[**Innovative Financing for Education: Interesting Ideas or Actionable in Education 2030?**](https://norrag.wordpress.com/2016/10/10/innovative-financing-for-education-interesting-ideas-or-actionable-in-education-2030/)

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Despite the fact that education has been slow to embrace innovations compared to the other sectors, such as health and ICT, innovative financing for education has become a buzz phrase nowadays. In 2008, with the eruption of the global financial crisis and the subsequent stagnating aid to education, the idea that innovative financing mechanisms could be the answer to many of the challenges gained steam. 2010 saw the establishment of a task force on education to explore promising instruments and financing arrangements within the education sector. Following the [outcome report](http://leadinggroup.org/article1046.html) presented by the Task Force in the same year, there emerged interest in exploring novel ways to gain a space within the existing architecture.

Despite interest and good commitments, the world has very little to show when it comes to making realistic efforts towards filling the global financing gap. New calculations by UNESCO’s Education for All [Global Monitoring Report](https://en.unesco.org/gem-report/sites/gem-report/files/GEM_Report_2016_2nd_edition.pdf) reveal that at least 35 countries spent less than the recommended 4% of GDP on education and less than 15% of total public expenditure. Equity needs to be at the forefront with poorer countries being supported through financial aid, yet low income countries received 28% of total aid to basic education in 2014 while accounting for 36% of all out-of-school children. The average annual financing gap remaining across all low and lower middle income countries between 2015 and 2030 is [estimated at US$39 billion](http://unesdoc.unesco.org/images/0023/002321/232197E.pdf). If the existing conditions prevail, fulfillment of the ambitious Education 2030 Agenda will be thwarted by the lack of financial resources. As rightly pointed out by [Burnett and Upadhyay](https://norrag.wordpress.com/2015/09/29/time-to-think-outside-the-box-buy-downs-as-an-education-financing-option/), it has become imperative that innovative mechanisms to finance education are devised and embraced in a manner which ensures inequities in education are not perpetuated in the future.

There are several ways by which resources could be tapped from non-traditional means; a few of them were brought forth by participants of a training session on innovative financing for education that I was recently a part of.[[1]](https://norrag.wordpress.com/2016/10/10/innovative-financing-for-education-interesting-ideas-or-actionable-in-education-2030/" \l "_ftn1) Following the example of [Unit-Aid](http://www.unitaid.eu/en/innovative-financing) in the health sector, a proposal for the design of a micro-levy on hotel stays was put forward to leverage additional funds for refugee and humanitarian education via the nascent [Education Cannot Wait Fund](http://www.educationcannotwait.org/) (ECWF) through the introduction of a mandatory tax placed on all accommodation bookings made in participating countries. There was a lot of discussion around the proposal as participants raised questions regarding the probability of customers willing to accept a levy on hotel accommodation, why would the governments raise funds for humanitarian education when they have other pressing education issues within the country (out of school children/ school infrastructure), what would happen to the associated structure of the levy once the initial five year mandate of ECWF expires etc. Options such as outcome-based procurement models (e.g. social impact bonds), student loan products through an African Student Financing Initiative, among others, were also explored and debated.

While sounding hugely appealing at roundtables, the implementation of innovative financing for education [remains a big hurdle](https://norrag.wordpress.com/2013/08/08/innovative-financing-in-education-is-it-over-before-it-began-no-we-just-need-to-pivot-our-thinking/)! Despite the several years of interest in it, innovative financing does not appear to have taken off yet. Countries remain concerned with the challenges of equity and blending funds between public and private partners: What is the role of the state in ensuring funds for quality education for all? Are we shifting the burden from the public sector to the private sector? Is it equally workable for low-income countries? How does it respond to the issue to equity?

It is necessary to tackle all these questions before the benefits of innovative financing in invigorating global education funding and ensuring the fulfillment of [SDG 4](http://www.un.org/sustainabledevelopment/education/) can be fully realized. It offers a window of opportunity for many low- and lower-middle income countries including Pakistan – where only 2% of its GDP is spent on education – to finance the gap and promote innovation in education programming and financing, but the countries must decide what might and might not work within their existing national architectures.

In line with [Ellison’s NORRAG blog](https://norrag.wordpress.com/2013/09/30/the-future-of-innovative-financing-for-education-in-fragility/), who is also a former participant of the same OSF-supported course, one hopes that education stakeholders (including national and sub-national governments) think and act towards building such social and economic conditions that offer a fertile ground for the development and advancement of innovative financing models. The [Learning Generation report](http://report.educationcommission.org/report/), launched this September 18th at the UN Head Quarters, forcefully makes the case for getting ‘all young people into school and learning within a generation’. The report is anchored around four transformations: performance; innovation; inclusion; and, financing. Targeted at acceleration for low and lower-middle income countries, as well as countries engulfed in emergencies and displacements, the case for urgency of learning by ALL is heard loud and clear. The report notes that ‘mobilizing new finance will require innovative approaches to financing and new ways to leverage existing resources’, and calls upon donors, investors and institutions to support such innovative financial mechanisms. The report further notes that:

The Commission evaluated 18 innovative financing mechanisms for education against a number of criteria including impact, potential for additional financing, and feasibility. The five most promising proposals that should be further developed include education bonds, innovative post-secondary student financing mechanisms, disaster insurance for education, impact investing, and solidarity levies. ([p.23](http://report.educationcommission.org/wp-content/uploads/2016/09/Learning_Generation_Full_Report.pdf))

One thing is clear that more financing must mean more accountability and higher performance. It’s the only way we can save the Education 2030 agenda from being thwarted. It’s either now or never!

[[1]](https://norrag.wordpress.com/2016/10/10/innovative-financing-for-education-interesting-ideas-or-actionable-in-education-2030/" \l "_ftnref1)The author attended a training course in July 2016 at the Central European University in Budapest on the “[Innovative Financing for Education: Arguments, Options and Implications](https://summeruniversity.ceu.edu/innovfinancing-2016)” – organized annually by Open Society Foundations.

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