Financing Education for All: Trends in domestic resource trends in Low-Income Countries

At the turn of the century, two processes established a set of global education goals. The Dakar Framework for Education For All (EFA) set out six goals, and a broad commitment to ensuring quality education for all, while the Millennium Development Goals (MDGs) committed, by 2015, that children everywhere will be able to complete a full course of primary schooling.

While both processes lacked specific finance targets to ensure governments and donors fulfilled their commitments, the EFA commitment promised to ensure that no country would be left behind due to a lack of resources. Education finance specialists have since elaborated on concrete finance targets to deliver this promise by suggesting two international benchmarks of spending. The first is that 20% of total government budgets should be spent on all levels of education, the second is that at least 50% of education budgets should be allocated to primary education (which amounts to 10% of the overall government budget).

In this context, the latest analysis of education sector spending of these finance targets by Government Spending Watch (GSW) – a joint initiative by Oxfam and Development Finance International detailing how much governments spend on these commitments – presents both grounds for hope, and points to the need for urgent action.

Are countries meeting their spending targets for education?

Of 53 low-income countries analysed, the GSW database\(^1\) reveals that twelve countries have consistently reached this target. Eight of these are in Africa (Benin, Burundi, Côte d’Ivoire, Djibouti, Ethiopia, Madagascar, Mali, and Senegal) and four elsewhere (Honduras, Moldova, Nicaragua, and Vanuatu). While eleven (Bhutan, Comoros, Kenya, Kiribati, Malawi Mozambique, Nepal, the Solomon Islands, Tanzania, Tonga and Zambia) have been very close.

On the other hand, thirteen have much further to go. Afghanistan, Angola, Bangladesh, Cambodia, Central African Republic, Congo, the DRC, Guinea-Bissau, Guyana, India, Liberia, Nigeria, and Papua New Guinea have spent closer to 10% and need to considerably increase this.

Of those countries with data available, only seven have been spending 10% of their total budgets on primary education, (Benin, Burkina Faso, Cape Verde, Côte d’Ivoire, Mali, the Solomon Islands and Vanuatu), while another seven (Djibouti, Malawi, the Gambia, Nicaragua, Togo and Zambia) are close to doing so.

Figures 1 and 2 show the progress made by individual countries towards the 20% target in 2011 and 2012.

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\(^1\) [www.governmentspendingwatch.org](http://www.governmentspendingwatch.org)
**Figure 1:** Are African countries meeting the suggested spending target to achieve EFA? (2012 planned spending)

**Figure 2:** Are other countries meeting suggested spending target to achieve EFA? (2012 planned spending)
What are the recent trends in education spending?

Across all the countries in the GSW database, education spending rose between 2008 and 2012 – by 0.34% of GDP. However, the database shows that previous trends for continual increases in expenditure are currently slowing post financial crisis. This is more marked in IMF programme countries, where spending has stagnated. In non-IMF countries, the rise over the period (0.1%) is larger. As a result, the gap between education spending in IMF programme and non-programme countries fell to only 0.47% of GDP by 2012. Despite the small overall rise in education spending during the period, from 2009, countries appear to be finding it increasingly hard to increase spending. More than half reduced spending as a percentage of GDP, and as a percentage of total spending. However, in real terms, three-quarters continued to increase spending after 2009.

**Figure 3: Percentage of countries increasing education spending, 2009–12**

Domestic spending and the GPE replenishment process

Of the fifty-six countries which form part of the Global Partnership for Education (GPE), forty countries are covered by the GSW database – so an analysis of these trends matters. The GPE hopes to secure US$16bn in domestic pledges from partner countries as a result of the replenishment, while focusing on securing commitments to grow ambitions towards meeting the 20% of overall budget commitments, and sustaining them. They also hope to ensure that governments which are far from reaching universal primary completion commit to ensuring they spend 50% on primary education. Given evidence that the brakes might be going on domestic spend in many countries, this is a vital commitment.

Where to now?

In the last 20 years, there have been huge strides forward in improving the educational opportunities of children, youth and non-literate adults. There have been significant falls in the number of children missing out of primary and lower-secondary school, some improvements in youth literacy rates, a narrowing of gender gaps in education, and more children than ever completing
a basic education. But much more remains to be done, in order to ensure that all children – including the most marginalised – are in school and receiving a good quality education from well-trained and well-supported teachers in safe environments, and that all adults can read and write.

These challenges will not be overcome without more and better financing for education. Governments have a responsibility to guarantee the right to education for all their citizens, and this includes a responsibility for financing. It also requires sufficient, well-targeted investment in the interventions most needed to ensure that a quality education is available to all - especially the most marginalised.

Yet, aid budgets are falling and the current hole in global financing for basic and lower secondary education stands at US$38bn.

This presents developing countries with a formidable financing challenge: how to finance quality basic education for all in a seemingly resource-constrained world? This challenge cannot be addressed without a significant increase in domestic resources – i.e. through more effective tax regimes - and a more equitable and efficient allocation of these resources.

Members of the Global Campaign for Education worldwide are tracking their governments’ spending, and maintaining pressure for greater investment in education and more equitable allocation of those resources. We commit to continue working with initiatives such as Government Spending Watch, as part of collective efforts to call for equitable revenue collection and spending in order to provide the finances to make the right to education a reality.