

# Most Urgent Issues in Global Education, the Financial Gap, and the Role of Philanthropy

Synergos Education Forum

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RESULTS FOR  
DEVELOPMENT

# Agenda for Today's Discussion

## Key Points

- I. Context
- II. The State of Global Education
- III. Estimates of Financial Need
- IV. Current Levels and Trends
- V. What Can Philanthropy Do?

# I. Context

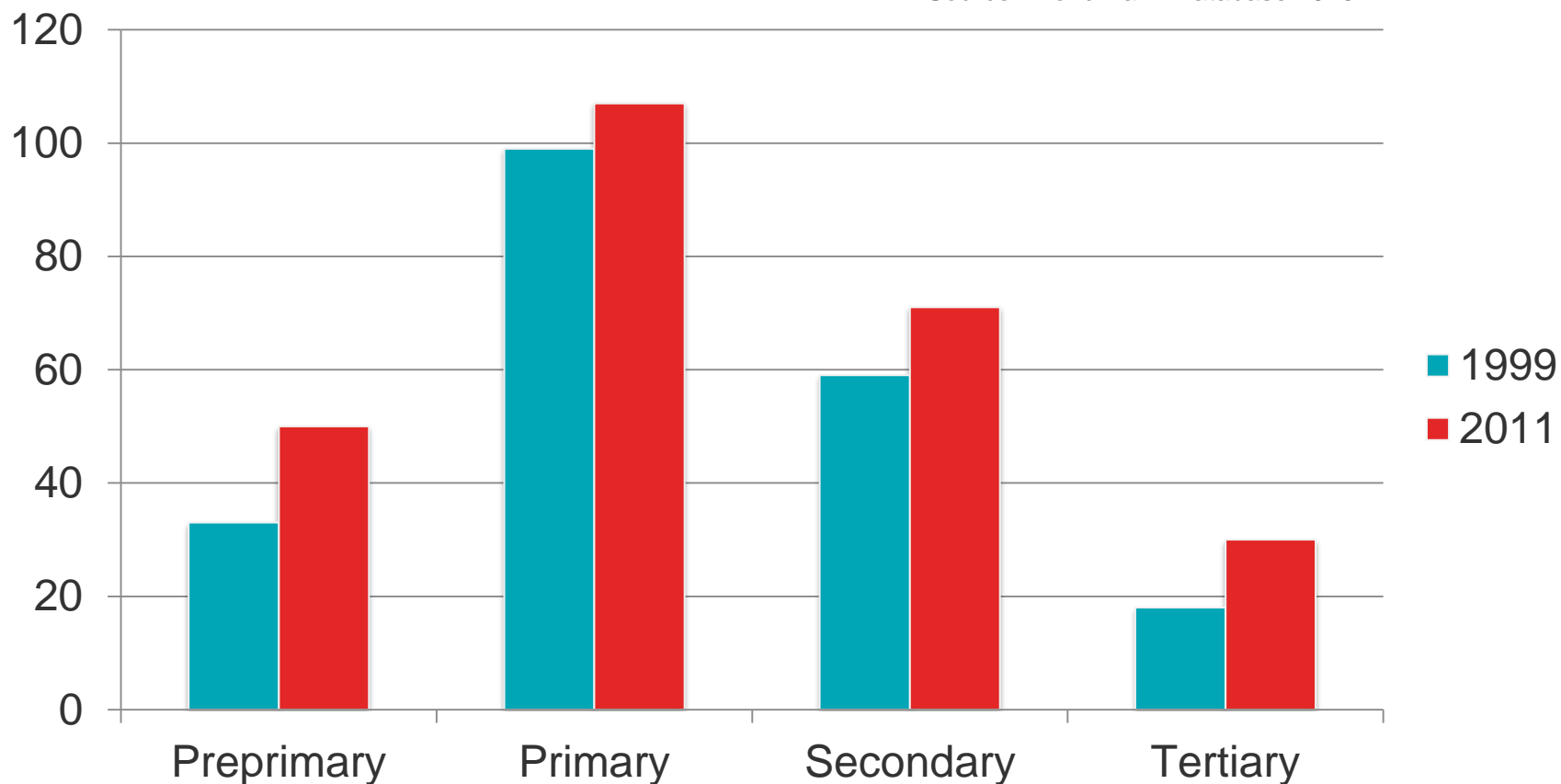
## Leaderless Globalization

- **Global Middle Class and its Demands**
  - Political Economy of Prioritization
- **Growth of the Non-State Sector**
  - Poor as well as middle class demand
- **International Institutional Vacuum**
  - UNESCO decline
  - World Bank role confusion: demand for IBRD, changing need for IDA
  - Looking to OECD
  - Emerging economies not yet taking on leadership role
- **New Financing Sources**
  - Private
  - CSR
  - Philanthropic
- **Data/Evaluation Revolution**
  - Results Orientation

## II. State of Global Education

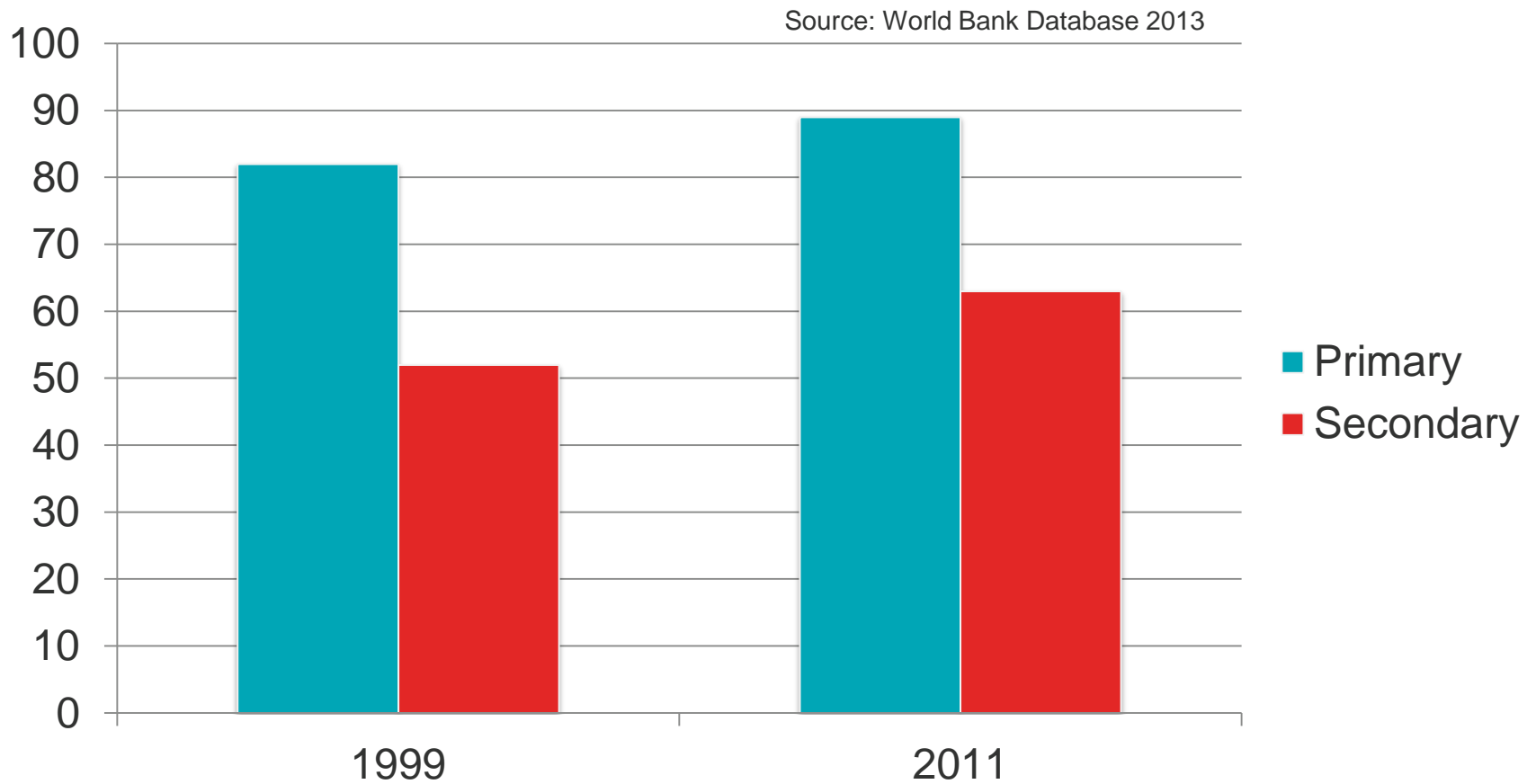
Gross Enrolment Rates are up at all levels but remain very low at preprimary

Source: World Bank Database 2013



## II. State of Global Education

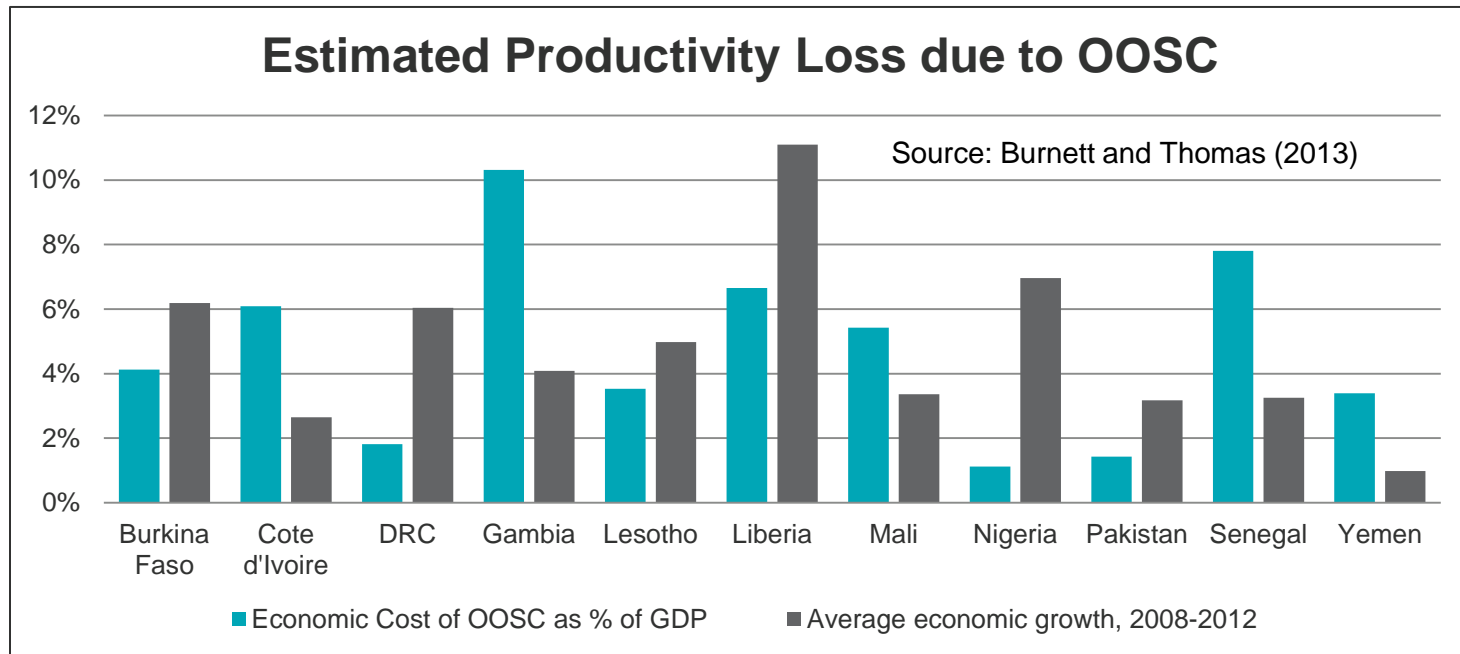
Net Enrolment Rates are up and most children now get some secondary education....



## II. State of Global Education

.....but still children remain out of school...

The global number of out of primary school children (OOSC) fell from 107 million in 1999 to 57 million in 2011 (GMR 2013).



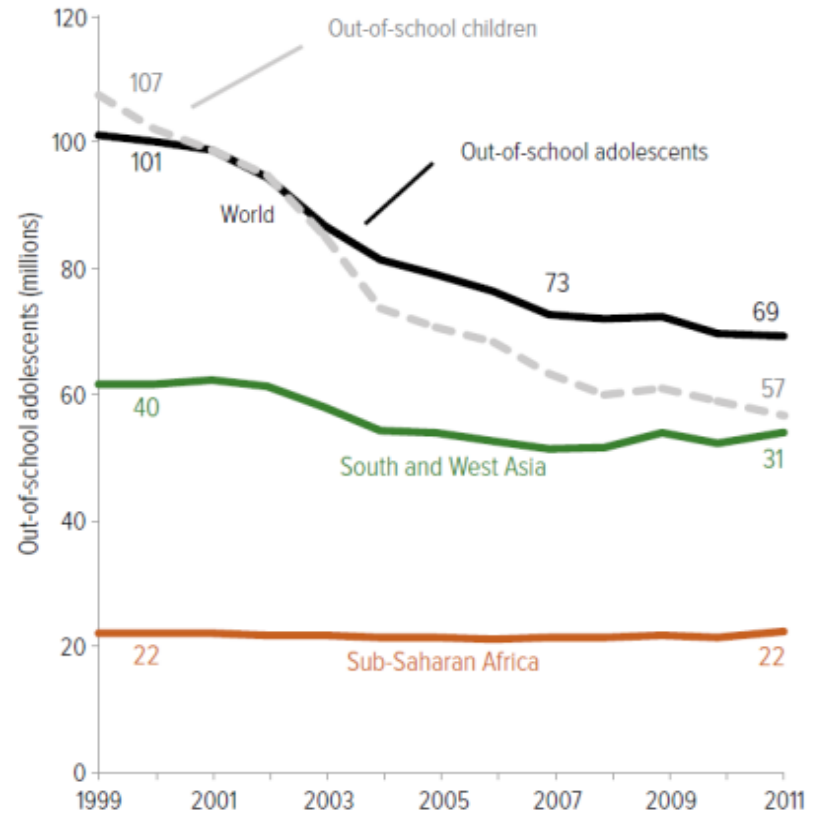
*Despite significant progress toward universal primary education over the past decade, out of school children persist as a significant source of economic loss in high-burden countries (those with OOSC rates above 20%).*

## II. State of Global Education ...including at secondary level

There has been little progress in getting adolescents into school.

**Figure 1.3.3: The number of adolescents out of school has hardly fallen since 2007**

Out-of-school adolescents, by region, 1999 to 2011



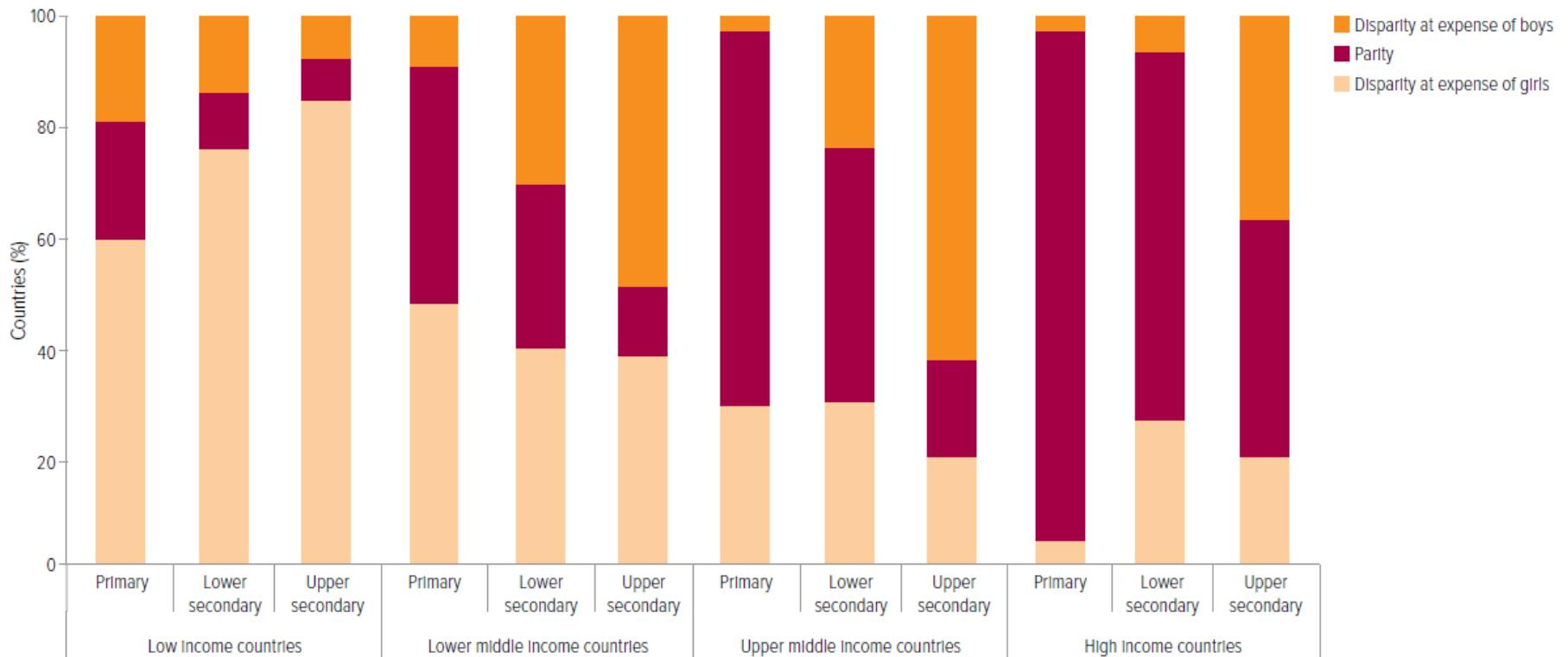
Source: UIS database.

## II. State of Global Education

including girls, though there is growing boy problem also

**Figure 1.5.3: Few low income countries have achieved gender parity at any level of education**

Countries with gender parity in enrolment ratios, by country income group, 2011



Source: UIS database.

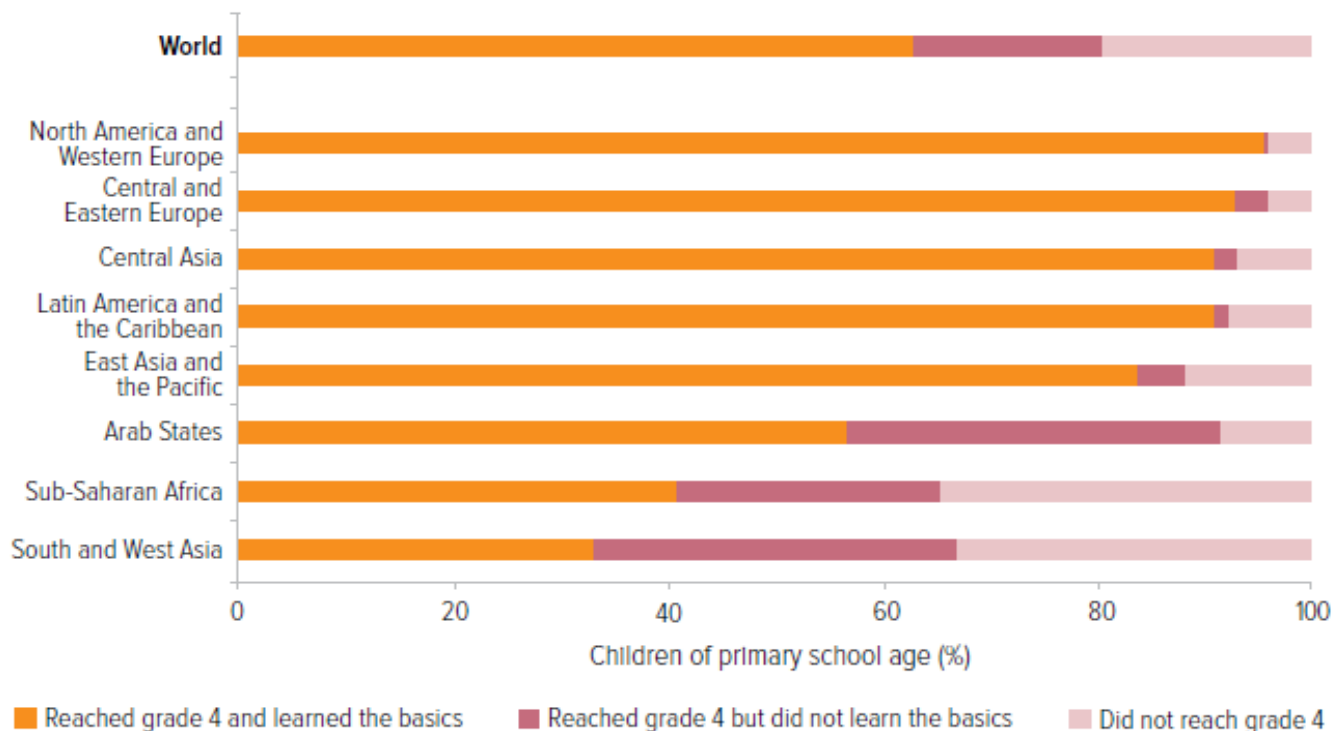


## II. State of Global Education

...and too many in school are not learning....

**Figure 13: 250 million children are failing to learn the basics in reading**

Percentage of children of primary school age who reached grade 4 and achieved minimum learning standard in reading, by region

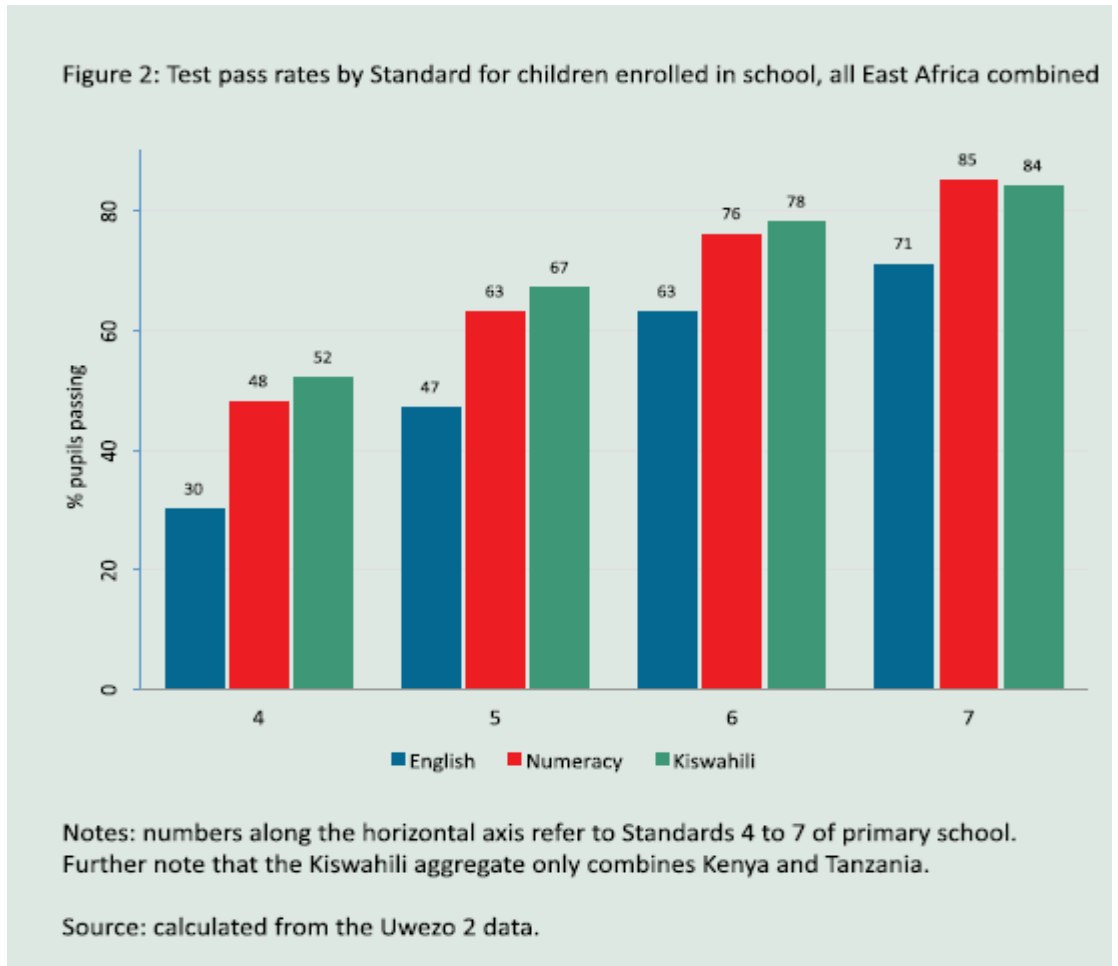


Source: GMR 2013

## II. State of Global Education

### Learning gaps: East Africa

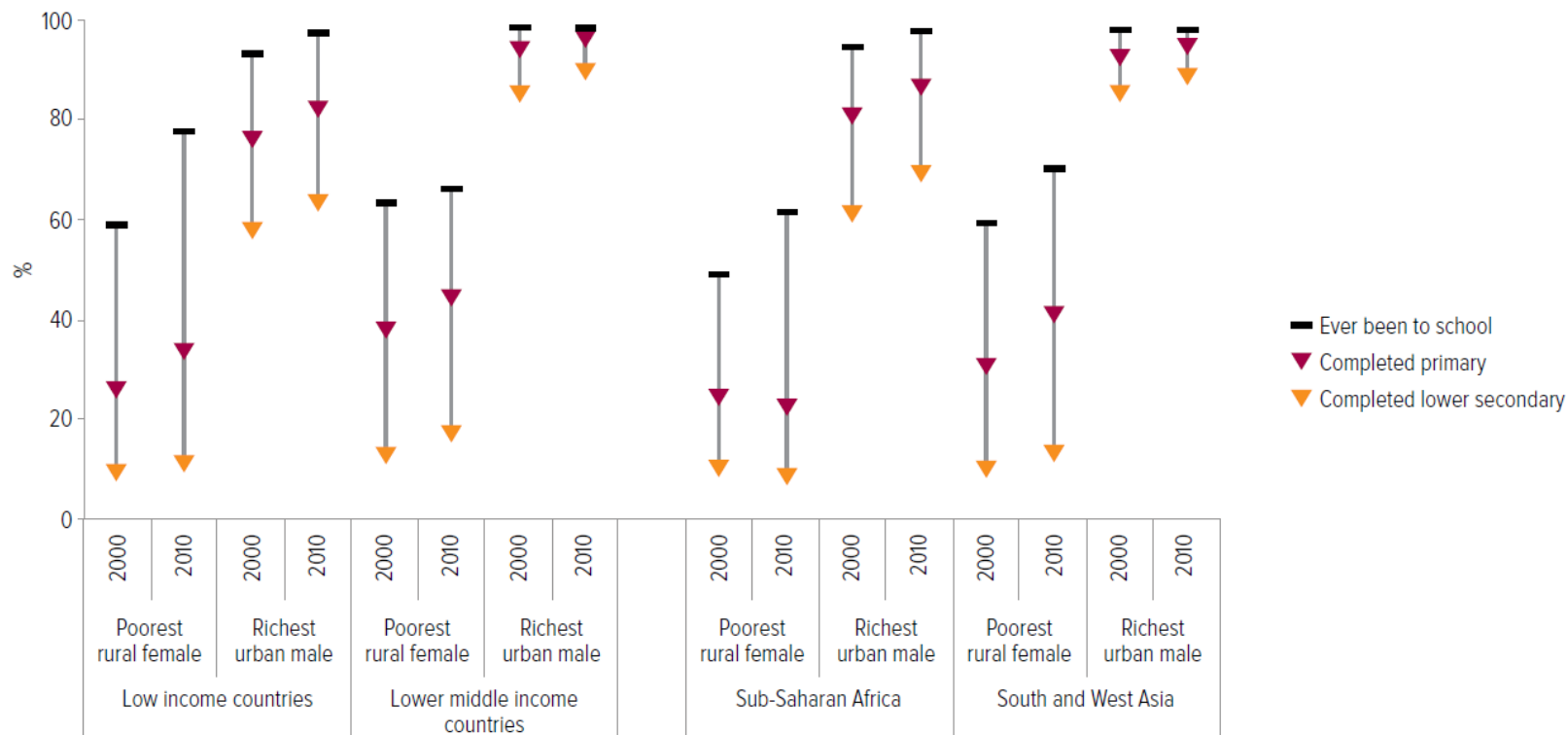
At Standard 7, nearly 1 in every 5 children are unable to pass a Standard 2 assessment.



## II. State of Global Education

...especially the poor and disadvantaged are not learning

**Figure 1.8.3: Over the decade, disadvantaged groups mainly improved their access to school rather than their completion rates**  
 Percentage of poorest rural girls and richest urban boys who have ever been to school, completed primary education, and completed lower secondary education, circa 2000 and 2010



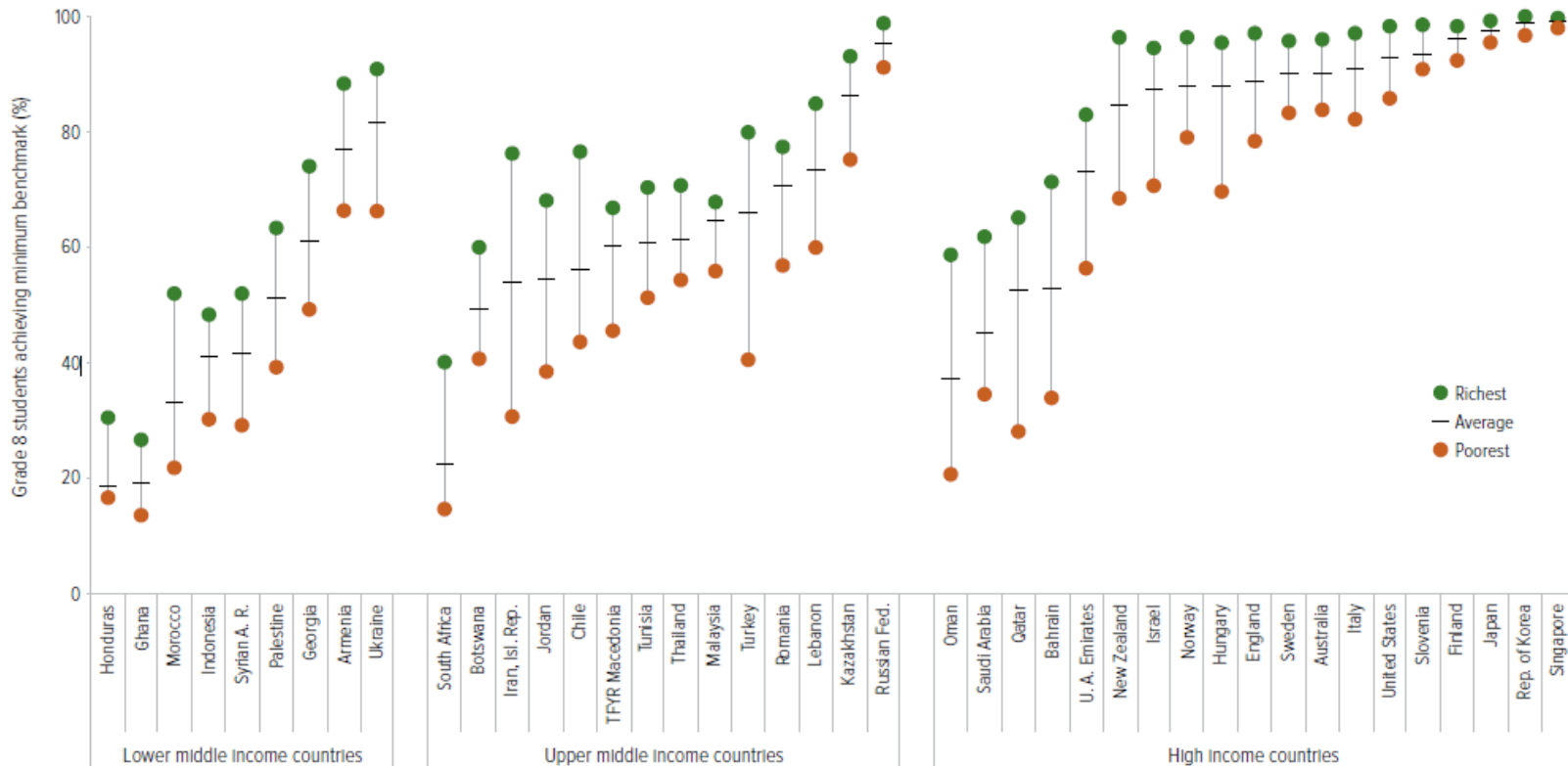
Source: EFA Global Monitoring Report team analysis (2013), based on Demographic and Health Surveys and Multiple Indicator Cluster Surveys.

## II. State of Global Education

...at secondary level as well as at primary...

**Figure 4.7: Poverty holds back learning in lower secondary school**

Percentage of grade 8 students scoring above the low international benchmark in mathematics, by wealth, selected countries, 2011 TIMSS



Note: Richest/poorest refers to students in the top/bottom quartile in the TIMSS socio-economic status index.

Source: Altinok (2013c), based on 2011 TIMSS data.

## II. State of Global Education

Secondary School lacks relevance and does not provide sufficient skills for employability

### ➤ Youth Employment is a pressing issue

- 600 million new workers will enter the global labor force by 2030
- Global labor market 2020: 45million medium skilled worker shortages but 95 m low skilled worker surplus.\*

### ➤ Increasing evidence that skills, not just years of schooling, lead to higher earnings.

- This distinction is particularly important for increasing opportunities for young girls.
- Also evidence that employers want “soft” (transferrable, 21<sup>st</sup> century) skills

### ➤ Secondary education increasingly important – returns now often higher than to primary education.

- By 2020, 48% of Africans will have secondary or tertiary education (versus only 32% in 2002)

### ➤ Yet secondary education is designed as a route to tertiary education, not as a final level of formal education

Source: McKinsey, 2012



## II. State of Global Education

What do employers want?

### Analytical

- Numeracy and literacy
- Critical thinking skills
- Problem-solving skills

### Technical

- Skills geared towards a specific occupation, e.g. electrical wiring or plumbing

### Non-cognitive

- Communication and teamwork
- Self-reliance and discipline
- Entrepreneurship



Students in Lend-a-Hand-India's Project Swadheen work together to explore electrical wiring.

## II. State of Global Education

What does the informal economy need?

### Informal economy:

- Majority of workers in many developing countries.
- Non-cognitive skills are especially crucial.
- A focus on non-cognitive skill development in girls is key, as women are more likely to be engaged in this sector.

### Example: Skills needed by construction workers in India

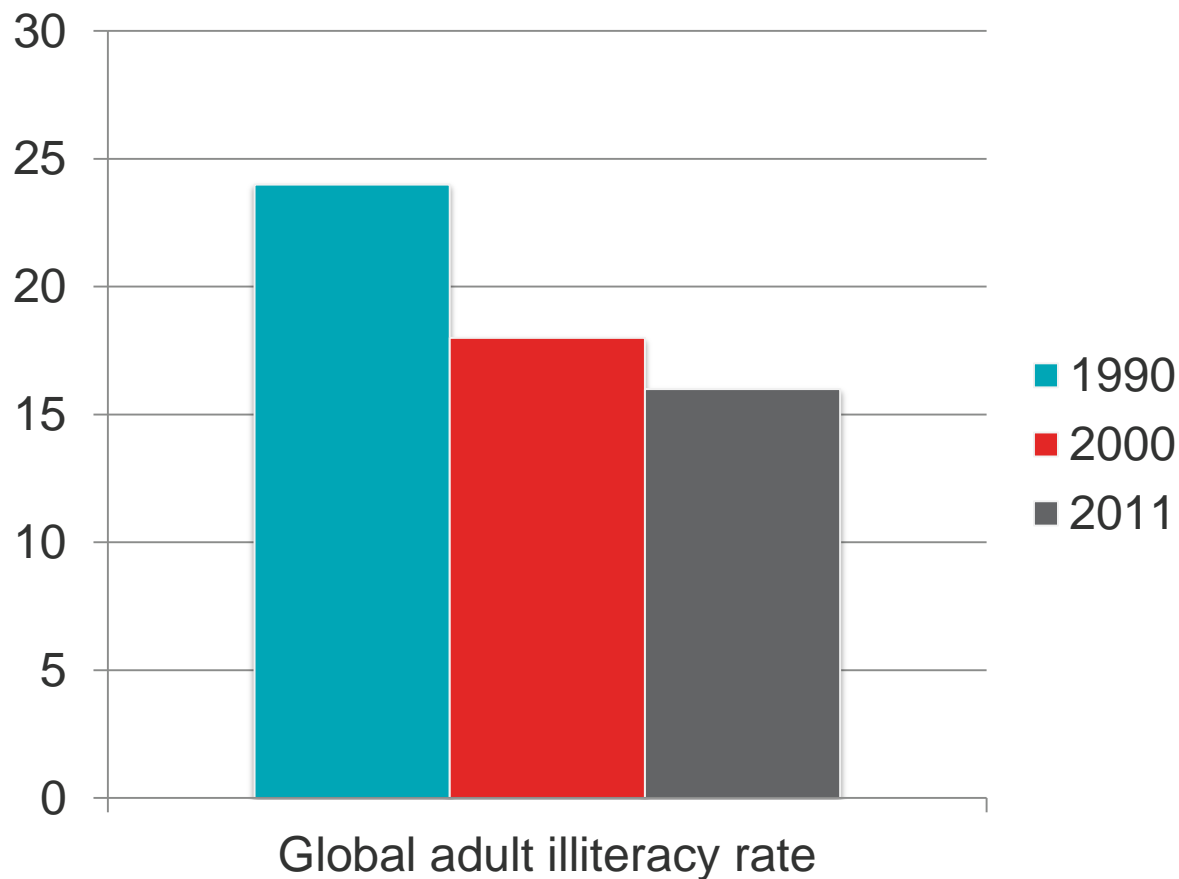
	Technical	Analytical	Non-cognitive
Skilled	++	++	++
Unskilled	+	+	+++

Source: Dalberg, 2012



## II. State of Global Education

Adult Illiteracy Rates declining but absolute number stuck around 800 million (underestimate)



EFA Global Monitoring Report 2013



# III. Estimates of Need

## The Gap (GMR analysis):

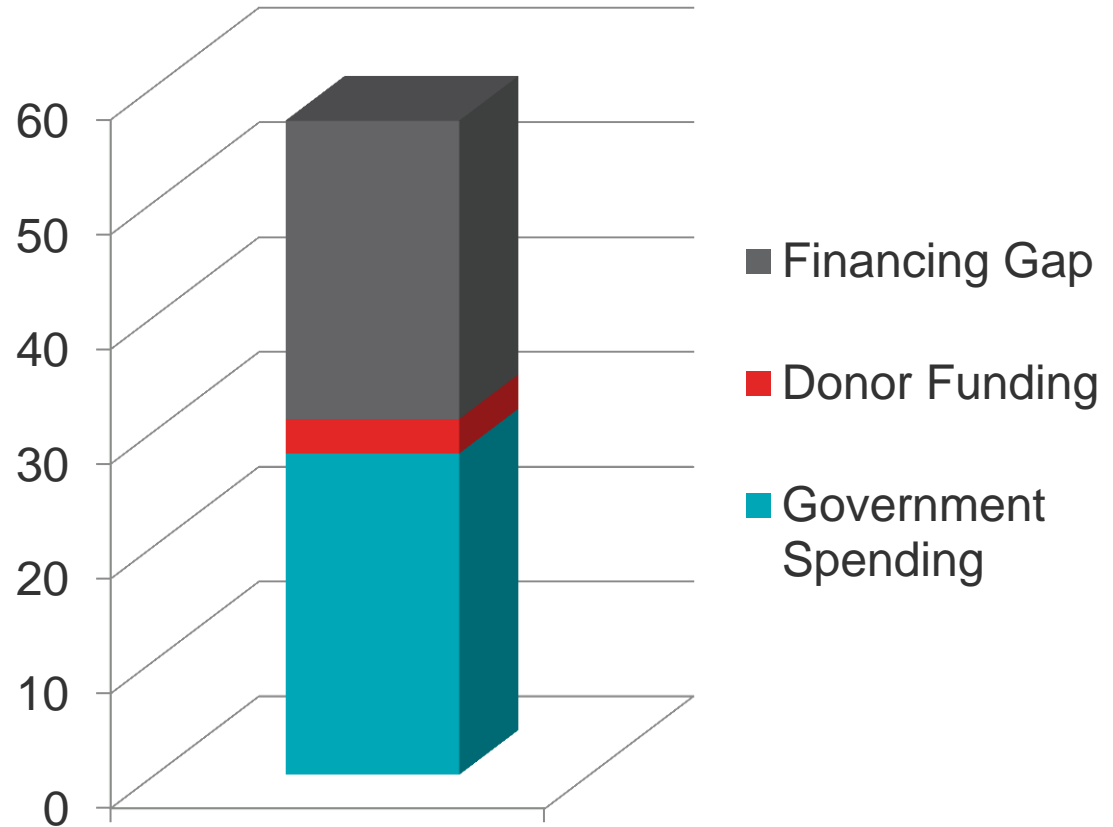
**\$54 billion annually needed** to provide basic education for all by 2015 in 46 lower and lower middle income countries.

**In 2010, only \$28 billion spent:**

- \$25bn domestic government spending
- \$3bn donors.

**\$26 billion needed per year to ensure all children receive basic education by 2015**

**(\$38 billion if include also lower secondary education)**



Source: Financing for Global Education, UNESCO

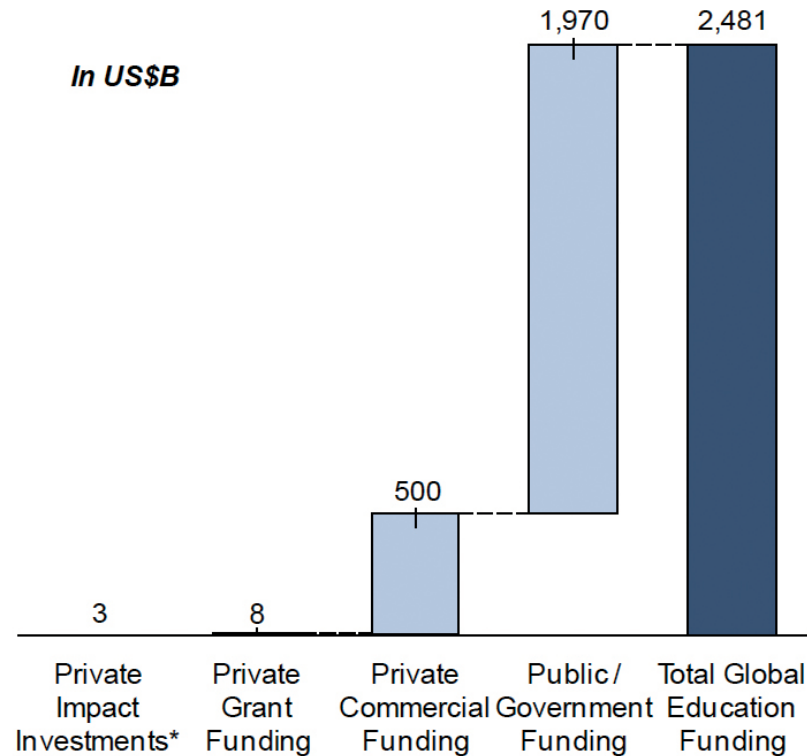
# III. Estimates of Need

## Problems with the Gap Approach

- **Not feasible to close gap – credibility issue**
  - Though much more could be done
    - Tax effort
    - Education/public spending
- **Input-based**
  - Out of school
  - Student-Teacher Ratio
  - 6% GDP for education
- **Does not address**
  - Results/Learning crisis
  - Country differences
  - Efficiency

## IV. Current Levels and Trends

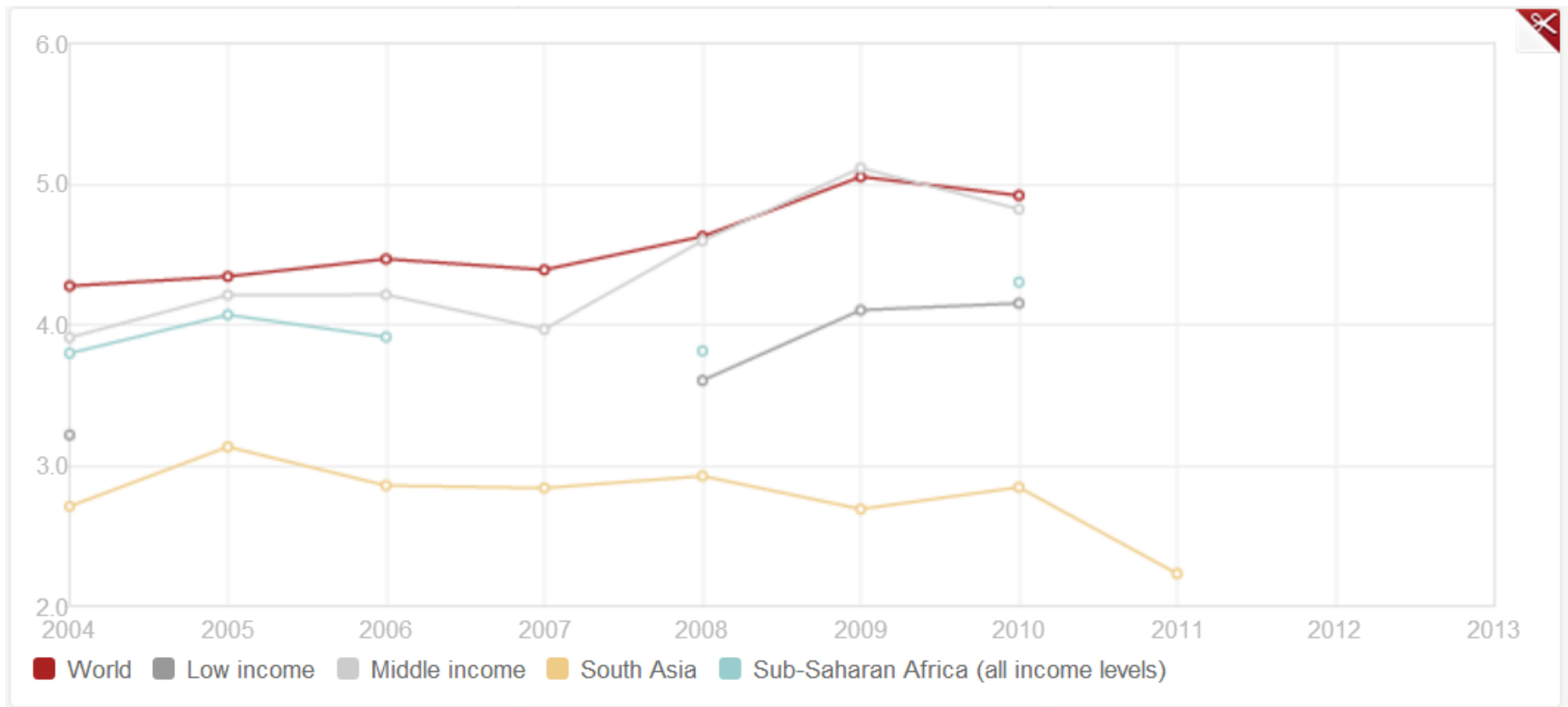
Education funding is roughly \$2.5 trillion globally, dominated by public funding, with still limited impact investment activity



Source: D. Capital Partners. Impact Investing in Education: An Overview of the Current Landscape (2014)

## IV. Current Levels and Trends

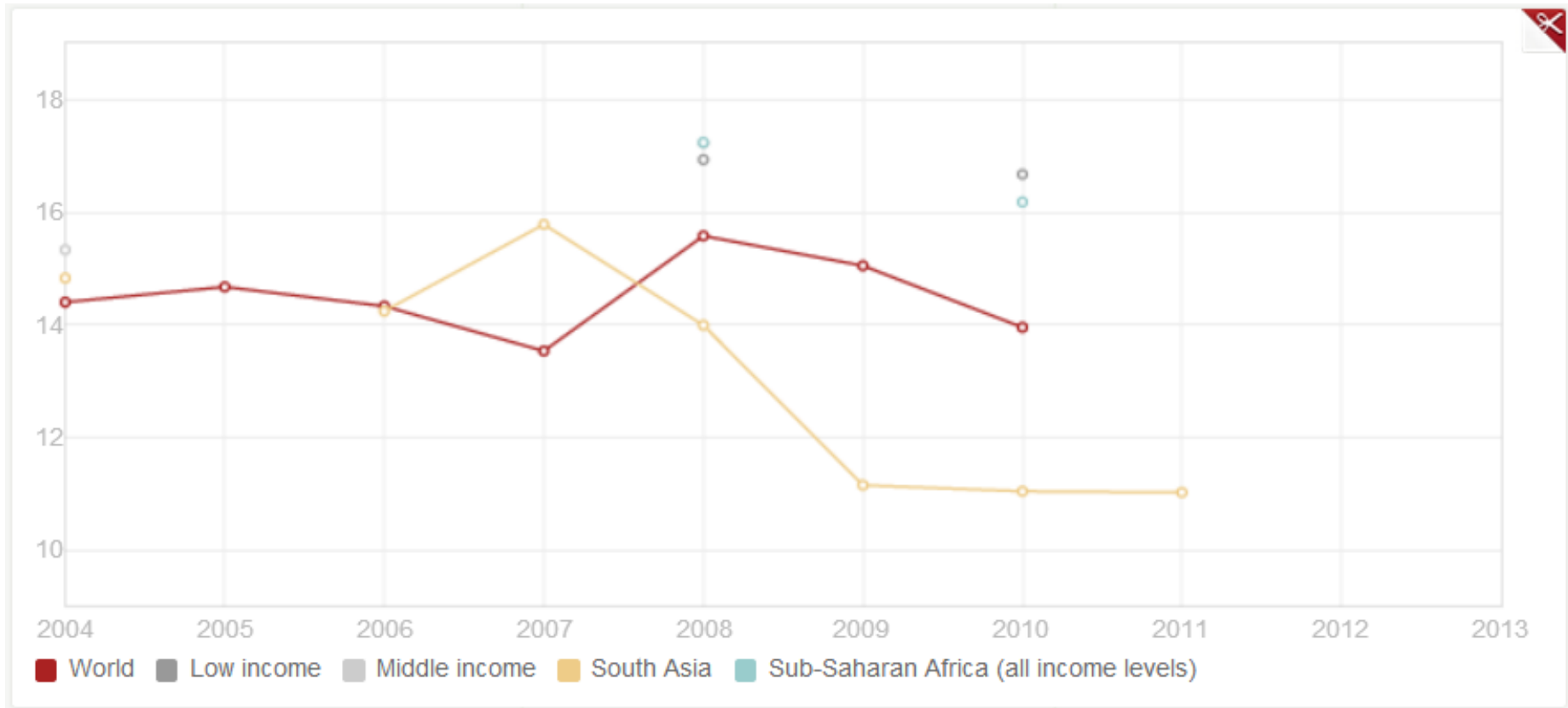
### Total Public Spending on education as a % of GDP



Source: World Bank Database

## IV. Current Levels and Trends

### Total Public spending on education as a % of Gov. Expenditure



Source: World Bank Database

# IV. Current Levels and Trends

**Figure 2.1: Most low and middle income countries have increased education spending since 1999**  
Public expenditure on education as percentage of GNP, low and middle income countries, 1999 and 2011



Source: Annex, Statistical Table 9.

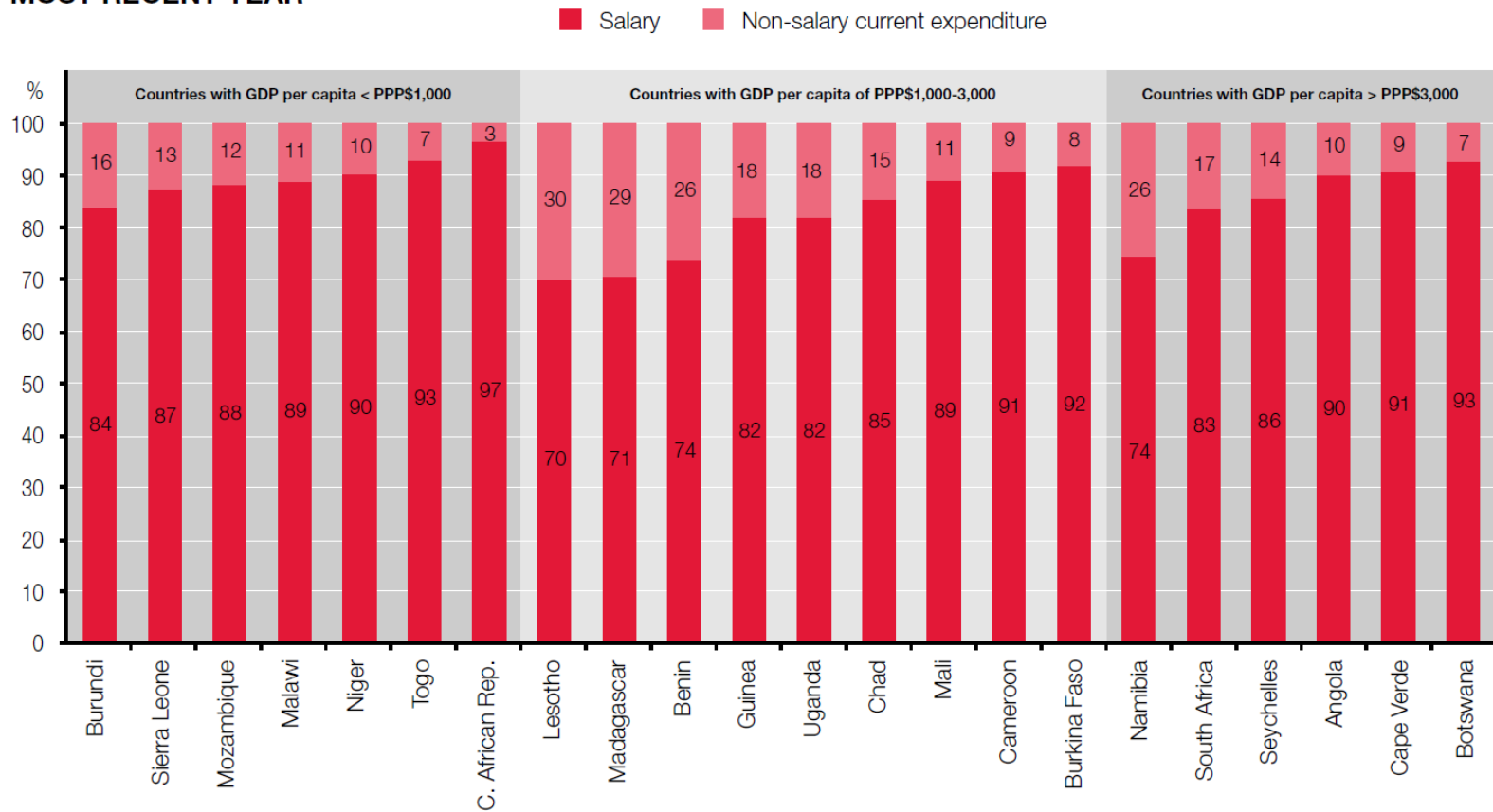
Source: GMR 2013

# IV. Current Levels and Trends

## Teacher Salaries drive Education Budgets

**Figure 20**

**DISTRIBUTION OF CURRENT EXPENDITURE ON PRIMARY EDUCATION IN PUBLIC INSTITUTIONS, 2009 OR MOST RECENT YEAR**

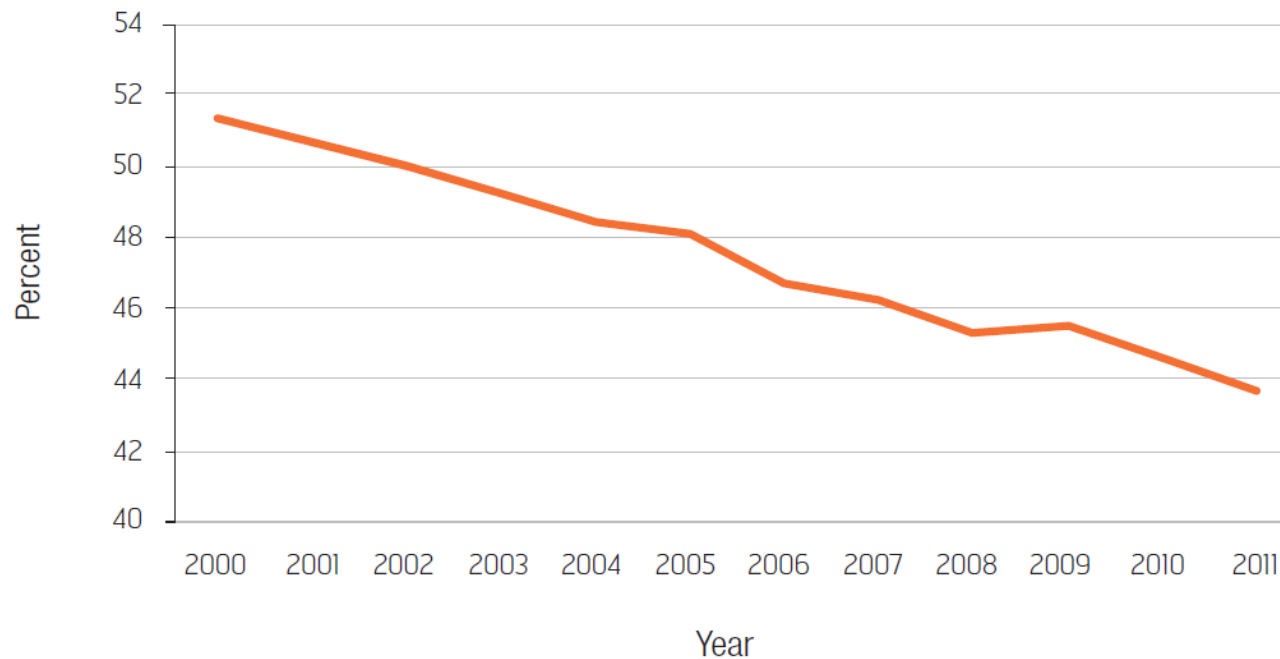


Source: UIS 2011, Financing Education in Sub-Saharan Africa

## IV. Current Levels and Trends

### Public Spending on Primary Education declining

Figure 4.7 **Primary Education Expenditure as a Percentage of Total Public Education Expenditure**

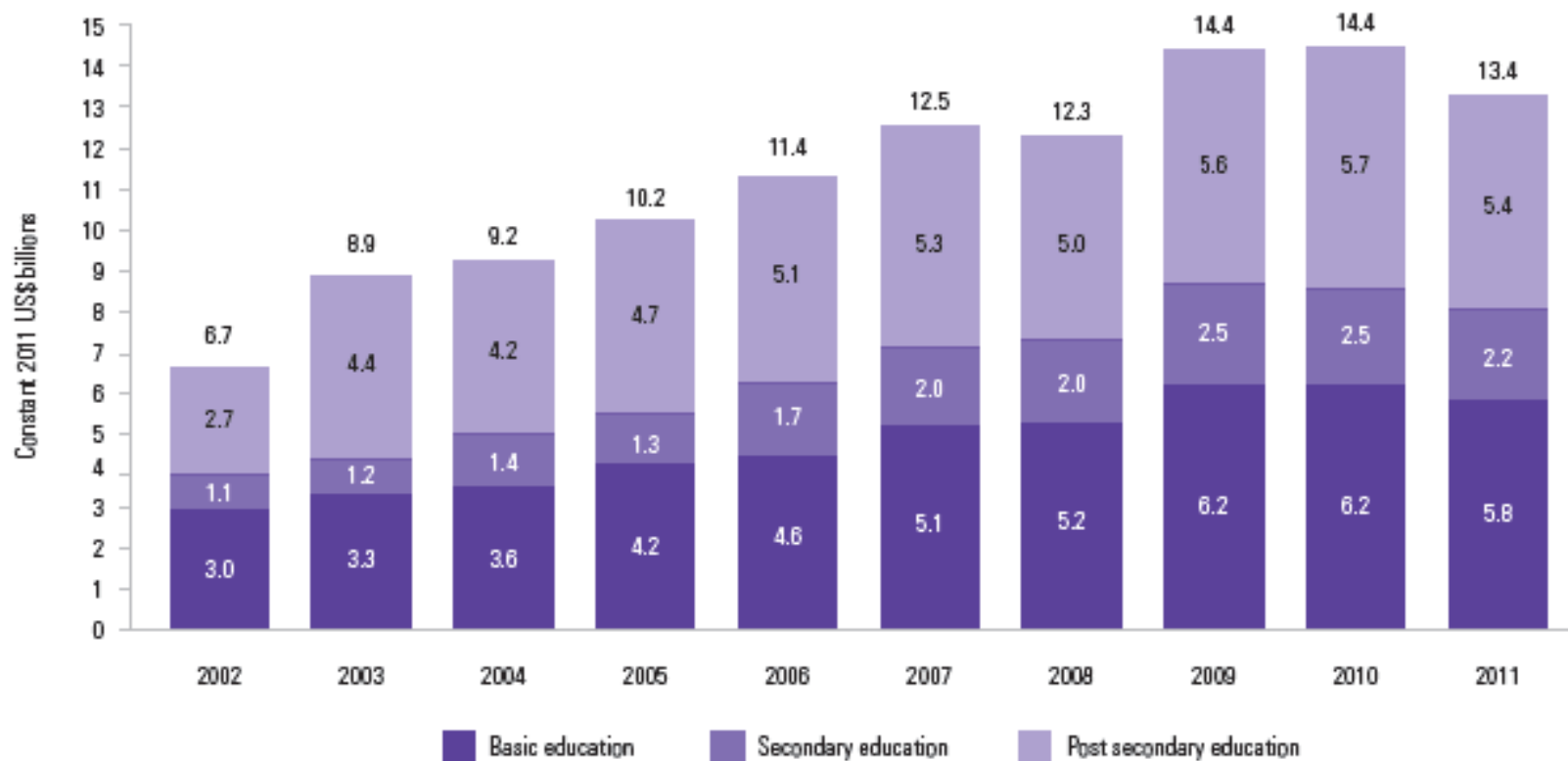


Source: GPE Compilation on UNESCO Institute for Statistics (database).



## IV. Current Levels and Trends

### Aid for Education is Declining (as is Aid for Basic Education)

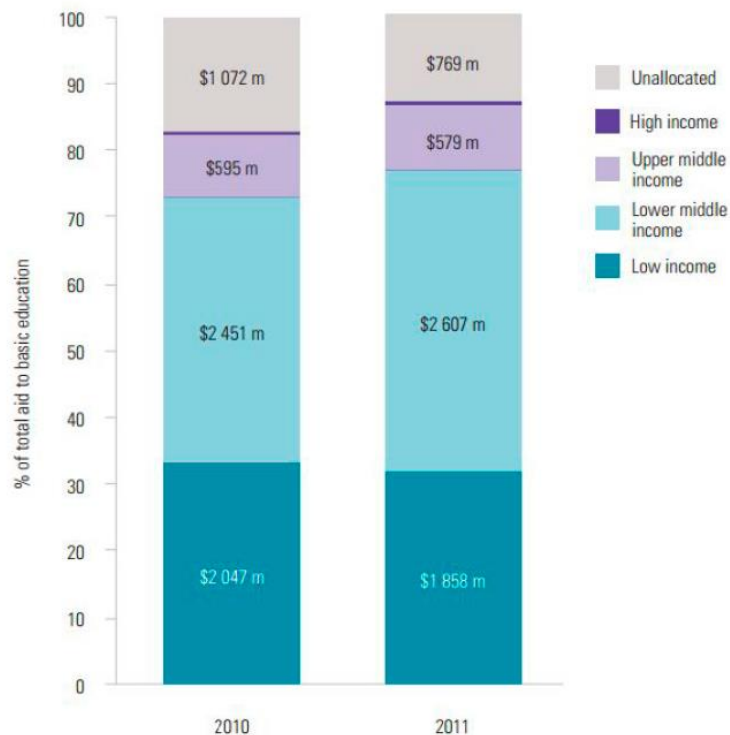


Source: OECD Creditor Reporting System (2013)

# IV. Current Levels and Trends

## Inequity in Aid Distribution

Figure 3: Total aid allocated to basic education by country income groups, 2010–2011



In 2011, lower middle income recipient countries accounted for the largest proportion of aid disbursed to the education sector (40% of the total), and to the basic education subsector (45% of the total).

Low income countries, which account for 37% of out-of-school children, received 26% of total aid to education and 32% of total aid disbursed to basic education.

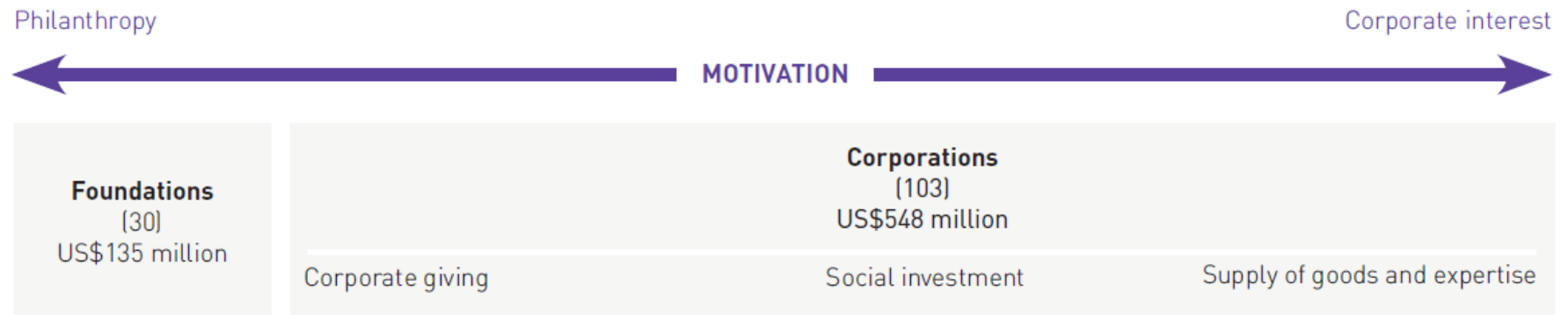
Low income countries were hardest hit by the reduction in aid to basic education between 2010 and 2011, facing a reduction of 9% while aid to lower middle income countries increased by 6% over the period

Source: EFA Global Monitoring Report team analysis based on OECD Creditor Reporting System (2013).

# IV. Current Levels and Trends

## Private Flows

Figure 1: The motivation of private engagement in education ranges from philanthropy to corporate interest



Source: GMR 2012

# IV. Current Levels and Trends

## Foundations vs Official Donors

### Education funding from the largest foundations is dwarfed by donor aid

Contributions towards education from the five largest foundations and total aid to education from selected government donors, 2009-2010 or closest available year

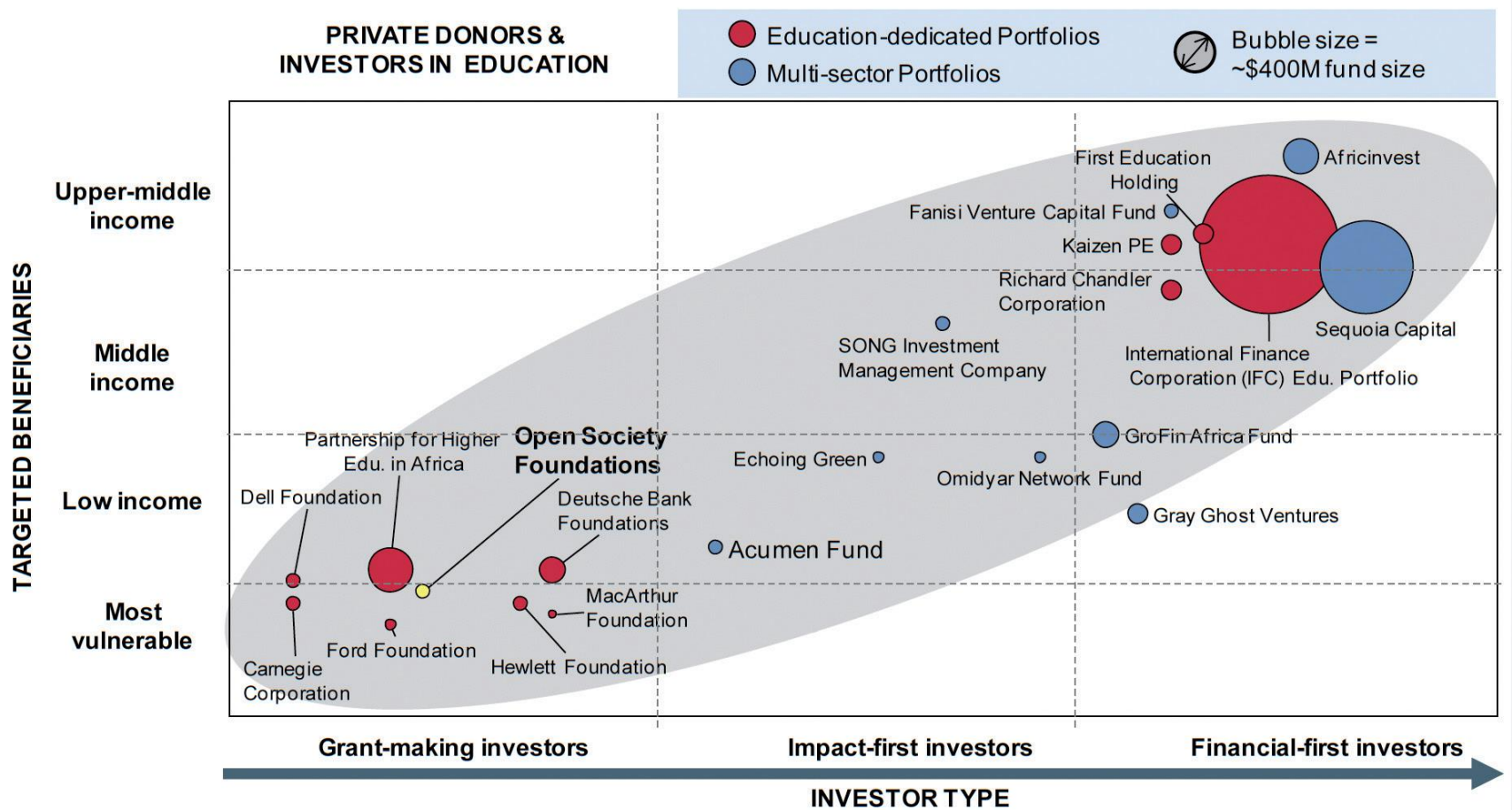


*Notes:* Around two-thirds of the US\$15 million annual average from the William and Flora Hewlett Foundation originally came from the Bill & Melinda Gates Foundation. In most cases, the amount of support to education in developing countries had to be estimated using aggregate data from foundations.

*Sources:* Annex, Aid Table 2; Carnegie Corporation of New York (2011); Ford Foundation (2011); MasterCard Foundation (2010); William and Flora Hewlett Foundation (2010); van Fleet (2012).

Source: GMR 2012

# IV. Current Levels and Trends



Source: D. Capital Partners. Impact Investing in Education: An Overview of the Current Landscape (2014)

## V. What Can Philanthropy Do?

Six A's for the Three R's...

- Assistance
- Advocacy
- Accountability
- Analysis
- Affordable Models
- Alternative Financing

# V. What Can Philanthropy Do?

## Assistance

### ➤ **Direct Funding of Enrollment and Learning**

- Out of School: Qatar Educate A Child
- Secondary/Tertiary Students: MasterCard Foundation Scholarships, African Leadership Academy
- Adult literacy?

### ➤ **But:**

- Needs major funding
- Does not change the system (though it could, e.g. if philanthropists tried a DFID Girls Education Challenge type approach)

# V. What Can Philanthropy Do?

## Advocacy (Influence Governments and Donors)

- **Advocacy about Neglected Areas**
  - Early Childhood
  - Adult Literacy
- **Advocacy about Financing**
  - Fund lobbyists (e.g. GCE, now what)
  - Example of Nutrition initiative (CIFF): create new partnerships
- **Advocacy about Content**
  - Examples of Learning Goal, ECD importance
  - Plural systems?
- **Advocacy about Effectiveness (Knowledge and Learning)**
  - Advocate for models that work
  - Knowledge Translation
- **Advocacy about International Institutions**
  - Example of GPE board seat
  - To get effective International organizations for education, e.g. UNESCO, GPE etc.
- **Advocacy toward Corporations?**



# V. What Can Philanthropy Do?

## Accountability

- **Social Accountability via CSOs (e.g. Hewlett)**
  - Public Expenditure Tracking, Absentee Monitoring, Learning Monitoring (ASER, Uwezo, etc.)
  - BUT: Does it work? India ASER now 10 years.
  
- **Parliamentary/Democratic Accountability**
  - Support Budget Analysis, Parliamentary Committees etc.
  
- **Parental Accountability**
  - PTAs etc
  - Fees/vouchers
  
- **Within System Accountability**
  - Teachers, Principals, Inspectors, District Education Officers etc.
  - Regulatory environment for non-state sector and autonomous public sector

# V. What Can Philanthropy Do?

## Analysis (and Knowledge)

- **Finance public goods needed by all – analysis, learning, etc.**
  - As public goods, should be publicly financed but they aren't
  - Monitor private financing (philanthropic, corporate, household) – big knowledge gaps
  - Knowledge about innovations and what works (e.g. CEI)
  - Crucial gaps right now are household affordability questions, unit costs, fiscal space analysis etc.
  - Improve metrics (LMTF, GIIN etc.)
  
- **Crucial importance of Knowledge Generation, Knowledge Synthesis and Knowledge Translation**
  
- **Pay more attention to efficiency, to costs and driving them down, to fiscal sustainability**
  - Use cost and cost-effectiveness analysis in own work
  - Highlight effective examples

# V. What Can Philanthropy Do?

## Affordable Effective Models

- **Low Cost Private/Affordable Schools for the Poor (gets the costs down)**
  - Financial needs of chains: direct investment (UBSOF)
  - Financial needs of individual proprietors: loans (GMC)
  - Financial needs of parents/students: loans
  - *Enough attention to quality?*
  
- **New Models (gets the effectiveness up)**
  - Primary Instructional Models (Hewlett QEDC) and Secondary Innovations (PSIPSE)
  - *Enough attention to costs and cost-effectiveness and fiscal space?*
  
- **PPPs**
  
- **Network and make available these innovations (CEI)**
  
- **Autonomous schools within public system**

# V. What Can Philanthropy Do?

## Alternative Financing (get more funds in)

- **Fund Pilots and Demonstrations**
  - Bond guarantees
  - Loan buydowns
  - Impact investing
  - PPPs
  - Social Impact Bonds
  
- **Develop ecosystem for private investment/PPPs**
  
- **Metrics again**
  
- ***Do you have the risk appetite?***

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