

Rescuing Education for All

How reform of the Fast Track Initiative should lead to a Global Fund for Education

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Children on their way to school, Nicaragua, February 2008. Katie Malouf/Oxfam

Remarkable progress has been made in the last ten years toward achieving the education-related Millennium Development Goals. Many more girls are in school and enrolment rates are on the rise, due to higher-quality aid and to political commitment in developing countries. However, these achievements could be derailed by the global economic crisis, newly falling aid levels, and educational challenges. With 72 million children still out of school, the world's poorest countries urgently need a global financing initiative that can deliver the resources to scale up to Education For All.

Based on a new research report by Oxfam, this note examines the EFA-Fast Track Initiative (FTI) – both its positive contributions and its current limitations. It argues for the reform of the FTI into a more ambitious, effective Global Fund for Education. This redesigned initiative must feature autonomous management and inclusive governance; greater country ownership through better quality aid; improved accountability structures; and more flexibility to respond to the needs of children in conflict-affected and fragile states. Donors must prioritize such a transformation in 2010.

The full Oxfam research report is available at www.oxfam.org

Education: An unfinished success story

The first decade of our new millennium was poised to go down in history as a hopeful turning point for the world's children.

Remarkable progress was being forged across the developing world, spurred by a new global commitment to the Education For All (EFA) goals.¹ These goals were answered by substantial increases in aid during the first half of the decade, extensive debt relief, and a growing political commitment to education in developing countries. The EFA Fast Track Initiative was also established in 2002 as a global partnership to support national efforts to reach universal primary education.

Results soon followed. The number of children out of school worldwide fell by 33 million to a total of 72 million in 2007. The primary school net enrolment rate for all developing countries increased twice as fast in the years after 1999 as it did in the 1990s. Aid increases enabled many African countries to abolish primary school tuition fees, leading to substantial enrolment increases. The gender gap began to narrow, and gender parity at the primary level was achieved in two-thirds of countries with data.

However, things took a less promising turn in the middle of the decade. By 2005, global aid commitments for basic education had begun to stagnate, followed by an alarming 22 per cent decline between 2006 and 2007.

In addition to this slowdown, the quality of aid for education has been unacceptably poor: it is too often uncoordinated, fragmented, and driven by donor priorities. For example, in 2006, Cambodia had 16 donors implementing 57 projects in the education sector alone. Some donors continue to bypass national systems, to provide their aid programs in isolation from national strategies, and to use short-term trajectories, undermining the longer-term impact of their aid.

Big challenges have also remained in meeting the Education for All goals. Despite the upward enrolment trend, there were still more children out of school globally in 2007 than primary school-aged children in the entire developed world. In spite of strong evidence that educating girls delivers powerful economic and public health benefits, girls' enrolment has continued to lag behind that of boys, especially at the secondary level.

Then in 2008, the global economic crisis hit. The long-term impact on education is predicted to be severe, as it has been in past recessions. Some of the world's poorest families may be forced to pull their children out of school for economic reasons. With malnutrition on the rise, the education of many more children will suffer due to hunger and stunted growth. And sub-Saharan Africa alone could see a reduction of \$4.6bn per year in the total resources available for education over 2009 and 2010.²

'We affirm that no countries seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources.'

Dakar Framework for Action, April 2000

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The global education financing shortfall is now estimated by UNESCO to be \$16bn per year,³ and with donors weighing future budget cuts, hard-won progress in education is more vulnerable than ever.

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At a moment when it is needed the most, the world's education financing initiative – the FTI -- is failing to deliver. Lack of consistent donor commitment, as well as structural and technical issues, have meant that the FTI has not managed to galvanize a substantial increase in education resources, and has been unable to quickly and effectively deploy its existing resources.

This note is based on an Oxfam research report that examines the strengths and weaknesses of the FTI and proposes a vision for comprehensive reform of the initiative into a more ambitious Global Fund for Education, which must be pursued in 2010.

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The EFA-Fast Track Initiative: a giant step forward for education

The FTI has developed a truly innovative model. First, committed developing countries take the lead in designing national education strategies that reflect their own unique priorities. Then, these plans are endorsed by in-country donors based on agreed standards, signaling investment-worthiness. Finally, donors fund the remainder of the plan that cannot be financed domestically, both by aligning their bilateral aid and by contributing to a multi-donor trust fund for FTI-endorsed countries known as the Catalytic Fund.

This approach is designed to stimulate increased resources through a 'catalytic effect', whereby new and existing donors will have the confidence to increase their support to endorsed countries based on the high quality of these Education Sector Plans. It is also designed to improve aid effectiveness, by stimulating country-level donor coordination, harmonization of processes, and alignment of aid programs with country priorities.

Sixteen FTI countries have already achieved gender parity in primary school, and 16 others will do so by 2015.

While it is difficult to attribute positive results solely to the FTI, there is an apparent association between FTI support and positive educational results. Impressively, FTI countries in sub-Saharan Africa achieved enrolment increases of 64 per cent from 2000 to 2007, double the rate of non-FTI countries. Sixteen FTI countries have already achieved gender parity in primary school. In most FTI countries, bilateral donors have also made important progress on many of the aid effectiveness indicators agreed in Paris in 2005, improving the efficiency and impact of aid.

Specific elements of the FTI's design have been key to the progress it has achieved:

- **The endorsement of high-quality education sector plans** has been one of the crowning achievements of the initiative. These plans are approved by the in-country Local Donor Group, which then agrees in principle to meet the financing gap identified in the plan. The promise of increased funding following endorsement has been an incentive to improve policy and planning at country level, and to elevate the prioritization of education.
- **Policy dialogue where it belongs – at the country level.** The FTI approach avoids dictating priorities, and prioritizes country ownership over education policies and strategies. Recent evidence shows that the FTI has improved strategic planning and policy dialogue in some countries.
- **A global financing mechanism.** The FTI’s Catalytic Fund is central to the success of the initiative. It has been a critical source of funds to narrow or close the primary-education financing gap in many countries.
- **A flexible two-track approach.** The initiative encourages broad donor participation, both through coordinated bilateral aid programs aligned with country plans, and also through the Catalytic Fund. This flexibility provides a range of options for donors and is an important contribution to improving the effectiveness of bilateral aid.
- **Donor coordination and alignment** has been another hallmark of the FTI approach. The initiative has catalyzed improvements in country-level donor cooperation and alignment of bilateral aid with education sector plans - minimizing the transaction costs associated with overseeing and implementing aid programs and increasing impact.

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Political and structural limitations

Despite its accomplishments, the impact of the Fast Track Initiative has been limited by structural constraints and political problems. Its design principles have not always translated into reality. A recent external evaluation⁴ commissioned by the FTI partnership highlights areas of concern, which are increasingly shared by civil society voices, concerned donors, and other stakeholders.

The following areas of particular concern, discussed in more detail in the Oxfam research report, are related less to the FTI’s overall approach or model, than to how it has been implemented:

- **Lack of political and operational autonomy:** The World Bank plays a dominant role in the initiative. At the global level, the Bank is the host of the FTI Secretariat and its staff; it is the trustee of the Catalytic Fund; the frequent implementer of FTI technical assistance grants; and is a prominent member of the FTI’s Board of Directors. At country level, the World Bank influences decisions on

'FTI is seen as a World Bank thing, not an effort on the part of several bilaterals.'

Donor staff member in Cambodia

endorsement, and it determines the way Catalytic Fund grants are delivered, and on what terms. This dynamic has led to confusion about the identity of the initiative, a lack of buy-in from other donors, and potential conflicts of interest.

- **Inadequate management and governance:** In addition to its lack of autonomy, the FTI Secretariat is massively under-resourced for the scope and ambition of the initiative. The initiative's global governance structures are dominated by donors, without meaningful representation from developing country governments and civil society organizations. At country level, FTI structures are often weak and lack visibility. Decision making on education sector plans is led by donors, with no mechanisms to ensure national civil society and stakeholder dialogue with the government on education sector priorities.
- **Poor quality aid from the Catalytic Fund:** In contrast to the positive progress on aid effectiveness through FTI bilateral donor processes, the Catalytic Fund has a poor track record on aid effectiveness. It has been plagued by disbursement delays since 2007, when a decision by the World Bank Board of Directors imposed time-consuming bureaucratic procedures. This has resulted in poor short-term predictability of its aid. The Catalytic Fund as managed by the World Bank also lacks the flexibility to provide aid through the channels most appropriate to the needs of recipient countries. Finally, overall transparency about the operations of the Catalytic Fund is weak.
- **Failure to mobilize resources to the scale required:** A small group of committed donors accounts for the majority of commitments to the Catalytic Fund, with the Netherlands, Spain and the United Kingdom leading the pack. The FTI Secretariat estimates that \$1.2bn in additional funds will be needed in 2010 alone to meet the financing gaps in FTI-endorsed countries, surely a vast underestimate. A replenishment round is currently underway, however sufficient commitments have not yet been secured. Bilateral donors in FTI countries have also failed to scale up aid programs to bridge the country-level financing gaps.
- **Exclusion of conflict-affected and fragile states:** More than one-third of the world's out-of-school children live in twenty conflict-affected countries, yet only one-fifth of education aid is directed to these situations. A clear weakness of the FTI model has been its exclusion of countries whose governments lack the capacity or the political will to develop high-quality education sector plans, especially those countries suffering from armed conflict.

Improving on the FTI model: a vision for the next generation

The structural and political limitations of the Fast Track Initiative have seriously hampered its ability to scale up aid for basic education, and current piecemeal reform attempts are failing to address adequately the fundamental problems identified by Oxfam's research and by the external evaluation.⁵ However, the solutions are straightforward and achievable.

Rather than starting from scratch with a new initiative, we should build upon the considerable progress and investments that have already been made in the FTI. Likewise we must avoid fragmenting the global work for EFA by allowing a new initiative to be created in parallel to the FTI. This would only reduce the impact of our collective efforts.

The next-generation education financing initiative must learn the lessons – both positive and negative -- from the experience of the global health funds, including the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM); and it must build upon the excellent recommendations of the FTI's recent external evaluation.

The term 'Global Fund for Education' is favored by advocates because it clearly communicates a purpose. However, the name is less important than the substance.

In this paper, we will refer to a reformed, redesigned FTI as a Global Fund for Education. A new name is needed to recharge the energy and as an outward sign of the improvements within. The term 'Global Fund for Education' is favored by advocates because it clearly communicates a purpose. However, the name is less important than the substance.

The right kind of leadership

A Global Fund for Education must begin with the kind of leadership and management that will enable its success:

- A fully **autonomous multilateral partnership**, formally and legally independent of all other institutions including the World Bank, UN agencies, and bilateral actors;
- A **strategic re-branding** of the FTI to create a break with the past, to emphasize its autonomy, and to facilitate a higher global profile;
- An **independent Secretariat**, with adequate resources to monitor and report on financing gaps, bilateral aid flows and aid effectiveness; to increase the initiative's presence and communication systems at country level; to make operational decisions about the disbursement of trust fund monies; and to hold donors and recipient governments to account for their commitments;
- An **expanded multi-donor trust fund** to replace the Catalytic Fund, capable of delivering funds both quickly and accountably, and on an ambitious scale in order urgently to meet the financing needs in

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endorsed countries. This fund should have an initial donor financing target of \$5bn for its first year, scaling up donor commitments to cover two-thirds of the yearly EFA financing gap within five years.

- **Democratic governance structures**, both globally and at country level, that build on best practice in similar initiatives and that guarantee participation for civil society representatives and other stakeholders;
- **Expert review panels** that include both international education specialists and local experts to better assess and improve the quality of education sector plans. Panels should include a focus on the component of plans that address girls' education and gender parity.

Real country ownership

A strengthened education financing initiative would lead best practice in aid effectiveness by helping to transfer ownership of the task of delivering education from donors to the developing countries themselves. To do this, it should provide aid in a way that gives recipient countries more *information, capacity, and control*.⁶ This means communicating transparently about the details and timing of incoming resources; building country capacity by using government systems and investing in civil society oversight; and ultimately turning over control by allowing countries to manage for themselves both their development agenda and the aid resources. A Global Fund for Education should:

- Commit to the **transparent disclosure of information**, by following the example of the Global Fund for AIDS, TB and Malaria, and comply with the International Aid Transparency Initiative's common information standards;
- Provide more **long-term, predictable financing** through the global trust fund, by committing aid in five-year timetables;
- Strengthen the capacity of recipient country governments by **using country systems** for public financial management and procurement;
- **Build the capacity of national civil society** organizations to hold their governments accountable for expenditures and delivery of education programs, by dedicating three per cent of total funding to this purpose;
- Let countries lead, by providing **more aid through budget support** and other aid delivery modalities that are aligned with country priorities. Budget support is the only aid modality that can help governments pay the salaries of the 10.3 million new teachers that are needed worldwide to achieve universal primary education by 2015. This funding should be conditioned on performance against mutually agreed education outcomes.

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Expanded scope

Achieving Education For All will require a global education initiative with scaled up ambition. A Global Fund for Education should therefore:

- **Expand to include the full Education For All goals**, while maintaining a focus on universal primary education. It should have the flexibility to respond to changing needs in the basic education sector. Countries should be free to forge a democratic consensus on education priorities and focus, rather than having to work within donor-set priorities.
- Increase its flexibility in order to **reach the millions of children in conflict-affected or fragile states**. This challenge should not be relegated to a separate fund, but should be part of a coherent global education initiative. Building on the FTI's progressive framework, a redesigned initiative should feature a more flexible endorsement process, with support tailored to country circumstances and conditioned on progress.
- **Reform the policy framework** to eliminate the use of universal benchmarks, such as teacher salary ranges and other one-size-fits-all prescriptions. Rather, benchmarks should be chosen based on the unique situations of individual countries.

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Conclusion: Time for a Global Fund for Education

The international community must now band together in partnership to tackle one of the most pressing human rights challenges of our day: the denial of a basic education to millions of girls and boys, as well as youths and adults, in the poorest countries.

Seventy-two million children are depending on a transformation of the FTI into an ambitious, effective, Global Fund for Education.

How US leadership could turn the tide

Although a Global Fund for Education should not be the project of any one donor, the US is well-placed to provide strong political leadership.

The US is currently behind the curve in supporting the Education for All goals, and has not actively participated in the Fast Track Initiative. However, President Obama made a commitment as a presidential candidate to create a \$2bn global education fund, and this promise has been reiterated by Secretary of State Clinton, who has a strong track record of support for global education programs. Also, in 2008 the US committed to make its foreign aid more effective when it signed on to

the Accra Agenda for Action at the High-Level Forum on Aid Effectiveness.

The Global Fund for Education could become a model for broader US development reform – not only improving the impact of aid for education, but also piloting broader US efforts to make its aid more effective.

Why all donors must engage now

Education For All will not be achieved without immediate, concerted action by all donor governments and institutions. The reality is that reform of the education financing architecture is worthless without high-level political leadership from a critical mass of donors. The first formal combined G8-G20 Summit in Canada mid-2010 provides the perfect opportunity to launch this collaboration.

Developing country governments have demonstrated their commitment to education and have appealed for urgent support. The Global Fund for Education must be the answer to that call.

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Recommendations

- Donor governments should launch a redesigned global education financing initiative – a Global Fund for Education – at the Canadian G8-G20 meeting in 2010, in close partnership with Southern governments and civil society. This initiative should embody comprehensive reform of the FTI, transforming it into an initiative that is capable of achieving Education for All.
- As part of this, donors should commit to fully replenishing the FTI's Catalytic Fund. This funding should be conditioned on comprehensive reform of the FTI. Replenishment is urgently needed to avoid a disruptive drop in aid to FTI countries with devastating impact for children, so donors must not wait until the reform process is complete. A technical working group should be appointed immediately to set up a new financing instrument and to quickly transfer existing CF funds into a more flexible, speedy instrument as part of a reformed initiative.
- In the lead up to the 2010 G8, the FTI Board should name a Transition Working Group that better represents the wider FTI partnership, to design strategic and comprehensive reforms to the Fast Track Initiative. It should respond to the recommendations of the Mid-Term Evaluation and work closely with the FTI Secretariat to build on extensive institutional knowledge. Developing country governments and civil society partners, North and South, should participate actively in shaping the reforms.
- All donors must urgently increase their aid to basic education, ensuring the economic crisis does not result in short-term aid cuts that will have long-term consequences for the poorest children. They

should improve the quality of their aid to ensure that it is transparent and predictable, that it builds capacity in recipient countries, and that it is aligned with country priorities and strategies.

- The World Bank should scale up its lending for education in the poorest countries with the greatest need, and improve its focus on quality and learning outcomes. It should relinquish its control of the FTL, while strengthening its participation in the reformed initiative as a key donor partner.
- Developing country governments should continue to prioritize basic education by increasing the proportion of national resources spent on education and improving the quality of their educational systems.
- All partners should ensure meaningful civil society involvement and input from the beginning of the process, and include broad participation from both the South and the North.

Notes

- ¹ The six Education For All goals focus on: early childhood care and education; universal primary education; learning and life skills for young people; adult literacy; gender parity; and education quality.
- ² UNESCO (2010) 'Reaching the Marginalized', EFA Global Monitoring Report 2010.
- ³ UNESCO (2010) *op. cit*
- ⁴ Cambridge Education *et al.* (November 2009) 'Mid Term Evaluation of the EFA Fast Track Initiative', Draft Synthesis Report.
- ⁵ Cambridge Education *et. al* (November 2009) *op. cit*.
- ⁶ Oxfam America (2009) 'Ownership in practice: The key to smart development.' The paper lays out an innovative framework of policies designed to increase country ownership through 'information, capacity and control'. This framework is applied to aid for education in this paper.

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