

## **A Fund for Education in Emergencies: Business Weighs In**

Draft for Discussion

In May 2015, The Inter-Agency Network for Education in Emergencies (INEE) Secretariat invited the [Global Business Coalition for Education](#) (GBC-Education) to coordinate a global consultation with the business community on a draft [discussion paper](#) on financing education in emergencies.

The consultation findings were clear: the business community supports the creation of a fund or financing mechanism to mobilize increased resources to address the crisis of education in emergencies. This discussion draft summarizes both the rationale for this view as well as the recommendations drawn out by the consultation from companies representing a range of industries, sizes and regions of operation as well as business coalitions.

We hope this discussion draft will spur additional conversation and engagement from the business community, refine recommendations and keep up momentum towards developing a concrete financing solution to reach all children everywhere with at least a basic education.<sup>1</sup>

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<sup>1</sup> Education in emergencies and protracted crises can vary across the type, phase and scale of crisis. For simplicity, we use 'education in crises.'

## The Time is Now

All children have a right to education. Yet, 58 million children are out-of-school and more than half of these children live in conflict and emergency settings. Education is under attack and schools are targets of violence. Yet, donor funding for basic education in emergencies and conflicts is grossly inadequate. Of the \$22.2 billion in overall humanitarian aid in 2014, only 1% went to education.<sup>2</sup> This is despite the fact that 2014 saw a record number of refugees — the highest number since World War II. Last year also saw more than 8 million children forced out of school by the Ebola crisis in West Africa and the war in Syria alone.

Education should be a priority investment in times of emergencies and protracted crises. It is critical for long-term development and stability. However, despite significant evidence of the benefits for children of having a safe place to play and learn during and after a crisis, education remains a low priority within the humanitarian appeals process and amongst donors more broadly. Education slips through the cracks of development financing and emergency aid and generations of displaced children are losing their right to build or rebuild their lives and communities.

The economic impact of violence is staggering. Globally the financial losses totaled a record \$14.3 trillion in 2014, equivalent to the combined economies of Brazil, Canada, France, Germany, Spain and the United Kingdom or 13.4% of the world's GDP.<sup>3</sup>

Economic impacts include the interruption of transportation and markets; the costs of supporting internally displaced people and refugees; and financial burdens on already weak health, social service, education and infrastructure systems. The disruption to education is another serious economic impact. From 2009 - 2012, the long-term impact on national income of reduced education due to conflict in Pakistan was \$2.9 billion, about 1.3% of GDP. In Syria, the long-term impact of having 3 million out-of-school children is a loss of at least 5.4% of GDP.<sup>4</sup>

Failing to mitigate the short and long-term effects from providing access to education, the human, social and economic impacts of a crisis also multiply exponentially. Out-of-school children are more likely to fall victim to child labor, child marriage, sexual violence and other forms of [exploitation](#), and their families are likely to become increasingly poor and less able to contribute to rebuilding the economy.

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<sup>2</sup> FTS UNOCHA. (2014). [Global Humanitarian Funding in 2014: Total Contributions per Sector](#). \*The education sector received just 2% of all humanitarian funding appeals in 2014.

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<sup>3</sup> Institute for Economics and Peace. (2015). [2015 Global Peace Index Report](#).

<sup>4</sup> Save the Children. (2015). The Cost of War: Calculating the impact of the collapse of Syria's education system on Syria's future, London: Save the Children.

## Education in Emergencies is Underfunded and Inadequate

In addition to a serious lack of targeted resources, the current financial architecture is complex and inadequate to tackling the global problem of education in emergency contexts. A myriad of agencies, mechanisms and processes - with various ways of working and at times perhaps even in competition with each other - allocate too few resources, ensuring slow progress at scale (Figure 1). Moreover, the complicated web of instruments and actors can make it difficult for the business community to engage. This system is not set up to maximize the diverse ways business could contribute to education, ranging from philanthropic giving to leveraging core business. The various processes also make it difficult at the onset of crisis for business to contribute quickly and meaningfully in a measurable way.

Education must also 'compete' with other sectors within emergency appeals and disaster response. The outcome of which is often an immediate deprioritizing of education even before requests for funding are made.

While all aspects of humanitarian aid are important, education is the first thing sacrificed and the last thing to be rebuilt despite its essential role in rebuilding after crisis and disaster.

Obstacles to business support and investment add to an already resource-poor response, and the financial architecture does not enable business to support the rebuilding of communities and economies.

Figure 1 on the following page illustrates the financial architecture for education in emergencies.<sup>5</sup> From the onset of the crisis, coordinating bodies conduct an initial needs assessment and use various planning tools to help develop strategic actions moving forward.

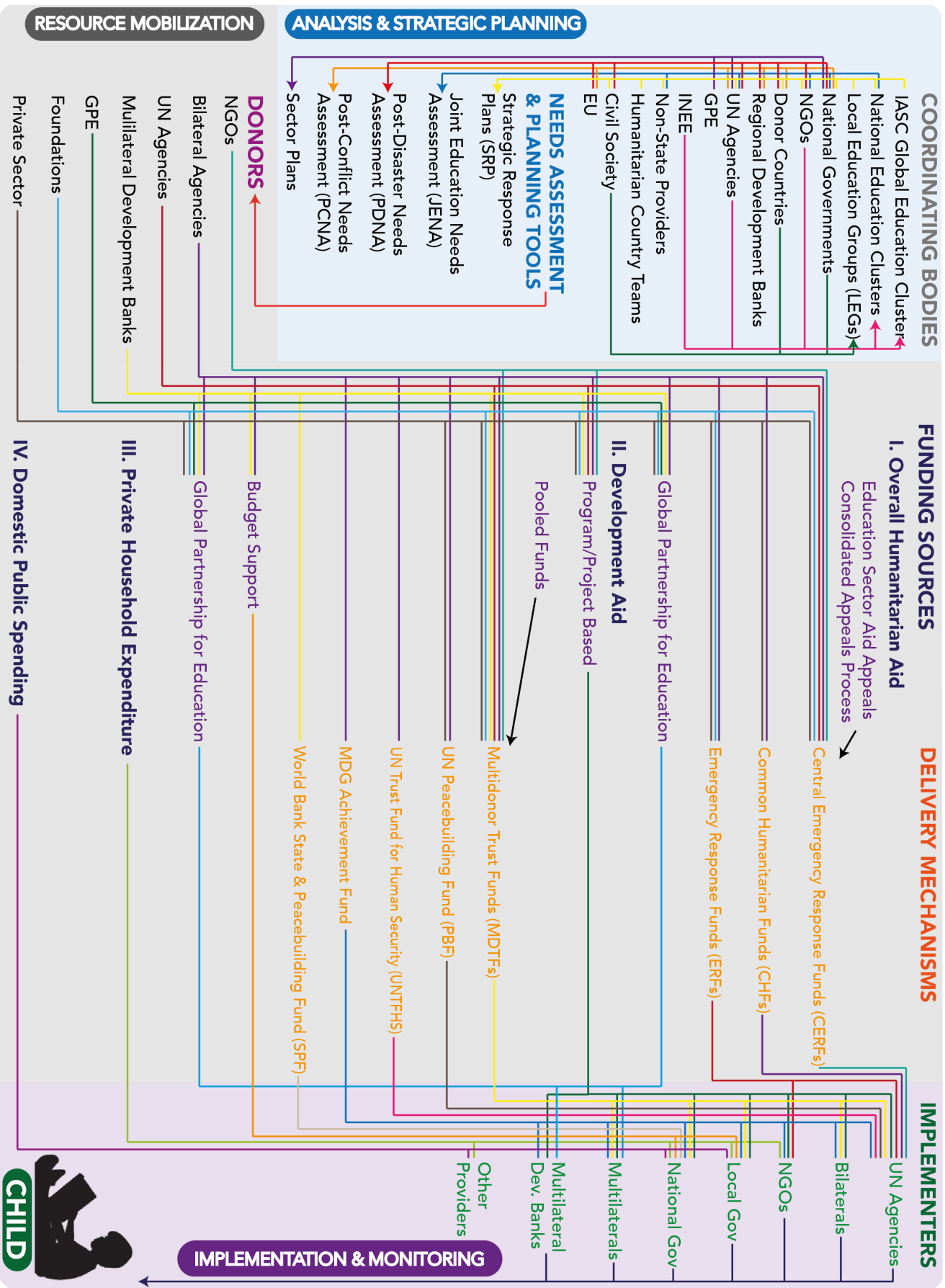
Donors, informed by these planning and assessment tools, allocate funds via a myriad of financing and delivery mechanisms and channels. These mechanisms ultimately allocate resources to implementing partners who deliver educational services to children in need. The unwieldy arrangement of actors and processes, and unclear points of entry, make it difficult for business to engage in support of education in emergencies.

A global financing mechanism for education in emergencies – to increase and better coordinate resources – is **necessary and urgent.**

<sup>5</sup> Figure 1 illustrates the financial architecture as described in the ODI paper.

# ONSET OF CRISIS

Figure 1: Financial Architecture for Education in Emergencies



Primary Source: ODI., 2015. Education in Emergencies and Protracted Crises: Toward a Strengthened Response

## Business Calls for a Financing Mechanism for Education in Emergencies

The business community understands the value of investing in education.<sup>6</sup> A 2013 study shows for every \$1 invested in a child's education in Indian companies, for example, there is a \$53 return to a company at the start of employment.<sup>7</sup>

Investing in education leads to greater political and economic stability and improved health outcomes.<sup>8</sup> The business case for education also clearly shows that education boosts wages, promotes economic growth, expands business opportunities, and strengthens the skills of the workforce.<sup>9</sup>

In times of emergency and protracted crisis, investment in education is even more critical for rebuilding in ways that impact the business operating environment,<sup>10</sup> enabling business to proactively strengthen their longer-term operations; improve brand visibility, reputation, and customer loyalty; strengthen trust amongst customers, political leaders and communities; manage operational risks; and develop goodwill with local communities.

Preparing for and engaging throughout emergencies and protracted crises can improve risk management and strengthen long-term operations, enabling business to protect their employees and sustain their investments.

Leaders of donor agencies, governments and civil society are urged to develop a timeline and strategy for the creation of a fund or financing mechanism **this year**.

A new financing mechanism or fund with a less fragmented, more transparent and targeted approach could simplify the ability for business to engage, contribute, prioritize and coordinate investments. This would lead to an increase in available financing for education and more effective use of resources for education in emergencies.

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<sup>6</sup> According to the [2014 Giving in Numbers Report](#) by the Committee for Encouraging Corporate Philanthropy, education is the top program area for corporate investment. In PwC's [18<sup>th</sup> Annual Global CEO Survey](#), respondents mentioned quality of talent as a critical issue affecting revenue growth. In a [2013 study](#) by the UN Global Compact<sup>(1)</sup> and Accenture, 40% of more than 1000 chief executives surveyed identified education as one of their top sustainability challenges affecting core business.

<sup>7</sup> Rebecca Winthrop, Gib Bulloch and Pooja Bhatt. (2013). *Investment in Global Education: A Strategic Imperative for Business*. New York: Global Business Coalition for Education.

<sup>8</sup> UNESCO, UNICEF, UN Global Compact and the Office of the UN Special Envoy for Global Education. (2013). [The Smartest Investment](#).

<sup>9</sup> Ibid.

<sup>10</sup> UNICEF. (2010). *Education in Conflict and Transition Contexts*.

# Designing the Financing Mechanism: A Business Perspective

As noted above, the current financial architecture makes it difficult for business to engage and contribute to education in emergencies as it lacks clear points of entry, particularly for those who are not yet familiar. What follows are recommended considerations when designing a financing mechanism or fund for education in emergencies to accelerate business involvement.

## Design with the Business Case

Businesses may support education in emergencies in diverse ways, from facilitating remittances to providing in-kind support to contributing funds to NGOs. The financing mechanism must account for the diversity of business cases to increase and sustain business interest. Via the mechanism or fund, companies may opt to give philanthropic contributions — through their foundations or employee giving — or they may seek investment to scale programs with evidence of impact, such as education solutions that use media, technology, or other innovations.

## Structure for Giving and Receiving

The financing mechanism could exist in two ways: (1) a pooled fund that companies can contribute to philanthropically or (2) an investment vehicle that disseminates funds in a timely manner and actively invests in interventions with measurable impact for all phases of a crisis. The structure of the financing mechanism will depend on how much needs to be raised, the profile/type of investors and how quickly funds need to be raised.

## Take Advantage of Capital Markets

A post-crisis social impact bond, for example, could hold investors and delivery agents accountable for education-related outcomes at different phases of a crisis. Business can help set up the bond, invest in it or use it to support existing, evidence-based interventions.

## Give to All

Contributors to the fund could include individuals, multilateral partnerships, governments, foundations or businesses. Recipients could include governments, businesses, NGOs or other local education providers. All recipients should be accountable for how and why their funds are spent by presenting transparent evidence of improved education outcomes.

Priority recipients should be projects that:

- **Serve the most marginalized (especially girls and refugees):** Investments should prioritize the delivery of education to girls and refugees and other vulnerable populations. Girls in particular are prone to sexual violence and forced domestic labor in times of emergency and protracted crisis.
- **Support Teachers and develop local capacity:** Local actors should be engaged in decision-making processes. Communication and local buy-in is critical to build a sustainable investment and deploy financing in a responsible manner. Teachers are critical for the effectiveness of an education system. A nimble taskforce of high-quality teachers can help overcome an education disruption during an emergency or protracted crisis.
- **Develop life skills and support psychosocial needs:** Depending on the phase of a crisis, investments in education should support the development of life skills to help children and youth cope with a crisis. Equally important is addressing psychosocial needs, preventing children and youth from succumbing to depression or taking part in violence and crime.

- **Plan ahead:** Ahead of an emergency, countries need to prepare to deliver education services in times of emergency or protracted crisis. Plans should account for tested interventions with measurable impact, availability of technology, other modalities of schooling (when formal schooling is not practical), and access to existing learning data in order to continue monitoring learning outcomes.
- **Leverage real-time data:** This would ensure investments address those greatest in need with realistic considerations on the ground.

### Clarify How Business Can Engage

The mechanism or fund should clearly outline a governance structure and identify specific ways that business can support and engage (i.e. a process to contribute funds and core business or a process to leverage funds).

Simplicity alone could facilitate new sources of funding from the business community who value education but find the funding process overwhelming.

The financing mechanism should have the flexibility of ramping up during every phase of a crisis without bureaucratic delay.

### Include Value-Added Services

Value-added services can accelerate business contributions and support the business case to engage in the fund. These may include:

- **Access to real-time data:** The business community requires access to accurate, reliable data to assess whether it can make a financial contribution or engage with the financing mechanism. Data would include baseline conditions, such as the availability of local assets on the ground (transport, school infrastructure, etc.), availability of technology, cultural sensitivities and known stigmas. This may include facilitating rapid assessments of the state of an education system during an emergency or protracted crisis that results in a multi-year strategy for the near-term, medium-term and long-term.
- **Vetting potential partners and measuring impact:** The financing mechanism should vet recipients of funds, freeing the business community to simply contribute and not carry the burden of due diligence, as well as provide reliable tools to assess the impact of investments.

This discussion draft was prepared by Kolleen Bouchane, Daniel Boyer and Kevin Kalra with the input of Justin van Fleet. Special thanks to the companies that contributed to the initial consultation.



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Please direct any comments or questions related to this policy brief to the Global Business Coalition for Education by contacting Kolleen Bouchane, Director of Policy and Research ([kbouchane@gbc-education.org](mailto:kbouchane@gbc-education.org)) or Kevin Kalra, Senior Project Manager ([kevin@gbc-education.org](mailto:kevin@gbc-education.org))