Equity in financing
A proposal for thematic indicator 4.5.3

Technical Cooperation Group
Working group on indicators

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Global Education Monitoring Report
Target and indicator

**Target 4.5**
By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

**Thematic indicator 4.5.3**
Extent to which explicit formula-based policies reallocate education resources to disadvantaged populations.

- ‘education’ resources
  = other resources (e.g. cash transfers) also help equalise opportunities;

- ‘formula-based’ resource reallocation
  = other approaches can also be used for this purpose.

**Provisional indicator name**
Existence of financing policies that target disadvantaged schools/students.
**Background**

**Rationale 1:** One of three indicators that tried to compensate for the lack of finance indicators in the framework

- 4.5.3 = public expenditure
- 4.5.4 = household expenditure (‘...by source of funding’)
- 4.5.5 = aid expenditure

**Rationale 2:** One of handful of qualitative indicators

- 4.1.6 = administration of learning assessments
- 4.7.1 = extent of mainstreaming sustainable development
- 4.7.3 = extent of implementation of Human Rights Programme
Background: attempts to operationalize

November 2016 UIS information paper

- Considered two dimensions (‘degree of comprehensiveness’ and ‘depth of scrutiny’) each at three levels of intensity and examined options
  - Capture reallocation intent: e.g. add questions to UIS annual survey (‘are there mechanisms to reallocate?’)
  - Capture reallocation results: e.g. expenditure directed at poorest 20%, distribution of teachers, distribution of resources

January 2018 Background paper at TCG 4

To quantify ‘extent’ to which formulas ‘reallocate’ one needs to:

- estimate volume of total formula funding programme
- define formula elements targeting disadvantaged groups
- quantify amount allocated because of those factors

Such information is complex; collect funding formulas every 3-5 years at expert meetings; or through annual UIS survey with case studies
Approach: context

Context: 2020 GEM Report on inclusion

Systematic compilation of country profiles on:

- laws and policies for inclusion in education (June 2020)
- education/social financing policies on equity (January 2021)

...with the objective to:

- search for policies with largest potential impact on resource reallocation, with an emphasis on poverty;
- focus on mechanisms, not actual distribution of resources
- move towards simple questions that could be collected regularly
Approach: policies

Four categories of financing policies were reviewed:

- overall education financing mechanism with a focus on equity
- education policies/programs that provide resources to schools
- education policies/programs that provide resources to students/families
- social policies/programs that provide resources to students/families
Approach: questions

Five questions for each type of policy:

**Description**
- whether specific policies/programs *exist* to provide resources to disadvantaged populations
- how targeting is done (location, poverty, disability etc.)

**Width**
- *volume/share* total public education spending

**Coverage**
- *number/percentage* of schools/families/students reached

**Depth**
- *size* of average transfer
Four categories of financing policies were reviewed:

- **Dimension 1**: existence of specific policies/programs to provide resources to disadvantaged populations (Yes/No)

- **Dimension 2**: total public education spending (High/Medium/Low)

- **Dimension 3**: number/percentage of schools/families/students reached (High/Medium/Low)
Approach: a three-point scale (2)

In case of qualitative information:

**High** if:
- from national to regional/municipal level, built into budget process
- for all levels of compulsory education or for all public schools

**Medium** if:
- for all compulsory education levels in some schools or in some regions
- specific to a target population, regardless of education level
- only part of compulsory education

**Low** if:
- only part of compulsory education at some schools or some locations
- for non-compulsory education regardless of type of schools, target population or regions
Approach: a three-point scale (3)

**Overall score**
Based on number of ‘high’, ‘medium’ and ‘low’

- High if there are 5-8 ‘high’ scores
- Medium if there are 5-8 ‘medium’
- Low if there are 5-8 ‘lows’
Information collected from nearly 90 countries from all SDG regions but mostly low- and middle-income countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Chile</th>
<th>Colombia</th>
<th>Jamaica</th>
<th>República Dominicana</th>
<th>Guatemala</th>
<th>Ecuador</th>
<th>Peru</th>
<th>Uruguay</th>
<th>Paraguay</th>
<th>Bolivia</th>
<th>Argentina</th>
<th>Nicaragua</th>
<th>Honduras</th>
<th>Bolivia</th>
<th>Costa Rica</th>
<th>El Salvador</th>
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<tr>
<td>Name of funding mechanism</td>
<td>Subvención de Escolaridad</td>
<td>Programa de transferencias y recursos descentralizados</td>
<td>Asignación Progresiva de Recursos</td>
<td>Asignación Adicional de Docentes (teacher salaries topped up)</td>
<td>Presupuesto General y Gratuidad</td>
<td>2011 funding formula to allocate resources</td>
<td>Coparticipación Federal de Impuestos (Transferencia)</td>
<td>No formula but 70% of the allocation should take into account</td>
<td>Transferencias al Consejo Directivo Escolar (CDE) CECE (Consejo Educativo)</td>
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<td>What characteristics are taken into consideration in the allocation of the funding?</td>
<td>Population characteristics</td>
<td>Enrollement</td>
<td>Economic and Social needs</td>
<td>Socio economic and</td>
<td>Enrollment</td>
<td>1% at the district level</td>
<td>2% for most vulnerable environments</td>
<td>School- enrolled population</td>
<td>Special Education</td>
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<td>What share of total public education spending is being reallocated? (Width)</td>
<td>71%</td>
<td>N/A</td>
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<td>N/A</td>
<td>0.88% of edu budget</td>
<td>Secondary education</td>
<td>National level funding mechanism</td>
<td>National level funding mechanism</td>
<td>Other expenses on teachers salaries</td>
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<td>Evaluation</td>
<td>Dimension 2 - numerator or classification</td>
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<td>What percentage of schools benefit from the formula? (Coverage)</td>
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<td>Evaluation</td>
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Discussion

Objective
A formative tool to capture significant differences between countries to motivate those not sufficiently focused on equity

Challenges
- determine which programs/mechanisms are the largest in a country
- set the criteria and thresholds for the three-point scale
- number of schools/beneficiaries reported
- how to ‘score’ in the absence of quantitative data

Questions and decisions
- Collecting information:
  - targeting criteria, volume, coverage and depth of four levels of policies
- Evaluating information
- Reporting on indicator 4.5.3