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Strengthening the Global Education Compact.

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CONTEXT

The global economic landscape is undergoing wide ranging and lasting changes the likes of which have not been seen since the end of the Second World War. The 2008 financial crisis has left the US, the UK and other OECD countries with high levels of debt and budget deficits that will take a decade to rebalance. The global recession in industrialized nations has also accelerated the shift of economic power to China (one of the few countries to maintain growth through the crisis – albeit at a slower rate) and has brought forward the recognition that the old world order of global economic domination by the G7 - mostly western states – has changed irretrievably¹.

At their recent summit in Pittsburgh, the heads of state of the world's twenty largest economies that own 85% of the world's wealth acknowledged this shift and designated the G20 the 'premier forum for our international economic co-operation.'²

To date, there have been only modest proposals to change the international aid architecture to match the geo-economic change³. The G20 have supported a shift in voting power on the boards of the IMF and the World Bank to reflect the change in global wealth. However, there are as yet no firm commitments to address the continuing dominance of most global development institutions by G7 countries. It is likely that the reality on the ground in developing countries will lead to further significant changes in global institutions in the next few years. Growing Chinese investment in Africa – including aid - will make it one of the largest external financiers in the continent in the next few years. Other newly industrialized economies, such as Brazil and India, are becoming increasingly important providers of technical support across the developing world.

This paper considers the implications of this changing context for the global education sector. In particular, it looks at the options for strengthening the global education compact – the worldwide movement to help countries to achieve the MDG education targets and Education for All goals – in a way takes account of the changing global environment for the next decade and learns the lessons from the past.

The story of success of the global education compact over the past decade is a mixed one. Developing countries as a whole have made remarkable advances in the education sector – particularly with regards to expanding access to primary education. As Michael Clemens has pointed out, many countries have achieved increases in access to primary education which took nearly a century in industrialized nations⁴. And this has been achieved during a period of continuing population growth. This achievement should be celebrated even if – as seems likely -

¹ [China makes gains in its bid to top dog. FT. 28 Sept 2009](#)

² [G20 Pittsburgh Summit. Leaders' Statement](#)

³ [Limited Changes at the IMF and World Bank. Nancy Birdsall. CGD.](#)

⁴ [Michael Clemens: The Long Walk to School. CGD. Working Paper. 2004](#)

many of the poorest countries are not able to reach the MDG target of universal primary education by 2015..

BOX 1: LATEST FIGURES ON EDUCATION INDICATORS FROM 2010 GMR WHEN RELEASED.

However this aggregate success hides less encouraging trends at the regional, national and sub-national level. Growth in access has not been equitable – seventy five million children worldwide still do not have access to primary education. The majority of those children come from the poorest regions of the poorest countries⁵. In addition, many of the children who do attend school are taught in large classes by poorly motivated (and frequently absent) teachers working with outdated educational materials⁶. As a result, millions of children leave primary school without basic literacy and numeracy skills.

Beyond primary, four hundred million children still do not receive any secondary schooling⁷. Secondary enrolment figures are particularly low in Sub-Saharan Africa where less than a quarter of young people have the chance to continue their education beyond primary school. And the situation for girls continues to be worse for than it is for boys. The gender gap both in terms of enrolment and achievement continues at all levels of the education system and grows as girls and young women attempt to move up to secondary school and college. Given the personal, social and health benefits that result from educating girls to secondary level and beyond this can only be seen as an egregious waste of talent and resources⁸.

The limited data that is available on education in countries affected by conflict or other causes of fragility indicate that the situation in such countries is much worse. Some studies estimate that as many as 50% of children out of school live in areas affected by conflict or other forms of emergency. Yet the sector continues to fall between the cracks of humanitarian aid and development assistance and education programmes in the UN Common Appeal Plans are frequently underfunded to the tune of 80 – 90%⁹. A renewed and strengthened global education compact must give priority attention to financing for education in emergency and conflict situations.

The current global education architecture is struggling to fulfill its mandate as a result of limited capacity, insufficient finances and a lack of innovation. As the lead UN agency in the education sector, UNESCO has managed to keep Education for All on the global agenda but has had only limited success in securing the high level political commitment to bring about a step change in financing and outcomes. UNESCO lacks the capacity of WHO, WFP or UN organizations in other sectors to promote the needs of the sector through high profile media and political campaigns supported by detailed evidence based analysis.

⁵ UNESCO 2009 Global Monitoring Report.

⁶ [Sense and Absence: Evidence on Teacher Shocks, Absenteeism and Educational Achievement from Zambia. Habrayimana et al. CGD 2005](#)

⁷ UNESCO 2009 GMR

⁸ [Inexcusable Absence. Why 60 million girls are still not in school. Marlaime Lockheed Q and A. CGD.](#)

⁹ [Save the Children: Last in Line, Last in School. 2009 .](#)

The World Bank is still the largest single investor in education in developing countries but it too has seen a decline in its technical capacity to support and monitor programmes in the sector¹⁰. The World Bank provided leadership after the Dakar meeting by launching the Education for All - Fast Track Initiative (FTI) and the Bank has also kept education on the agenda of its board in almost every annual meeting since the launch of the FTI in 2002. However, the Bank has faced criticism in recent years over the implementation of the FTI and it is currently exploring options for streamlining its procedures to deliver this support in a more effective and timely manner¹¹.

Bilateral aid commitments to education have fallen back in recent years after a rapid rise in the first half of the decade. Total aid commitments to education in 2007 were approximately \$12.1 billion - only slightly above the 2004 commitments¹². With a few exceptions, bilateral donors have not delivered their promises to provide significant increases in long term predictable financing for the sector. The UK, the Netherlands, Spain and the US¹³ have all made very significant increases in their aid for basic education but overall financing for basic education has also declined and financing for basic education in low income countries receives only 5% of total sector allocable aid. The FTI has helped many countries to prepare more robust education sector plans but it has been less successful in mobilizing additional resources to support those plans through bilateral or multilateral channels.

The new US administration has indicated that it is willing to provide leadership in the attempt to renew the global education compact. President Obama made several public statements during his election campaign that he wanted the US to take a lead on global education and promised to capitalize a \$2 billion global education fund¹⁴. The commitment to global education has since been restated by Secretary of State Clinton and by Congresswoman Nita Lowey in her capacity as Chair of the Foreign Operations Appropriations Committee. The US Basic Education Coalition is currently developing its proposals on a strategy to put this commitment into action as part of a broader effort to scale up US support for education in developing countries. By linking bilateral and multilateral support under a single global education initiative, the US has an opportunity not only to increase the impact of its own programmes but also to leverage significant increases in the quantity and improvements in the quality of aid for the sector from other donor countries.

I have argued elsewhere¹⁵ that the international education community should welcome this offer of US leadership as it provides a once in a lifetime opportunity to secure global support at the highest level for the needs of children and young people in the developing world. The new US administration is uniquely well placed to use its global political influence to broaden the base of international support for education beyond the traditional bilateral donors to include the G20 countries as well as private sector organizations and foundations. . These non-traditional donors

¹⁰ Fredericksen 2008.

¹¹ FTI Catalytic Fund Committee minutes. 2008 – 2009.

¹² UNESCO 2009. GMR. Update with latest figures.

¹³ The US commitments to basic education have risen to nearly a \$1 billion in 2009/10. This is a substantial increase (from a low base) although it still falls far short of what many advocacy groups consider a fair share of the overall financing need given the size of the economy.

¹⁴ Towards a Global Education Fund. Sperling. 2009.

¹⁵ [Why the US should take the lead on global education](#)

are playing an increasingly important role in other sectors and any effort to strengthen the global education compact should seek to draw them into the discussions at an early stage.¹⁶

This working paper presents a series of options for strengthening the global education compact by building on the foundations of the existing architecture – in particular the FTI – and then taking the global education initiative to a new level in order to maximize the opportunities offered by the political leadership of the US and other G20 nations.

The options are not intended to be definitive nor are they necessarily mutually exclusive. Consultations over the coming months in the US, Europe and developing countries will help to develop these options further and build common ground on the best choice of option(s) in order to achieve the shared objective of ensuring that all children and young people have the best possible opportunities to gain a decent education.

¹⁶ ODI. 2009.

SECTION ONE

GUIDING PRINCIPLES FOR THE NEW GLOBAL EDUCATION COMPACT¹⁷.

1. The first principle of a more effective global education compact must be that it **helps to achieve better results** in the education sector. The discussions to date have focused largely on inputs and structures. While these are obviously necessary, the real measure of success of the global education drive should be the number of young people who are leaving school with the knowledge and skills they need to thrive in modern societies. The new global education compact should focus on practical measures to achieve better results and demand more effective monitoring and independent evaluation to give a true picture of progress in the sector at the local, regional and global level.

At the same time as requiring a focus on results, all members of the education compact need to be realistic about the pace of improvement in education outcomes. This is a critical point which needs to be emphasized to guard against the risk of a backlash. Improvements in learning take time and require sustained financial and political commitment. Improvements in the quality of education require interventions in complex areas such as teacher education, curriculum development and various forms of learning assessments. The new global education compact should encourage developing countries to collect accurate achievement data but countries should not be penalized if the initial results fall short of expectations.

2. The second principle of a more effective global education compact should be that it **supports local education policy and planning process**. Any global initiative must strengthen and support national systems to prepare and implement effective education programmes. All important decisions on education policy, budget and programme implementation must be taken at the country level as part of the dialogue between the local government, local stakeholders and the local donor group. This is a fundamental principle of the FTI which should not be lost. The draft country case studies for the FTI evaluation indicate that the FTI has helped to strengthen this process in many countries – particularly those which did not already have strong donor coordination mechanisms – although there is still room for improvement to make those processes more inclusive of non government stakeholders¹⁸. The new global education compact should build on the FTI foundation and make changes where necessary but should certainly not invent new programme preparation and appraisal processes.

3. In order for developing countries to take full leadership of the development of their education systems, they need support to **develop local capacity at all levels in the education sector**. This can only be achieved through long term institutional capacity development in key areas such budgeting, financial management and programme implementation and monitoring. Countries also need to support to build capacity in research so that they can develop local skills to assess progress and conduct new policy analysis in the education sector. A significant proportion of external assistance continues to be allocated to international technical assistance

¹⁷ See Sperling 2009 for an initial discussion on the guiding principles for a new 'global education compact'.

¹⁸ [FTI Mid Term Evaluation](#).

which, while it may be valuable in itself, does not always contribute to the strengthening of local capacity¹⁹. The new global education compact should promote the development of long term partnerships to build capacity and require all technical assistance programmes to demonstrate progress in the strengthening of local institutions and education systems.

4. The renewed global education compact should follow the international best practice and provide real opportunities for equal voice and representation to developing countries, NGOs and private sector organizations that are active in the education sector or wish to become so **through more open and inclusive governance structures.**

The current international education architecture continues to be dominated by bilateral donor countries and multilateral aid agencies. This contrasts strongly with recent developments in other sectors which have become more open to participation and leadership from non OECD donor countries, private sector organizations and foundations²⁰. This trend has also been reflected in recent discussions about the governance reform of the international financing institutions²¹.

In addition to strengthening the voice of developing countries, a new governance structure should provide more opportunities and greater incentives for new donors to play an active role. A recent ODI report on financing for basic education²² found that the education sector had largely failed to extend the base of its support beyond the traditional donors in part because of this lack of openness as well as a shortage of innovation in the sector. This was in contrast to the success of the health and AIDs sectors in mobilizing significant new resources and expertise from the private sector and in opening dialogues to include non government and civil society organizations.

The new global education compact should build a much broader base of support from a wider range of country in order to make it the first development deliverable of the G20 grouping.

5. A strengthened global education compact should give **priority attention to core education issues that are inadequately served by the current system.**

These should include:

- Improving the quality of education at all levels.
- Giving priority attention to girls in primary as well as post primary education.
- Supporting education programmes in countries affected by conflict and other causes of fragility.

¹⁹ See the report to the Accra High Level meeting on aid effectiveness. September 2008.

²⁰ For example the governance structure of GFATM which gives equal representation to donors, developing countries and NGO constituencies and includes significant participation from several major private sector organizations.

²¹ [Strauss Kahn urges G20 reform of IMF and World Bank.](#) .

²² ODI. 2009 Achieving Basic Education. Constraints and Opportunities in Donor Financing. Draft for UKFIET Conference. September 2009.

- Continuing support for the primary sector but moving beyond primary to support the achievement of all six EFA goals including early childhood education, secondary and vocational education and adult literacy programmes²³.
- Recruiting, training and retaining high quality teachers.
- Collecting better data at the national and sub-national level in order to monitor progress on education outcomes.

6. Finally, a renewed global education compact should **promote innovative approaches to financing for education**. The development of alternative sources of financing is likely to become increasingly important as traditional sources of aid come under pressure in most donor countries²⁴. Innovative approaches to raising and delivering financing for education are one way to mitigate the risk of a negative impact on the sector as a result of continuing short falls in aid from existing sources. Innovative approaches to financing in other sectors have included the French Solidarity Tax for Health; the International Financing Facility bond for immunization managed by the GAVI Fund; and the German development assistance earmark from the carbon emission cap-and-trade scheme²⁵.

The most promising initiative to date in the education sector has been the Cash on Delivery Aid proposal which entails delivering aid in return for achieving verifiable improvements in the rates of completion of a test at the end of primary school. CoD Aid has received several expressions of interest from developing countries to participate in a pilot, but it has met caution from most donors.

The new global education compact should create space for innovation and risk taking to find new answers to the challenges of securing substantial and sustainable improvements in education outcomes. In particular, the renewed global education compact should challenge the assumption that *learning* in the twenty first century education will always entail full-time *schooling*²⁶. The new global education compact should support innovative and creative approaches to improving children's learning through open schooling, use of practical technologies and approaches such as Cash on Delivery Aid which offers to reward countries for results achieved.

²³ The FTI Steering Committee has agreed in principle to consider the extension of the FTI beyond the primary sector. The details of how this will work in practice are still being developed. [FTI Steering Committee Meeting minutes. April 2009](#)

²⁴ Past financial crises have generally resulted in a decline in ODA and education seems to have been particularly badly hit. [Does aid crash during crises - a sharper look](#). David Roodman. CGD. 2009.

²⁵ [The Leading Group on Innovative Financing for Development](#)

²⁶ For a fascinating account of the trend towards open schooling in India, Nigeria and other developing countries see: John Daniel 2009: *Mega Schools, Technology and Teachers*. Routledge. Forthcoming.

SECTION TWO

OPTIONS FOR STRENGTHENING THE GLOBAL EDUCATION COMPACT.

This section presents a series of options for strengthening the global education compact. The list is not intended to be exhaustive nor are the options necessarily mutually exclusive. The proposals are intended as a contribution to the ongoing debate on the reform of the international education architecture. The consultations over the coming months in the US, Europe and developing countries will help to refine these options and allow new ones to emerge. The intention is to build a consensus on the best measures to achieve the shared objective of ensuring that children and young people everywhere receive the best possible quality education.

Before considering the options, it is important to acknowledge that any significant change in the current aid architecture will require a substantial degree of political will and should not be undertaken lightly. Careful consideration should be given to the costs and benefits of the change and attempts should be made to maximize the benefits of a new initiative to stimulate innovation and creativity as well as mobilizing additional resources.

Option 1.

Support the ongoing reform of the FTI without making substantial changes in the institutional and financial management arrangements for the programme.

The first option would involve building incrementally on the ongoing reform process of the FTI. This represents the most readily achievable of the four options as the proposed reforms are largely technical and would not require significant high level political will to enact. The main reforms within the FTI should be guided by the findings of the mid term evaluation which is due to report to the FTI board in November.

Option one would not involve any changes to the current institutional arrangements i.e. the FTI Secretariat would remain within the World Bank and the Bank would retain the full trustee and management responsibility for all FTI trust funds. The main technical changes required are likely to include:

- Improvements to the disbursement of the Catalytic Fund,
- Creating stronger synergies with IDA investments in education,
- And (possibly) opening the FTI Catalytic Fund to fragile states and conflict affected countries²⁷.

The main advantage of option one is that it builds on existing reforms and should not therefore require extensive discussion to agree priority measures. The FTI has already agreed significant changes to its governance structure including upgrading the steering committee to a board of

²⁷ This latter point is still under discussion and is subject to the approval of the donors on the Catalytic Fund Committee several of whom have previously rejected this proposal. (FTI Board Meeting. Minutes. September 2009.)

directors and adding two additional donors and the EC²⁸. The FTI has also created a new non executive chair position that will be contracted by UNESCO to ensure independence from the World Bank. Lastly, the FTI resource mobilization effort has already succeeded in securing in principle commitments from its existing donors of approximately \$300 – 400 million per year over the next three years²⁹.

The main disadvantage of this option is that it does not offer a politically attractive ‘fresh start’ and is therefore unlikely to secure high level political support or bring significant new donors into the partnership. The continuing lack of independence from the World Bank may also prove a deterrent to some key donors and private sector organizations that might otherwise be drawn into the partnership.

The other disadvantage of this option is that it misses the opportunity to re-launch the FTI in a new more accessible form which is likely to win public support. The FTI ‘brand’ has achieved only limited public awareness and much of the FTI discussion continues to be dominated by a relatively small group of mid level technical insiders. The FTI has also been weakened in recent years by reputational damage caused by the significant delays in the disbursement of the Catalytic Fund. An incremental approach to reform may not be sufficient to restore confidence in the ability of the initiative to make a lasting contribution to the global education endeavor.

Option 2.

Transform the FTI into a more ambitious global education initiative which is independent of the World Bank and includes substantial reforms to resolve the outstanding implementation problems and address the concerns identified by the midterm evaluation.

The second option would require a transition strategy to create a new FTI (‘FTI 2.0’) with an enlarged independent Secretariat that was better equipped to respond to the demands of an expanded global programme encompassing the large population countries³⁰ and providing flexible support for fragile states and conflict affected countries.

Establishing the FTI as a separate independent legal entity would undoubtedly require more effort and it may meet resistance from some partners with an interest in or a commitment to maintaining the status quo. However, it could also bring significant benefits in particular by introducing greater flexibility and responsiveness to the needs of developing countries. It would also increase efficiency by removing some of the bureaucracy and conflicts of interest inherent in the current hosting arrangements within the World Bank.

The main objective of establishing an independent FTI would be to provide greater flexibility and responsiveness by allowing the FTI Secretariat to select the agency which is ‘fit for purpose’ to deliver FTI support. This might include international and national NGOs, UN agencies and other bilateral donor agencies in ‘silent partnership’ arrangements. It is likely that the World

²⁸ FTI Steering Committee Minutes. April 2009.

²⁹ [FTI Replenishment Task Team Report May 2009](#) and subsequent updates.

³⁰ Ethiopia is currently the only large population FTI country. As a whole, FTI countries include approximately 20% of the total primary aged out of school population.

Bank would continue to be the implementing agency in a significant number of FTI countries but it would no longer be the default choice. An independent FTI would also be better able to select the most appropriate member of the local education group to take on the responsibility of delivering FTI support in an effective, transparent and accountable manner³¹.

The second significant benefit of an independent FTI would be the creation of a clear separate identity for the initiative that would remove some of confusion at the country level about the distinction between the FTI and other education programmes managed by the World Bank³². This separate identity would also assist in the resource mobilization efforts and remove any potential internal conflict of interest within the World Bank as it launches its resource mobilization efforts for its IDA programmes in 2010.

An independent FTI would be more attractive to new donors and private sector foundations that may be reluctant to transfer finances to a large multilateral organization. The evidence for this comes from the notable success of the Global Fund to Fight AIDs, TB and Malaria in attracting new financing from major foundations and a wide range of private sector organizations.

The risk of creating an independent FTI is the risk that the World Bank would reduce its involvement and the programme would lose access to expertise in education financing and system reform. To counter this, it should be possible to obtain assurances from the Bank of their continuing involvement in FTI programmes and it may even give greater freedom to the Bank's staff to provide impartial technical support if they are not always responsible for managing FTI finances.

There would inevitably be some costs incurred as a result of establishing a separate FTI secretariat with the necessary financial management, communications, monitoring and evaluation expertise³³. These costs could be limited by continuing to rely on the education expertise in other bilateral, multilateral and UN agencies such as UNESCO and UNICEF and thereby keep to a minimum the number of additional technical staff required in the new secretariat.

Beyond the changes to the secretariat, the establishment of an independent FTI would require a revision of the existing governance arrangements to make them more open and inclusive. The recent reform of the FTI Steering Committee (now called Board of Directors) increased the number of donor members and multilateral organizations without increasing the number of representatives from developing country governments and civil society. The creation of a new independent FTI would provide an opportunity to redress this imbalance by broadening the membership of the board to include a wider range of stakeholders and also significantly raise the level of lead participation to match the increased scale and ambition of the programme.

³¹ It is theoretically possible for the FTI to choose an alternative supervising entity under the current arrangements for the Catalytic Fund. However in practice, this has met considerable internal resistance within the Bank and to date, the Bank has agreed to the use of an alternative supervising entity in only one country (Zambia).

³² This was identified as a problem by the members of several local donor groups in the evaluation country case studies.

³³ As an indication of possible costs, the GAVI Fund Secretariat based in Washington has 40 – 50 staff and annual running costs of approximately \$xxx million per year. This compares with the current FTI Secretariat staffing of 15 - 20 full time equivalents and project operating costs for 2010 of approximately \$6 million.

Option 3.

Establish a new Global Fund for Education modeled on the Global Fund to Fight AIDs, TB and Malaria (GFATM).

Several stakeholders have called for the establishment of a new Global Fund for Education which builds on the FTI but puts in place a new institutional arrangement to address the concerns raised about the current model and fill the gaps not covered by the FTI.

Gene Sperling (2009) makes a strong case for a global education fund to raise the overall level of ambition within the sector. Sperling has also argued for special attention to be given to the needs of education programmes in conflict affected countries. The global education fund proposal has been given additional momentum by the publically stated support of President Obama, Secretary of State Hillary Clinton and members of the US congress. The details and level of financial commitments and the balance between bilateral, multilateral and multi-donor channels within a US led global education initiative remain the subject of considerable debate³⁴. At the international level, this proposal has been supported by global leaders such as Archbishop Desmond Tutu, Mary Robinson and Muhammad Yunus who earlier this year called on the G8 to establish a global fund for education.³⁵

In the health sector, global programmes such as the GFATM and the Global Alliance for Vaccines and Immunization (GAVI) have undoubtedly been successful in raising the global profile of health crises and securing significant new resources. Since its creation in 2002, the Global Fund has become the main source of finance for programs to fight AIDS, tuberculosis and malaria, with approved funding of US\$ 15.6 billion for more than 572 programs in 140 countries. It provides a quarter of all international financing for AIDS globally, two-thirds for tuberculosis and three quarters for malaria. For its part, GAVI has raise \$4 billion over a ten year period through the International Financing Facility for Immunization (IFFim) to provide long term predictable financing to support immunization programmes in developing countries.

If this option is chosen it will be important to learn the lessons from the early years of the GFATM, particularly with regards to the challenges of integrating support into existing sector programmes and avoiding fragmentation at the country level. This has been especially problematic in the health sector in which global programmes have focused on disease related interventions without initially paying due attention to local priorities and to the needs of health systems. This is not likely to be such a challenge in the education sector which already has well established donor coordination and sector wide planning mechanisms in most countries. This should put the sector in a strong position to support the integration of support from the global initiative as long as the delivery mechanisms are designed to promote alignment with existing systems.

INSERT BOX ON COMPARISONS WITH GFATM AND GAVI.

³⁴ [A Global Fund for Education. Achieving Education for All. David Gartner.](#)

³⁵ See for example the letter to the G8 from Archbishop Desmond Tutu, Muhammad Yunus and Mary Robinson calling for the establishment of a Global Fund for Education.

A Global Fund for Education is likely to be the most politically attractive option to new donors and other partners not currently involved in the FTI as it offers a marketable ‘new brand’ and an ambitious vision for change. The energy generated by a high level political drive to establish a new initiative could also be used to create space for innovation and creativity on different approaches to improving learning and other substantive measures to accelerate progress in the sector.

Finally, a new Global Fund for Education could be structured to provide high quality technical assistance to support for capacity development. A new GFE could be structured to provide additional capacity to support the local government agencies either through in-house expertise or through framework agreements with external agencies. This support should be provided in response to demand from the countries and should be available over an extended time frame (say up to ten years) in order to make a lasting contribution to institutional capacity building. The GFE could also be structured to provide on-call support in specialist areas which could not be covered by the local donor group. This might also help to address the concern raised by several donor agencies of a trend of falling in-house technical capacity to support the education policy dialogue at the country level³⁶.

The main risk of this option is the considerable political effort which would be required to create a new global education institution. This will be particularly difficult – though not impossible - in the current economic climate. The new Global Fund for Education would also face competition for resources from other sectors with an equally strong case for increasing investment and resistance from some development theorists that are opposed in principle to the earmarking of aid to any one sector. There will also be concerns that a new organization would duplicate and overlap with the mandate of existing institutions such as UNESCO, UNICEF and the World Bank.

It is unlikely that the Global Fund for Education could co-exist with the FTI and there would need to be a ‘friendly merger or acquisition’ to avoid duplication or unproductive competition for support from the same donors to achieve the same objectives. This would need to be done in such a way as to emphasize the continuity with FTI and could be part of the response to the concerns raised by the evaluation. This will be particularly important for those (mostly European) donors that have been closely involved with the FTI for many years and remain cautious about the Global Fund for Education proposal.

The establishment of a new Global Fund for Education is likely to face considerable resistance from organizations such as the World Bank that might perceive it as a competitor and a potential threat to its leadership role in the education sector. If this option is chosen, efforts should be made to ensure that there is a clear and continuing role for all existing institutions in supporting basic education and steps should be taken to provide incentives for the World Bank to remain an active and collaborative partner within the renewed global education compact³⁷.

³⁶ FREDERICKSEN 2008.

³⁷ The World Bank could for example be asked to continue its trustee role as a fiscal agent as it does for the GFATM and GAVI.

Option 4.

Establish a Global Education Financing Facility as a virtual fund modeled on the financial coordination mechanisms in the climate change and food security sector³⁸.

Several sectors have opted in recent years to establish a financing facility rather than create a new global fund to address the needs in their areas. The financing facility typically involves establishing a ‘virtual fund’ comprising multiple sources of funding using a range of delivery mechanisms according to the preference of the donor organization and the recipient country. This option has the advantage of avoiding the costs of setting up a new organization and it also has the potential to leverage increased resources through the existing channels. The intended value added by the ‘virtual fund’ is that it promotes better collaboration across organizations, reduces overlap and improves overall effectiveness.

The virtual fund approach was an important part of the original concept of the FTI³⁹. The first choice of support for the education sector plans in FTI countries was supposed to be an increase in bilateral and multilateral education country programmes. The Catalytic Fund was intended to act as ‘bridging finance’ in countries which had only a limited number of donors. In reality, the evaluation has found little evidence of the ‘catalytic effect’ of the FTI in mobilizing additional resources. Instead, the main focus has been on the Catalytic Fund which appears in some cases to have actually crowded other financing for basic education.

The key change that would be required to make the virtual fund option work effectively would be to establish an independent entity with the capacity to monitor all financing for the education sector and the mandate to hold all donors and financing institutions accountable for delivering their commitments. Such a body could be smaller and less technically oriented than a full global fund institution but it would need to be independent of any single financing institution to ensure that its reports were accepted as fully impartial. In order to avoid conflict of interest, the entity should probably not be involved in the management of the Catalytic Fund or other major sources of programme finances. It could instead be given a mandate (as with the GAVI fund and IFFim) to promote innovative approaches to financing for education and to act as ‘venture capital’ fund to stimulate creativity and risk taking.

The main advantage of the financing facility approach is that it offers the potential to raise the level and improve the quality of all aid to education rather than focusing on a single channel. However, the difficulty of achieving this should not be underestimated. There is a significant risk that the ‘virtual fund’ is never converted into ‘real finance’ and, as a result, levels of aid for education remain stagnant or decline. One way to guard against this risk would be to include data from GEF reports in the EFA Global Monitoring Report and the OECD DAC annual progress reports on the Paris Declaration. It is also possible that this option could be combined with option two as part of the mandate of a new independent and strengthened FTI Secretariat.

³⁸See for example: [Report of the High Level Task Force on Financing the Food Crisis. IFAD.](#)

³⁹[FTI Framework Document. FTI. 2004.](#)

Boxes: [TO BE COMPLETED]

1. Trends in education indicators.
2. Trends in financing for education and basic education.
3. Global programmes in health sector – lessons learnt.
4. Key proposals on GEF from Sperling.
5. Emerging donors – summary of data on non OECD DAC donors, including Gulf States and new industrialized nations such as China, India and Brazil.

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