Brussels, 28 November 2017

# Dear Julia Gillard and the GPE Board of Directors,

We, the undersigned, want to raise concerns about the methodology used for GPE’s 10th indicator in the Results Framework.

Monitoring this indicator – “the proportion of DCPs that have secured sustainable levels of domestic financing for education at, or above, 20% of the national budget” - includes measurement of domestic education financing as a proportion of a countries’ total public expenditure. As explained [here](https://www.globalpartnership.org/blog/getting-domestic-education-financing-measurement-right) and in the GEMR 2017/8 (Box 20.1, p267), GPE calculates this using a measurement of total public expenditure *after* allowing for debt servicing. This is so that the indicator reflects the priority that is given to education by governments within the resources over which it has “allocative control”.In addition, the use of publicly available budget documents on expenditure allows for timely data to emerge ahead of the results of UIS’s country surveys.

However, we are concerned by the methodology used for this indicator for the following reasons:

1. Ignoring debt as a part of public expenditure distorts the reality of a country’s financial situation as debt-servicing can be a substantial public expense. Furthermore, it is not entirely out of governments’ control - payments can be re-negotiable.
2. The use of this calculation leads to distorted data that gives a false impression that countries are dedicating higher proportions of their budget to education than is the case.
3. Measuring the indicator after debt servicing wrongfully assumes austerity. It does not challenge governments to commit to working towards 20% or more of *total* public expenditure and may encourage countries to take out further loans rather than working towards sustainable domestic financing of education.
4. This measurement of total public expenditure differs from that of the UIS (which is calculated including debt servicing). Whilst the two measures are said to be different but complementary, the existence of two separate indicator measurements has the potential to create confusion for reporting countries. True data harmonisation necessitates that the same methodology for this indicator is used internationally, even if timeliness is sacrificed to some extent. The UIS has the mandate for international data collection; using differing methodological definitions is unnecessary and complicates matters.
5. The Incheon Declaration and Education 2030 Framework for Action states the necessity of spending at least 15-20% of total public expenditure on education. This agreement was made taking into account the internationally recognized calculation of total public expenditure (as used by the International Monetary Fund), which includes domestic servicing.

Increased and sustainable domestic financing of education is vital for the achievement of SDG 4. The Education Finance Commission report in 2016 recognised that 97% of the new financing needed to achieve SDG 4 by 2030 must come from domestic resources. GPE, with its current replenishment campaign calling on governments to allocate 20% of government budget to education, is playing a critical role in helping to mobilise domestic resources for education. However, before developing countries pledge to make this allocation, there should be alignment with the internationally used indicator measurement of UIS and other stakeholders. For SDG 4 to be achieved, all actors must work together.

Based on the concerns outlined above, we ask that the GPE reconsiders its measurement methodology for domestic education financing. Ultimately, we believe that harmonisation with the UIS’s indicator measurements will help GPE to encourage greater domestic financing on education, and will support GPE’s excellent work towards this goal.

We look forward to your response.

Yours sincerely,

The undersigned Critical Friends of Education International

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