

SECTORAL ACTIVITIES PROGRAMME

SECTOR Notes

Impact of the Global Economic Recession on Education

July 2009

1. Background and trends

This note attempts to highlight some of the recent developments in relation to the impact of the global economic recession on the education sector, taking into consideration that the effects of the on-going economic downturn on public services such as education are only partially known. The current economic slowdown impacts nearly all countries affecting or likely to affect educational systems at all levels and, more broadly, social development represented in the Millennium Development Goals (MDGs).

Education trends prior to the crisis

Generally, the pre-crisis period was characterized by sustained economic growth and increased political commitment at the national and international levels to meet the Education for All (EFA) and MDG objectives. School fees that formed barriers to poor children attending school were abolished, construction of schools in underserved areas increased, as did recruitment of teachers, even if at the cost of hiring many under-qualified educators. The crisis therefore comes at a time of impressive progress in getting more children into school, with primary school enrolments across sub-Saharan Africa and South and West Asia increasing at a much faster rate than in the 1990s. Within this overall trend, in some regions (like East Asia and the Pacific, and Central/Eastern Europe) total enrolment fell slightly due in part to declining school age populations. Between 1999 and 2006, overall enrolment in primary education expanded by 6% globally. In spite of the overall progress, some 75 million children (55% girls) were still out of school in 2006, almost half in sub-Saharan Africa. According to 2006 UNESCO projections, by 2015, the target date for universal primary education, at least 29 million children will still be out of school. At the same time, 776 million adults remained illiterate in 2006, representing 16 % of the global adult population, two-thirds of them women.

Teachers

The global teaching force in **primary education** has generally expanded since 1971, but since 2000 the growth rate has slowed. Nevertheless, between 1999 and 2006, the number of teachers in primary education increased by 5%, with the largest increases occurring in sub-Saharan Africa, as well as in Arab States, South and West Asia and Latin America and the Caribbean. In spite of these trends, a shortage of teachers remains an obstacle to

universal primary education, especially in the developing world. In 2006 UNESCO¹ projected that an estimated 18 million new primary school teachers would be required for meeting the EFA goals by 2015.

The overall increase in **secondary education** enrolment (17%) between 1999 and 2006, largely explains the corresponding rise in the global number of secondary teachers (20%) during the given period.²

With the rapid growth in overall student enrolment in tertiary education between 1999 and 2006 (55% increase), the number of tertiary teaching staff also rose by 43% during the same period.³

A global teacher shortage has been accompanied by other trends, which are either cause or effect (or both): growth in the number of under- or unqualified teachers; increasing teacher mobility and migration within and between regions; the effect of HIV and AIDS on the teaching profession in high prevalence countries and regions; and persistent gender imbalances in regions that are in need of more women teachers such as sub-Saharan Africa and south Asia.

Education financing

Prior to the financial crisis and economic recession, public spending on education as a percentage of GNP had increased since 2000 in a majority of countries with available data. At the same time, many low-income countries in Sub-Saharan Africa and South and West Asia where an estimated 80% of out of school children live continued to invest the lowest percentages of their GNP in education up to 2006, often below 4% compared to a median of 4.4% for all developing countries. The share of national income devoted to education in fact decreased in 40 of 105 countries surveyed during the period 1999-2006.⁴

In roughly the same period of time, international aid initially had supported enrolment progress even if not at the expected level in the aftermath of the Dakar conference on EFA but had shown signs of weakening more recently. Between 1999-2000 and 2003-2004 aid for education increased by 42%. Since then, total aid to education has stagnated, with aid commitments to education representing 14% of all sector aid in 2006-2007.

¹ UNESCO-UIS, 2006. *Teachers and Educational Quality: Monitoring Global Needs for 2015*. Montreal, UNESCO Institute for Statistics, <http://www.uis.unesco.org/TEMPLATE/pdf/Teachers2006/TeachersReport.pdf>

² UIS, 2006, *ibid.*

³ UIS, 2006, *ibid.*

⁴ *Overcoming inequality: Why governance matters*, EFA Global Monitoring Report 2009, Chapter 3, Paris and Oxford, UNESCO and Oxford University Press, 2008: http://www.unesco.org/education/gmr2009/press/efagmr2009_Chapter3.pdf

The crisis during 2007-2009: Overall financing trends

Has the present crisis led to cuts in state budgets and consequently fewer funds allocated for public sector and education at national levels and/or development assistance? Overall data on country spending since 2008-early 2009 is not available, although some country decisions and their impact are reviewed below.

According to information on recent trends in aid to education⁵, in 2007 total aid commitments to education amounted to US\$12.1 billion, which was below its 2006 level (US\$12.3 billion) in real terms and only slightly above the 2004 level (US\$12.0 billion). Aid to basic education has also stagnated in recent years, but showed a sharp decline in 2007 to US\$4.3 billion from US\$5.5 billion in 2006, a decrease in real terms of nearly 22%. While 45% of all aid to education was allocated to basic education in 2006, the corresponding share in 2007 dropped to 36%, marking a lower priority to basic education in total sector aid. The 5% share of total sector aid attributed to basic education in 2007 is the lowest since the Dakar EFA Conference.

The current decline in aid to basic education has been followed by a huge drop in bilateral aid commitments, which fell by 31% between 2006 and 2007 to below US\$3 billion. This significant downward shift occurred as a result of recent aid decreases from individual donor countries. In contrast to the countries, multilateral donor agencies committed US\$3.3 billion to education in 2007, an increase of 42% since 2006, though the US\$1.3 billion allocated for basic education comprised only a 13% growth since the previous year.

By way of comparing this slowdown in international assistance to education with needs, the estimated aid requirements for achieving three of the EFA goals in low income countries was put at US\$11 billion in 2007, whereas the amounts allocated came to only US\$2.6 billion; external aid would need to more than quadruple to fill the existing financing gap.

At the same time, there are reports in the media that national governments are finding it increasingly hard to mobilize these funds within their own resource base as the financial crisis engendered economic recession or depression that has negatively impacted on state budgets and therefore education, which is largely public or public-financed. The impact may not always be immediate: under present economic conditions, expenditure on schools in the United Kingdom for 2010-11 is projected to increase by 4 per cent at the same time as efficiency measures are put into place, but between 2011 and 2014 public spending is expected to grow by just 0.7 per cent, resulting in spending on schools as low as 1-2 per cent for some. If the forecasts materialize, an ambitious school building

⁵ Findings by the UNESCO EFA Global Monitoring Report team based on analysis of the OECD-DAC Secretariat disaggregated aid data, <http://www.unesco.org/en/efareport/resources/news/aid-to-education/>

programme and school operating costs plus teachers' salaries and conditions would be negatively affected.⁶

In the immediate, the countries which experienced rapid economic development in the last decade have been the most affected, as they have become dependent on conditional loans from international institutions, such as the International Monetary Fund or the European Union. Between November 2008 and January 2009, the IMF has guaranteed around \$50 billion to seven countries, i.e. *Belarus, Hungary, Iceland, Latvia, Pakistan, Serbia* and *Ukraine*. The effect has been immediate and direct in *Latvia*, where conditions of the loan have resulted in reduced government expenditure on education⁷. In May 2009, the governments of *Bosnia and Herzegovina* and of *Romania* also agreed to IMF emergency loans focused on measures of "fiscal consolidation and public sector wage restraint" that could lead to a squeeze on education budgets and workforce conditions.

A number of European countries - *Austria, Finland, France, Germany, Ireland, Italy, Moldova, Norway, Poland, Spain* and the *United Kingdom* have been confronted with cuts in education budgets either as a result of a reduction in overall expenditure on education or only in particular areas of education, often as a consequence of tax reductions as overall economic activity has declined⁸.

In North America and in some Latin American countries, education spending is being reduced in particular areas, i.e. funding for higher education and research in *Canada*, expenditures on infrastructure and human resources in the *USA* (despite a large stimulus programme, which includes considerable fund for education), and education system maintenance and administration in *Nicaragua*. In other countries of Latin America, reductions have more broadly affected education for instance investment in education in *Costa Rica*, and a 2,8-3% budget cut for education that has been implemented in *Peru*. In Asia and the Pacific, overall budget cuts in education have been undertaken in *Australia, Japan, Mongolia, New Zealand, and Tonga*.⁹

Employment trends in the education sector

The ILO employment statistics for the education sector (Figure 1 below) show that the share of education sector employment in total employment for 31 non-EU countries with the latest available data (2006 and 2007) was 7.1 and 7.2% on average. The level of education sector employment in these countries increased by 2.3% on average from 2006 to 2007, thus before the major economic downturn of the last 9-12 months. In these

⁶ Vaughan, Richard, "Get ready for the years of lean" *Times Education Supplement*, 1 May 2009: <http://www.tes.co.uk/article.aspx?storycode=6012626>

⁷ Information from the recent survey of Education International, *The Global Economic Crisis and its Impact on Education*, 2009, <http://data.ei-ie.org/docs/1/NCLFEFFBMPNEPCEJNBMINAKFPDBG9DBDCD9DW3571KM/education/docs/DLS/2009-00080-01-E.pdf>

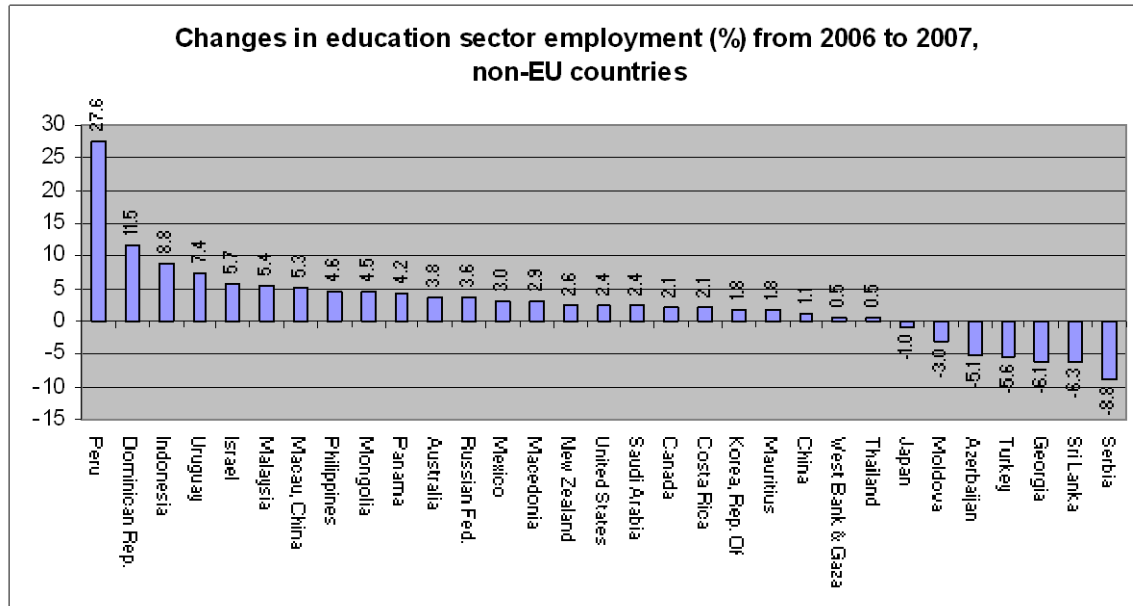
⁸ Education International, *ibid.*

⁹ Education International, *ibid.*

countries, education sector job losses occurred in seven countries, ranging from 1% in Japan to almost 9% in Serbia (more recent ILO figures are not available).

At the same time, the percentage of women in education employment for this grouping of countries was 61.5% in 2007, which represented a slight increase of 0.1% from the previous year. Up to 2007 therefore, the continued “feminisation” of education employment was not altered.

Figure 1.

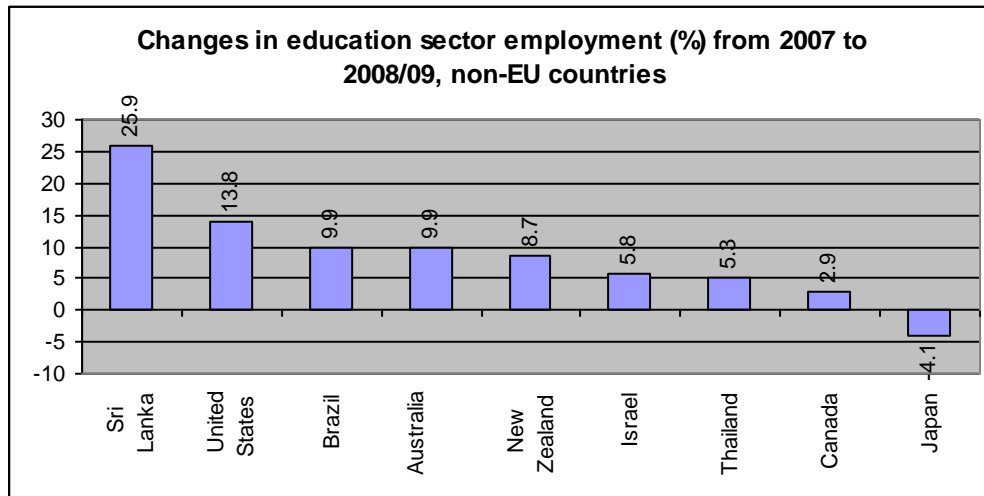


Source: Online ILO Labourstat data base, 2009

Latest available data for 2008 and 2009 from national on-line statistical agencies show that education sector employment levels in several non-EU countries have generally increased with the exception of *Japan*, where employment in education fell by 4% from January 2007 through March 2009 (Figure 2). In contrast, education sector employment considerably increased in *Sri Lanka* from 2007 to 2008 after decreasing by 6.3% from 2006 to 2007. In Australia, United States, Canada, Israel, New Zealand and Thailand, education sector employment increased from 2007 to 2008, as it did between 2006 and 2007 (see Figure 2)¹⁰.

¹⁰ Data for Figure 1 and Figure 2 provided from different sources.

Figure 2.

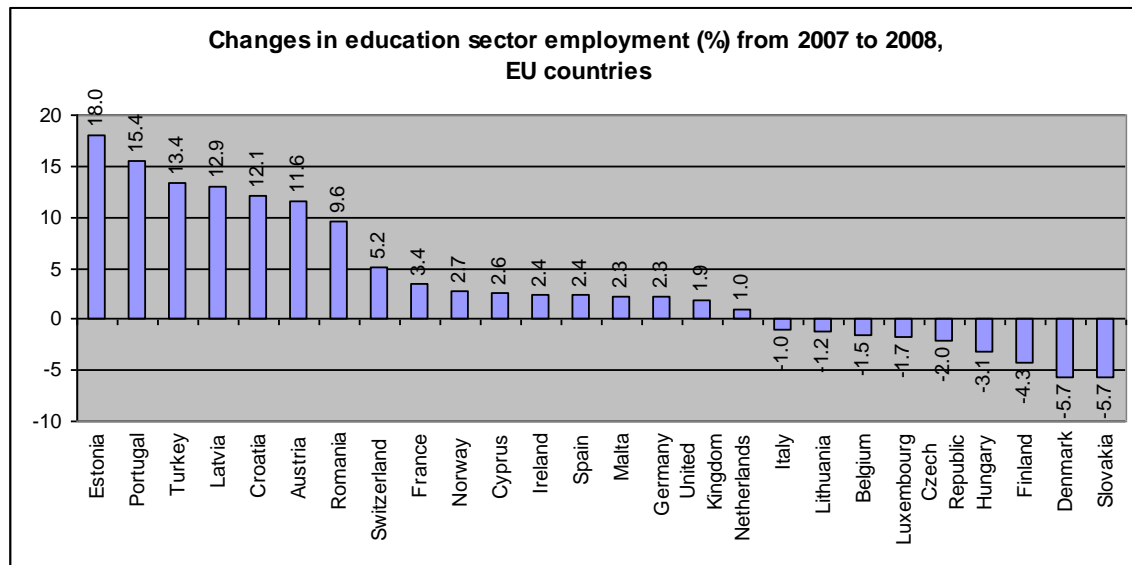


Source: Online databases of the national statistical bureaus, 2009

Based on the available statistics for European countries, employment levels in the education sector have not changed considerably since the period just before and just after the beginning of the global financial and subsequent economic crisis. According to Eurostat statistics¹¹, the quarterly data for 2007 and 2008 for the EU countries show that the share of education sector employment in total employment for both years was 6.7% on average, based on a sample of 26 countries. Globally, the level of education sector employment has increased by 2.8% on average from the first quarter of 2007 till the fourth quarter of 2008. Nevertheless, from the given sample, education employment has decreased from 1 to 6% in nine countries, with Italy being affected the least and Slovakia the most (see Figure 3).

¹¹ Eurostat online statistical database (Table DS-071652 - Employment by sex, age groups and economic activity (1998-2008, NACE rev.1.1) (1000))

Figure 3.



Source: Eurostat online data base, 2009

Jobs lost or posts frozen

Despite the trends noted above, there is some information to suggest that in recent months the recession is beginning to affect education sector employment. One possible impact of reductions in government revenues and therefore expenditures on education would be a cut in education and especially teaching posts. For instance, since 2008 reductions in teacher posts have been reported in *France* (11,200 jobs cut in 2008 and an additional 13,500 teaching posts to be cut in 2009 according to Government announcements). In the *United Kingdom* cuts in the numbers of teaching posts in some private schools have been reported, while the General Teaching Council of Scotland released figures in June 2009 showing a drop of 12% in the number of newly qualified teachers finding full-time jobs compared to the same period in 2008.¹² In the *United States*, one source estimates that the overall teaching jobs potentially at risk since the beginning of the economic downturn in 2008 range from 500,000 to 600,000.¹³

Changes in migration and mobility patterns

Teacher migration has become an increasing feature of cross-border flows of highly skilled professional workers in a globalised world facing national, local or subject shortages. Cuts in education budgets could further teachers shortages by reducing teacher education and recruitment. The effects of economic recession could follow two possible scenarios in teacher migration and mobility patterns:

¹² BBC News Scotland, “Fewer teachers finding permanent work”, 3 June 2009: http://news.bbc.co.uk/go/pr/fr/-/2/hi/uk_news/scotland/8081155.stm

¹³ Education International, op. cit.

- a tighter labour market could reduce national demand for international recruitment of teachers as more nationals seek jobs in education; in the *United Kingdom* policies have been advanced to accelerate “fast track” recruitment of laid off finance workers as new teachers for example;
- traditional “push and pull” factors that encourage teachers to seek better opportunities outside their country of origin could remain strong, even increase motivation to migrate from poorer countries and aggravate national quantitative or qualitative shortages .

However, as of June 2009, the available information on patterns of teacher migration and mobility do not show any clear impact of the economic downturn.

Salaries - trends and changes

In many sub-Saharan African and South Asian developing countries, teacher pay levels are near, or even below, the poverty line, which has made it historically difficult to recruit well-qualified staff and contributes to continued, even increasing shortages of teachers. As to the OECD high-income countries, on average teachers’ salaries grew in real terms at both primary and secondary levels between 1996 and 2006.

Changes in working hours

Increased working hours and deteriorating conditions of employment are consequences of increasingly squeezed public budgets and layoffs of teachers as posts are cut. As one example, preliminary findings from a study released in April 2009 and conducted on behalf of the teachers’ union of *Ireland* show that teachers work an average of 47 hours a week during term time, of which 25 hours are devoted to working outside of timetabled teaching hours.

Changes in other benefits (pensions, health, other social protection)

Concerns have been expressed that social security programmes, including the sustainability of education sector pension funds, would be negatively affected by the global financial crisis and economic recession. Such fears have materialized or are likely in several countries. In *Peru*, following a education budget cuts, teacher salaries and pensions have been frozen, despite the estimated doubling, even tripling, of the cost of living. Some of the institutions handling pension funds in *Switzerland* are reportedly facing serious problems due to the financial crisis and are planning responses that will include cuts in pensions.

Teachers and education sector unions have reacted to actual or perceived threats in several countries through public protests: in the *Czech Republic* against the planned partial privatisation of pension savings; in *Iran* over delays in the payment of pensions; and in *Ireland* against a pension levy.

2. Policy responses

Education and public sector responses

In its 2009 report on employment¹⁴, the ILO analysed financial and fiscal measures in response to the global economic recession in over 40 countries. In terms of spending on public goods and services, the major source of funding for education, at least half of the countries have announced spending increases in infrastructure and on education and health. These include *China* and *Saudi Arabia*, which have announced significant increases in education and health spending. School and hospital construction is included as part of rural development programmes in several countries. *Thailand* and the *USA* have planned to increase financing of free education programs and education grants. *Australia* announced a second substantive stimulus package in February 2009, which included building or upgrading a building in every one of Australia's 9,540 schools. Under the first and second stimulus packages, a training and learning bonus was planned to be paid to students and people outside of the workforce returning to study to help with the costs of education and training.

According to an Education International (EI) survey of its members in more than 40 countries in 2009¹⁵, many countries have adopted stimulus packages aimed at supporting the education sector during the current economic meltdown, some of which are listed below.

The governments of several European countries have developed stimulus packages targeting investments in education infrastructure and/or human resources at all or selected levels of education. *Belgium, Finland, Germany, Moldova* and the *United Kingdom* have invested both in education infrastructure and human resources, whereas Portugal plans to invest only in infrastructure. The Government of *Norway* announced concrete plans to prevent teacher layoffs by introducing stronger national standards for teacher/pupil ratios. Other countries such as *Georgia, the Russian Federation, and Sweden* have also planned to introduce some packages or preventive measures to support their education systems.

In the other parts of the world, stimulus packages reportedly have included investments in education in North America: *Canada* (infrastructure) and the *USA* (layoff preventive measures); Latin America: *Costa Rica* and *Nicaragua* (infrastructure); Africa: *Republic of the Congo* (human resources) and *South Africa* (both infrastructure and human resources); and Asia: *Australia* and *Republic of Korea* (infrastructure) and *Philippines* (both infrastructure and human resources).

¹⁴ Khatiwada, S., 2009, *Stimulus packages to Counter Global Economic Crisis: A review*, International Institute for Labour Studies, ILO, Geneva,
<http://www.ilo.org/public/english/bureau/inst/publications/discussion/dp19609.pdf>

¹⁵ *The Global Economic Crisis and its Impact on Education*, Brussels, Education International, 2009, ,
[http://data.ei-
ie.org/docs/1/NCLFEFFBMPNEPCEJNBMINKAFFPDBG9DBDCD9DW3571KM/education/docs/DLS/2009-00080-01-E.pdf](http://data.ei-
ie.org/docs/1/NCLFEFFBMPNEPCEJNBMINKAFFPDBG9DBDCD9DW3571KM/education/docs/DLS/2009-00080-01-E.pdf)

As the recession has spread, some governments in Latin America have extended coverage of existing social-protection measures such as the Bolsa Familia financial assistance programme to families in *Brazil* in exchange for their commitments on children's education and health; the programme's eligibility has been extended to an additional 1.3 million households over the 11.1 million families already covered. Similarly, *Colombia* has increased the coverage of its Familias en Acción programme to include 1.5 million new beneficiaries, while *Chile* is implementing policies on educational services benefits for poor families.¹⁶

Regarding employment, some governments, for instance *Canada* and *Norway*, are seeking measures to prevent teacher layoffs through long-term agreements or introduction of stronger national standards for teacher/pupil ratios to prevent cuts in positions and actual layoffs by authorities at regional and local levels. In the *United States*, the new federal government elected at the end of 2008 announced plans to prevent teacher layoffs through an additional stimulus package of \$100 billion devoted to education in order to cover state budget gaps.

The workers' response to job losses

In several countries (*Italy, Ireland, Latvia*) teachers and their unions have protested against overall cuts in education funding, including potential layoffs.

In response to low pay and/or payment of arrears for teachers in many African countries during the last two years, teachers and their unions have undertaken or threatened strikes in among other African countries the *Republic of Congo, Kenya, Nigeria, Senegal, Tanzania, Zambia, and Zimbabwe*.

Recent anti-crisis protests in Europe involved public sector employees, including teachers and their unions, with the most common demands against cuts in public spending on education, in monthly wages, payment of arrears and wage freezes. Protests of teachers with salary demands at their base have occurred in *Bulgaria, Croatia, Czech Republic, Italy, Latvia, Lithuania, Macedonia, Moldova, Romania, Russian Federation, Serbia, Slovenia* and the *United Kingdom*. Similar protests have been recorded in a wide range of countries in other regions: *Argentina, Chile*, countries of the Caribbean, and the *USA* in the Americas; *Australia* in the Pacific, and *Iran* in Asia.

In response to deteriorating terms and conditions of employment, protests by teachers and students have been observed in several affected countries since the beginning of 2009. Teachers and school students in *Austria* protested against the refusal by the government to increase funding for schools and education and a lengthening of teachers' working week by 2 hours without any increase in pay. In *Italy*, there were protests of teachers against a government package of reforms starting from 2009, aimed at increasing taxes and cutting public spending on education, leading to massive layoffs of teachers in most specialized subjects, increased primary school class sizes, a school-week reduced by half

¹⁶ ECLAC/ILO Bulletin, *The employment situation in Latin America and the Caribbean*, No. 1, June 2009

and increased teaching workload. In *Iran*, teachers protested against declining working conditions and delays in the payment of wages and pensions. The *Malta* teachers' union has been in a dispute with the education authorities over teachers' working conditions for all teaching grades. In *Zambia*, teachers have demanded renewal of the expired collective agreement with more favourable conditions of service, including, among others, payment of outstanding settling, housing, rural, and remote allowances apart from the salary increment.

Education sector unions have called for a number of actions to be taken to protect education from recession consequences,¹⁷ including:

- avoid cuts in education budgets maintaining education spending at pre-crisis levels, and even increase the budget for infrastructure and human resources, in particularly in deprived areas and for targeted reforms, such as provisions for teachers, national curriculum and updating skills and competencies via more and better training;
- greater information sharing and consultations with governments on IMF loan conditions which impose or threaten education budget cuts and teacher salary reductions;
- subsidies to education institutions and local authorities in order to prevent staff layoffs;
- retraining of redundant private sector workers for jobs in the public sector;
- more efficient government management of public sector pension systems;
- greater social dialogue and partnership between education sector unions and governments to find mutual solutions in addressing the impact of the global crisis on education.

Social dialogue processes in times of economic recession

Social dialogue at appropriate levels from the workplace to national is an important mechanism for developing support and commitment to efforts to overcome the crisis.

In late 2008 and the first half of 2009 education sector social dialogue processes to reduce the impact of the economic downturn on education and protect human resources and teaching/learning environments have taken place in European and other countries around the world, including:

Croatia: Negotiations between the government and unions for teachers and professors on a wage freeze suggested by the Government ended in a compromise deal to reintroduce a 6 percent wage increase later in 2010.

Estonia: Employers have asked the Government to take measures to manage the economic downturn including in areas of: fiscal policy, taxation, labour market reforms and education.

¹⁷ Education International, *op. cit.*

Macedonia: Successful negotiations took place between education trade union leaders and education authorities on agreed commitments in collective agreements concerning salary increases to take effect without delay from the beginning of 2009.

Nigeria: A successful outcome was achieved from negotiations between the teachers union and the Government on implementing a salary increment of 27.5% in the teachers' salary scale from September 2009 despite a more difficult economic situation. The Declaration of the National Employment Summit in which the teachers' union participated, has called for short, medium and long term national investment plans to promote productive activities in sectors favouring economic growth and employment, including education.

United Kingdom,: Public sector unions negotiated implementation of the Government's announcement of a 2.45% pay rise for teachers in England and Wales in 2008. Further promises of a pay rise for 2009 and 2010 are still in the process of negotiation.

United States: Education sector unions have undertaken negotiations on pension reform issues in the face of growing difficulties with public sector pension plans, for example in the state of Minnesota where discussions with Teachers Retirement Association are designed to create a phased, measured approach that balances current economic and fiscal realities with a strengthened plan that also ensures equitable benefits, including lowering the normal retirement age from 66 to 65.

ILO policy responses and challenges

The ILO and its tripartite constituents are strengthening their efforts to develop a Decent Work response to the crisis, including a Global Jobs Pact¹⁸ that has been adopted¹⁹ at the 98th Session of the International Labour Conference (Geneva, 3-19 June 2009). The Pact is based on the main policy tools of the Organization, and would constitute the ILO's contribution to national decision-making, international cooperation and policy coherence on the crisis. It includes options in the following areas among others: support for small and medium-sized enterprises; safeguarding viable jobs through support for shorter hours combined with skills development; assistance to jobseekers through well-designed unemployment benefits; reinforcement of active labour market programmes to avoid the risk of long-term unemployment and social exclusion; special support measures to youth and migrant workers; increasing investment in employment-intensive infrastructure and public goods; and introduction or extension of social protection to low-income groups and informal workers.

¹⁸ International Labour Organisation, Report of the Director-General: *Tackling the global jobs crisis Recovery through decent work policies*, Geneva, 2009, http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_106162.pdf

¹⁹ International Labour Conference, *Provisional Record 19A*, 98th Session, Geneva, 2009, http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_108456.pdf

The Global Jobs Pact is designed to be further developed and implemented in national policy packages through consultation and social dialogue at international and national level. It would aim to leverage key policy instruments such as financial rescue and reform measures, fiscal stimulus packages, and reform of global governance institutions. The policies would emphasize strengthened social protection and employment policies, targeted support to vulnerable groups and sectors, and increased international cooperation mechanisms to ensure that vulnerable countries, as well as those with constrained policy space have sufficient resources to take counter cyclical measures. A prerequisite is the maintenance and enlargement of aid flows.

ILO policy measures in the education sector

In cooperation with constituents, the ILO could monitor the impact of the crisis on the education sector and responses by collecting data and analysing trends in employment and teaching and learning conditions. From such a base, the ILO would be in a stronger position to advise on the employment and labour dimensions of international institution proposals to deal with the crisis. As part of this effort, the ILO could highlight the critical challenges facing the education sector from a human resource perspective and outline possible measures, which could mitigate the recession's effects, including on the demand side, design and introduction of education and training programmes for the unemployed and from the supply side, good practices to protect teachers and other key human resources in education and training.

The ILO is also in a position to provide assistance at regional and national level for governments and the social partners to address the social and labour dimension of the global recession and needed reforms to enhance educational access and quality, helping to develop national responses through sectoral social dialogue. ILO standards and policy instruments could be useful in addressing current challenges.