STOP THE SETBACK:

ADDRESSING THE GIRLS' EDUCATION FINANCING GAP AFTER COVID-19

MALALA FUND

INTRODUCTION

COVID-19 is creating a global education crisis.

Millions of students haven't been able to learn during the pandemic — and girls are the least likely to return to the classroom when it ends.[1] To address this emergency, low- and lower-middle-income countries need to be able to invest in education at scale. However, they currently lack the fiscal space to do so.[2]

At the 2021 G7 Summit, G20 Finance Ministers' Meeting and IMF and World Bank Annual Meetings, leaders can create a $171 billion education stimulus to protect progress for girls' education and ensure all students are able to return to school by cancelling debt, reforming tax policy, increasing aid and boosting countries' liquidity.

1. An unprecedented shock

The COVID-19 crisis has exacerbated the barriers and inequalities girls already faced in low- and lower-middle-income countries. Unless leaders invest in proven approaches to reenrol girls and help them catch up on lost learning, governments could see millions more girls out of school and a 30% increase in the external education financing gap.

Nearly 130 million girls were out of school before the pandemic — and now Malala Fund estimates that 20 million more girls are at risk of dropping out because of it.[3] School closures in 2020 forced almost 1.6 billion students out of the classroom.[4] On average, schools remained closed for two-thirds of the academic year — and in some countries for much longer.[5]

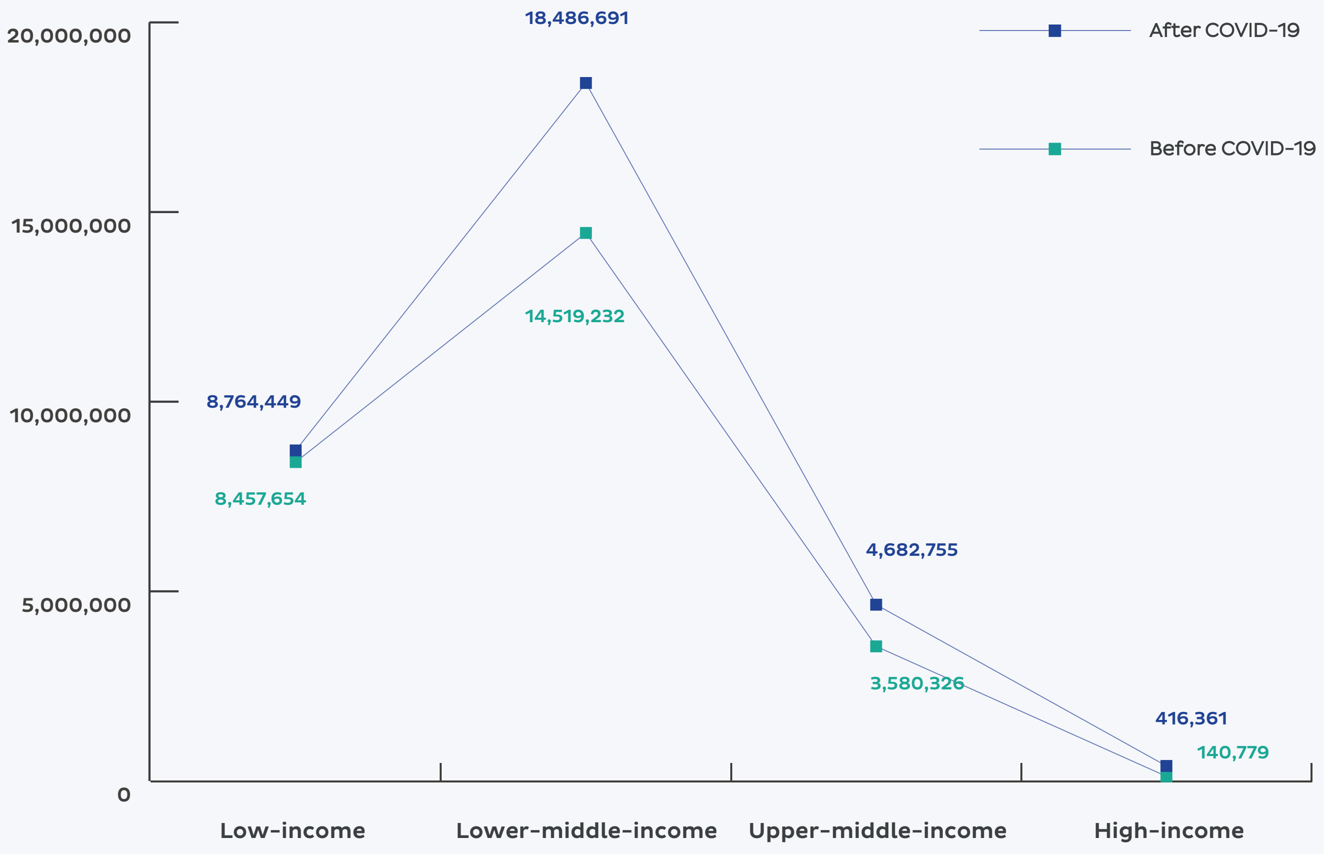
Distance learning initiatives in low- and lower-middle-income countries have largely failed to reach students, preventing at least 463 million children from learning during the pandemic.[6] Students around the world have experienced major challenges, but marginalised girls have fared the worst.[7][8]

Many girls haven't been able to learn while schools are shut due to inadequate government distance learning programmes.[9] Gender norms force them to spend disproportionate amounts of time on chores and care work compared to boys, who have more time for leisure and study.[10] Girls also have limited access to family assets to support learning, like use of mobile devices and private tutoring.[11] At the same time, rates of child marriage, early pregnancy and gender-based violence have all increased during the COVID-19 crisis, limiting girls' ability to return to school.[12][13][14]

The economic consequences of the pandemic further threaten girls' education, health and well-being. The collapse of global trade and halt of economic activity during lockdowns created cash and food shortages, especially for poorer households. In Malala Fund's rapid response surveys in Ethiopia, India, Nigeria and Pakistan, 74% of households reported a cash crunch due to the pandemic and 45% of households said that they did not have enough food.[15]

Before the pandemic, progress in girls' enrolment had stagnated in recent years and poor quality education prevented almost 90% of students in low-income countries from being able to read a simple sentence by age 10.[16][17] Unless leaders take immediate action the pandemic will have a lasting impact on the most marginalised girls for generations to come.

Number of girls who cannot read and understand a simple story before and after the pandemic



SOURCE: DATA IS TAKEN FROM ONE, GPE AND SAVE THE CHILDREN'S "LOST POTENTIAL TRACKER," WHICH BUILDS ON THE WORLD BANK/UNESCO LEARNING POVERTY INDICATOR.[18]

"The crisis has made it harder than ever for girls from poorer, rural households in Pakistan to learn. If leaders don't act now, these girls may never return to school."

— Moiz Hussain,
Malala Fund In-Country Representative,
Pakistan

Insights from previous emergencies reveal which measures help students continue learning during and after crises. Proven approaches include providing inclusive, low-tech learning materials, launching gender-sensitive back-to-school campaigns based on the latest data, scaling up cash transfers and school meals programmes to support marginalised girls' reenrolment and training teachers to provide psychosocial support and remedial learning to those returning to the classroom.[19]

The longer students are out of school, the more it costs governments to get them back in school and catch them up on missed lessons. Unless leaders invest now in proven remedial and reenrolment approaches, the external financing gap for education in low- and lower-middle-income countries could increase by up to one-third or $45 billion.[20] By investing quickly in remedial and reenrolment initiatives, leaders could bring down this education financing gap by as much as 75%.[21]

Unfortunately, at a time when governments in low- and lower-middle-income countries need to be increasing their education budgets, many are cutting them.

2. Cuts to education financing

Governments in low- and lower-middle-income countries lack the fiscal space to make the necessary investments in girls' education and support from the international community has not gone far enough to meet the needs of this emergency.

Education spending has already fallen in the majority of low- and lower-middle-income countries during the COVID-19 crisis, either because governments have cut the sector's share of the budget or as a consequence of lower revenues reducing the total budget size.[22] In Nigeria, the government has cut the Universal Basic Education Fund by over 50%, putting an already strained system with 13 million out-of-school children on the brink of catastrophe.[23 24]

"Considering the already bad state of the country's education sector before the pandemic, the disruption caused by COVID-19 worsened the situation and increased the number of out-of-school girls. This is not a time to cut down the education budget, instead, we should be taking steps to significantly ramp up our spend on education."

— Pamela Okoroigwe,
Malala Fund Champion

Legal Defence and Assistance Project, Nigeria

Currently, governments in low- and lower-middle-income countries lack the fiscal space to create stimulus packages like the U.S. and European countries. While total economic stimulus spending around the world — amounting to an estimated $11 trillion — could be more than twice as much as economic stimulus spending during the Great Recession of 2008–2009, the disparities between low- and high-income countries are likely to be high.[25 26] A recent study of 41 countries found that spending in response to the COVID-19 crisis ranged from 0.35% to 42.3% of gross domestic product (GDP).[27] Countries at the lower end of this range will not be able to mobilise enough resources to protect social spending.[28] As a result, these governments will have to increase domestic borrowing or turn to the international community for concessional loans. But there are problems with these options.

Low- and lower-middle-income countries spent large sums servicing their debts before the pandemic: In 2019, 24 countries spent more money on outstanding debts than on education.[29] With the onset of COVID-19, estimates suggest that low- and lower-middle-income countries' repayments on their public external debt alone will increase to between $2.6 trillion and $3.4 trillion, pushing more countries into debt distress and limiting spending on education, health and social protection.[30]

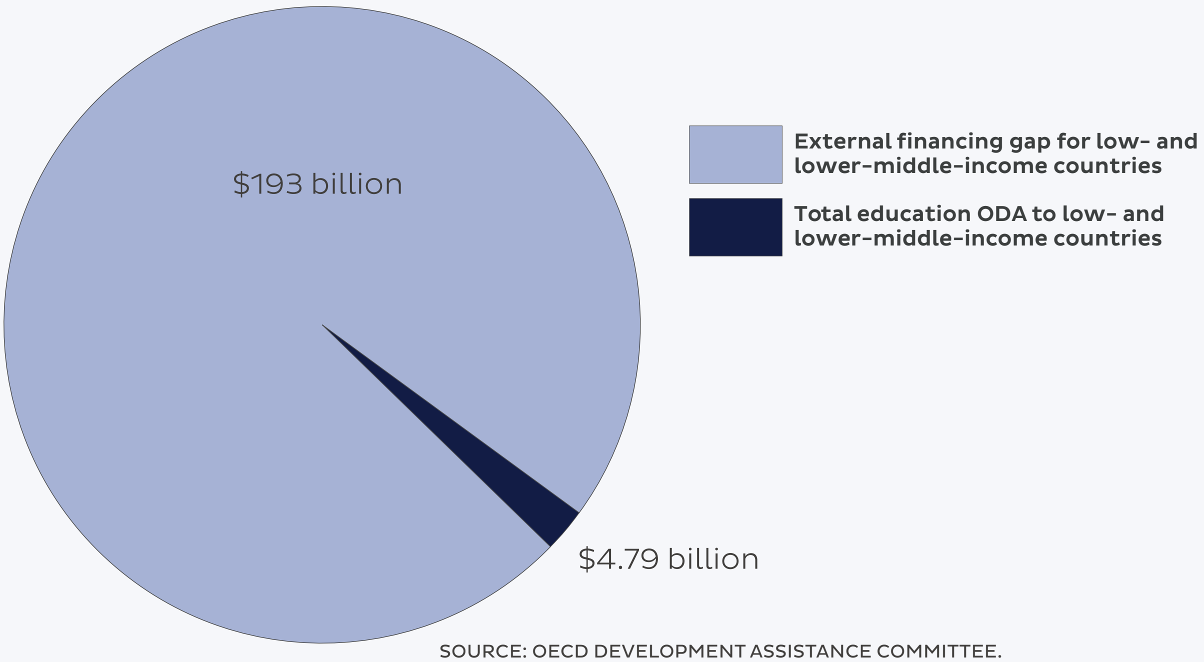
Loans from international financial institutions often come with conditions that impact education: A 2019 study found that the International Monetary Fund (IMF) advised 80% of client countries to limit their spending on public sector wages and follow-up research suggests this trend has continued even through the pandemic.[31] These caps prevent governments from hiring and training teachers and other vital front-line workers.

Raising more revenue through taxation is the best alternative for governments, but this option is not straightforward. Our global tax system currently prohibits governments from taxing multinational profits to raise revenue: In 2020 Latin America and Africa lost over $43 billion and over $27 billion respectively due to tax avoidance.[32]

Though leaders have implemented emergency measures that somewhat benefit education, these provisions fall short of the level of support needed to create the conditions for significant investment in education in low- and lower-middle-income countries:

- Debt relief under the Debt Service Suspension Initiative has only suspended 16.8% of payments from eligible countries between May–December 2020. When considering total debt service paid by low- and middle-income economies — excluding China, Mexico and Russia — the $5.3 billion suspension represents only 1.6% of total debt payments due from low- and middle-income countries in 2020, leaving many countries spending more on interest payments than they do on education or health.[33 34]
- The mooted IMF agreement to issue $650 billion in Special Drawing Rights (SDRs) to increase countries' liquidity and thus their ability to finance stimulus packages would translate into just $21 billion for low-income countries.[35]
- Although official development assistance (ODA) increased overall by 3.5% in 2020, trends suggest that external financing for education will still fall substantially short of the $193 billion requirement for that year (see graph).

COVID-19 external education financing needs



SOURCE: OECD DEVELOPMENT ASSISTANCE COMMITTEE. CREDITOR REPORTING SYSTEM. AVERAGE 2015–2019.

3. Creating fiscal space to invest in girls' education

During the 2021 G7 Summit, G20 Finance Ministers' Meeting and IMF and World Bank Annual Meetings, leaders can create a $171 billion funding stimulus to address the girls' education crisis by cancelling debt, reforming tax policy, increasing aid and improving countries' liquidity.

School closures and lockdowns have forced girls around the world from the classroom — and millions may never return. If the international financing system follows its usual approach, leaders risk losing decades of progress for girls' education. Without action, the lack of funds and pressure to maintain fiscal discipline will force governments in low- and lower-middle-income countries to cut back spending on vital public services even as the pandemic rages on.

Instead, ensuring every girl can go to school depends on governments' ability to provide stimulus spending at scale to reenrol girls, provide them with remedial learning support and increase overall investment in education. If leaders act with the urgency and ambition that the crisis demands, they can help millions of girls and lay the foundations for a gender-just recovery from the pandemic.

G7 leaders have made ambitious targets for getting girls back into school in the "Declaration on girls' education: recovering from COVID-19 and unlocking agenda 2030." However, their commitments cannot succeed without additional funding. The measures outlined below will make an additional $171 billion available to low- and lower-middle-income countries so they can meet the needs of this emergency and make investments at the necessary scale to rebuild education systems and make them resilient to future shocks (see graph).

During the 2021 G7 Summit, G20 Finance Ministers' Meeting and IMF and World Bank Annual Meetings, the international community must come together and enable low- and lower-middle-income countries to invest in girls' education through the following actions:

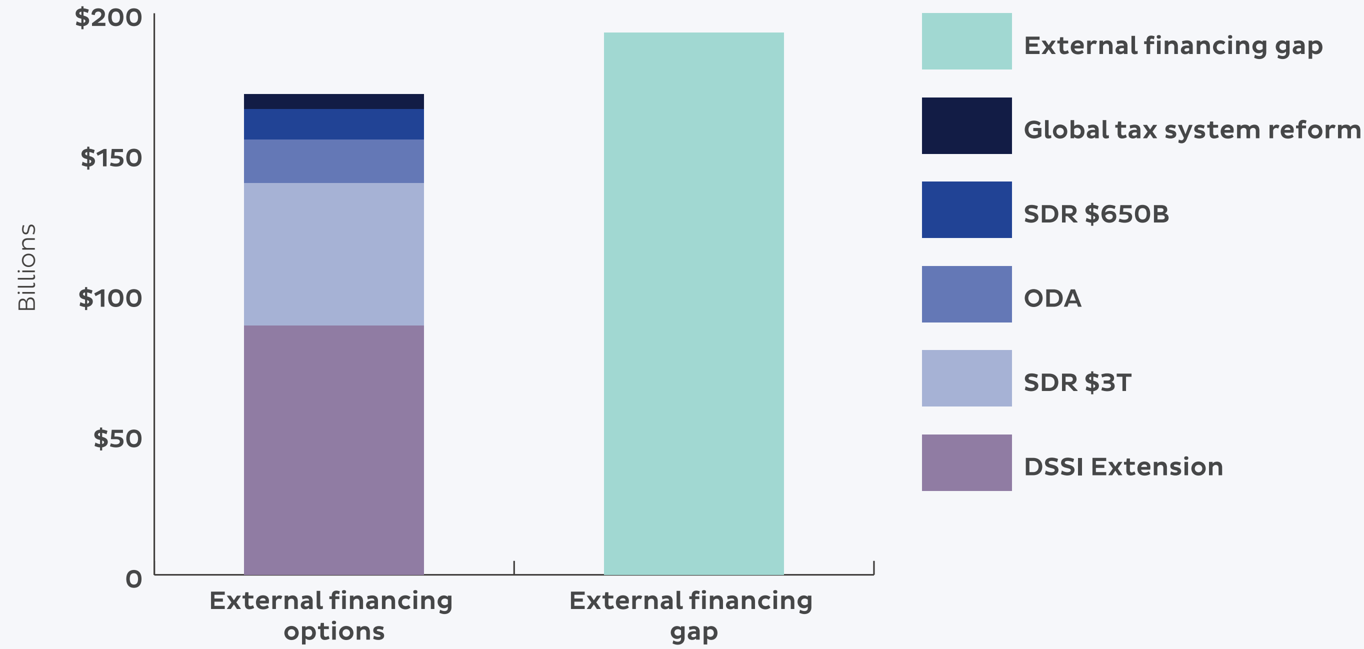
- **Debt.**
  Cancel all low- and lower-middle-income countries' debt repayments to public, private and multilateral banks until the end of 2023, freeing up resources for education that would otherwise be spent on interest payments.

- **Tax.**
  Agree to a U.N. tax convention on fairer tax practices, enabling low- and lower-middle-income countries to raise more revenue domestically to spend on public services including education.

- **Aid.**
  Honour their commitments to give 0.7% of gross domestic product to official development assistance and allocate at least 10% to education. Support the full replenishment of the Global Partnership for Education of $5 billion over five years.

- **Special Drawing Rights.**
  Authorise the IMF to issue Special Drawing Rights of $650 billion, reallocate at least 20% of these to low- and lower-middle-income countries and prepare for a further SDR issuance of $2–3 trillion later in the year, creating more financial liquidity to invest in education or reduce external debt.

Financing education in low- and lower-middle income countries



Decades of research show that investing in girls' education is one of the best investments we can make in the future peace, prosperity and sustainability of our planet. By taking the steps for girls' education outlined in this report, leaders can build a better world in the pandemic's wake — not just for girls, but for everyone.

Methodological note

RECOMMENDATION	INDICATOR(S) USED	SOURCE(S)
DEBT	Debt service on external debt, total (DT.TDS.DECT.CD) for all low- and lower-middle income countries for 2021–23.	International Debt Statistics (IDS) | Data catalog
TAX	Net tax avoidance loss, computed as the difference between annual tax loss to corporate tax abuse and offshore tax evasion, and tax loss inflicted on other countries. Proportion to education calculated as the average of government expenditure on education as a percentage of total government expenditure. (2010–2017)	The State of Tax Justice 2020 Share of education in government expenditure
AID	The difference between current average (2016–19) G7 ODA to education in low- and lower-middle income countries and the amount of aid to education in low- and lower-middle income countries if G7 countries honoured aid commitments with 10% to education and disbursed aid to low- and lower-middle income countries in same proportions (0.007% GDP average). Proportion of ODA to low- and lower-middle income countries computed as five-year average (2015–2019).	Creditor Reporting System (CRS) — Education ODA to L/LMICs, Proportion of education ODA to L/LMICs GDP (current US$) | Data
SPECIAL DRAWING RIGHTS	The proportion of additional liquidity arising from an SDR allocation that would be "spent" on education in each country based on the average of government expenditure on education as a percentage of total government expenditure.	IMF members' quotas Share of education in government expenditure

Note: Used country group median where recent data on the share of education in government expenditure is missing.

With thanks to the team at the Global Education Monitoring Report for review of methods and computations.

ENDNOTES

1. UNICEF (2020) *COVID-19: Are children able to continue learning during school closures?* https://data.unicef.org/resources/remote-learning-reachability-factsheet/
2. For a definition of fiscal space see: https://www.imf.org/external/pubs/ft/fandd/2005/06/basics.htm
3. Malala Fund (2020) *Girls' Education and COVID-19.* https://downloads.ctfassets.net/0oan5gk9rgbh/6TMYLYAcUpjhQpXLDgmdIa/3e1c12d8d827985ef2b4e815a3a6da1f/COVID19_GirlsEducation_corrected_071420.pdf
4. UNICEF (2020) *Keeping the world's children learning through COVID-19.* https://www.unicef.org/coronavirus/keeping-worlds-children-learning-through-covid-19
5. UNESCO (2020) *Education: From disruption to recovery.* https://en.unesco.org/covid19/educationresponse#durationschoolclosures
6. UNICEF (2020) *COVID-19: Are children able to continue learning during school closures?* https://data.unicef.org/resources/remote-learning-reachability-factsheet/
7. ONE Campaign (2021) *How COVID-19 is threatening girls' education.* https://www.one.org/international/blog/girls-education-crisis-covid-19/
8. Center for Global Development (2020) *Gendered Impacts of COVID-19 School Closures: Insights from Frontline Organizations.* https://www.cgdev.org/sites/default/files/gendered-impacts-covid-19-school-closures-insights-frontline-organizations.pdf
9. Young Lives, University of Oxford (2021) *A Lost Year of Learning for Girls in Ethiopia.* https://www.younglives.org.uk/sites/www.younglives.org.uk/files/YL-Policy-Brief-44-Apr12.pdf
10. Malala Fund (2020) *Girls' education and COVID-19 in Ethiopia.* https://assets.ctfassets.net/0oan5gk9rgbh/4870tL2O6Zg29oy8AMkqJ7/1ca915cd268870dc13b0ad91e282fedb/Ethiopia_Report_08.pdf
11. Ibid.
12. UNICEF (2021) *COVID-19: A threat to progress against child marriage.* https://data.unicef.org/resources/covid-19-a-threat-to-progress-against-child-marriage/
13. World Vision International (2021) *Teenage pregnancy during COVID-19 lockdowns may keep 1 million girls out of school in Africa.* https://www.wvi.org/stories/ghana/teenage-pregnancy-during-covid-19-lockdowns-may-keep-1-million-girls-out-school
14. United Nations (2020) *COVID-19 worsening gender-based violence, trafficking risk, for women and girls.* https://news.un.org/en/story/2020/11/1078812
15. See the four Malala Fund rapid response surveys from Ethiopia, India, Nigeria and Pakistan. *https://covid.malala.org/*
16. UNESCO Institute for Statistics (2019) *Meeting commitments: Are countries on track to achieve SDG 4?* https://unesdoc.unesco.org/ark:/48223/pf0000369009/PDF/369009eng.pdf.multi
17. World Bank (2020) *Ending Learning Poverty: What will it take?* https://openknowledge.worldbank.org/bitstream/handle/10986/32553/142659.pdf?sequence=7&isAllowed=y
18. Malala Fund (2020) *Girls' Education and COVID-19.* https://downloads.ctfassets.net/0oan5gk9rgbh/6TMYLYAcUpjhQpXLDgmdIa/3e1c12d8d827985ef2b4e815a3a6da1f/COVID19_GirlsEducation_corrected_071420.pdf
19. Malala Fund et al (2020) *Building back equal: girls back to school guide.* https://unesdoc.unesco.org/ark:/48223/pf0000374094
20. Global Education Monitoring Report (2020) *Act now: Reduce the impact of COVID-19 on the cost of achieving SDG 4.* https://unesdoc.unesco.org/ark:/48223/pf0000374163/PDF/374163eng.pdf.multi
21. Ibid.
22. World Bank et al (2021) *Education Finance Watch 2021.* https://unesdoc.unesco.org/ark:/48223/pf0000375577/PDF/375577eng.pdf.multi
23. Akinkuotu, Eniola (2021) "Revised budget: FG gives National Assembly N27bn for renovation, cuts health, UBE votes" in *Punch Nigeria.*
24. Adedigba, Azeezat (2018) "Nigeria now has 13.2 million children out of school — UBEC" in *Premium Times* https://www.premiumtimesng.com/news/top-news/288344-nigeria-now-has-13-2-million-out-of-school-children-ubec.html
25. UNICEF (2020) *COVID-19 and the looming debt crisis.* https://www.unicef-irc.org/publications/pdf/Social-spending-series_COVID-19-and-the-looming-debt-crisis.pdf
26. World Bank (2020) *Where is the money coming from? Ten stylized facts on financing social protection responses to COVID-19.* https://openknowledge.worldbank.org/bitstream/handle/10986/34802/Where-is-the-Money-Coming-From-Ten-Stylized-Fact-on-Financing-Social-Protection-Responses-to-COVID-19.pdf?sequence=1&isAllowed=y
27. Ibid.
28. UNICEF (2020) *COVID-19 and the looming debt crisis.* https://www.unicef-irc.org/publications/pdf/Social-spending-series_COVID-19-and-the-looming-debt-crisis.pdf
29. Jubilee Debt Campaign (2020) *Passing the Buck on Debt Relief: How the failure of the private sector to cancel debts is fueling a crisis across the developing world.* https://jubileedebt.org.uk/wp-content/uploads/2020/07/Passing-the-buck-on-debt-relief.pdf
30. UNCTAD (2020) *From the Great Lockdown to the Great Meltdown: Developing Country Debt in the Time of Covid-19.* https://unctad.org/system/files/official-document/gdsinf2020d3_en.pdf
31. ActionAid (2020) *Who Cares for the Future: Finance Gender Responsive Public Services!* https://actionaid.org/sites/default/files/publications/final%20who%20cares%20report.pdf
32. Tax Justice Network (2020) *The State of Tax Justice 2020: Tax Justice in the time of COVID-19.* https://taxjustice.net/wp-content/uploads/2020/11/The_State_of_Tax_Justice_2020_ENGLISH.pdf
33. Finance & Development (2020) *Delivering debt relief for the poorest.* https://www.imf.org/external/pubs/ft/fandd/2020/08/debt-relief-for-the-poorest-kevin-watkins.htm
34. Eurodad (2020) *The G20 Debt Service Suspension Initiative: Draining out the Titanic with a bucket?* https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/768/attachments/original/1610355046/DSSI-briefing-final.pdf?1610355046
35. SDRs are a global reserve asset issued by the IMF. Member states that receive them can swap them against hard currency, and in doing so they gain new liquidity, which they can use to finance expenses and service external debt. https://www.imf.org/en/About/FAQ/special-drawing-right