Financing universal education

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The 17 United Nations Sustainable Development Goals represent a remarkable commitment by the international community to eliminate poverty and improve health, the environment, education, and much more in all countries by 2030. The SDG for education is straightforward: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

Unfortunately, we are a long way from achieving this goal, particularly in developing countries. More than 250 million of the world's 1.6 billion children are not in school, and 400 million lack basic literacy. If current trends continue, by 2030 half of all children will not have the basic skills needed for employment.

The main problem is a shortage of resources. While developing countries can finance more than 90 per cent of what they need to ensure universal access to quality primary and secondary education, there is still a large funding gap – approaching $40 billion in 2020, and $90 billion by 2030 – that must be filled by international aid.

Solving this problem has been the goal of the International Commission on Financing Global Education Opportunity (the Education Commission), chaired by Gordon Brown and comprising luminaries in business, government, and academia. But the Education Commission's two principal recommendations are wrongheaded, and should be replaced by two other solutions. Both will be politically difficult to achieve, but are necessary for financing the SDGs.

The Education Commission's first proposal is to count on "philanthropists, corporations, and charitable organisations" to increase their annual aid contributions from $2 billion today to $20 billion by 2030. This is unlikely to happen. More to the point, charity is not a responsible way to finance public policy. As one recent study shows, charitable education-reform efforts tend to be short-sighted, uncoordinated, and self-interested, ultimately contributing little to advancing education priorities.

The Education Commission’s second proposal is to form an International Finance Facility for Education, to be overseen by the World Bank and various regional development banks. Under the proposed IFFEd, development banks would borrow from capital markets to increase their annual investments in education to $10 billion by 2020, and to $20 billion by 2030.

The principal problem with this approach is that the World Bank has no business spearheading education reform. In fact, as my own research shows, the World Bank has already been misdirecting education reform in developing countries for three decades, by pushing for increased privatisation and narrowly defined educational outcomes and accountability based on excessive testing.

The World Bank’s market-fundamentalist approach to education (and other sectors) resembles that of right-wing think tanks such as the Cato Institute or the Heritage Foundation. But while these are recognised as partisan organisations pursuing an ideological agenda, the World Bank makes a pretense of objectivity and inclusiveness. Moreover, unlike Cato and Heritage, the World Bank is a public, tax-financed entity that wields vast influence around the world through its grants, loans, and policy recommendations.

Future generations will be aghast at how we have allowed banks to determine educational and other priorities. Rather than handing institutions such as the World Bank and the International Monetary Fund more power, we need a new Bretton Woods conference to make them democratically accountable and less ideological.

As things stand, the World Bank is the 500-pound gorilla of the international-aid establishment, and the proposed IFFEd would put the gorilla on steroids. It would also make coordinating aid to education an administrative nightmare. In addition to the Global Partnership for Education (GPE), which focuses on low-income countries, and the recently established Education Cannot Wait (ECW) fund, which focuses on countries with humanitarian emergencies, we would have a third body focusing on lower- and middle-income countries.

It makes no sense to have three multilateral institutions competing with one another for funding. As Columbia University’s Jeffrey D. Sachs has long argued, we need just one Global Fund for Education to work toward the education SDG, and it can be a revamped GPE. Whereas donors will dominate IFFEd decision-making, the GPE operates more democratically, with equal representation of donor and recipient countries and strong participation from civil-society organisations. While the GPE is still too dependent on the World Bank, which supervises 80 per cent of its grants, that can be changed.

Instead of the proposed IFFEd, we need two things. Wealthy countries need to honor the commitment, made in 1970 and repeated ever since, to allocate 0.7 per cent of GDP toward ODA. While a few countries already do this, most fall far short. Just by keeping past promises, wealthy countries could close the education-funding gap – and cover all of the other SDGs' financing needs, too. The Education Commission, by contrast, lets wealthy countries off the hook, by asking them to commit just 0.5 per cent of GDP to ODA, and not until 2030.

Second, we need a global approach to taxation. As my colleague and I point out in a report for the Education Commission, corporate-tax reforms could eliminate tax avoidance and evasion, which are costing the global economy more than $600 billion every year. To achieve the needed reforms, we need to increase the UN's capacity instead of relying on the OECD, which has proposed only minor changes.

We also need to institute a global wealth tax, as economist Thomas Piketty has proposed. It is obscene that the world's eight richest people hold as much wealth as the poorest 50 per cent. Like corporate-tax reform and fulfilling past promises to fund ODA, a 1 per cent global wealth tax could finance all of the SDGs combined.

The SDGs, even more so than the Millennium Development Goals that preceded them, represent an extraordinary global commitment. But if the international community is serious about meeting them, it must do something even more unprecedented: put its money where its mouth is