps remain typically large and scope exists to broaden the VAT base and improve its functioning. Furthermore, the transmission of wealth from one generation to the next is often poorly taxed, thereby contributing to significant inequalities. LICs and LMICs could consider increasing the taxation of personal capital income and levying a broad-based inheritance tax. Furthermore, once LICs and LMICs have fully recovered from the pandemic, there is significant scope for strengthening the design features of the personal income tax. In many LICs and LMICs, the personal income tax has a narrow base and, in particular, the basic allowance is often very high. To ensure that these taxes raise more revenue and become more progressive, their base needs to be broadened and their rate schedule evaluated. Changes in the personal income tax need to be carefully assessed to ensure that they do not have a negative impact on formalization, which would undermine the revenue-raising benefits.

Strengthen international tax cooperation through the exchange of information on income earned by tax residents abroad, such as the OECD Global Forum on transparency and exchange of information for tax purposes. Many high-income tax residents in LICs and LMICs hold their wealth offshore and do not necessarily declare the income they have earned to the tax administration of the jurisdiction where they are tax residents. The revenue loss of those illicit financial flows is large and often deprives LICs and LMICs of the funds they require to invest in their education and social protection systems. The automatic exchange of information (AEOI) on financial accounts for tax purposes between jurisdictions is closing these gaps in the tax net. Participation in AEOI can contribute to broader attention to illicit financial flows in LICs and LMICs.

Invest in architecture to levy recurrent taxes on immovable property. The absence of a fiscal cadastre and solid property valuation system reduces the ability of a tax administration to levy recurrent taxes on immovable property, in particular on high-value properties owned by richer households and businesses. This is an untapped or underdeveloped revenue source in many LICs and LMICs. More generally, improving the design and administration of taxes would allow local governments to raise more revenues to deliver better public services, including education.

Source: OECD (2021d)

Financing the education and skills system raises issues that go beyond supplying resources. Issues such as earmarking revenues, spending efficiently and supporting dialogue between different stakeholders are integral parts of the discussion. Earmarking general tax revenues for education spending comes at significant costs and these issues are discussed in sub-section 2.2.5.

Raising more tax revenues to support the education system will also require strengthening dialogue across government ministries and authorities. Relevant stakeholders include ministries of finance and education in the main, but also ministries in charge of employment, digitalisation, local governments,

family matters, gender equality (where ministerial responsibility for this exists) and technical and vocational education and training (TVET). However, it is the engagement between ministries of education and ministries of finance that is paramount and, as will be discussed in later sections of this paper, this is a significant challenge in many countries.

Any increase in the education budget financed by general taxation needs to be accompanied by an improvement in public funding efficiency and accountability. LICs and LMICs should pay particular attention to improving public financial management (PFM) in the education sector. This means ensuring that activities are effectively funded, implemented and evaluated, thus facilitating ways for the central government to acquire information from local governments on the support they receive from partners, and finally making sure that budget allocations respect the priorities stated in strategic documents. PFM systems, through their role in administering public money, have a critical role to play in improving education outcomes.

1.2.2.2 Completing the virtuous circle that helps achieve SDG 4 and other SDGs

While this paper has focused on the need to work on tax, it is also important to consider the macro-economic policies of governments and how domestic resources are allocated. This is particularly important in the context of LICs and LMICs where governments may face high levels of debt-servicing payments (even as much as 40 per cent of government budgets in some cases), alongside the challenge of holding down deficits and the perceived need to impose austerity budgets. In the same way that it is important to consider actions to increase domestic resources in the short and longer term, it is crucial to consider resource allocations – short-term investments in education have long-term benefits for increasing economic growth and achieving a more sustainable tax system. Resisting short-term cuts and committing to long-term spending helps build the resilience of the system. In this context it is important to note the lag time in cuts following the global financial crisis of 2008 and then the length of time it took to return spending to pre-2008 levels. In the immediate COVID-19 context there is evidence of positive commitments to increase or maintain spending on education in many countries, but the 2008 experience warns us not to take this as a given in the longer term.

As illustrated in Section 3 of this paper, how money is spent in education matters for learning outcomes and achieving SDG 4 to almost the same degree as how much money there is to spend. The OECD's Programme for International Student Assessment (PISA) shows how countries with similar resources sometimes achieve very different learning outcomes. Above a certain level (around US\$50,000 per student between the ages of 6 and 15), most students achieve at least the minimum level of proficiency in reading, which is the benchmark for SDG 4: a score higher than 406 points on the PISA scale (OECD, 2019c). A range of countries fall below this spending threshold, including some OECD countries, and are far from ensuring that all their children acquire at least basic skills. The PISA data indicates that a minimum threshold of spending may be required, but that spending beyond that level is not clearly or consistently correlated to equivalent increases in outcomes. This illustrates the need for generating evidence for effective policies that work to achieve better teaching and learning, such that systems know whether what they are spending is having an impact. Therefore, to complete our virtuous circle, it is necessary for countries to **generate data and evidence of positive educational outcomes** through learning assessments and other surveys on which to base **effective policies and resource allocations** to ensure that **better teaching and learning** takes place in schools.

If all countries were able to guarantee that their children attain at least the minimum level of proficiency in basic skills, such as literacy and numeracy, the economic results would be significant – even for high-income OECD countries. In LICs and LMICs, the gains would be high according to the OECD's analysis, averaging 13 times the current GDP of these countries. This means that for countries that achieve universal basic skills, their GDP would be 28 per cent higher, on average, every year for the next 80 years (OECD, 2015). In countries where only around 75 per cent of school-age children are enrolled in school, the gains from improving the quality of education would be three times as large as

those from just expanding enrolment. For these countries, especially at a time of global health and economic crisis, the gains from securing universal basic skills would more than cover the costs of quality universal education and the achievement of SDG 4.

1.2.2.3 Revising the design of the tax system to induce firms to invest in skills, education and training

In 2020, the UNESCO Global Review of Training Funds found that 75 countries operated levy-financed funds: 26 countries in sub-Saharan Africa; three in North Africa; three in Western Asia; five in East and Southeast Asia; three in Oceania; three in the Caribbean; 13 in Central and South America; 18 in Europe; and one in North America. These training funds vary in type, scope, and purpose. They can be grouped into three categories according to their purpose:

- **Enterprise** (employer-reimbursing): the function is to support levy-paying enterprises, incentivizing the training of employees and/or providing business development advice;
- **Equity** (revenue generation): the function is to generate equity, to fund special training initiatives which do not necessarily benefit levy-paying firms directly (e.g. the training of disadvantaged and marginalized groups; the training of unemployed persons, especially youth; the training of workers in the informal economy; and the training of women);
- **Pre-employment** (revenue generation): the function is to fund initial, **pre-employment** TVET at public providers or providers owned by the training fund itself.

The most common purposes are incentivizing the training of employees in levy-paying firms (over 80 per cent of the national training funds); the training of disadvantaged and marginalized groups (about two-thirds of the funds), unemployed persons, especially youth (two-thirds of funds), and workers in the informal economy (half of the funds); and initial TVET (about one-quarter of the funds). The review found that over US\$17 billion is raised annually via the 45 levy-financed national training funds for which data are available. There is massive variation in the size of these funds, ranging from under US\$2 million to US\$1 billion a year or more. Among sector funds, there is also a significant variation in levy income; among those included in the review, the annual income ranges from several million to over half a billion US dollars.

Furthermore, governments provide many tax expenditures to support investment in education and skills. They include deductions for private education expenses that reduce tax liability, tax exemptions for scholarship income, tax allowances, credits, reduced tax rates, etc. However, some key points have to be observed. First, skills-related tax expenditures (e.g. tax deductions for training when the individual already works) often provide larger benefits to those with more taxable income and to those in secure employment relative to those in casual employment. They may provide less assistance to those who are credit constrained, who are more likely to be from lower-income households. Evidence of their impact on wages and employment is mixed. Second, LICs and LMICs typically provide deductions for private education expenses. These are often regressive in that the richest benefit from them the most (often, only richer households can access private education; moreover, the value of these deductions tends to increase in tandem with the taxpayer's income as a result of the progressivity of the personal income tax system). Thirdly, many countries make private education exempt from VAT – this tax expenditure clearly benefits high-income households the most. Finally, some countries provide other tax expenditures in order to support education, such as by exempting (or reducing) employers' social security contributions in the private education sector. A careful case-by-case analysis of these provisions is therefore needed to ensure good tax policy design.

Because of the substantial opportunities presented by these funds, the tax system should ensure that businesses have an incentive to contribute to the functioning of the education and skills system. A wide range of measures could be taken, including the following:

- **The tax system should ensure that donations from the business sector to educational institutions**, such as for computers, tools or machines, **do not constitute a taxable event** (e.g., no gift tax or VAT levied) and remain deductible as a cost for these businesses.
- **As work-based training is a complement to formal education provision, governments could consider tax incentives for businesses that train their workers.** Training expenses would be typically deductible in the year when they are incurred, which in itself is a tax incentive (as the investment will provide a return over time). These incentives could target TVET as well as continuing professional development. However, it is important to note that the over-emphasis on academic learning has led to large skill mismatches in many developing countries, so additional resources of this kind should be invested in the development of relevant professional skills rather than more general education. Countries might enhance the tax deduction for training by allowing businesses to subtract an amount from their taxable profits that exceeds the actual training costs they have incurred. Such incentive should be very carefully regulated, and the excess of deductible costs should imperatively be capped so that this exemption provision does not become an opportunity to avoid tax for non-cooperative actors. Some countries already have this as a measure to promote economic recovery from the pandemic (OECD, 2021d).
- **The design of their tax incentives should be re-evaluated so that they stimulate good-quality jobs and worker training** rather than attracting merely physical capital. Fostering firm-based qualification training has proved to be a particularly effective policy to ensure high-quality employment. LICs and LMICs have a wide range of tax incentives, but these do not necessarily lead to many additional jobs, so there is scope to re-evaluate their design.
- **The system should maintain mandatory employer contributions dedicated to training** (as this is a tool to increase labour force productivity), but only if the revenues levied from that contribution go toward training programmes of sufficient quality. Training provisions should be evaluated regularly.

1.2.2.4 Ed-tech and telecom companies can contribute to financing the digital transformation

The pandemic has revealed how digital technology can impact the right to education. The migration to remote learning in education systems that were not digitally mature exacerbated learning divides and impacted outcomes. It demonstrated the need to invest concurrently in connectivity, teachers' capacities and other elements of the digital learning ecosystem, including resources and platforms requiring new funding approaches as articulated in the new Broadband Commission Report (2021). While the emphasis in this paper is placed on financial resources, it is also necessary to focus on regulatory barriers that may be hampering the contribution of ed-tech and telecom companies to education. In addition, there is an implicit assumption that the digital transformation of education will enhance the quality of outcomes for learners, and this may be misplaced. An important caveat is that it is not just about funding for digital transformation, equipment or connectivity (or online resources), but rather is about building educators' capacities to teach using digital resources and learners' capacities to learn this way. There are many cases of systems investing considerable amounts in connectivity (such as in Brazil) but the impact on learning is very unclear. However, there are examples of policies focusing on teacher training in digital learning that have had a positive impact on things like teacher confidence, student engagement, and the application of digital pedagogies in the classroom.

Therefore, in order to strengthen the link between educational investments and learning outcomes, investments need to support **teacher capacity building**, creating communities for teachers to share know-how, developing/updating national educational strategies and resources fit for the digital age and relevant legal and institutional frameworks that support digitalization. Teachers' digital capacity building and the creation of community networks and digital education hubs could also be strongly supported by the private sector.

Intersectoral collaboration and contributions from, or partnerships with, the private sector can create opportunities to expand the fiscal space for education and create the conditions for self-sustaining funding. This is particularly the case in TVET. Investment in the digital transformation is an area where such arrangements are especially favourable; it involves sectors like telecommunications and ICT that rely on private or mixed funding and provision schemes. There are already some examples of governments playing an active role in creating the frameworks, regulations and policies, including tax policies (BBC, 2014), for trustworthy public-private cooperation.⁶ In this regard, the establishment of training funds, based on levies to companies in return for their involvement in the provision of training, is a good example. In this case, costs for services that have public and private benefits can be shared between public and private sources of funding.

Several policy measures have been implemented including additional funds for devices through diverting universal service funds (USFs) to support the public acquisition, subsidization, or free distribution of devices for schools and learners. Ministries of education have also seized the opportunity to engage with communities, the private sector, and international donors to invest in developing and curating open and cost-free digital content (open educational resources, OERs) and other learning tools. Zero-rating policies are additional examples of private companies collaborating with the education sector to make access to digital content more affordable, as is NGOs' and private universities' direct support for developing materials or resources.

A promising area for generating additional funding for education is the financing of telecommunication infrastructure. Investment in telecommunications for other industries has externalities for education and there is also scope for a greater corporate social responsibility push on digital companies to support tech infrastructure for education. For instance, the Broadband Commission for Sustainable Development (BBC) recommends reforming policies and regulations to broaden the base of contributors. Companies participating in and benefiting from the digital economy (e.g. ICT, digital, and other companies; multilateral development banks; and corporations' social responsibility funds) should be included.⁷ In addition, a portion of the mandatory contributions specific and not specific to the ICT sector could be earmarked to support connectivity and adoption goals.

School connectivity is an example of where resources for education do not come only through budget allocated to ministries of education (BBC, 2021). There is also significant space to expand the role of private sector financing, especially in digital transformation, research, and innovation. For instance, by 2025, digital learning could unlock a US\$350 billion market globally. Public-private partnership is the key to realizing benefits for learners.

Two complementary costing exercises recently made public provide some hints on how to address the digital financing gap (BBC, 2021b). On the one hand, UNESCO adopted a sector-wide costing model to consider the use of resources (i.e. technical, human, and physical) and the cost implications of investing in digital learning, focusing on the non-infrastructure elements of the ecosystem. The cases of **Honduras** and **Sierra Leone** are used to demonstrate the model. It places the investments required for a progressive expansion of digital learning within the education sector's mid- and long-term plans for achieving the SDG 4 targets.⁸

Figure 6 gives the estimated costs of implementing digital learning by 2030 in the two sample countries and their distribution. These countries were selected to illustrate the impact of digitalization on their sector plans in the context of the 2021 Broadband Commission report on hybrid learning. Without accounting for the broadband costs, the financing gap ranges from US\$80 to about US\$240

⁶ See, for example, Brazil's Interinstitutional Group on Connectivity for Education, GICE (Brasil CIEB, 2021; Brazil NIC.br, 2020, 2021; Brazil NIC.br, Cetic.br, and CGI.br, 2020).

⁷ See BBC (2020, 2021a).

⁸ More details on the assumptions and cost items are available in BBC (2021b).

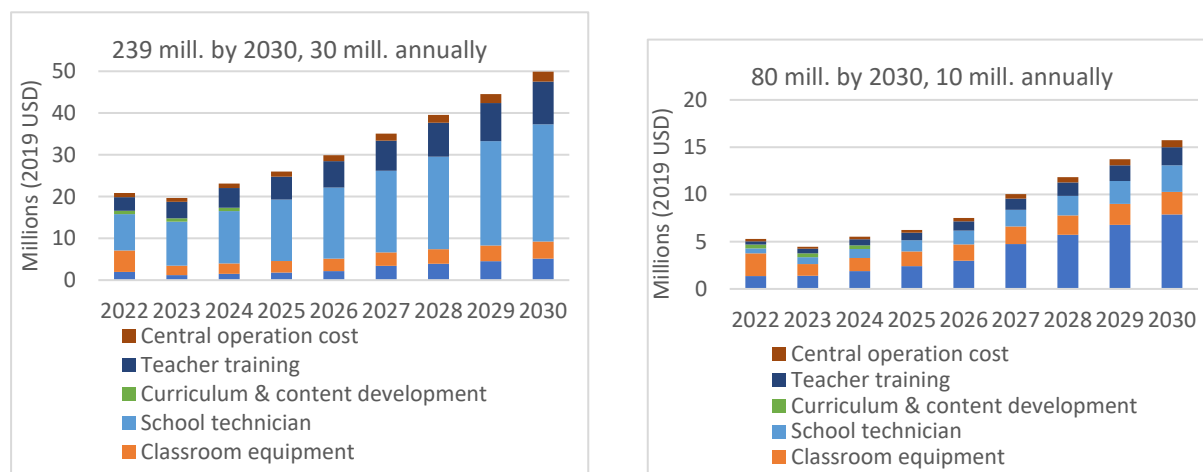
million, with the differences depending mainly on how far the countries are from achieving the targets and on their national cost structures (e.g. higher relative salaries in Honduras and higher relative prices for devices in Sierra Leone). On a per-student basis and without accounting for connectivity, the financing needed to implement the digital transformation in education amount to US\$3 (Sierra Leone) and US\$17 (Honduras) annually until 2030.

Figure 6. Estimated costs of implementing digital learning in Honduras and Sierra Leone, by item

Honduras

Sierra Leone

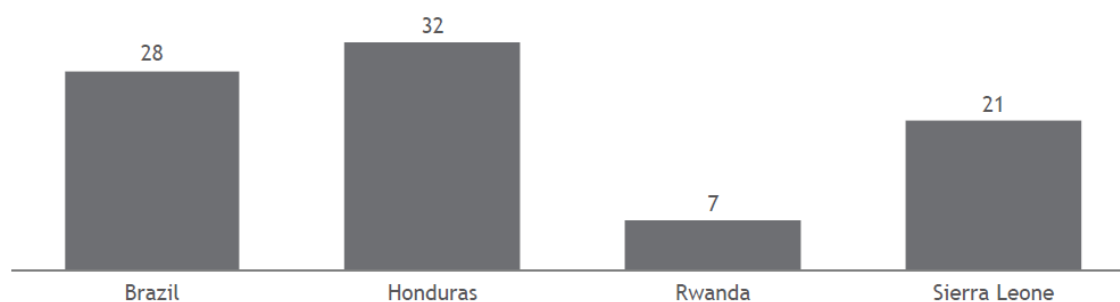
Source: Reproduced from BBC (2021b, pp. 63–64), based on UNESCO's simulation model.



Note: Electricity and internet use are not included in the simulation, as they are covered by the complementary simulation presented in Figure 7.

If the financing needs for implementing the digital transformation in schools seem high, at least in the two sample countries, the gap can be even more significant when the costs of providing internet services to unconnected schools are factored in. The International Telecommunication Union (ITU) and the Boston Consulting Group calculated the infrastructure investments needed for connecting schools in four sample countries (Brazil, Honduras, Rwanda and Sierra Leone), accounting for the capital and recurrent operation costs (BBC, 2021b).⁹

⁹ The determinants of the connectivity costs are also detailed in BBC (2021b). They refer to the choices regarding: (1) technology (mainly internet speed, number of students, number and dispersion of schools, connectivity starting point, and connectivity penetration and remoteness); (2) operational models (type of party carrying operational responsibility); and (3) funding structure (government only, community or commercial).

Figure 7. Additional costs of connecting unconnected schools on a per-student basis (\$)

Source: Reproduced from BBC (2021b, p. 68).

The additional funding required to providing internet to unconnected schools ranges from **US\$7** in Rwanda to **US\$32** in Honduras (see **Figure 7**). The apparent triggers for the cost differentials relate to the number of students per school and the existing infrastructure, increasing the costs in Honduras (with much lower school size and worse infrastructure) compared to the other three countries.

1.2.2.5 Earmarked taxes

Earmarking implies allocating a portion of total revenue from a tax for a designated expenditure purpose, i.e. education. Hard earmarking means that revenue is allocated based on rules that may bypass the budget process (e.g. by law), while soft earmarking grants visibility to a political priority but is part of the budget process and is subject to shifts in politics and changing economic conditions. In practice, hard and soft earmarking of taxes is more common in health policy than in education policy. However, there are some examples of taxes earmarked for education – such as the Ghana Education Trust Fund (funded by 2.5 per cent of VAT collections); the Nigeria Tertiary Education Trust Fund (to which national companies pay 2 per cent of assessable profits); the Brazilian Fund for Maintenance and Development of Basic Education (partly financed by earmarking 15 per cent of VAT revenues); China’s educational surcharge levied on VAT taxpayers at 3 per cent of consumption and business taxes; and India’s flagship education programme that is funded partly by an ‘education cess’ (a ‘tax-on-tax’ introduced on all union taxes at the rate of 2 per cent).

The view of the OECD and the World Bank is that if a country’s budget works well (i.e. sufficient funding is allocated to defined priorities – clearly defined funding targets have been agreed on by ministries of education and finance, and ultimately are met), then there is no need for any (in particular, hard) earmarking. If earmarking occurs anyway, then it should be soft so that it can be compensated by a decrease in other funding sources if need be. Some countries have taken this approach, but there are costs associated with the earmarking of tax revenues linked to increased rigidities that limit the ability of governments to adjust to shocks. Therefore, ministries of education should present a budget and discuss with their finance ministries the revenues they need and how they will be spent. In this context, spending efficiency in education is crucial to avoid waste. Countries should have a whole-of-government commitment that raises sufficient funding for the education sector – the required funding should be based on realistic unit costs for educating each child and can be used as a benchmark, so ministries of education know and can use the shortfall, if any. In this way, ministries of education can use this benchmark in their negotiation with their respective ministries of finance. In any scenario where earmarked taxes are used for education, there is a particular need to ensure that the amounts are small, and that they are assigned for a short period of time with a sunset clause in order to trigger policy evaluation.

1.2.2.6 The roles of households and private schools

Households contribute significantly to education financing. Household education spending on different goods and services at different levels can be as high as more than half of total education expenditures in some low-income countries. There is a lot of evidence that households in low- and middle-income countries often shoulder a major share of total education costs, often more than the government and donor shares. Households will pay fees to private schools, pay for private tuition and also purchase uniforms and textbooks and make contributions to school running costs.

Governments also finance private schools, and various countries support school choice by providing vouchers to households. Many governments also give operational subsidies to schools, enter into direct contracts, or develop other types of arrangements that grant private providers autonomy. All of these arrangements are often described under the general umbrella term of public-private partnerships. While non-state educational provision is primarily financed by households and by governments through subsidies and grants, other actors such as corporations and rich individuals also make contributions.

According to UIS data, the share of enrolment in private institutions globally rose between 1990 and 2018 from 23 to 42 per cent in pre-primary education and from 9 to 18 per cent in primary education. In secondary education, the share increased from 19 per cent in 1998 to 26 per cent in 2018. At all three levels, Central and Southern Asia is the region with the highest share of private enrolments, reaching about half of total enrolment in pre-primary and secondary education. In tertiary education, data are patchier. Among countries with sufficient availability of data over the past 20 years, the average share of private institutions suggests no clear trend, with about one in four students being enrolled in private universities. However individual countries differ widely. The share of students in private universities is as high as 73 per cent in Brazil and 80 in the Republic of Korea. It has increased in countries such as Finland and Mongolia but decreased in Colombia and Portugal.

Primary and secondary private schools can be government-funded or independently funded; they can also be NGO, community, or faith-based schools. They can be active in ordinary contexts or in emergencies. Technical and vocational education and training, as well as other forms of lifelong learning, can take place in privately run centres or within companies. Private universities can be domestic or foreign; many may not even be accredited.

1.2.3. *Foreign aid for education plays a key role in LICs*

While domestic resources are the main source of education financing globally, foreign aid plays a key role, especially in LICs. It is worth recalling here the benchmark of 0.7 per cent of donor GNI for official development assistance. However, given the crisis in most global economies, including high-income countries, there is a concern that in the short term, donors will not meet these benchmarks.

At present, the most optimistic scenario for aid is that donor countries will preserve the current levels of ODA as a share of GNI, which is currently 0.32 per cent only. Even if all donors maintain their ODA as a share of GNI at pre-COVID levels, it may still mean a reduced total of ODA and, inevitably, reduced aid because of the pandemic's impact. In the face of the anticipated reduction in ODA, aid for education should further target the countries and populations most in need, including those who are not reached by government programmes.

Work by the United Nations Inter-Agency Task Force on Financing for Development (2019) has shown that aid is also a tiny share of total education spending in LICs and LMICs. Moreover, while aid for education across the globe reached an all-time high of US\$15.6 billion in 2018, less than half of this goes to primary and secondary schools in LICs and LMICs, which need it the most (UNESCO, 2020).

Aid as a share of GDP in LICs has generally been falling over the last two decades, reaching 7.9 per cent in 2014, but then rebounding to 9.1 per cent by 2018. According to the EFW report, aid for education has increased by 21 per cent over the last 10 years. Disbursements increased rapidly in the 2000s and fell between 2010 and 2014 in the aftermath of the 2008 financial crisis. However, since 2014, educational aid has increased by 30 per cent, reaching its highest recorded level of US\$15.9 billion in 2019. As a share of total ODA it was only 7.4 per cent, down from 15 per cent in the early 2000s and 8.5 per cent in 2010. However, due to fiscal constraints, sectoral needs, and changes in student mobility patterns, external aid might fall at a time when it is needed most.

1.2.3.1 Bilateral and multilateral aid

In addition to calling for the globally agreed targets for ODA to be raised to 0.7 per cent of GNI, several key actors have asked the international community to increase the share of ODA dedicated to education. Both the UNESCO GEM report and the Education Commission have recommended in recent years that ODA for education should be at least six times what it was in 2010. The Education Commission and Global Campaign for Education have both called for a benchmark of 15 per cent of ODA to be allocated to education. Achieving these levels of aid will require not only bilateral donors but also multilateral and private sector actors to significantly increase their support ([UNESCO, 2017](#)). Unfortunately, in its latest briefing on donor aid, the GEM report predicts a 12 per cent fall in aid to education in 2022, and the most optimistic scenario is that at least 7 per cent of ODA will be allocated to education.

Bilateral aid is distributed directly from donor countries to recipient countries, or to multilateral organizations with donor-imposed restrictions on its use. Multilateral aid is distributed by bilateral donors to multilateral organizations without any use restrictions, and is then disbursed by those organizations, such as the World Bank and the various United Nations agencies.

The shares of bilateral and multilateral ODA for education in the past decade have remained relatively constant at 75 and 25 per cent respectively. However, in 2019 multilateral aid to the education sector increased to 27 per cent of the total, with bilateral sources reducing to 73 per cent. The World Bank Group is the largest financier of education in the developing world. In the fiscal year 2020, it provided about **US\$5.2 billion** for educational programmes, technical assistance, and other projects designed to improve learning ([World Bank Education Overview](#)). There is more potential for increased resourcing from the World Bank, given that the Eighteenth Replenishment of the International Development Association (IDA18) was the largest replenishment in the IDA's history. The Education Commission recommends that the World Bank, and other multilateral development banks such as the African Development Bank, Asian Development Bank, and Islamic Development Bank, commit 15 per cent of their financing to the education sector. In addition, the Global Campaign for Education asks that donors commit at least 30 per cent of their education aid to supporting multilateral efforts, including the Global Partnership for Education (GPE) and Education Cannot Wait (ECW).

There is scope to strengthen the synergies and complementarities of the different mechanisms for bilateral and multilateral aid to education that are described in this paper. The new and strengthened Global Cooperation Mechanism (GCM) provides an opportunity for achieving this aim, and the High-Level Steering Committee and its Functional Areas could develop useful advice and guidance for how countries could navigate and best engage with these different mechanisms. In particular, it has been established by several studies that aid recipients prefer multilateral to bilateral channels and that aid dispersed via multilateral channels is often less fragmented and more aligned to aid-effectiveness principles than that sent via bilateral channels (though conceding that fragmentation is not always negative). The GCM could provide a forum for helping both donors and recipients to strengthen these synergies.

Educational aid distributions are highly uneven across countries with similar income, with per-capita aid ranging from a few dollars to over US\$60 per child. Breakdowns of aid by sub-sectors have remained constant for the past decade, with the share of total ODA for basic education maintained at around 30 per cent annually; post-secondary at 35 per cent; secondary education at 10 per cent; and policy, training, and research at 25 per cent. The GEM report found that a growing share of aid for basic education is not allocated to countries, and most of this bilateral aid (at least two-thirds) is channelled through the GPE. Aid in low-income countries declined sharply in 2015 after being stable for a decade and has increased only slightly since. In 2018/19, LDCs received 29 per cent of the total ODA for education and LMICs received 34 per cent, while UMICs received 19 per cent. This points to a weakening of the link between need and foreign assistance, with those most in need receiving a similar level of aid as those with greater means.

Conflict and violence, in addition to natural disasters, pandemics and other catastrophes, disrupt school systems and opportunities for young people to access quality education, particularly girls. Emergency allocations to education were at a high in 2010, accounting for US\$245 million, followed by a steep decrease over the next two years and a recovery in 2016, when they reached US\$303 million. Nevertheless, humanitarian appeals linked to education continue to be underfunded, and aid for schools made up just three per cent of the humanitarian budget in 2019, below the four per cent target recommended. It is difficult to estimate the amount of aid that goes to education in emergencies, because of a combination of inadequate sector documentation in reporting mechanisms, multisectoral interventions, and the joint use of development and humanitarian aid. The DAC reformed its reporting of humanitarian aid in 2020 so that it will be easier to identify the sums allocated to education in the future. Stronger financing commitments are required to address the needs of education in emergencies (see sub-section 2.4.3 below).

The international community would benefit from a clearer collective understanding of the opportunities and risks associated with additional debt financing as means to support education recovery in low- and middle-income countries. Many donors provide their development assistance to recipient countries in the form of loans and borrowing for education. This is not a bad thing in itself as long as it does not harm countries' debt sustainability, and as long as loans are concessional and, importantly, loan proceeds are used for the right purposes. Investing in education will provide returns in the long term, provided the education system has delivered the learning outcomes and skills needed for entrepreneurship and the labour market. This is suitable with loans that would have a long maturity. A sustainable loan will also prevent debt service crowding out education expenditures. In case of debt distress, treatment solutions should aim at channelling freed resources toward priority sectors such as education.

The Global Partnership for Education is a major donor, focusing its support on the countries with the greatest needs. GPE disbursements have increased over time from US\$16 million in 2004 to US\$446 million in 2015 and US\$818 million in 2020. Through its replenishment campaign, the GPE is seeking to raise US\$5 billion to implement its Financing and Funding Framework from 2021 to 2025. US\$4 billion has been raised so far. This funding will allow the GPE to help up to 175 million children to learn and get 88 million more girls and boys into school by 2025. The funds will also enable the GPE to scale up knowledge and innovation in global public goods for education as well as social accountability initiatives. It should be noted that GPE focuses on reaching the children who are most marginalized and vulnerable, including girls, children with disabilities and those who live in countries characterized by extreme poverty or conflict.

Education Cannot Wait (ECW) is a global fund launched in 2016 to help support the delivery of education in emergencies and protracted crises. ECW brings together governments, humanitarian actors and development workers to deliver a more collaborative and rapid response to the educational needs of children and youth affected by crises. The fund aims to provide all such young people with

safe, free, and quality education by 2030. ECW support includes an ‘acceleration facility’ to invest in global public goods, a ‘first-response window’ to rapidly deploy funds at the onset of a crisis, and a ‘multi-year window’ to help bridge the divide between humanitarian and development efforts. ECW investments aim to reach 8.9 million children and youth annually by 2021, including girls, minorities, refugees, children with disabilities, and displaced and host communities. The ECW reports that it has spent US\$716.3 million as of mid-2021 and has a total funding gap of US\$360.3 million for the period 2021/23 (see <https://www.educationcannotwait.org/about-us/>).

1.2.3.2 New or non-traditional financing for education

A series of new mechanisms and innovative financing instruments are currently being considered by the international education community, with the understanding that a broader development agenda will need to draw from a more diverse set of sources. Proposals range from an international solidarity levy on airline tickets, to international financial and currency transaction taxes, debt-for-development swaps, education bonds, disaster insurance, and impact investing. One source that has grown substantially in recent years is private development assistance — that is, international concessional finance from non-state sources that is given for international development purposes. ‘Non-state’ covers a wide range of actors, including faith-based organizations, civil society organizations, foundations, the private sector, and corporations. While several innovative financing ideas are promising and some new financiers in education hold real potential, further work needs to be done to fully identify the most appropriate mix of funding resources, the principles of engagement, and the necessary regulatory, risk and policy frameworks to ensure a positive impact on the SDG 4 targets. ‘Non-state actors’ is the theme of the 2021/22 GEM report and this should provide more information about non-traditional financing for education (see **Box 3** for examples of this type of financing).

Box 3. Examples of non-traditional financing for education

Philanthropic and individual contributions

As highlighted by the Education 2030 Framework for Action, the private sector can have a very important role in financing education. Philanthropic organizations, charitable NGOs, faith-based organizations and foundations can provide significant funding. A UNESCO study estimated that international NGOs raised between US\$1.9 and US\$3.2 billion per annum for education development from non-governmental sources in 2012/13 ([Naylor and Ndaruhutse, 2015](#)). More recently, the OECD’s ([2018](#)) study entitled ‘Private Philanthropy for Development’ found that education was the second largest sector supported by philanthropic foundations during 2013/15, with US\$2.1 billion (nine per cent of the total) provided by more than 100 foundations.

Business sector contributions

At the GPE’s Global Education Summit in July 2021, the business community and private foundations collectively announced that they would deploy more than US\$100 million to support education. Business partners launched two major public-private partnerships, to use social marketing expertise to drive up girls’ enrolment in school and strengthen data systems to boost evidence-based improvements in education. These in-kind commitments were valued at more than US\$6 million. Private-sector organizations such as businesses can also use their experience, innovative approaches, business expertise and financial resources to bolster public education. They can mobilize additional resources, including by paying fair taxes, and focus those resources on priority areas. Public-private partnerships (PPPs) are also increasingly seen as an innovative approach to scaling up education, especially to provide new educational opportunities to marginalized groups. Many governments and other stakeholders view PPPs as an effective, flexible, and efficient way to expand education systems. However, research also suggests that not all PPP policy options are

equally appropriate for achieving the expected goals of cost-effectiveness, equity, and innovation in all types of educational settings ([Verger and Moschetti, 2017](#)).

International Financing Facility for Education

The Education Commission is collaborating with governments, multilateral development banks, and partners around the world to mobilize more and better investment in education. The International Finance Facility for Education (IFFEd) is an innovative financing mechanism that aims to unlock at least US\$10 billion of new funding by 2030, making it possible to get every child into school (see <https://educationcommission.org/wp-content/uploads/2020/09/200918-IFFEd-Prospectus2020-Final.pdf>).

Financial Transaction Tax

The concept of a Financial Transaction Tax (FTT) was introduced in 1972 by the economist James Tobin. The concept received some support in the aftermath of the global financial crisis of 2008/9. In its role in the Leading Group on Innovative Financing, the French Government estimated that in the early 2010s up to US\$33 billion a year could be raised from a tax on US dollar, euro, pound, and yen transactions. France was the first country to pledge 15 per cent of the FTT toward supporting its contributions to development, including its allocations to the Global Fund to Fight AIDS, Tuberculosis and Malaria. In theory, some of the proceeds of such a tax could be dedicated to development cooperation, and in turn to education ([Burnett and Bermingham, 2010](#); [Open Society Foundations, 2013](#)).

Debt swaps

Debt swaps also may offer promising resources for education in some cases. A debt swap involves a creditor country cancelling a debt at its nominal value and the debtor, in return, investing part of the cancelled amount in development projects as previously negotiated and agreed between both parties ([Eurodad, 2007](#)). Debt swaps were first conceptualized in the environment sector in the 1980s. They can help debtor countries to increase their fiscal capacity thanks to reduced savings or principal that can then be used for development or social purposes ([Open Society Foundations, 2013](#)). The best-known example is the Highly Indebted Poor Countries (HIPC) initiative promoted by the World Bank, which has been used widely since the 1980s to finance development ([Burnett and Bermingham, 2010](#)).

Source: Authors.

Another solution for governments to consider is **alternative market-based financial instruments**, which are more prevalent in the development of the productive sector than in education. There are some emergent instruments at the disposal of governments, which provide affordable, lower-cost liquidity than other financial options, particularly for middle-income or better-off countries:

- **Development guarantees:** Guarantees are market financial instruments used by the private sector, and mainly consist of an insurance policy for banks and investors to cover the risks of default or non-payment. Guarantees have been used for development, to provide insurance for private capital directed to resource mobilization and investment in the progress and welfare of developing countries (Halvorson-Quevedo and Mirabile, 2014). Guarantees can be issued by public institutions or donor governments to reduce the funding costs of development for financial institutions. An OECD survey of 1,000 long-term guarantees issued between 2009 and 2011 in DAC countries and international financial institutions shows that development guarantees were marginal compared to ODA. They draw mostly from private capital in OECD countries and multilateral funds, and a bit less than half of them were allocated

to African countries. Yet, guarantees are generally targeted to other sectors like banking and financial services, small- and micro-enterprises, and small farmers associations.

- **Blended/multifaceted approaches:** These approaches are characterized by mixing different finance options. There are examples in the private sector of blending different types of lending options (i.e. loans or stocks) for different needs, and in the development field there are examples of public-private debt funds arranged in tranches of various sizes, risks/return profiles and ranges of maturity (OECD, n.d.).¹⁰

Although these solutions will not represent a breakthrough in education financing, they have been considered for the development of other sectors and could boost funds for education, mobilizing commercial capital not yet tapped. Moreover, they engage other private actors in addition to foundations or the business sector – such as investors, commercial banks, private equity and venture capital, and hedge funds – providing a return.

Still, it should be noted that there is a nascent understanding of the range of instruments, architectures, transparency and effectiveness of these alternative financial facilities as applied to education and the development arena in general, and there is also a risk of fragmentation of practices and governance. The OECD outlined a series of principles to guide the consideration and assessment of blended and alternative finance options for development, including education and lifelong learning. These instruments should be (OECD, 2021a):

1. Anchored to maximize development goals and rationale and demonstrate a commitment to high quality;
2. Designed to mobilize commercial capital, addressing market failures and minimizing the use of concessionality while focusing on commercial sustainability;
3. Tailored to the local context, supporting local needs, priorities and capacities (including the development of local financial markets);
4. Focused on effective partnering, which implies engagement based on distinctive development and commercial mandates and goals, sharing objectives and risks, and aiming for scalability without compromising the standards for development financing; and
5. Monitored for results (development and commercial), tracking financial flows and ensuring transparency and accountability.

1.2.4. Conclusion

Over the coming months, the Global Cooperation Mechanism Functional Area on Financing may elect to further explore some or all the topics which have been touched on briefly in this section. It has not been possible to provide a comprehensive treatment of all the issues which will need to be considered, and the Functional Area may also elect to further explore new or non-traditional financing opportunities, including through additional research to elaborate on the potential role of such approaches in financing the achievement of SDG 4. This section should therefore be seen as a starting point for the Functional Area's work on financing, which will inform the agenda for the High-Level Steering Committee and its focus going forward.

¹⁰ The Africa Agriculture and Trade Investment Fund, for example, comprises different types of investors (the German Federal Ministry for Economic Cooperation and Development, the Deutsche Bank, other private investors), involved in different stages or cascades of the investment option.

In the meantime, prompts for further work include the following:

- It is valuable to explore how LICs and LMICs can mobilize domestic resources for education by collecting more tax revenues, in absolute amounts as well as by increasing their tax-to-GDP ratio.
- As part of the response to COVID-19, governments invested in digital education while allocating resources to priority areas to mitigate disparities and marginalization. This may need to continue in the post-coronavirus era in order to strengthen the resilience and relevance of education systems.
- There may be scope for donor governments and multilateral donors (including multilateral development banks) to increase the share of development assistance dedicated to education to 15 per cent, while targeting the countries and sub-sectors most in need.
- It could be worthwhile to undertake an exploration of innovative financing instruments to catalyse new and additional financing for education that can multiply scarce ODA.
- Support may need to be provided in order to close the ECW's financing gap and its acceleration and breakthrough funds.

1.3. Effective Use of Resources to Support Equity, Quality and Efficiency in Education

In addition to a gap in volume, there is also a gap in the effectiveness of resource usage in education. At the same time as increasing resources, it is important to ensure that funds are allocated effectively at the macro level in support of lifelong learning, not just school education, and that resource decisions support equity, quality, efficiency, and value for money at all levels. In the context of austerity, when not only education but investment in general is cut during a recession, the issue of teachers' wages (90 per cent of most countries' education budgets) and unit costs must be taken into account. These issues are explored in the eight sub-sections below.

By efficiency, we mean achieving the greatest amount of educational output from a given level of inputs and this includes technical efficiency (the quantitative relationship between inputs and outputs); as well as economic efficiency (the method of production that produces a given level of output at the lowest possible cost); internal efficiency (low repetition, low dropout rates, high completion rates, etc.); and external efficiency (the extent to which an education system meets societal goals/objectives).

Equity in education has two dimensions. The first is fairness, which basically means making sure that personal and social circumstances – for example gender, socio-economic status or ethnic origin – should not be an obstacle to achieving educational potential. The second is inclusion, in other words ensuring a basic minimum standard of education for all – for example that everyone should be able to read, write and do simple arithmetic. The two dimensions are closely intertwined: tackling school failure helps to overcome the effects of social deprivation which is often what causes schools to fail.

1.3.1. Addressing equity and efficiency in education financing

At the beginning of this first section, it is important to note that even the most detailed or well-designed funding formula cannot possibly mitigate all inequities. Therefore, equitable resourcing of schools is not just about employing equity criteria in school funding formulae but also identifying the gaps and providing additional targeted funds where necessary. In this regard, many HICs employ a funding formula alongside earmarked grants for certain types of disadvantage. England is a good example of this, with its national funding formula and high needs block which calculate base funds for

schools using a transparent formula that takes into account different needs, and its pupil premium (an earmarked grant for socio-economically disadvantaged students).

1.3.1.1 Educational investment must target the households most in need

Careful analysis of how governments spend public resources for education services reveals that access to these services is inequitably distributed, eventually favouring advantaged groups. Those with access to public schools benefit the most from these resources. Learners left out of school and lifelong learning or who cannot afford private options receive no benefit; in fact, they pay their share in taxes for the public education of the elite. In Zimbabwe, for example, the top 20 per cent on the wealth scale have a GER in secondary education of 75 per cent, more than twice that of the poorest 20 per cent, meaning that public funds are disproportionately benefiting wealthier families. Almost none (less than one per cent) of the poorest 20 per cent attends higher education, compared to one-tenth of the top 20 per cent. In other words, government expenditure at the secondary level (US\$318 per student) and in higher education (US\$3,309 per student) gives greater benefits to individuals from wealthier backgrounds, revealing a significant level of inequity in the allocation of public resources. Likewise, as public funding is skewed towards higher levels of education in Guinea, the top 10 per cent of the most educated individuals receive 39 per cent of the public resources allocated to education.

In all systems, but particularly those facing considerable resource pressures, reorienting funding towards those who need it most and, if necessary, ensuring that those who can afford to contribute do so, will involve taking difficult decisions (UNESCO, 2020b). Australia is in the process of introducing adjustments to the Commonwealth Government's base recurrent funding allocations to non-government schools that will see funds adjusted according to the school community's 'capacity to contribute'. This is to be calculated according to a direct measure of income based on the median income of parents or guardians of students enrolled at a given school (<https://www.dese.gov.au/download/4342/national-school-reform-agreement/23688/document/pdf>). In this way, the amount of base funding a school receives is adjusted according to the socio-economic profile of students.

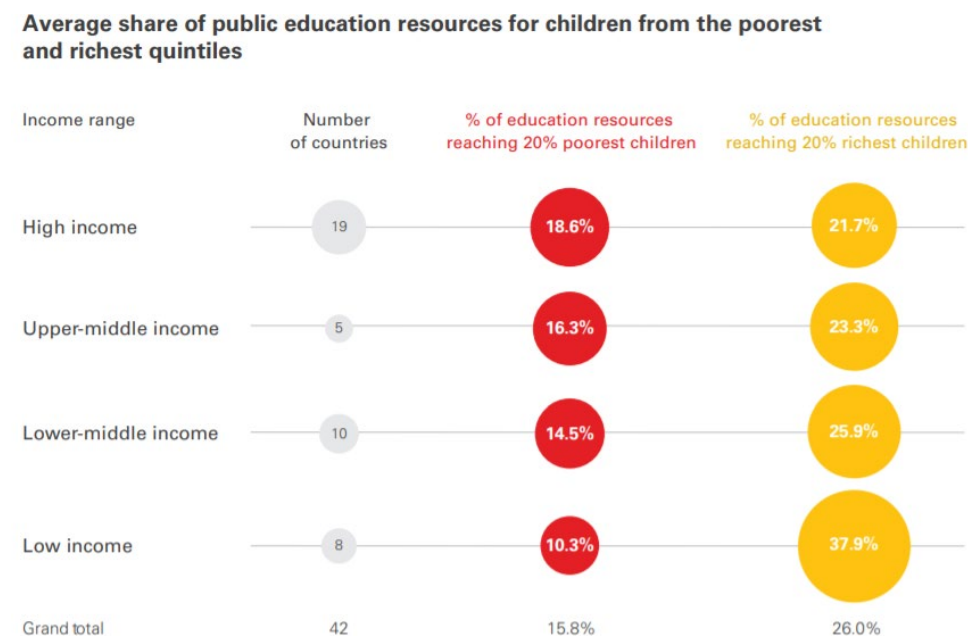
School feeding programmes have proven to promote equity and inclusion, and in some countries they are part of poverty-reduction strategies (UNESCO, 2020b). They not only address malnutrition, particularly in the early ages and in contexts of severe food insecurity, but they induce school attendance by decreasing households' living expenses. In Ghana, for example, an impact evaluation of a school feeding programme found the increased attendance (together with less time at home, perhaps doing household chores) even had a positive effect on test scores.

Investing equitably in education is not just a concern at school level but must be a priority across the learner's life-course, from early childhood education and care to adult learning. Inequities of access and opportunity can be most severe across non-compulsory levels of education, as systems rely more heavily on household resources to fund education at these levels. As such, they are more easily accessible to advantaged learners despite evidence that disadvantaged learners can benefit more greatly from them. In early childhood education and care, for example, of 67 out of 78 countries and economies with comparable data in PISA 2018, students who had not attended any pre-primary education were significantly more likely to be among those enrolled in socio-economically disadvantaged schools (OECD, 2020b). Yet, evidence suggests that an earlier school entry can narrow the gaps in cognitive skills as the benefits of attending pre-primary education tend to be greater for socio-economically disadvantaged children ([Suziedelyte and Zhu, 2015](#)).

Equitable allocation is not necessarily a matter of available resources as it can be about targeted education policies for the poorest. According to UNICEF's findings, for the 42 countries considered in their analysis, the share of public education resources that goes to the poorest children is close to 16 per cent, while the share that goes to the wealthiest children is 26 per cent (see **Figure 8**). In the low-

income countries, the difference is stark: 10 per cent goes to the poorest, while 38 per cent goes to the richest (UNICEF, 2020).

Figure 8. Average share of public education resources for children from the poorest and richest quintiles by countries' income levels



Source: UNICEF calculations using the World Inequality Database on Education and UIS data

In addition, education financing choices must be made in the context of gender gaps that persist in all areas of social and economic life and across countries. While young women in most countries now obtain more years of schooling than young men, on average, girls are much less likely to study in the lucrative science, technology, engineering and mathematics (STEM) fields. Gender equality commitments should be adequately considered and included during the design, implementation and financing stages of education planning. In particular, the financing implications of the commitments and targets outlined in the [G7 Declaration on Girls' Education: Recovering from COVID-19 and Unlocking Agenda 2030](#) launched during the G7 Foreign and Development Ministerial meeting on 3-5 May 2021 need to be taken fully into account.

1.3.1.2 Areas of investment that are known to advance both equity and efficiency

Beyond a certain level of investment, what matters most is how funding is allocated to schools and learners who are most in need of additional resources (UNESCO, 2020b). This is not just an equity-related argument but also an efficiency-related argument. Ensuring an equitable distribution of resources across schools requires attention to both horizontal equity (i.e. allocating similar levels of resources to similar types of provision) and vertical equity (i.e. allocating different levels of resources to student groups with differing needs). While these concepts seem to imply a trade-off, it is possible to allocate additional funding for schools with a higher proportion of students from disadvantaged backgrounds (vertical equity) while guaranteeing that such funding is identical for those groups of students or schools with similar characteristics (horizontal equity).

An important message from the OECD's work on school resources has been that equity and efficiency are not competing goals. There is strong evidence to suggest that the two can go hand in hand and even reinforce each other. When allocating scarce resources, policy-makers should therefore seek synergies between efficiency, equity and educational performance. Examples of such investments include high-quality early childhood education and care; efforts to reduce educational failure

(including reducing the number of learners who drop out and/or have to repeat grades); and matching the most experienced, effective, motivated and high-performing teachers with the most challenging schools.

It is especially necessary to target investments at the most marginalized schools and children. Reducing school and student failure pays off for both society and individuals. It can also contribute to economic growth and social development. Indeed, the highest-performing education systems across OECD countries are those that combine quality with equity. There are several initiatives in developing countries that target the most vulnerable and marginalized children, especially girls. One such example is from Nepal (see **Box 4**)

Box 4. School funding in Nepal

Across Nepal, a school's budget is calculated using a per-capita formula. This allocation is the same for all students across the country, so each school receives its budget based on the number of children enrolled, without taking any other factors into account.

However, each school has different needs. For example, a very remote school may need to provide food for the students at lunchtime. In an area where incomes are low or unpredictable, the local community may not be able to provide additional supplies or resources for teaching and learning, and the school may need to finance these.

To address these problems, additional funding can be deployed to supplement the basic budget for schools that need it most. Nepal uses an equity index to support additional targeting, by ensuring that the data used to calculate supplementary funding is accurate and up to date. This index was introduced in 2017 in five districts initially and is an innovative tool designed to capture data related to disparities across the education sector. The index enables the Ministry of Education to use data to rank the prevalence of disparities in educational outcomes, access, and participation. This allows for analysis and evidence-based planning against the drivers of disparities to ensure that public resources are allocated according to need in order to reduce these inequities.

As efforts to enrol out-of-school children in the five initial districts continue, the equity index is being used to inform targeted interventions in an additional 10 districts, extending the allocations to local governments representing 20 per cent of the total municipalities in Nepal. Although the index is still relatively new, it is hoped that its success in the first five districts can be gradually replicated to improve school attendance and learning among children all over the country.

Source: GPE, see <https://www.globalpartnership.org/blog/nepals-equity-index-innovations-financing-reach-children-most-need>

1.3.1.3 A well-designed funding formula can provide an equitable method of resource distribution

Funding formulas are used in many countries to distribute regular funding for current expenditures such as staff salaries. A well-designed funding formula (that is, a set of agreed criteria applied to each individual school, normally through a mathematical formula making the coefficients attached to each criterion explicit) can provide an equitable and transparent method of distributing resources (UNESCO, 2020b). It also facilitates predictability with respect to what resources are available, as well as incentives for their efficient usage. Formula-based funding can help establish a clear framework for debates on the sufficiency and equity of resource allocations, and in some systems, funding formulas have helped build a general sense of fairness among stakeholders. Austria, Chile, England (United Kingdom) and New Zealand all use formulas to distribute resources through the main allocation and targeted funds.

One major challenge in designing funding formulas is getting them to adequately reflect that it does not cost the same to educate all students. There will be a need to vary funding according to legitimate differences in unit costs which are beyond the control of the school. This demands the introduction of different adjustment components in the formula and could lead to a high degree of complexity. A balance needs to be struck between a simple formula, which might fail to capture schools' needs with full accuracy, and a sophisticated formula, which might be difficult to understand. As a guide for designing formulas to better meet differing needs, Levačić and Ross (1999), and Fazekas (2012), have identified four main components:

- a) a basic allocation;
- b) an allocation for a specific educational provision;
- c) an allocation for students with supplementary needs; and
- d) an allocation for specific needs related to school site/location.

Comprehensive and compelling analyses and empirical evidence on the exact cost differences can strengthen the basis for policy decisions on the review or adjustment of the parameters included in funding mechanisms. Reliable evidence should be gathered on the adequacy of funding in general, and on specific elements that funding mechanisms aim to address, e.g. equity problems related to socio-economic disadvantages, concerns about the equitable distribution of funding in rural locations, and challenges in meeting students' special educational needs.

When designing a funding allocation mechanism, it is necessary to pay attention to the choice of indicators and the availability and quality of the related data. A wide range of indicators is used across countries to distribute funding to schools. In all cases, whether indicators target specific areas, schools or students, there is a trade-off between simplicity and transparency on the one hand, and accuracy and fairness on the other. Relatively simple indicators are likely to leave out some parts of the target population. For more precise targeting, more complex indicators need to be established, although a higher degree of complexity makes these less transparent and understandable to administrators, schools and the wider public. In many countries there is an ongoing debate as to how many indicators should be included, and there are examples where the use of simpler indicators did not make a large difference to schools' funding levels.

Many school funding systems aim to strike a balance between using census-based and school-based indicators. While the use of census-based data has been criticized in some systems for being out of date, such data cannot be manipulated by schools when there is an incentive to inflate or deflate numbers in order to benefit from additional resources, thus giving greater integrity to the funding system. A further problem is misclassified or missing data on schools or students. Using census-based data as a proxy for data on learners' needs can be less accurate than targeting individual students, but national research can help policy-makers choose the best proxy indicator or combination of indicators. This also holds the advantage of reducing the reporting burden on schools.

Targeting funding to specific areas aims to address the additional negative effects brought about by the concentration of socio-economic disadvantage in a particular area. However, such approaches risk leaving out a proportion of the disadvantaged population, including many individuals who are not disadvantaged. There is also evidence that the 'target area' label can be stigmatizing and encourage the flight of middle-class families from these areas. As a result, there has been a broad shift to using indicators that are more specific to the actual population in the school.

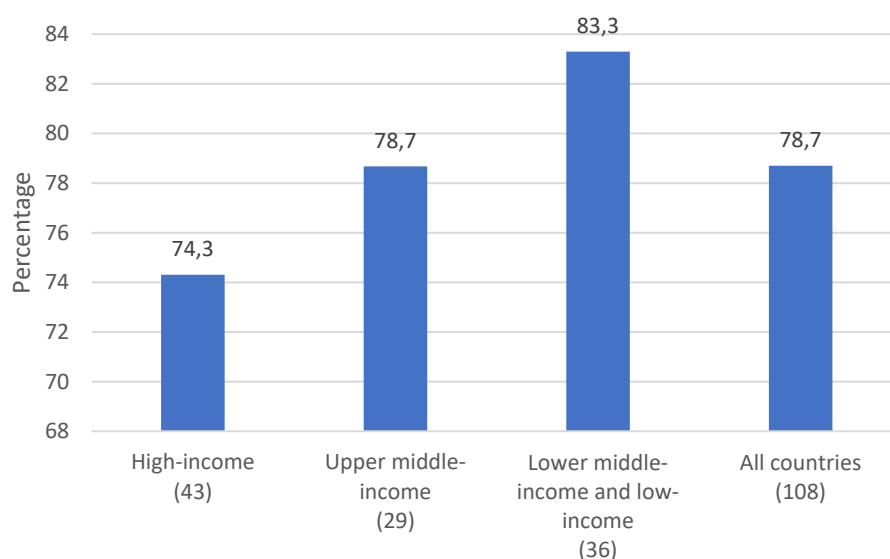
1.3.2. Quality imperative in education financing

1.3.2.1 More and better quality education requires investment in the teaching workforce

Ensuring that teachers receive adequate pay commensurate with their qualification levels and the demands of the role is critical for attracting and retaining quality candidates to the profession. However, a high salary is no guarantee of teacher quality. Investing in teacher development and professionalism across the span of a career is just as crucial in securing an engaged, committed teacher workforce. As such, the financial commitment required to resolve teacher shortages includes not only the cost of teachers' salaries but also training expenditures.

Teachers' salaries represent the main component of spending in national education systems. Given the proportion of expenditures allocated towards remuneration, teacher salaries are a key feature in the calculation of future investment. There is somewhat of a negative correlation between national income level and staff compensation as a percentage of total expenditures in public institutions, of which teachers form the largest component. Overall, the higher the national income level, the smaller the percentage of staff compensation. While the range within income groups varies widely, in UIS data from 108 countries between 2015 and 2020 the median percentage of countries of all income levels was 77.8 per cent, ranging from 74.3 per cent in high-income countries and 78.7 per cent in upper-middle-income countries, to 83.3 per cent in lower-middle-income and low-income countries (see **Figure 9**).

Figure 9. Staff salaries as a percentage of expenditures in public primary institutions, by national income level (annually on average from 2015 to 2020)

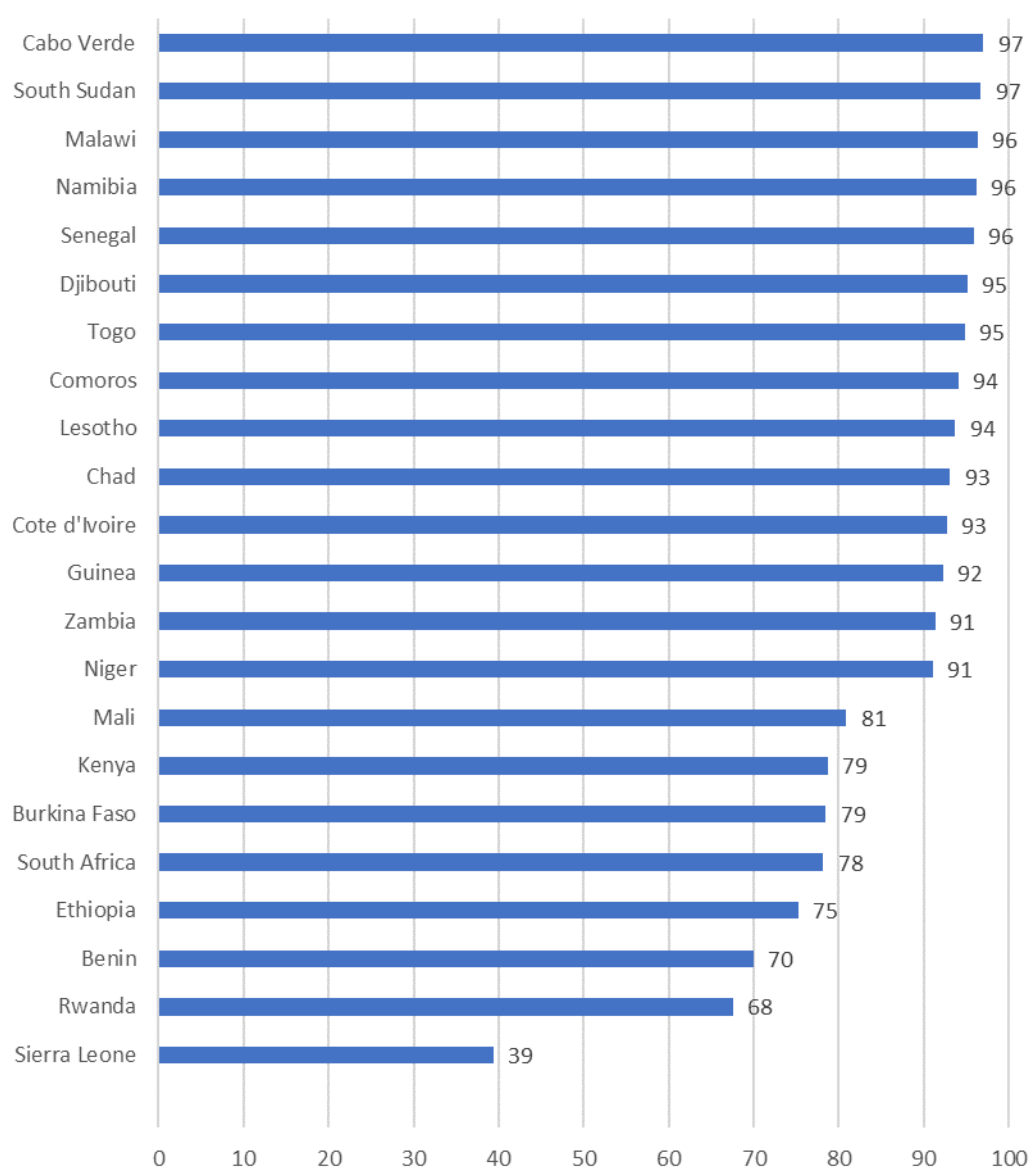


Source: UIS database (2021)

While there are some distinct differences between income levels, the range within each level is also broad. For instance, in high-income countries, the proportion of expenditure on all staff salaries was 54 per cent, while it was 90 per cent in Portugal; 91 in Greece, Turks and Caicos, and San Marino; 92 in Oman; 94 in Aruba; and 97 in Brunei Darussalam. In upper-middle-income countries, staff compensation as a proportion of expenditures was 90 per cent in Colombia and in Saint Lucia; 91 in the Marshall Islands; 92 in Ecuador and in Mexico; 94 in Saint Vincent and the Grenadines; and 96 in Namibia. Finally, almost half of the lower-middle-income and low-income countries allocated 90 per cent or more of expenditures to staff salaries. The majority of LMICs and LICs are in sub-Saharan Africa, where more than half of the countries allocated more than 90 per cent of public expenditures to staff salaries in primary schools (see **Figure 10**).

A key issue for developing countries is whether to aim for the smaller class sizes or the kind of undifferentiated salary schemes that dominate high-income countries and that are shown to be highly inefficient. In addition to salary levels, the use of staff resources also has a significant impact on overall human resource expenditure. Decisions about the size of classes and teaching hours of staff have significant consequences for HR expenditure and teaching quality. Some countries, such as China, choose larger class sizes to give teachers more time to collaborate with peers and raise teaching quality (Boeskens and Nusche, 2021). Of course, these decisions involve complex trade-offs and must be sensitive to context. The developing countries will need to reconfigure the spaces, time, technology and people differently to the high-income countries. The spending choices of countries like China or Viet Nam which have emphasized the quality of teachers over the quantity, regardless of large class sizes, may provide better orientation for developing countries.

Figure 10. Staff salaries as a percentage of expenditures in public primary institutions in sub-Saharan African countries, 2020 or latest year available



Source: UIS (2021)

Beyond the large wage bill, the remaining expenditures on education are low, underlining the need for partners and the international community to support teachers. There are examples of systems investing considerable amounts of money into raising teacher salaries, but it is unclear whether these have paid off. A higher salary does not necessarily mean a higher-quality teacher, nor is it a given for recruiting and keeping higher-quality candidates in the role. Teachers' performance and their commitment to the profession are multidimensional.

Financial assistance is needed to address unmet needs in professional development, provide teaching and learning resources, and offer other incentives including housing, transportation, and access to ICT and internet connectivity. Alongside these ongoing issues, additional needs have been generated by the COVID-19 crisis, requiring e.g. health and safety measures, psychosocial support, and vaccination rollout.

1.3.2.2 Strengthening the link between resources and improved educational outcomes

In the first two sections of this paper, a strong case was made for the importance (economic, social and otherwise) of increasing allocations in order to raise educational outcomes and achieve SDG 4. There is also a need to strengthen the link between educational investments and these outcomes. In all countries, but especially in HICs (where PISA indicates a relatively weak link, cross-nationally, between the level of investment and student performance), education ministries will need to make a case for investment by demonstrating not just the benefits of improved educational outcomes, but also their ability to make efficient use of existing resources and deliver value for money. In LICs and LMICs, the link between educational investments and student performance tends to be stronger, but the case for additional investments will still need to be made. In particular, ministries of education will need to make this case to ministries of finance as part of their annual budget discussions.

The case for educational investments can be summarized as follows:

- Sustained high-quality education constitutes a long-term investment in the knowledge, skills and competencies of individuals, leading to higher productivity, earnings and quality of life;
- At the macro level, a well-educated workforce is a key factor in achieving greater aggregate productivity, innovation and long-term economic growth; and
- Beyond these economic benefits, there is a wide range of social returns on education, many of which are crucial in making individuals and societies more resilient and able to respond to emergency situations such as the public health crisis. These returns include better public health and citizenship outcomes as well as the ability to adapt to change and respond creatively to disruptions, including those related to climate change, which are expected to become more frequent and severe over time, especially in LICs and LMICs.

At the same time as they make this case, ministries of education must ensure and demonstrate that funds are spent effectively and that spending results in improvements to learning outcomes and equity. This will require investments in supporting education systems to include additional strategies or policy areas (not just innovation) that can increase equity, efficiency and cost-effectiveness. It will also require governments to both increase funding for education and invest these resources more equitably and efficiently. This would involve two types of policies: first, policies on evidence-based investments to advance both equity and efficiency; and second, policies on increasing the efficiency of the school funding mechanism.

In addition, it is necessary to adopt a more outcome- and output-focused approach to budgeting and financial management as opposed to input-oriented systems. The Flemish community of Belgium is a concrete example of how school funding is tied to school development (OECD, 2017a). In Flanders, evaluation and monitoring requirements are linked to the provision of resources for secondary schools

implementing additional educational support for disadvantaged students through the 2002 Decree on Equal Educational Opportunities. Secondary schools have considerable flexibility as to how to use the resources, but must follow a three-year cycle, with policy and planning in Year 1, evaluation in Year 2, and inspection in Year 3 (Nusche et al., 2015).

1.3.3. Increasing efficiency in education financing

1.3.3.1 Increasing the efficiency of school funding systems

It will be important to design or reform the mechanisms through which school funding is governed, distributed and monitored in such a way as to ensure that resources are directed to where they matter the most. What these mechanisms look like depends very much on a given system's governance arrangement and local context. **Box 5** provides some guidelines on this.

Box 5. Measures for better efficiency

- **Look at efficiency questions from a more educational angle.** As efficiency in schools has traditionally been considered from an economic perspective, it is important to look at funding questions from a more educational angle. School funding policies must take into account the complexity of educational processes, the diversity of educational goals, the range of different governance contexts across school systems, and the importance of social and institutional arrangements in developing adequate policies.
- **Matching resources with learner needs.** The mechanisms through which school funding is governed, distributed, and monitored play a key role in ensuring that resources are directed to where they can make the most difference. While the overall level of funding matters, the strategies used to allocate and match resources to learner needs are at least as important. Systems therefore need to be able to accurately identify these needs and recognize their multidimensional nature, and accurately estimate how much resource input students with different needs require to achieve a certain standard of education.
- **Develop effective mechanisms for equity and efficiency.** As most school funding comes from public budgets, developing effective mechanisms to allocate this funding among competing priorities is an important policy concern for governments. School systems have limited resources with which to pursue their objectives, and using these resources efficiently is a key aim in their activities.
- **Supporting schools with their budgetary responsibilities.** Efficiency alone is not the main concern of school systems but needs to be achieved alongside the quality and equity objectives that are at the heart of schooling. There are many examples from various countries on how school funding policies can be best designed so that available resources are directed to supporting high-quality teaching and providing equitable learning opportunities for all students. These examples show the importance of strengthening the financial management competencies of school leaders/boards/providers, and designing constructive accountability systems to help them.

Source: OECD (2021e)

1.3.3.2 The role of sub-national governments and administrations

Sub-national governments are increasingly involved in raising resources for school education and making decisions on the allocation and management of funds. Strengthening the taxing powers of sub-national governments in developing countries may help them, in particular if they are responsible for education spending. The taxing powers of sub-national governments in developing countries are, however, normally limited (for various reasons, including limited capacity). Reliance on tax revenues

may support sub-national authorities in determining public service levels in line with local preferences and help mobilize additional resources for schools. At the same time, it entails risks to create inequities in the amounts of funding available across different localities. Typically, wealthier jurisdictions will be in a better position to raise their own revenues and guarantee adequate funding per student. In such contexts, fiscal transfer systems have an important role to play in equalizing revenue levels and ensuring that all localities have the necessary resources to provide opportunities for their students. During the COVID-19 pandemic, most central governments gave additional subsidies or allocations to local governments based on the number of students or classes. While fiscal transfers and grants go beyond the school sector, activating this system is particularly important for school education, which often accounts for the largest share of the local budgets.

Building the resource management capacity of education authorities should be a further priority to ensure that all localities can offer high-quality teaching and learning. For example, professional development could be made available to staff; a network of advisors could be established to support the education work of responsible authorities; and authorities could collaborate and share administrative and managerial resources and expertise.

1.3.4. Conclusion

The main concern of school systems is not efficiency alone, but rather the achievement of quality, equity, inclusion, and efficiency together. These three objectives are at the heart of education. School funding policies should be designed so that available resources are directed toward supporting high-quality teaching and providing equitable, inclusive learning opportunities for all students. School systems need to match resources with learner needs, striking a balance between targeted and regular funding. Funding formulas are particularly well suited to fostering debate about resource distribution and providing the resources required in vulnerable contexts. Investments in educational opportunities for vulnerable students, including marginalized and vulnerable learners, especially girls, should be matched with a strategy for monitoring the progress and outcomes of these groups.

Governments must ensure that resources are used efficiently to advance equity, inclusion and quality in education. This requires designing mechanisms for the governance, distribution and monitoring of school funding that ensure available resources are directed to where they will have the greatest benefit. Equity, improved educational performance, and efficiency can all be pursued in tandem when resources are used to promote high-quality teaching. Systemic inefficiencies can be reduced by making efforts to prevent school failure and ensuring that learners with different needs and from different backgrounds have access to lifelong learning opportunities and training from an early age.

1.4. Data, Monitoring and Evaluation

Equity and efficiency cannot be achieved without better monitoring and evaluation. Monitoring and evaluation are therefore necessary for the success of any effort to improve the effectiveness of resource use in education, including for equity, quality, and efficiency. There is an increasing role for policy evaluation in education, and a need for better data collection and indicators to follow up on the outcomes from the resources and investments that have been mobilized, including investments made by households.

1.4.1. Data on education financing is lacking, limiting the quality of decision-making

In many low- and middle-income countries, data on education financing are not collected frequently, and in some countries, they are not collected at all. Even when data are collected, they may be of a low quality and unable to be used effectively to inform decision-making. For example, in many developing countries, data is not disaggregated by sex or by type of vulnerability. Data on education financing remain fragmented and have yet to be harmonized. There are also several areas of financial

monitoring where high-income countries are facing challenges. In particular, improving the quality of data on household and private spending, which is patchy in many OECD countries, and almost non-existent for low-income ones, is a key concern. If we are to better understand the role the private sector can play to finance education (particularly at TVET or tertiary levels), then improving the coverage of private spending is essential for all countries, regardless of their income.

As noted by EFW, the availability of good-quality data on core spending indicators is limited. This can make it difficult to track overall levels of funding and ascertain how these funds are utilized. Over the past three years, for example, less than one-fifth of countries reported to UNESCO or the IMF how much they spend on primary, secondary, and tertiary education. Moreover, even when this data is available, it is rare to have the breakdown of how those funds are used (e.g. capital or current expenditure, salaries or facilities, etc.). In addition, it is also necessary to collect more and better data on household expenditures on education, especially in low-and-middle-income-countries.

COVID-19 increased the need for timely, comparable data to assess the impacts of crises on education financing and outcomes. Real-time information on budget changes, so important in tracking and responding to crises, is not systematically available.

1.4.2. The concern with equity and efficiency should be accompanied by better monitoring and evaluation

The social and economic costs of failed education policies are high, so it is vital that governments target investment correctly and efficiently to yield improved outcomes. This concern for funding efficiency became more prevalent after the 2008 financial crisis, in the context of constraints on public education budgets in many countries, and it is likely to intensify in the wake of the pandemic. Most HIC governments are gradually integrating evaluation and performance measurement into their budget allocation processes and public finances, but this is yet to happen in LICs and LMICs. Performance budgeting, which requires performance measures to be included either alongside funding allocations or to directly inform funding provision, has become commonplace in many HICs in the past decade, including in education systems.

In a 2014 survey conducted by the OECD, representatives from 23 out of 24 countries indicated that there was at least some focus on performance in their budgeting system. Furthermore, in many OECD countries and economies, the remit of supreme audit institutions (external auditors established by constitutions or supreme law-making bodies) is expanding from a focus purely on financial audits to examining the performance of expenditure or the cost-effectiveness of certain initiatives. Within this context, the monitoring and evaluation process can be a useful tool for making policy decisions and assessing the value of reforms. Appropriate, well-executed and well-resourced policy evaluation can provide an understanding of how interventions work and the extent to which they are successful. This information can be used to improve existing policies, form an evidence base for future action, and help to justify and account for the expenditure of public funds.

Although among many OECD education systems it has been more common for performance-based funding initiatives to be introduced in higher education, in Brazil, state-level initiatives to introduce performance-based funding allocations to municipalities for school funding have been extremely impactful. The role of performance based funding should be an important feature of a country's monitoring and evaluation practices. In Brazil, performance-based funding has been used at state level to drive quality but also to address equity (those schools identified as high-performing receive supplementary funds but must use them to support low-performing/disadvantaged schools). The

World Bank has undertaken robust evaluations of this,¹¹ and the OECD's Education Policy Outlook also includes information about it.¹²

At least partly thanks to such measures, Ceará has become the highest-performing state in primary and lower-secondary schooling when considering socio-economic context, while maintaining relatively low expenditure. In 2007, the state introduced new indicators for intergovernmental transfers related to the quality of education, health and the environment (72, 20, and 8 per cent respectively). Strengths of the initiative include having performance- and improvement-focused indicators to ensure that progress is a priority for all administrations and benefiting the lowest-performing (often the poorest) from the start. Aligning indicators to a state-wide policy priority for literacy helped realize system-level goals; ensuring sufficient technical assistance to municipalities was also key. Control measures were introduced to inhibit efforts to game the system. Such strengths could inform other state or federal efforts to increase efficiency through performance-based measures.

1.4.3. Conclusion

Evidence based policy making requires sufficient, systematic, and reliable data on education spending, its distribution and effectiveness. This section highlighted the limitations of the available data, particularly the limited coverage, limitations for obtaining consolidated government with household and private spending, and lack of prompt data on changes in education budgets. Issues of efficiency and equity of spending are paramount, and this section reviewed a few examples of performance budgeting and funding measures that have contributed to the evaluation of spending.

Recommendations

This section lists seven recommendations divided into three areas: (1) financing, (2) efficiency, and (3) equity.

A - FINANCING

1. In the short term and as recommended in the GEM 2020 Declaration, countries should:
 - Increase the share of public expenditure on education to the international benchmarks of at least four to six per cent of GDP and/or 15 to 20 per cent of public expenditure.
 - Ensure that national recovery stimulus packages include allocations for: a) measures to recover learning loss for all learners and reduce negative socio-emotional impacts during educational disruption (in particular supporting the development of digital distance learning); b) (re-)enrolment campaigns and targeted support for learners who are at risk of not returning to school, especially girls, persons with disabilities, refugees, those living in poverty, those living in rural areas, internal displaced persons, and persons affected by conflict, crises and natural disasters; c) training and skills development to increase employment opportunities for people affected by job losses (and facilitate graduates' transition to the labour market); and d) bolstering the effectiveness of investments in education by centring them on identified thematic actions to achieve quality, such as training teachers and planning vocational education according to the needs of labour markets (involving the private sector), taking into account the lessons learnt from the COVID-19 crisis by reinforcing investments in digital education/skills.

¹¹ See <https://documents1.worldbank.org/curated/en/56147160611232725/pdf/Implementing-a-Results-Based-Financing-Mechanism-for-Subnational-Governments-to-Improve-Education-Outcomes-An-Implementation-Guide-Inspired-by-the-Case-of-Ceara-Brazil.pdf>

¹² See <https://www.oecd.org/education/policy-outlook/country-profile-Brazil-2021-EN.pdf>

- Consider introducing extraordinary fiscal measures to increase financial resources for the education system in the short run.
 - Increase the volume, predictability and effectiveness of international aid by: a) meeting the benchmark of 0.7 per cent of donor GNP for ODA to developing countries; b) increasing the share of ODA to education as a percentage of total ODA; and c) ensuring that international aid for education is contextualized and aligned to national education strategies, aid-effectiveness principles, and COVID-19 recovery plans. Aid should target the countries and populations most in need, including those who are not reached by government programmes.
2. In addition, the per-student expenditure adjusted for PPP should be considered as another measure of the level of investment (alongside the percentage of GDP and/or percentage of public expenditure). This measure may be more comparable internationally in some regards as it is less influenced by demographic factors.
 3. In the longer term, and recognizing that domestic resources are vital for making progress towards the Education 2030 Agenda:
 - Most LICs and LMICs should spend more than six per cent of GDP and more than 20 per cent of their government budgets on education to get close to achieving the aspirations of SDG 4, and there is a need to consider new sources of funding.
 - A whole-of-government reflexion is necessary to work on thematic priorities and resource provision. Countries need to mobilize additional domestic resources through tax reform. Increasing the tax-to-GDP ratio requires fundamental reform that is implemented gradually over time. Such reforms include strengthening the formal economy, streamlining the use of corporate tax incentives including incentives to attract FDI, strengthening the design of the personal income tax and VAT, and re-assessing property and capital taxation as well as strengthening government accountability on the use of the tax income.
 - Progress in the education sector must be monitored on the basis of data and information on funding levels and how funds are used. Improved quality and coverage of data will necessitate ensuring the comparability of existing data sources and adopting new approaches for data collection.

B - EFFICIENCY

4. There is a need to achieve systemic improvements to education financing that will promote more effective use of resources and provide sustainable support for priorities in the long term. This will require investments to include additional strategies or policy areas (not just innovation) that can increase efficiency and cost-effectiveness. In the short, medium and longer term, and recognizing that increased efficiency is vital for making progress towards the Education 2030 Agenda – SDG 4, countries should:
 - Develop and implement evidence-based policies and investments to advance both equity and efficiency, such as matching resources with learners' needs, providing equity funding to schools, and supporting schools with their budgeting responsibilities; and
 - Increase the efficiency of the school funding mechanism by improving funding formulas to provide a more equitable method of resource distribution, supporting sub-national governments and administrations to play a more effective role and looking at efficiency questions from a more educational angle.
5. A multisectoral approach is necessary to reach SDG 4. In discussions between ministries of finance, education, labour, vocational training, higher education, and research, there is a need to strengthen the link between educational investments and outcomes that support the achievement

of economic and social goals and to demonstrate education's ability to make efficient use of existing and additional resources to deliver value for money.

C- EQUITY

6. Equity and efficiency are not competing goals in education systems. There is strong evidence to suggest that the two can go hand in hand and even reinforce each other. When allocating scarce resources, policy-makers should therefore seek synergies between efficiency, equity and educational performance. Examples of such investments include high-quality early childhood education and care, efforts to reduce educational failure, and matching highly-qualified teachers with the most challenging schools.
7. Countries should consider creating and strengthening policies, programmes and funding that support equity and inclusion in education. For example, countries can promote greater access to early childhood education and care, particularly among disadvantaged families, as these programmes both provide more equitable learning environments and help children acquire essential social and emotional skills. Countries can also target additional resources towards disadvantaged learners (in the form of cash or other forms of scholarships, such as exemptions from fee payments) and schools (capitation grants and funding formulas) and reduce the concentration of disadvantaged students in particular schools. In addition, non-education-specific financing policies and programmes can have a large impact on education.

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Part 2. Fulfilling the 2020 GEM Commitments

2.1. The implementation of the 2020 GEM priority actions

With less than a decade remaining to achieve the 2030 Agenda for Sustainable Development, the pre-COVID world was already seriously off track to deliver on the SDG 4 - Education 2030 commitments with 258 million children and youth out of school ([UNESCO, 2019ⁱ](#)) and 53% of children in low- and middle-income countries could not read and understand a simple story by the end of primary ([World Bank, 2019ⁱⁱ](#)). Learning losses in 2020 as a result of the pandemic driven school closures are projected to reduce the number of children proficient in reading by 13 million per age cohort; if we consider eight grades of primary and lower secondary school, around 100 million children moved below the minimum proficiency threshold ([UNESCO Institute for Statistics, 2021aⁱⁱⁱ](#)).

The COVID-19 pandemic has created the most severe disruption in education systems in history with more than 1.5 billion learners across 190 countries were affected by school closures at the peak of the pandemic in April 2020. In addition to learning disruptions, school closures carried high social and economic costs for people across communities, including poor nutrition due to the disruption of school meals, the economic costs of missing work or reduced productivity for working parents in absence of child care options or children left unattended and exposed to safety risks. Moreover, increased exposure to violence and exploitation during prolonged school closures and lockdowns has threatened gender equality and women's empowerment. Social and emotional well-being, as well as mental health of both learners and educational personnel has also been identified as an area of concern due to social isolation and reduced social activities.

In this context, the international community joined forces to protect and promote education through a series of initiatives. UNESCO launched the Global Education Coalition of some 200 members from the UN family, civil society, academia and the private sector to ensure learning continuity and safe re-opening of schools; UN agencies collaborated in the preparation of the UN Secretary-General's Policy Brief; and the #SaveOurFuture Campaign testified to the commitment to strengthen multilateral cooperation and multi-stakeholder partnerships to prevent a generational catastrophe.

This series of collaborative actions culminated at the extraordinary session of the Global Education Meeting (2020 GEM) convened in October 2020 by UNESCO with the governments of Ghana, Norway and the United Kingdom, which adopted the 2020 GEM Declaration to give a new impetus to SDG 4 in its entirety and to build more resilient, flexible, inclusive and gender-responsive societies and education systems that address the holistic needs of all learners from early childhood to adulthood.

2.1.1. Safe school reopening

“Safely reopen educational institutions based on scientific evidence and considering local contexts; These measures should be adequately funded at all levels and prepare education institutions to continue service provision when normal school opening is disrupted, strengthening and restoring access to services such as school meals, health, WASH, social protection; prioritizing the health and safety of students and educators through closer inter-sectoral collaboration; ensuring that reopening plans are equity-oriented, gender-responsive, inclusive and targeted.”

After 20 months since the COVID-19 was declared pandemic, many students have been able to resume in-class learning, but millions have yet to return to the classroom. As of 18 October 2021, 55 million students of pre-primary to upper-secondary levels are still affected by school closures according to

[UNESCO's global school closure monitoring](#)^{iv}. The UNESCO-UNICEF-World Bank-OECD joint survey (2021, hereunder “joint survey”) indicates that in 2020 alone, schools from pre-primary to upper-secondary, were closed for 79 instruction days on average, representing roughly 40% of total instructional days averaged across OECD and G20 countries. This average days of lost in-person learning vary across countries’ income levels: schools were fully closed for 53 days in high-income countries whereas full school closure lasted on average 115 days in lower-middle-income countries and 88 days in low-income countries.

When reopening schools and other educational institutions, minimizing the risk of virus transmission was the primary concern and thus, almost all countries (99%) responded to the joint survey that their ministries of education endorsed specific health and hygiene guidelines and measures for schools, particularly those related to physical distancing and hygiene measures. However, only 55% of respondents globally had enough soap, masks, clean water and WASH facilities to assure the safety of learners and school personnel—this figure goes further down to a mere 6% of responding low-income countries. Low-income countries struggle the most to implement more expensive and coordination-intensive activities such as in-school testing or contact tracing for students or staff exposed to/infected by the virus, as well as ensuring that even the most basic disease mitigation measures are in place.

One of the most serious direct impact of school closures was that as many as 370 million children lost access to school meals and essential health and nutrition services received at school (WFP, 2020).^v In response, more than 70 countries implemented mitigation measures to replace school-based safety nets such as school meals with community services, such as take-home rations and cash transfers, with mixed results. Still, it became clear that not even the best mitigation measures could ensure all children were being reached. In this context, a group of champion country governments called for the establishment of a global School Meals Coalition to drive actions aimed to urgently re-establish, improve and scale up school meals programmes around the world. The Coalition was launched during the Food Systems Summit in September 2021 and joined (as of October 2021) by 60 governments and more than 50 partners from UN agencies, intergovernmental organizations, civil society and academia.

As detailed in the Part 1 of this document on education financing, UNESCO estimates that out of the total US\$ 16 trillion countries have deployed worldwide under stimulus packages by June 2021, approximately US\$ 468 billion may have been allocated to education (2.9% of the total) ([UNESCO, 2021a](#)^{vi}). This is not only too small in light of the significant disruption to learning caused by the COVID-19 pandemic, but 97% of the total education stimulus was invested by high-income countries. This global imbalance in investments to education and training may risk worsening the disparities in education and learning outcomes that existed across countries prior to COVID-19 pandemic.

According to [UNESCO's survey](#)^{vii}, digital learning and basic education were the priorities of the stimulus package allocated to education across regions and income groups, indicating a probable expansion of digital learning capacities in primary education. Secondary priorities varied by region and income level, from enhancing sanitation measures in African countries, to investing in higher education in the Arab States, to supporting the most marginalized in Asia and the Pacific. In England (United Kingdom), for example, support for education recovery consisted of a mixture of flexible funding and specific interventions: £650 million universal catch-up premium and a £302 million recovery premium targeted towards disadvantaged pupils, which they can use to support pupils’ mental health and wellbeing and academic recovery. Over £1 billion has been allocated to tutoring interventions as part of the education recovery investments. Côte d’Ivoire has disbursed 4.5 billion CFA (approximately US\$ 8.2 million) for distance learning through television for examination-year classes. The Republic of Korea has dedicated 4.3% of the total stimulus packages to education and training, including for deployment of digital infrastructure for K-12, support of remote learning for universities, strengthening teacher capacities in remote teaching and development of Korean MOOC content.

With the pandemic exacerbated pre-existing inequalities, the 2020 GEM Declaration emphasized equity focus, gender equality and inclusion. However, only 9% of countries responded to the joint survey that they have taken one or more measures to specifically support the education of at least one vulnerable group (e.g. girls, ethnic minorities, etc.). Nevertheless, governments have deployed a variety of distance learning strategies to mitigate the risk of student not getting back to their institutions, including by providing learners from low-income families with digital learning devices (e.g. tablets and smartphones) and managing hybrid learning options (e.g. printed homework, television and radio programmes, mobile phone messages, and in-person learning with reduced class sizes and increased cleaning provisions).

According to UNESCO study, several countries have stressed the gender dimensions in their response plans ([UNESCO, 2021b](#)^{viii}). For example, Rwanda has included a measure in its response plan to ensure that pregnant adolescents or adolescent mothers are re-integrated into national education systems. South Sudan's plan calls for the establishment of referral systems on COVID-19 and gender-based violence that can link schools to health and other social services. Risk mitigation for gender-based violence and other forms of abuse, exploitation and neglect during COVID-19 are also mentioned in the plans for Malawi, Pakistan, and Somalia. In Ghana, the government's COVID-19 Coordinated Education Response Plan recognizes gender-related barriers to studying during school closures. In Honduras, the Secretariat of Education is providing educational resources incorporating a gender approach to the educational community; this includes the "Learning Passport" hosted on the government's online learning platform, which contains teaching resources including videos, comics and games with a gender focus.

In terms of monitoring and validating student learning delivered remotely or in a hybrid modality, countries had to make a difficult decision as to maintaining, cancelling, postponing or modifying exams. The main challenge was how to handle these examinations and assessments in such a way that would both comply with the sanitary and safety measures and provide necessary information for making decisions regarding students' progression, certification, qualification and graduation. According to forthcoming UNESCO study, countries that maintained the exams as planned at least for one level of education increased from 26% in 2020 to 56% in 2021. At the end of the 2020/21 school year, at the primary education level, two thirds of the countries surveyed (66%) maintained the exams as planned while one fifth (19%) of countries decided to postpone the exams without any modification. Similarly, almost two thirds (65%) of countries worldwide decided to maintain high-stakes exams as planned at the lower secondary level while one fifth (21%) maintained but modified the exams. At the upper secondary level, about half (52%) of the countries maintained exams as planned while one fourth (25%) of them modified the exams. At the transition point from upper secondary to tertiary education, about 60% of countries maintained entrance exams to tertiary education as planned, while 16% of them modified them 18% postponed the exams.

Despite the enormous efforts made, remote learning has proven less effective than face-to-face learning and students spend less time on learning as they are facing lack of an appropriate physical environment and technical equipment, increased anxiety and mental stress ([UNESCO, 2021c](#)^{ix}). In order to mitigate the learning loss caused by the pandemic-induced educational disruption, some countries adjusted the subjects taught and reduced the exam content or number of questions, or provided more options regarding the topics for students to work on. For instance, in France, students passing the upper-secondary school leaving exams (Baccalauréat) could choose from four subjects instead of three for the written part of the philosophy exams. In Austria, the number of compulsory modules of the general and professional higher education entrance qualification (Matura) was reduced from four to three. Estonia dropped the research paper or practical work project from the list of mandatory components for passing the upper secondary exam. In Germany, the federal states agreed to provide more time for exams, to reduce the content and to adapt the content to the actual curricula at school. In Poland, the oral exams were dropped for all exams at the lower and upper secondary

levels. Moreover, the United Kingdom and Ireland applied an alternative grading system while in the Netherlands, lower and upper secondary students had the possibility to retake one exam in core topics. In the Caribbean countries that participate in the Caribbean Examinations Council (CXC), the passing requirements were reduced by up to 50% in some subjects.

In sum, despite ongoing enormous challenges, governments have deployed various measures to ensure safe reopening of their education institutions with diverse results across countries and regions. These measures included, among others, allocating additional funding to the education and training sector, providing targeted support to students at risk of not returning to school, ensuring health and sanitary conditions, especially for girls and young women's return to school, and introducing flexible and hybrid learning assessment programmes. However, low- and lower-middle-income countries were particularly challenged in mobilizing necessary resources to support safe and effective school reopening. Within countries, learners from disadvantaged groups and areas required more support, which governments and the international community may need to further prioritize in future interventions.

2.1.2. Support for teachers and education personnel

“Support all teachers and education personnel as frontline workers, consulting their representatives in decision making, and ensuring their safety, well-being and decent working conditions. Urgent attention is required to address the shortage of trained and qualified teachers aggravated by the COVID-19 crisis. Their professional development needs at all levels, including digital and pedagogical skills for learner-centred quality education, is a matter of urgency.”

Teachers continued to play a key role in keeping learning continue during school closures and school re-opening. Even before the pandemic, shortages of teachers were a major challenge particularly in in sub-Saharan Africa, where in 2019 there was a gap of 4.2 million teachers to achieve universal primary and secondary education: almost 1 million in primary and 3.3 in secondary education. In addressing the teacher shortage during the pandemic, 33% of the countries responding to the latest joint survey (February and May 2021) recruited additional teachers after the reopening of schools in 2019/2020 school year, which is an increase from 26% of the countries in the previous survey (July and October 2020). This figure ranges from 48% of countries in Latin America and the Caribbean to just 13% in Europe and Northern America. Sub-Saharan Africa, where teacher shortages remain acute, was the next least likely region to report additional teacher recruitment with fewer than 1 in 4 countries mainly in Southern Africa: Botswana, Eswatini, Malawi, Namibia, and Seychelles. According to the recent study undertaken by UNESCO and Teachers Taskforce, it is projected that sub-Saharan Africa will need to recruit 11.2 million primary and secondary teachers based on increasing schools-age populations and replacements due to teacher attrition. This gap will widen to 15 million more teachers needed by 2030 ([International Task Force on Teachers for Education 2030, 2021](#)^{*)}.

In terms of professional development support provided, the majority of countries offered special training to teachers on remote learning (61%) and provided professional development activities (e.g. workshops and webinars) on pedagogy and effective use of technologies (68%) though ranging from 9 out of 10 countries in Eastern and South-eastern Asia to just 3 out of 10 in sub-Saharan Africa. The provision of such special training to teachers in low-income countries was uncommon (9%) when we look at the school-age population specifically. Content adapted for remote learning was provided by 58% of all countries ranging from 81% in Europe and Northern America to just 29% in sub-Saharan Africa.

In addition to protective measures in schools, teacher vaccination is paramount to reopen schools safely and protect teachers as frontline workers. Globally, 71% of countries (145 of 204) have included teachers in one of several priority groups to be vaccinated apart from the general population ([Teacher prioritization Map in COVID-19 vaccine rollout plans](#)^{xi}). Nonetheless, only 10% of countries allocated teachers to the first priority group, including in high-income countries such as Qatar and the United Arab Emirates, middle-income from Central Asia and low-income countries including Cambodia, Rwanda and Uganda.

2.1.3. Investing in workforce skills development

“Invest in skills development, including social and emotional learning and well-being, for inclusive recovery, decent work and enhanced employability, and sustainable development through reskilling and upskilling opportunities for all young people and adults who have lost or are at risk of losing their jobs.”

Globally, 41% of countries responding to the UNESCO-UNICEF-World Bank-OECD joint survey (excluding OECD Member States) had planned new training programmes or activities in digital skills training for its workforce. Overall, 30% of countries took measures to foster social and emotional learning and well-being, or to develop attitudes, knowledge and behaviour for sustainable development for labourers.

However, significant gaps exist when the provision of these interventions are compared across income groups. Among low-income countries, only 14% planned measures at the national level to facilitate skills development, decent work and enhanced employability, and sustainable development during the pandemic. This has serious implications for worsening in-country and global inequities among labour forces. Looking at the school-age population specifically, we can see that students in low-income countries are at a disadvantage as the work force serving them are not receiving adequate training.

According to the joint study conducted by UNESCO, ILO and the World Bank in 2020, many countries and stakeholders in the TVET sphere were insufficiently prepared to respond adequately and swiftly to the shock caused by the COVID-19 pandemic^{xii}. Many TVET providers switched to remote learning through learning by doing, while the COVID-19 pandemic has accelerated many changes already under way in training systems and labour markets, such as digitalization and created or strengthened public-private partnerships and collaboration. Nevertheless, policy responses and remote learning options have struggled to deliver on some of the key features of TVET, namely the acquisition of practical skills and work-based learning. The three main areas of recommendations were suggested where TVET stakeholders can work together during and after the COVID-19 pandemic: increase crisis-response readiness; enhance access to education and training; and deliver relevant training and skills to build back better.

Several examples of continuity of practical training despite disruption were reported by TVET providers or ministries. In Armenia, some workplaces remained open, and apprentices could go to their workplace on a part-time basis, or meet their professors to get tasks and continue coursework. In Lithuania, although practical training and placement in companies was suspended, if learners express such a wish, vocational education and training schools are obliged to offer them practical training seminars for the coming two years. In Mongolia, for a significant proportion of trainees there is a plan to recover lost hours of practical training through internships and increased hours of classroom training activities. In the British Virgin Islands, students were unable to take part in work-study or apprenticeships in spring 2020, but most of the grade 11 pupils were to take part in a work-study programme for one month in the summer of 2020. The only practical assessments that have been carried out via an online medium are those for the subjects Computer Applications and Technical

Drawing. In Argentina, diverse materials were provided in various digital formats, complemented with constant support provided to teachers and learners.

A global joint survey conducted by 10 international organizations in 2020 reported that enterprises and organizations brought skills development to a near standstill due to lockdown measures introduced during the pandemic and delivering practical training on line faced significant challenges ([ILO, 2021](#)^{xiii}). Reskilling programmes, when provided, covered a range of topics and not solely technical skills; for example, socio-emotional skills, time management, occupational safety and health (OSH), prevention of COVID-19 infection, digital skills, mental health and well-being. Although over half of the enterprises and organizations surveyed intended to reduce investment in staff training due to the financial constraints imposed by the pandemic, a large majority will adopt innovative methods to enhance the effectiveness and efficiency of skilling and reskilling by increasing investment in digital platforms, tools and resources, including virtual reality (VR) and augmented reality (AR); introducing or intensifying blended training methodologies; building the capacity of staff to design and deliver online training; and acquiring equipment and software for online training.

2.1.4. *Narrowing the digital divide*

“Narrow the digital divide in education, develop quality open educational resources and build digital commons as a complement to face-to-face learning, with a view to enabling inclusive and equitable technology-supported learning.”

The pandemic revealed how digital technologies make the world more deeply interconnected and interdependent than ever before, but also more divided. The overnight shift to remote teaching and learning in education systems that **were not digitally mature** has heightened learning inequality, increased student isolation, narrowed and privatized educational experiences, homogenized teaching and learning, undermined the professional autonomy of teachers, produced harmful environmental impacts, violated privacy and trust, consolidate power and control outside public oversight and increased the digital divide ([Broadband Commission for Sustainable Development, 2021](#)^{xiv}).

Narrowing the digital gap both between and within countries remains a challenge. The [joint survey](#)^{xv} shows that only 25% of low-income countries compared to 96% of high-income countries reported regular or extra expenditure on digital learning. Over three-quarters of national distance learning solutions available during the height of the COVID-19 pandemic relied exclusively on online platforms. However, as 465 million children and youth, or almost 47 % of all primary and secondary did not have access to these platforms because they do not have internet connections at home. According to latest ITU data, overall global Internet user penetration stands at 53.6%. That figure drops to 47% in developing countries, and to just over 19% in the world's Least Developed Countries (LDCs). These are well below the Broadband Commission's advocacy Target 3 for broadband Internet user penetration of 75% worldwide, 65% in developing countries and 35% in LDCs by 2025 ([ITU, 2020](#)^{xvi}).

The digital divide is not only a technical issue in terms of connectivity or access to devices or online platforms and teaching/learning materials. It also includes human dimensions, including the digital skills required of teachers, parents and learners themselves—especially for younger ones—and the specific social and cultural factors that facilitate the access to and use of technology, especially from a gender perspective. The gender digital divide significantly constrains girls’ ability to learn online. Adolescent girls aged 15 to 19 were less likely than boys to have used the internet in the past 12 months, and fewer of them owned a mobile phone ([UNESCO, 2021d](#)^{xvii}).

Only 27 per cent of low- and lower-middle- income countries responding to the [survey](#) had a fully operationalized policy on digital learning accompanied with explicit guidance, compared to half of high-income countries ([UNESCO Institute for Statistics, 2021b](#)^{xviii}). Countries best able to respond to the educational disruptions were those that were able to build on the implementation of long-established ICT in education masterplans and the continuous development of digital learning systems and resources as well as teachers' pedagogies for digital, distance and/or hybrid learning. For example, China, the Republic of Korea and Singapore have been implementing national ICT in education masterplans for more than two decades with significant teacher training in the use of ICT. These countries reported minimal or zero loss of learning hours thanks to their readiness to shift to large-scale online learning.

When the COVID-19 pandemic shut down schools and countries had to suddenly switch to remote learning, even in countries with good infrastructure and connectivity, teachers needed capacities in designing and facilitating online learning, while learners and their parents -particularly those in low-resourced communities- needed support to understand how best to facilitate home-based learning. Among the four countries, China, Finland, Republic of Korea and Saudi Arabia, with whom UNESCO is currently reviewing their experiences in planning and implementing distance learning programmes in response to the COVID-19 school disruptions, all four provided in-kind and financial assistance to low-income families to access digital devices or connectivity and took measures to ensure learning for students with disabilities. In Saudi Arabia, for instance, guidelines were provided for teachers working in special education schools; in the Republic of Korea, the online classes were customized for students with visual and hearing disabilities; in Finland and the Republic of Korea, home visits were maintained for students with special needs. There is, however, a lack of evidence on how specific measures were taken to ensure gender equality in distance learning strategies across the four countries.

Funded by the COVID-19 accelerated funding window of the Global Partnership Education (GPE), a [consortium](#)^{xix} of UNESCO, UNICEF and the World Bank is creating quality open educational resources, generating global surveys and building digital commons and public goods. The evidence generated by the Consortium is also revealing that non-digital broadcast technologies such as television and radio were not only essential in supporting distance learning in low-income countries but also in supporting low-grade learners who have not developed the necessary meta-cognitive skills to engage in online learning. In many countries, educational TV and radio programmes and multi-modal media combinations (e.g. basic mobile phones messaging, TV and radio) were used to complement online learning.

Further evidence brought by the Broadband Commission for Sustainable Development's report shows the negative consequences of the overnight shift to remote teaching and learning ([Broadband Commission for Sustainable Development, 2021](#)^{xx}). However, when carefully planned and adequately resourced, hybrid learning, a model that combines face-to-face instruction with computer-mediated pedagogies, has the potential to build learner independence and digital skills for learning, work and life. This UNESCO-ITU report further highlights the importance of considering the enabling strategies for strengthening the opportunities and diminishing the risks:

- (1) facilitate the transition toward digital societies protecting data privacy and well-being of students and teachers;
- (2) overcoming the digital divide manifested in infrastructure and access to internet and appliances, coverage, access and usage, meaningful connectivity, and affordability and lack of digital skills;
- (3) aim for the digital transformation of the education system, improving teachers support and teacher training, considering inter-sectoral and whole-of-government strategies; and

- (4) ensure sustainable funding, including innovative funding mechanisms such as “universal service funds”¹³ and strategies for lowering costs of applying internet data such as subsidized Internet and data bundles to support access to education content.

Solid investments are critical to ensuring *all* children, young people and adults can benefit from flexible learning models now and for years to come. Digital learning programmes need to accelerate, scale up and advance educational recovery, resilience, and re-imagining in support of SDG4. They must continue ensuring that the most marginalized children and youth are supported and engaged, including girls and women, learners with disabilities and special educational needs, ethnic and linguistic minorities, refugees and displaced people.

2.2. The impact of COVID-19 on SDG 4 targets¹⁴

We request UNESCO and its partners, together with the SDG-Education2030 Steering Committee, to assess the impact of the COVID-19 crisis on the progress towards the achievement of the SDG 4 and other education-related targets, examine the strategies and priorities to recover and accelerate the progress and propose relevant and realistic benchmarks of key SDG 4 indicators for subsequent monitoring (2020 GEM Declaration, para. 10).

The pandemic has been rightly described as the largest crisis to have hit education. Its scale and almost simultaneous effects around the globe resemble no other emergency. The two main concerns are the effect of the disruption on learning and the unequal distribution of the negative learning and other effects on more disadvantaged learners. What is just as interesting is that the ultimate effects are very hard to predict, as the pandemic unfolds and responses vary.

Target 4.1 (By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes)

While schools were closed for 79 instruction days on average in 2020, ranging from 53 days in high-income countries to 115 days in lower-middle-income countries, on the first anniversary of the pandemic (March 2021), schools have been closed for an entire year for 168 million students worldwide. Estimates of learning loss due to school closures and remote learning vary depending on contexts, school levels and subjects. They range from marginal or even positive, to students learning substantially less than in a typical year, to students actually regressing and dropping below their pre-closure baseline. On average in higher income settings, where most estimates are coming from, immediate effects are on the order of -0.10 to -0.15 standard deviations. Post-COVID observed data on student achievement are still scarce in developing countries. Simulation studies project a large drop in learning levels with potentially long-lasting consequences: three months of school closures could translate into one full year of learning loss. Available learning data from Brazil, Colombia, Ethiopia, India, Kenya and Pakistan confirm significant losses resulting from school closures.

¹³ Universal Service Funds levy a certain percent of the annual revenue of highly profitable telecommunication sector to generate public funds to be used to advance universal access to broadband. While Universal Service Funds have been established in many countries, successful examples remain to be documented.

Zero-rated data connectivity not only means that access, use, and downloading content from certain websites will be free of charge, but also implies that internet data traffic consumed by accessing these websites through any browsers will be excluded from charges and from monthly data caps. This requires the telecom sector and other concerned agencies to create a list of websites and automatically exempt the billing for access to those websites.

¹⁴ This brief report of the (potential) impact of COVID on SDG 4 targets is provided by the Global Education Monitoring Report.

One estimate raises the potential long-term economic impact of learning losses at 10% of current annual global GDP. However, much will depend on the recovery. We do not know yet how rapidly learning losses can be compensated or whether, on the contrary, they will accumulate. Will schools have been pushed to become more effective in the long run? On average, primary school students seem to have been more affected compared to secondary school students, likely due to their less developed self-regulation skills needed for remote or independent learning. To date, estimates of increases in out-of-school populations through permanent drop-out and non-return to school have been largely model-based. Between a third and half of all low and lower-middle income countries have yet to fully reopen schools since the last interrupted school year, limiting the availability of empirical data on return.

Target 4.2 (By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education)

The consequences of closures in early childhood care and education are highly gendered. In the United States, in September 2020, of the more than 1 million people who left the workforce, 80% were women. Parents expressed mental, emotional and physical fatigue regarding childcare arrangements during the lockdown, with almost 65% feeling stressed, worried and overwhelmed as per opinion polls in the summer of 2020 in the United Kingdom. Pre-primary schools received less attention and support in countries' pandemic responses than other higher levels of schooling. Outside of high-income countries, they were closed the longest on average (in low/middle income countries preschool closed days ranged between 90 to 122 vs secondary closures days that ranged between 85 and 114).

At the pre-school level, fewer countries tried to move to remote learning than at primary, secondary and tertiary levels. Remote learning for children of that age is very challenging due to lack of self-regulation and skills to look at educational content on a screen or listen to it on the radio for extended periods of time. A study in China on the usage of online learning resources for pre-schoolers had 85% of parents commenting that their children spent maximum 30 minutes a day on such learning. Children missed out on the social, emotional and cognitive benefits typically associated with attending school. Several parent polls reported negative socio-emotional impacts on pre-schoolers. In the United Kingdom, parents of 2- to 4-year-olds reported negative impacts of the lockdown on their children's development: 40-53% in terms of social/emotional development and 12-16% in terms of language delay.

Target 4.3 (By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university)

Technical and vocational training has been particularly affected, especially in those cases where the on-the-job hands-on component is crucial. In upper-middle- and high-income countries, three out of four TVET providers reported offering fully remote education compared to fewer than half of TVET providers in low-income countries. Some promising practices during periods when on-the-job instruction had been suspended included reordering training components or virtual reality.

Only 10% of countries responding to a global survey in early 2021 had switched to fully online higher education. Hybrid teaching emerged as the most popular approach for most countries. High-tech solutions, such as video conferencing and virtual learning, might worsen inequalities. The impact on outcomes may be mixed, with learning outcomes benefiting from increased study time, while disadvantaged students were less able to take advantage of online learning. Evidence from remote learning in India and other low- and middle-income countries shows that poor students have restricted access to remote learning sessions due to internet costs, gadget quality and electricity availability. The impact on higher education enrolments is unclear. In high-income countries, a decline in international student arrivals was offset by increased domestic enrolments in some cases, reflecting uncertain labour markets and government support schemes.

Before the pandemic, fully online adult education typically had very low completion rates, while other shortcomings limited it as a model for using the online modality to sustainably broaden inclusive access. Lessons from the pandemic experience must be learned how to motivate learners, broaden the range of courses, ensure necessary infrastructure, instructor training, assessment, certification and quality assurance.

Target 4.4 (By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship)

The demand for digital skills has accelerated in the labour market, including in sectors that prior to the pandemic lagged in digitalization. For some, the increased demand was met with accelerated digital skills acquisition. Within eight months, over 30 million people from all over the world enrolled in free online courses delivered by LinkedIn Learning, Microsoft Learn and GitHub Learning Lab – some of the most popular of which focused on digital transformation. But digital skills-building opportunities are often not available for those lacking access or basic literacy. Older adults in particular are less likely to be digitally adept, even for such basic services as booking medical appointments, which have moved increasingly online during the pandemic. A survey of 17 European countries showed that even in high-income settings less than half of those aged 50 or older used the internet before the pandemic. Enhancing the digital skills of older cohorts and of those left behind has become a key lifelong learning challenge.

Target 4.5 (By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations)

There are two elements to inequality. First, between countries, as schools have remained closed for longer in poorer countries. Second, learning loss tends to be larger among the disadvantaged, who have lower access to ICT, fewer digital skills, and less parental support. Emerging learning achievement data confirms a widening of learning inequality by socio-economic status and urban-rural location. For many disadvantaged students, schools provide not merely learning opportunities, but also access to services and provisions such as free meals. Finding ways to continue school feeding programmes has been an equity priority in many countries. Remote learning arrangements often lack targeted support for the most disadvantaged, and especially for learners with disabilities, who suffered disproportionately from the lack of access to education. The mental burden affected vulnerable and learners with disabilities the most. At university level, researchers polled almost 30,000 students at nine major public institutions in the United States between May and July 2020 and found that major depressive disorder was reported by 53–70% of students with disabilities, compared to 34% of students without disabilities

Target 4.6 (By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy)

A rapid assessment in mid-2020 suggests that 90% of adult literacy programmes were partially or fully suspended. Prior to the pandemic, very few if any adult literacy programs were fully remote. Many educators believe basic literacy instruction is particularly reliant on personal interaction. Key challenges are limited access of participants to ICT tools and low skills and delivering learning materials. Non-state providers play a major role in adult literacy programming, and, as private school teachers, many adult literacy instructors went unpaid or became unemployed when classes were suspended. Literacy and numeracy skills are crucial for the ability to understand public health information. In a quasi-experimental study in India, newly-literate women were five times more likely to be aware of COVID-19 symptoms than non-literate peers. Adult literacy and numeracy programming must be recognized as part of national emergency strategies, both in preparedness and response. COVID-19 related questions create a teaching opportunity for literacy and numeracy skills.

Target 4.7 (By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and nonviolence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development)

There is a risk that a focus on catching up through condensed curricula comes at the expense of subjects outside of literacy and numeracy. Research suggests paying attention to social and emotional skills will be particularly important for children affected by the pandemic. Teaching about protective measures, as well as social trade-offs and global vaccine inequality, for instance, can be linked to global citizenship education. The dynamics of political polarization and anti-science misinformation around COVID-19 are similar to those around climate change. The global response to the pandemic also highlights that radical action in response to climate change would be possible, if it were recognized to the same extent as an existential crisis.

Target 4.a (Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all)

Whether and when to close and re-open schools has been one of the central and most widely discussed dilemmas of the pandemic. Evidence remains inconclusive how much schools contribute to infection dynamics. School-based measures and social context evidently matters greatly. Evidence exists, however, that it is possible to have open schools without triggering surges in infection. International consensus has emerged on appropriate school-based safety measures, in addition to the everyday protective measures of masking, distancing, and hand washing, including, but not limited to, discouraging the sharing of objects, cleaning and disinfecting frequently touched surfaces, ventilating, increasing distance/reducing class size through use of additional or outdoor space, etc.

Water, sanitation and hygiene coverage in schools was highly inadequate even before the pandemic, which created additional demands. Countries differ widely in their approach to routine testing of asymptomatic students, from lab-based PCR tests several times per week to little to no testing. Countries differ widely in what happens in response to positive cases in school, with respect to information flow, quarantine arrangements, and thresholds and time frames for these. The, in some cases rushed, move of teaching online has exacerbated concerns around children's cybersecurity. In a large-scale survey of 8-12-year-olds in 30 countries, 60% were found to be exposed to serious risks such as cyberbullying, sexual grooming, gaming disorder, or violence.

Target 4.b (By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries)

International student mobility has been strongly affected by travel restrictions, with prospective mobile students unable to depart, and some international students in host countries returning home, or wanting to, but being unable to do so. Some high-income countries faced problems from a decline in lower international student enrolments. A late 2020 poll by consultants in China showed that 87% of parents were reconsidering US study programmes; 34% of international students in the United States come from China alone. While some scholarships continue to be offered even for remote enrolment, by not being able to travel to the host country students miss out on employment opportunities following graduation. The expectation of such employment forms an important part of the mobility decision. Corresponding visa schemes should remain in place. Some scholarship opportunities are impossible to take up remotely, such as sports scholarships.

Target 4.c (By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States)

Like the general population, large numbers of teachers have been personally affected, by falling ill, dying, or losing family members. It is not known how infection or death rates among teachers differ compared to other occupations. Teacher vaccination prioritization was adopted in 19 out of 31 OECD countries, while about two-thirds of countries globally reported that teachers were or would be a priority target for vaccination against COVID-19, either through a national immunization measure (59%) or the COVAX initiative (7%, mostly from low-income countries). Less than 25% of teachers were required to teach remotely/online in 80% of low-income countries versus almost 70% of high-income countries requiring 100% of teachers to teach during school closures.

Teacher recruitment drives have not emerged as a widespread strategy to reduce class sizes to limit infection. A lack of recognition and support for teachers as frontline workers, or expectations to work in an unsafe environment (e.g. where masking may not be enforced) have made many teachers question their occupation according to media reports from numerous countries. While teacher attrition may have dropped in richer countries in the short term, due to economic uncertainty, entry into the profession and attrition may be negatively affected in the medium and longer term. In some cases, private school closures have resulted in contract teachers not being paid or becoming unemployed. Before the pandemic, many teachers reported training needs related to the effective use of ICT. During the pandemic, such training was provided. In high-income countries, 91% and 87% of countries provided instruction on distance instruction and teaching content for remote teaching versus only 44% and 30% respectively in low-income countries.

2.3. National benchmarks on SDG 4 indicators

The Education 2030 Framework for Action called on countries to establish “appropriate intermediate benchmarks (e.g. for 2020 and 2025)” for SDG indicators, seeing them as “indispensable for addressing the accountability deficit associated with longer-term targets” (§28). This was in line with the UN Secretary General’s [2014 synthesis report](#)^{xxi}, which had made two key recommendations. First, that a “country-led national component for accountability” would “establish benchmarks, review the national policy framework, chart progress, learn lessons, consider solutions, follow up and report thereon”. Second, that gauging progress, within a “culture of shared responsibility”, would require alignment between the four levels of monitoring of the 2030 Agenda: global, regional, thematic and national.

Once the SDG monitoring framework was adopted by the UN General Assembly in 2017, work began to select which SDG 4 indicators would be suitable for benchmarking. The Technical Cooperation Group on SDG 4 indicators endorsed seven indicators in 2019 that met the criteria of policy relevance and data coverage. After the 2020 Global Education Meeting requested that relevant and realistic benchmarks of key SDG 4 indicators be proposed, the Technical Cooperation Group worked on a process to request countries and, where possible, regional organizations to submit national benchmarks for 2025 and 2030.

Following extensive consultations in collaboration with regional organizations in all regions, UNESCO’s Assistant-Director General for Education invited countries to submit their national benchmark values for six of the seven selected indicators: early childhood education participation; out of school rate; completion rate; minimum proficiency level in reading and mathematics; trained teachers; and public education expenditure. In total, considering that these benchmarks refer to multiple education levels, each country needs to propose 19 benchmark values. To facilitate this exercise the UNESCO Institute for Statistics (UIS) and the Global Education Monitoring (GEM) Report sent a template with baseline

and recent values for each indicator and each country. The instruction was for countries to submit target values for any year, as set in their national education sector plans.

In case where countries did not have a plan with targets, or their targets referred to other indicators, the UIS and the GEM Report provided indicative values of where countries would be if they continued on average rates of progress (minimum, business as usual) and on the rates of progress of the fastest one-third of countries (feasible) to serve as a basis for discussion. At the same time, the UIS and the GEM Report collected national targets from publicly available official documents to inform individual discussions with countries and provided feedback to all questions. A key finding is that many countries lack targets in their education sector plans, which is an area that requires strengthening.

The SDG 4 indicator benchmarking process serves multiple objectives. First, it outlines the contribution that each country is prepared to make to the global agenda, given that each country has different starting points. Second, accordingly, it will help contextualize the monitoring of progress so that it is related to what countries set out to achieve. Third, as mentioned above, it aims to link the national, regional and global education agendas, to ensure there is coherence and mutual understanding of the different contexts. Fourth, it aims to focus attention on data gaps remaining on key indicators that every education system needs for management purposes. Fifth, it aims to strengthen national planning processes by instilling a stronger appreciation of including targets in sector plans. Finally, and most importantly, it aims to prompt exchanges on challenges and good practices, promote mutual learning, and provide the evidence for policy reforms and collective initiatives. This is why the benchmarking process is a key strategy that supports the data and monitoring function in the reformed global education cooperation mechanism.

As of 1 October 2021, 71 countries had submitted national benchmark values, while another 19 European Union member states committed to the European Education Area 2030 targets for three of the seven indicators. In addition, 16 more countries had committed to submit the template in time for the General Conference, which brings them to a total of 106 out of 209 countries and territories. On average, 11 of 19 intended benchmark values were submitted. To put in context, the mapping exercise had identified 126 countries with at least one targets in their plan, which means that the exercise has been comprehensive, while it also highlights that many countries need to step up their national process to set targets for key education indicators.

The benchmark values feature on the new Global Education Observatory, which will be a focal point on the benchmark follow-up process. The UIS and the GEM Report will prepare a baseline report on the results of this process by January 2022. This will kickstart the next phase during which a range of challenges will need to be tackled. First, it will be important to outline a process by which countries will develop education targets where these are missing. Second, issues of misalignment between national and global indicators will be discussed and common ground reached through dialogue and capacity development. Third, the benchmarks for the seventh indicator, the gender gap in completion rate, will need to be set. Fourth, engagement with education agendas of regional organizations, which played a critical role in facilitating this process, will be strengthened. Fifth, the potential effect of COVID-19 on education targets may need to be gradually reflected in national benchmarks. Sixth, the process by which reporting on progress towards benchmarks becomes part of the global cooperation mechanism and inform policy dialogue will need to be established.

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Part 3. Progress towards a strengthened Global Education Cooperation Mechanism

3.1. GCM vision and the role of the High-Level Steering Committee

Overarching vision for the GCM

The Global Education Cooperation Mechanism (GCM) builds on the 2015 Incheon Declaration and Framework for Action, which envisaged a cooperation and monitoring mechanism with the Global Education Meeting (GEM) at its centre. The GCM is best understood as the ecosystem consisting of all global education actors that participate in the Global Education Meeting and have agreed to work cooperatively in support of SDG 4. It also comprises the joint platforms and initiatives developed by those global education actors in pursuit of SDG 4. At the heart of the GCM is the commitment to a shared global education goal and the incentives for stronger collective action and joint accountability to achieve this goal.

The July 2021 GEM endorsed proposals by a representative multi-stakeholder Working Group to strengthen the GCM, setting out a clear vision and purpose, which all global education actors, platforms and initiatives can rally towards. That vision must be universal in its relevance to all countries and holistic in its coverage of the education agenda, while at the same time having particular concern for those countries which are furthest behind or face the greatest challenges in achieving the SDG 4 targets and the tools that can be mobilized to support them.

The dual purpose endorsed for the strengthened GCM captures both the broad ambition for progress and a more specific action agenda. The GCM will create a strong overall enabling environment for faster progress towards all aspects of SDG 4 - Education 2030. It will also support time-bound initiatives developed by coalitions of countries or partners, driven by country priorities, and guided by a global set of thematic focus areas.

The collective response by the global education community to the effects of the COVID-19 pandemic has shown powerfully what is possible when there is shared ambition coupled with strong incentives to cooperate across countries and organizations. The GCM's vision seeks to draw on that ethos and experience, so that it becomes a more durable feature of global education.

Strategic value addition of the HLSC

The reformed SDG 4–Education 2030 High-Level Steering Committee (HLSC), representing the full range of interests and constituencies in the GEM, is envisaged to be the lynchpin of the GCM. With its membership established at ministerial level for Member States, and at Chief Executive or Head of Agency level for all other actors, the HLSC will be able to act credibly on strategic issues. It will have a clear and relevant functional focus, and a corresponding decision-making mandate in those areas. Its main value addition will be to create and sustain positive incentives for coordinated international action in support of SDG 4, and to improve the overall accountability for results.

Functional focus of the HLSC

Provisional working groups have been developing the areas of functional focus for the HLSC. A summary of progress made in the three areas is as follows:

- **Priority setting:** The function of promoting evidence-based policy formulation and implementation has a two-pronged objective: to inform the HLSC's recommended policy priorities and catalytic actions at the global level and to support the use of evidence for making

and implementing appropriate education policies at the country level. A strategic review of existing global and regional initiatives, networks and platforms in education has been launched. The review includes country-level uptake and capacity support needs for more effective use of evidence for policy making, implementation and monitoring. The review will produce a roadmap of actions and activities for 2022-25 to be presented to the Sherpa Group of the HLSC at its first meeting in early 2022.

The regional SDG 4 coordination mechanisms and thematic partnerships/platforms will play a critical role in promoting the evidence use and peer learning and monitoring concrete actions on the priorities.

- **Progress monitoring:** Five strategies for the data and monitoring function have been put forward: improving presentation of up-to-date, comparable data on SDG 4 through a Global Education Observatory, which is currently being set up; filling data gaps through improved methodologies and joint actions, such as the Learning Data Compact; strengthening the Technical Cooperation Group on SDG 4 Indicators for greater country engagement and ownership; monitoring and reporting on national benchmarks for selected SDG 4 indicators; and monitoring the implementation of the set priorities and catalytic actions that emerge from the review of progress against benchmarks.

Led by UNESCO's Institute for Statistics and Global Education Monitoring Report, work continues on the development and collation of national benchmarks against the seven SDG 4 indicators selected by the Technical Cooperation Group. Around ninety countries have thus far submitted their benchmarks. A baseline report, the first of an annual series complementing the GEM Report, is under preparation for early 2022 and could be discussed by the Sherpa Group of the HLSC at its first meeting. A key challenge is to link benchmarks to policy responses and priority setting. The role of regional organizations is critical in supporting Member States to develop and stress-test their benchmarks, and regional comparisons and discussions of progress against the indicators may be a fruitful complementary approach.

- **Effective financing:** Education financing is the main theme of the November 2021 Global Education Meeting. The financing function of the HLSC aims to advocate for mobilization and better use of domestic and international funding to support agreed priorities. The GCM proposal and the financing background paper developed for the GEM are used as the basis to define the vision and initial strategies put forward for this functional area. The vision is comprehensive: it addresses the full cycle of education financing (resource mobilization, allocation and effectiveness). It also tackles the mobilization of traditional and innovative financing sources globally and at the country level. Finally, it focuses on advocacy and other complementary sub-functions, such as coordination of development partners' work and governments' capacity development on education financing issues, financing data and monitoring and promoting education financing evidence and knowledge for policymaking. The latter two subfunctions work in synergy with and reinforce the goals for the HLSC functions 1 and 2.

Several initial strategies are put forward. There will be an early focus on coordinating and strengthening advocacy for finance mobilization and identifying global and domestic innovative financing solutions. In coordination with the other functional areas, proposed strategies include mapping initiatives and networks promoting evidence and knowledge to support governments' financing planning, analysis and dialogue (including toolkits, manuals, evidence on effective and equitable financing policies and reforms on cost-effectiveness interventions).

Decision-making mandate of the HLSC

For the HLSC to prove its strategic value addition as the apex body for global education, it will be entrusted with the authority to make decisions relevant to its mandate.

Specifically, the Global Education Meeting will empower the High-Level Steering Committee as follows:

Priority setting

- To decide which strategic and thematic areas will be rolling priorities for enhanced collective engagement and what catalytic actions will be taken by the global education community over the following two to three years. These will be based on consultations with its constituencies, will draw on existing regional policy agendas and global thematic partnerships across the SDG 4 - Education 2030 agenda, as well as the review of evidence including progress monitoring.

Progress monitoring

- To endorse the annual report on monitoring progress against the national benchmarks and, where necessary, request clarifications on reported data and endorse plans for improved data coverage.
- To make recommendations on the priorities of the work of the Technical Cooperation Group for the development of the SDG 4 monitoring framework.
- To examine the Global Education Monitoring Report recommendations and request actions that would improve monitoring of SDG 4.
- To endorse the reporting on the implementation of the priorities and any catalytic actions.

Effective financing

- To decide on recommended actions for increased and improved education financing to address the priorities and catalytic actions.
- To follow on the 2021 GEM Paris Declaration commitments.

Nominated members of the HLSC have committed to ensuring effective consultation among the other members of the constituencies they will represent on the HLSC,¹⁵ in close linkage with the regional level.

3.2. Institutional arrangements for the HLSC and the Inter-Agency Secretariat

The High-Level Steering Committee will be formally established at the November 2021 GEM and its inaugural members will be officially appointed. Meeting once annually, its twenty-eight-member Leadership Group will serve as a top-level forum to provide leadership on the global education agenda.

Below the Leadership Group, there will also be an empowered and capable supporting structure, in the form of the HLSC Sherpa Group and an Inter-Agency Secretariat. This cross-partner structure will draw on the capabilities and resourcing of all education stakeholders.

¹⁵ “Representatives on the HLSC Leadership Group, especially through the Sherpa Group, will have a responsibility to consult actively with their relevant constituencies ahead of HLSC meetings and to provide feedback following those meetings.” July 2021 GEM paper (p.20)

HLSC Sherpa Group

The Sherpa Group will comprise senior level officials and will meet quarterly. The former GCM Working Group exemplifies the envisaged profiles, seniority and interaction of the HLSC Sherpas.

The Sherpa Group will:

- Provide support to the Leadership Group and orient and support technical work on the three areas of functional focus, in coordination with the Inter-Agency Secretariat.
- Identify opportunities for effective HLSC actions and impact.
- Facilitate inter-agency or multi-actor initiatives and activities related to the three functional areas.
- Carry out consultations among HLSC constituencies.
- Provide substantial input and preparation to the agenda for HLSC meetings.

UNESCO will work closely with the Sherpas nominated by the incoming Leadership Group members in preparation for the first formal meeting of the Sherpa Group in early 2022. An important early design question will be division of roles and responsibilities between the Sherpa Group and the Inter-Agency Secretariat, as well as the operational relationship between them.

Inter-Agency Secretariat

The Inter-Agency Secretariat will enable effective actions of the HLSC by taking forward initiatives, addressing challenges, providing support on technical issues and coordination. Design work and team creation is actively underway.

It is envisaged that the Secretariat will have the following main responsibilities:

- Support the functions, meetings, and other activities of the GEM, HLSC and other GCM forums/platforms as designated by the HLSC.
- Provide specialist technical support to the HLSC Sherpa Group on the three areas of functional focus.
- Liaise with regional intergovernmental organizations and other relevant bodies involved in global education.
- Work closely with regional SDG 4 coordination mechanisms.
- Troubleshoot obstacles to better coordination, aggregation, monitoring and exchange among global education stakeholders.
- Manage external communications and outreach for the HLSC, in coordination with other GCM platforms and forums.
- Maintain data, knowledge and reporting systems in line with the HLSC mandate.

The Secretariat will be an agile and outcomes-oriented structure. Key considerations for effectiveness will include:

- Adequate resourcing, comprising the right mix of profiles and representation across key stakeholders.
- Set-up for effective remote working with teams in different geographies.
- Dedicated regional focal points to ensure linkages between the global and country levels.

- Clearly defined mandate and activities, with well-defined Key Performance Indicators.
- Effective coordination across structures (i.e., HLSC Leadership Group and Sherpa Group), levels (i.e., global, regional, and national arenas), and platforms (e.g., MEF and GEF).
- Strong communication and information flows to coordinate actions and make progress transparent.
- Effective tools to support functions (e.g., dashboard to track progress, knowledge management repository).

It is envisaged that a core team will be located at UNESCO headquarters in Paris, with an expanded virtual team located in different organizations. A small cadre of fixed-term management and administrative staff will be based at UNESCO. Additional specialist staff will be either assigned or seconded from global education actors and countries.

It is assumed that while funding for core personnel and operational costs will be covered by UNESCO, that the costs of assigned/seconded specialist staff will be covered by their own organizations / countries, and resources for activities will be shared and jointly mobilized. Responsibilities and performance metrics for the Secretariat will be approved by the HLSC.

3.3. Relationship with other platforms and forums in the GCM

The July 2021 GEM agreed that the Multilateral Education Platform (MEP) and Global Education Forum (GEF) will be fully incorporated into the strengthened GCM and will play critical roles in taking forward the GCM vision. They will both operate under the auspices of the HLSC, will align with the policy priorities established periodically through the HLSC, and will provide updates on progress at the annual meetings of the HLSC Leadership Group.

Consultations are starting on how the two platforms, the MEP and the GEF, can best contribute to a common agenda and a shared effort to support accelerated SDG 4 progress. These consultations are an opportunity to reflect on how to make the most effective use of the membership, purpose and capabilities of each platform in the GCM; and avoid duplication through strengthened coordination and collaboration.

Ongoing efforts are also being made to strengthen the constituency groups for Civil Society and Youth and Students through the Collective Consultation of NGOs on Education 2030 (CCNGO) and the SDG4 Youth and Students Network (SDG4Youth), as meaningful spaces for better and more purposeful participation. Other multi-stakeholder global initiatives, including thematic and constituency-based partnerships and networks, will also be consulted on how to achieve effective global-level coordination and mutually reinforcing actions in support of SDG 4.

Multilateral Education Platform

The MEP brings together the key multilateral agencies actively engaged in advancing SDG4. UNESCO as the current Secretariat for the HLSC and the MEP has been preparing the review of the MEP. The review will cover:

- *Purpose* – How could the role and purpose of the MEP evolve in view of the new GCM arrangements?
- *Relationships* – What could be the relationship of the MEP to the HLSC and the GEF in view of the new GCM arrangements?

- *Organization* – How could the participation and working arrangements of the MEP evolve in view of the new GCM arrangements?

Central questions concern how the focus of the MEP could evolve in the strengthened GCM and how it can take forward the GCM vision. The MEP could in the future concentrate on one or more of several objectives, for example:

- To improve the operational performance and effectiveness of the multilateral *system* for education such that it becomes a preferred and highly effective channel for Member States (incl. providers and users of development cooperation).
- To improve the incentives for coordination/collaboration, coherence, and collective action among individual multilateral agencies/funds, especially at country level.
- To increase shared ownership and accountability of fulfilling joint commitments made on working together on SDG 4 progress
- To facilitate progress on joint “acceleration initiatives” among multilateral agencies/funds, based on thematic priorities from the HLSC and from coalitions of individual Member States.
- To increase harmonization of approaches, modalities and reporting requirements placed on users of multilateral cooperation and financing.
- To focus on strengthening “system-critical” relationships among the sets of multilateral agencies/funds engaged on specific agendas in the international system.

As each member organization of the MEP has its own governance arrangements, there is an open question about how to establish common understanding/metrics/parameters by the governing bodies of those multilateral agencies/funds to strengthen *collective* accountability for progress attributable to the MEP.

The review will be concluded by early 2022 and the recommendations presented for discussion and endorsement at the subsequent MEP and HLSC meetings.

Global Education Forum

The Global Education Forum brings together bilateral and multilateral education donors for strengthened advocacy and coordination to improve education financing. UNESCO and the Education Commission, as the respective current Secretariats for the HLSC and the Global Education Forum, have been working together to prepare the review of the GEF. The review will cover:

- *Purpose* – How could the objectives and focus of the GEF evolve to complement the HLSC, and to remain coherent within the overall GCM?
- *Relationships* – How could the GEF relate to the HLSC, within the shared framework of a strengthened GCM?
- *Organization* – How could the structure and participation of the GEF evolve in view of its role within the GCM?

Central questions concern how the GEF could contribute to taking forward the GCM vision and in doing so how the HLSC and the GEF could relate to one another in practical terms, and how close, fluent, and effective coordination can be ensured between them. The review will cover, for example:

- The relationship between the GEF and the functional focus of the HLSC, especially:
 - How the current GEF work on policy priority areas can best be aligned with the HLSC role in thematic priority setting and focus on policy.

- How the current GEF objectives on international financing can be best aligned with the HLSC focus on effective financing.
- The potential for bilateral development cooperation providers to use the GEF more intentionally as a forum for:
 - Periodic closed-door discussions about strategic issues in development cooperation.
 - Preparatory discussions among the bilateral donor constituency of the HLSC ahead of HLSC meetings.
 - A platform to share funding goals, identify joint funding opportunities and potential funding gaps as a way to increase accountability and synergies for the Development Cooperation / Bilateral Donor constituency.
- The option to revise the GEF Co-Chair group to include a high-level bilateral donor representative.
- The relationship between the GEF Secretariat and the Inter-Agency Secretariat, and the scope to share some support functions across the two bodies.

The review is intended to be focused and purposeful, with explicit reference made to the broader GCM reform. Based on the agreed terms of reference for consultations, all GEF members will be given the opportunity to participate in the review. It will be concluded by early 2022 and the recommendations presented for discussion and endorsement at the subsequent GEF and HLSC meetings.

3.4. Pathways to stronger global accountability for progress

Improving accountability for SDG 4 progress is widely viewed as one of the central objectives of the strengthened GCM and the reformed HLSC. The expectation is that a clearer functional focus for the HLSC, combined with an increased membership seniority and a stronger decision-making mandate, will concentrate collective attention on which results are being achieved by whom against agreed priorities. Stronger incentives will then emerge for all global education actors to fulfil their commitments and to make an impact on country-level progress. Enhanced accountability should therefore be viewed as a desired outcome of the strengthened GCM, rather than as a tool or framework.

The focus on accountability will operate with at least two dimensions. First, governments of Member States have primary responsibility for the progress and results in their own jurisdictions. Through the ongoing national benchmarking exercise, Member States are currently establishing and communicating their commitments against seven SDG 4 indicators. Pursuit of SDG 4 results will not be limited to those areas, but they should provide a foundational set of progress measures, which are realistic to the national context and relevant to a wide spectrum of education outcomes. Systematic and transparent monitoring and reporting of progress against these self-determined commitments – through the HLSC, in addition to other channels such as the Voluntary National Reviews (VNRs)¹⁶ – is expected to contribute to increased peer-to-peer accountability among Member States. The focus on the benchmark indicators aims to make the work of the HLSC more efficient but does not substitute the commitment to follow up on the full SDG 4 monitoring framework.

Second, other global education stakeholders – including multilateral agencies/funds, civil society organizations, teachers' unions, business sector, foundations, and bilateral cooperation providers –

¹⁶ For further information see: <https://sustainabledevelopment.un.org/vnrs/>

will make corresponding commitments in terms of their contributions to the achievement of progress by Member States. While partnerships and collective efforts around shared goals clearly must remain central, a stronger focus in addition by the HLSC on the distinctive commitments by those actors will permit tracking and monitoring of those commitments. Beyond the benchmark indicators, other joint thematic priorities may also be identified by the HLSC as the basis for joint initiatives.

Regional inter-governmental organizations and regional SDG 4 coordination mechanisms will play a critical role in strengthening the accountability environment. Global-level comparative discussions and comparisons of results risk losing the peer-to-peer engagement and cooperation that often occurs more productively at a regional level. The regional element of the benchmarking exercise has already given a heavy regional orientation to the dialogue around results and a strong role for regional inter-governmental organizations as convenors and facilitators. It is expected that the regional arena will also be a more productive space to consider cross-country progress based on monitoring and reporting by Member States. The six regional inter-governmental organizations participating as members of the High-Level Steering Committee could have a responsibility to connect the global and regional tiers.

HLSC members will need to be role models on behalf of their constituency groups in sharing, and then standing behind, their own commitments towards SDG 4 progress, as well as in rallying behind the decisions and priorities decided collectively at the HLSC. For the first two to three years, the tracking and monitoring of these commitments would be among peer groups at a constituency level. In the longer term, HLSC members could start to work across constituency groups and a multi-stakeholder monitoring framework could be developed. Further work is now underway to identify tools that could be used by the HLSC to review progress and to inform priority setting and advocacy strategies.

Stay in touch

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