

TAX PAYS FOR EDUCATION

Financing the future: delivering SDG 4



The TaxEd Alliance brings together in partnership global tax justice and education actors to make a transformative breakthrough in the domestic financing of public education. ActionAid, the Global Alliance on Tax Justice (and regional networks Tax Justice Network Africa and Tax and Fiscal Justice Asia), the Tax Justice Network, Education International and the wider Global Campaign for Education movement is creating a strong civil society alliance at national, regional and global levels to advocate for and bring about commitments to increase the domestic financing of public education systems in a sustainable and progressive way. This is critical especially to lower income governments in order that they can achieve the Sustainable Development Goal for Education (SDG4).



Lower income countries, even those that spend a significant share of their national budgets on education are unable to fulfil their SDG4 commitments, because there is insufficient revenue to fund quality, public education. Thus, countries need to broaden their tax base in progressive and sustainable ways. Due to the way the COVID-19 pandemic was managed, on top of years of austerity policies, education systems face a devastating crisis in public financing, and uncertainty over the quality of learning available when children can return to education. It is estimated that between 10 and 30 million girls who previously attended school will not return. They will also be at greater risk of early marriage, early pregnancy, and contracting HIV. Solutions for education financing and tax reform must respond to this challenge. The TaxEd Alliance connects CSO stakeholders working on tax issues with those working on education to create an effective transnational CSO response. The Alliance aims to integrate the voices of marginalized communities with national level CSOs such as teacher unions and tax justice alliances, and coordinate their responses across national, sub-regional, regional and global agendas and arenas.

Building on work done in Uganda, Ghana, Kenya, Malawi, Mozambique, Nigeria and Tanzania over many years, the project extends the national focus to Nepal, Senegal and Zambia. The project builds core alliance members' capacities to undertake data analysis, collaborative research, budget tracking and advocacy on gender-responsive public education. It strengthens alliances at the national, regional and global levels for learning, information exchange and advocacy. Improved mechanisms for cross-sector dialogue between civil society working on education and tax, with finance and education ministries, revenue authorities, local education groups and international organizations are backed by an extensive programme of research that tracks global, regional and national commitments related to education financing and provides evidence and solutions for progressive taxes to fund education. At the global level, the Alliance uses its extensive network and links with

government and international stakeholders to follow up on and develop cross-sectoral recommendations for international education actors including the Global Partnership for Education (GPE) to strengthen and expand their work. This helps to sustain pressure on governments for commitments to reform domestic tax policy or practice, and increase sustainable revenues to fund education. It creates a sustained and high-profile presence in global fora, facilitating connections between civil society actors, the GPE and multilateral organizations such as the International Monetary Fund (IMF) and the World Bank, around the role of tax in financing the Sustainable Development Goal 4.

Domestic Financing for Education: The 4 Ss

- Share:** The share of the budget is the percentage of the country's total budget that is spent on education.
- Size:** The size of the budget is the total amount that the government has to spend. This depends on how much tax is collected and what economic policies are followed.
- Scrutiny:** Scrutiny of the budget helps to ensure that the money allocated for a service arrives where it is needed.
- Sensitivity:** Sensitivity of the budget relates to the extent to which budgets and spending address educational inequalities.

The 4Rs of Tax Justice: Tax systems reprogrammed to prioritise the needs of all members of society can deliver:

- Revenue**, generating sustainable funds for education and other public services
- Redistribution**, to curb vertical and horizontal inequalities (those between individuals and those between groups)
- Repricing**, to limit public "bads" such as tobacco consumption or carbon emissions
- Representation**, to build healthier democratic processes, recognising that higher reliance of government spending on tax revenues is strongly linked to higher quality of governance and political representation

Tax dodging = inadequate public services

\$483 billion lost per year to global tax abuse committed by multinational corporations and wealthy individuals

Tax pays for Education and other public services

TaxEd alliance project (2020-23) - Theory of Change

GOAL: To sustainably increase the domestic financing of public education systems so developing country governments can achieve SDG4

OUTCOME: To strengthen the collaborative advocacy capacity of a new transnational Tax & Education alliance that will enable inclusive, innovative cross-sector policy dialogue and strategic policy change on tax revenue and education budgets at national, regional and global levels.

Enhanced capacity and strengthened partnerships between CSOs working on tax and education at national, regional and global levels.	Research developed and widely publicised on tax policies, practices and potential reforms that can be leveraged to increase financing for public education.	Practical models of strategic dialogue on public education financing developed bringing together the education community and Ministries of Finance, Revenue Authorities, and parliaments	Governments commit to reform domestic tax policy or practice creating the conditions for an increase in sustainable revenue for public education that promotes gender equality and inclusion.	Global evidence-based recommendations developed, and their operationalisation supported, relating to how the GPE partnership and other international education actors can strengthen and expand their work on domestic financing issues.
<ul style="list-style-type: none"> Capacity development workshops tax and education stakeholders Regular experience-sharing on strengthening partnerships Community-based awareness-raising Participatory research and surveys 	<ul style="list-style-type: none"> Research on financing gaps for SDG4 and current spending Analysis of progressivity current taxation system Cross-cutting research on debt, macroeconomic policies and education 	<ul style="list-style-type: none"> Sustained dialogue within education and domestic financing communities Convening new spaces for dialogue with govt and other stakeholders Analysing domestic pledges at GPE replenishment 	<ul style="list-style-type: none"> Produce targeted briefings, policy proposals, and communication materials based on the research and analysis National advocacy campaigns that link tax and education actors 	<ul style="list-style-type: none"> Sustaining pressure on African Ministries of Education to take concrete steps to deliver on the 4 Ss framework Facilitate sessions on extending the GPE's own approach to domestic financing based on evidence Side-sessions, capacity building meetings and advocacy briefings at key global fora

PROBLEM: COVID19 and historic underfunding of education have led to many children without access to quality public education. To achieve SDG4, 97% of new resources for education would need to come from domestic resources; a shift that requires a dramatic sea change in domestic dialogue on the financing of education.

Education financing and tax incentives

COUNTRY	Education as share of national budget	Tax/GDP	Estimated annual revenue foregone from tax incentives	20 per cent of this sum would amount to:	This money could pay for:
NEPAL	14.1% (2018)	18% (13% indirect, 5% direct taxes) (2017)	\$1.68 billion	\$336.6 million	School places for all the out-of-school places for children left out of primary and lower-secondary school + The basic salary for 5,000 primary and 5,000 lower secondary teachers + Free school meals for 600,000 children + Expanding the annual scholarships for vulnerable groups to an additional 1 million young people + The estimated annual financing gap (US\$81 million in 2021) in the Nepalese School Sector Development Plan (SSDP) mid-term review
SENEGAL	22.1% (2020)	16.8% (11.7% indirect, 5.1% direct taxes) (2020)	\$1.19 billion	\$238 million	School places for all around half (350,000) of the primary aged children currently out-of-school + 10,000 teachers (of the 35,000 gap required to be filled by 2030) + Double the number of children who receive a free school meal annually
ZAMBIA	12.4% (2020)	16.7% (9% indirect, 7.7% direct taxes) (2019)	\$406 million	\$81.2 million	School places for 350,000 children in primary school (around 2/3rds of the current out-of-school primary school children) + 4,000 extra primary school teachers (the estimated current primary school teacher gap) + Free school meals for ½ million children annually
GHANA	18.6% (2018)	12% (5.8% indirect, 6.5% direct taxes) (2019)	\$1.2 billion	\$240 million	A place in a primary school for the 319,000 out-of-school children + An extra 10,000 qualified teachers + Free school meals for 1 year for 557,892 children
UGANDA	11.2% (2018)	11.5% (7.4% indirect, 4.1% direct taxes) (2019)	\$272 million	\$54.4 million	A place in a primary school for the 477,000 out-of-school children + An extra 20,000 qualified teachers + Free school meals for 1 year for 412,047 children