

# Delivering on the promise, building opportunity: the case for a Global Fund for Education

A review by Gordon Brown



---

**Cover image:** South Sudan: Pupils outside a school in Juba. © UNESCO/B. Desrus

# The case for a Global Fund for Education

---

The world is facing a hidden and silent emergency in education. In the midst of our increasingly knowledge-based and interconnected global economy, millions of children in the world's poorest countries are out of school. Millions more are in school, but receiving an education of such abysmal quality that they are unlikely to gain even the most basic literacy and numeracy skills. This twin crisis, in access to school and learning in school, does not make media headlines. Cameras will never capture children going hungry for want of education, or lives devastated for want of learning. Yet there is overwhelming evidence that disadvantage in education costs lives, undermines economic growth, fuels youth unemployment, and reinforces national and global inequalities. And the emergency in education is silent because those most immediately affected – the world's poorest and most vulnerable children and their parents – have a weak voice. Their concerns, their hopes and their basic rights do not make it on to the agendas of global summits.

In an earlier report I set out my assessment of progress towards the international development goals in education. That report highlighted a number of positive developments. Over the past decade, many of the world's poorest countries have registered extraordinary progress – cutting out-of-school numbers, reducing gender disparities and getting more children into secondary school. International aid partnerships have also been strengthened.

Set against these very real achievements, I also drew attention to a number of concerns. Less than five years from the 2015 target date, the world is *not* on track to achieve the Millennium Development Goal (MDG) of

decent quality universal primary education – and progress towards it is slowing. Gender and other inequalities remain unacceptably wide, in part because governments are not translating commitment to equity into practical policies. Insufficient weight has been attached to learning outcomes, with disastrous consequences for the quality of education. And while the ultimate responsibility for delivering on the promise of education for all rests with national governments, donors have not delivered on their aid commitments.

The aim of this report is not to dissect past achievements and failures but to look ahead. It is prompted by a concern that education is drifting steadily down the international agenda, and by a conviction that change is possible. **In response to a sustained, ongoing and deepening shortfall in aid financing for basic education, I propose the creation of an independent Global Fund for Education (GFE) that builds on the considerable achievements of the Fast Track Initiative (renamed the Global Partnership for Education in September 2011) draws on the experience of the global funds in health, and serves as a focal point for a renewed drive towards the 2015 goals.**

Let me be clear at the outset that the proposed GFE is not a stand-alone solution to the education crisis. We need to reinvigorate the education for all partnership, drawing on the experience, expertise and ideas of a range of actors from the world of governments, international institutions, the business community, and non-governmental organizations. New coalitions are already emerging. The Global Compact on Learning initiative led by the Brookings Institution is

one prominent example. This brings together a broad array of international aid agencies, business groups, NGOs, and think-tanks behind a shared agenda to deliver 'learning for all'. The next step is to create a multilateral framework that facilitates effective action and engagement. The Global Business Coalition for Education (GBCE), which was created in September 2011, should also be a key element in the new aid architecture.

As we look towards 2015 and beyond we must mobilise all of the resources at our disposal. The World Bank has a vital role to play not just as one of the largest sources of aid for the very poorest countries, but as an intellectual leader, coordinator and advocate for change. The United Nations Children's Fund (UNICEF) has a wealth of experience in education, notably girls' education and provision on countries affected by conflict. While the work of UNESCO receives less attention, the agency is actively engaged in building the capacity of education systems. I am convinced that a new Global Fund for Education would support the efforts of each of these agencies. But I am also aware that their leadership and engagement will be critical for its success. So, too, will the support of new donors. In my dialogue with national leaders in Brazil, China, India, Russia and other countries, I have been sent the clear message that emerging market donors will step up to the plate and support a new multilateral fund, if it is seen to create the conditions for effective delivery.

Underpinning the measures advocated in this report are three simple priorities. **The first is rooted in what I see as an ethical imperative – an imperative to hold to the promise made to the world's children.** These are difficult economic times. Governments around the world are facing acute fiscal pressures. But we should not seek to reduce those pressures by imposing an

unsustainable – and indefensible – burden on children. The global financial crisis and recession can be traced to the financial sectors and banking systems of the rich world, not the slums and villages of the world's poorest countries. And children in these countries should not have to pay with their hopes for an education that could lift them out of poverty for a crisis they played no part in creating.

The second priority is acting on the 2015 commitments. **While recognizing the need for dialogue on the 'post-2015 development agenda' our most immediate priority is surely to deliver on the pledge made by governments under the Millennium Development Goals. Reflection on the future should not become a substitute for action here and now.** Failure on the scale currently in prospect will inevitably weaken trust and confidence in future commitments – and failure is eminently avoidable. There are affordable and practical measures that can deliver a global breakthrough in education, including enhanced learning and wider education opportunities for 268 million children by 2015.

The third proposition is that we cannot afford to continue on a business-as-usual trajectory. **If we want to combat the great challenges of our age, from poverty to youth unemployment, extreme inequality within and between countries, political instability, conflict and food insecurity, then we need to recognize the vital place of education.** We ignore the silent victims of today's crisis at their cost, and at our peril.

## How far have we come?

Viewed from the perspective of the 1990s, the past decade has witnessed extraordinary gains in access to education. Measured against the benchmark set when governments signed up for the MDGs and broader 'Education for All' goals in 2000, however, the pace of advance has been less impressive.

### ***Progress on many fronts...***

The achievements registered over the past decade should not be understated. Out-of-school numbers have fallen by around 40 million. Sub-Saharan Africa has increased net enrolment from 58 per cent to 76 per cent, despite a marked increase in the size of the school-age population. Gender disparities have narrowed, even though girls still account for 54 per cent of the out-of-school population. Sub-Saharan Africa's secondary school population has increased from 22 million to 36 million.

Behind these headline numbers are some remarkable success stories. Countries like Ethiopia and Tanzania have cut their out-of-school populations by over 3 million. From a desperately low baseline, countries such as Niger, Burkina Faso and Senegal have also made rapid gains. In South Asia, India is now within touching distance of universal access to primary education, while Bangladesh has overturned glaring gender disparities to achieve parity enrolment in primary school. Even countries affected by violent conflict have registered gains. In 2001, Afghanistan had just 1 million children in primary school – almost all of them boys. That figure has now reached more than 5 million, with girls representing one-third of the children in school. In South Sudan, an additional 1 million children have entered the country's education system since the 2005 peace agreement.

***...but the world is not holding to the education promise***

Set against these gains, the world is a long way from achieving the limited goal of universal access to basic education. The following are among the data that captures the distance still to be covered:

- There are 68 million children of primary school age out of school – and global progress towards universal primary education has slowed since 2005. On current trends, the out-of-school population could *increase* to 72 million by 2015.
- Another 71 million adolescents are out of school, many of them lacking a basic education.
- Millions of children enter school only to drop out in the first one or two grades, long before they have acquired basic literacy and numeracy skills. Around 10 million children drop out of school in sub-Saharan Africa alone each year.
- Gender disparities remain large. These disparities indicate that there are 3.4 million 'missing girls' in the world's primary schools. In South Asia, girls account for 6 in every 10 out-of-school children.

Headline figures such as these inevitably obscure important variations across and within regions. Probably around half of the world's out-of-school children live in just fifteen countries. 15 million of them are in Nigeria and Pakistan alone – and neither country has registered strong progress. National data frequently masks deep disparities within countries. Being poor, rural and female in many of the poorest countries is a triple marker for disadvantage. Ethnic and linguistic minorities are often left behind, along with children living in urban slums. These inequalities matter both because they are an affront to human rights and the principles of equal opportunity, but also

because they are acting as a brake on the pace of national advance towards the education goals. More generally, as countries move closer towards universal access they face the challenge of reaching the most deeply disadvantaged children in their societies.

Conflict-affected states face particularly severe problems. As a group, the poorest conflict-affected states have 28 million children out of school – some 41 per cent of the world total. These countries also have some of the worst human development indicators for children, including malnutrition and mortality rates that are almost double the average for poor countries. In the case of South Sudan, a young girl is more likely to die in childbirth than to get beyond grade 3 of primary school. The devastating impact of conflict on the lives of young children has been painfully evident in the famine that has gripped the Horn of Africa. Less visible has been the impact on education. In Somalia, armed violence has shattered the education system. Meanwhile, millions of children across the region have suffered irreparable damage to their brain development as a result of hunger. The already limited education provision in refugee camps along the Somali-Kenyan border has been overwhelmed by the rapid influx of new arrivals, denying children access to a haven in which they can start to rebuild their lives.

### ***Education quality is lacking***

Education for all is not just about getting every child into a classroom. It is also about ensuring that they get something out of school – that is, that they emerge with the literacy, numeracy and wider life-skills that they need to realize their potential. Cross-country data on learning in the poorest countries is fragmentary and under-developed, but it paints a distressing picture of poor provision and under-achievement. On one assessment, there are some 200 million children in the poorest countries receiving

education of such a poor quality that they are likely to emerge from their school years in a state of illiteracy. The problem afflicts all regions:

- In Pakistan around one-half of children sitting in third grade are unable to form a single written sentence including the word ‘school’. Just one in five is able to comprehend a paragraph.
- In India, only around half of grade 5 students covered in a rural survey could read a grade 2 text.
- In Uganda, more than one-quarter of children in grade 7 could not read a story of grade 2 level difficulty.
- In Kenya only one in three children can read at the required level in Standard Two, and the situation is equally worrying for older children.

### ***A twin crisis in access and learning***

In short, the data points unequivocally towards a twin crisis in *access to school* and *learning in school*. Quantitative progress in expanding access has outstripped qualitative progress in improving learning achievement. However, the two dimensions of the crisis are linked. One of the reasons that so many children drop out of school after the early grades is that they have not mastered the basic reading and numeracy skills that they need to progress to higher levels. And many parents keep their children out of school because they know that education systems are failing their children. It follows from this that we have to simultaneously tackle both parts of the crisis. We need to remove the barriers and structural inequalities that deny so many children a fair chance, while at the same time reforming education systems to raise learning achievement levels.

In addressing these tasks every country faces distinctive challenges, and in approaching these challenges national political leadership

and dialogue are essential. Aid partnerships also have an important role to play. Setting global blueprints for reform is unhelpful. However, in my earlier report I identified four systemic bottlenecks holding back progress in education. These include:

**Teacher recruitment, training and morale.**

Sub-Saharan Africa alone faces a shortage of around 1 million teachers. The deeper problem is that too few teachers have the training, support and skills they need to support effective learning in the classroom. These deficits make a direct contribution to the education quality problems outlined above.

**Education infrastructure.** There are chronic shortages of classrooms and facilities across the school systems of the poorest countries. On one estimate, an additional 4 million classrooms will be needed by 2015. And it is not just physical infrastructure that is lacking. While the precise ingredients for successful classroom learning can be debated, chronic shortages of textbooks and good-quality teaching materials is clearly a recipe for underachievement.

**Finance.** Many of the world's poorest countries have dramatically increased spending on education, often in the face of deep budget constraints. Sub-Saharan Africa has increased spending by 6 per cent annually since 2000. Many governments need to do far more, especially those in South Asia. But even with an increased resource mobilization effort on the part of the poorest countries, the annual financing gap for achieving the basic education goals is around \$13 billion annually. This compares with current aid levels of around \$3 billion.

**Learning and equity.** As many developing country governments now recognize, insufficient attention has been paid in national planning to learning achievement, as distinct from getting children into school. Changing

this approach will require far-reaching reforms, including a far stronger focus on early grade reading, numeracy and literacy – the foundational skills for lifelong learning. Similarly, while many governments attach great weight to equal opportunity in their policy statements, all too often these statements are not backed by practical policies to target and support marginalized groups.

**The costs of inaction**

Education for all is an intrinsically important goal in its own right. Opportunities to learn should never be contingent on where a child is born, the wealth of their parents, their gender, ethnicity or other circumstances over which they have no control. But deprivation in education has consequences that go beyond those most immediately affected. To mention just a few pieces of evidence on the transformative power of education:

- Increasing learning achievement levels in the world's poorest countries by one standard deviation could raise long-term per capita economic growth rates by an average of 2 per cent a year.
- On average, a further year of education increases wage-earnings of individuals by about 10 per cent – and reducing educational inequality helps to reduce economic inequality.
- If all women in sub-Saharan Africa reached secondary education, the resulting health benefits could save the lives of an estimated 1.8 million children under the age of five.
- Educated mothers are twice as likely to be aware of measures to prevent mother-to-child HIV/AIDS transmission, which infects around 1,000 children each day.

This is clearly not an exhaustive list of benefits associated with education. I cite them here to

illustrate the power of learning in generating a ‘three e’ effect: empowerment, efficiency and equity. Perhaps more than any other human development investment, it is through education that individuals acquire the capabilities that can transform their lives. And what is true for individuals holds also for countries: witness the impact of human capital on economic growth and poverty reduction in East Asia.

I am more firmly convinced than ever that we cannot resolve the great social, economic and political challenges facing today’s world without tapping into the transformative power of education. Youth unemployment, which the International Labour Organisation (ILO) estimates affected 78 million in 2010, is one such challenge. With almost half of sub-Saharan Africa’s population under the age of 15, and the 5-14 year old age cohort expected to grow by 77 million over the next 20 years, expanded opportunities in education would make the region’s youth a potent source of innovation and economic growth. Yet the demography points to enormous challenges for already over-stretched education systems. The danger is that low levels of skills development will lock the region into a downward spiral of rising youth unemployment, slow growth and despair.

Scenarios for sub-Saharan Africa are part of a broader global canvas. With global unemployment near an all-time high of 205 million in 2010 and the slow pace of job creation that has accompanied the fragile economic recovery, governments across the world need to recognize the key role of education in building more prosperous and equitable societies. Failure to align education systems with labour markets will compound a youth unemployment crisis that already represents a vast waste of economic potential and a profound source of social and political instability. It will also lock a whole generation of young people into insecure employment and poverty-level wages.

There is a broader sense in which education could act as a catalyst for building on the MDGs. A big push towards the 2015 education goals would set the scene for accelerated progress in the post-2015 period, with advances in education – especially female education – establishing the foundations for gains in child and maternal health, poverty reduction, nutrition and other areas where progress has fallen far short of expectations.

### ***Aid donors are not delivering***

When aid donors met at the World Conference on Education for All in Dakar, Senegal in April 2000, they memorably pledged that none of the world’s poorest countries would be allowed to fail in their efforts to achieve the shared goals in education for want of finance. That pledge has not been honoured.

In 2009, the last year for which we have data, there was a welcome increase in international aid for basic education. Donors provided around \$5.6 billion – a 20 per cent increase over 2008. Yet this piece of good news has to be placed in context. Much of the increase derived from one-off increases in IMF lending and the front-loading of World Bank International Development Association (IDA) support in response to the financial crisis. Most of the additional aid went to a small group of countries, with India, Pakistan, Vietnam and Ethiopia accounting for 80 per cent of the increment. And the world’s poorest countries received only a small increase in development assistance for basic education. The \$3 billion provided to this group of countries in 2009 represents less than one-fifth of the aid required to bring the 2015 goals within reach.

The Fast Track Initiative/Global Partnership for Education (FTI/GPE) has not been successful in galvanising new funding. I address this issue below, but the results of the

financial replenishment exercise held in Copenhagen, Denmark in November 2011 are instructive. Based on an analysis of likely funding requests, the FTI/GPE secretariat requested donor funding of \$2.5 billion over three years. My own view is that this falls far short of any credible benchmark for the FTI/GPE to play a global leadership role. Yet even the modest target set was not achieved. Pledges made in Copenhagen amounted to just \$1.5 billion.

There are further warning signs to add to the report card on donor financing. Several major donors are planning cuts in their aid for education either as a result of a shift to new priorities, or in response to fiscal pressures. Among the donors that may be providing less aid for basic education in the years ahead are the United States, the Netherlands and Spain.

Against this backdrop, it is vital that aid donors renew their commitment to the global compact on education. Many of the world's poorest countries have been increasing public spending on education, often in the face of

severe fiscal pressures. On average, they are spending around 10 per cent of their budgets on basic education. That is twice the share of aid that donor countries allocate to the sector. The time has come for donors to commit to spending 10 per cent of their aid budgets on education, as proposed by the Global Campaign for Education. This would raise an additional \$7 billion at current aid levels and \$21 billion if the aid community holds to the commitment to spend at least 0.7 per cent of GNI on aid.

Alongside this commitment, donors should also seek to strengthen the efficiency and equity of their aid to education. Some countries – notably France and Germany – direct far too large a share of their development assistance budgets to domestic institutions catering for overseas students. While there is some merit in these programmes, surely the 68 million children denied the chance of a primary education should have first call on aid resources.

## Why we need a Global Fund for Education

In setting out the case for a Global Fund for Education it is important to start by recognizing what has been achieved. The education for all partnership – which includes developing countries, aid donors, UN agencies and multilateral institutions – has delivered some impressive results, as the record of the past decade indicates. My ambition is to build on these results.

There have also been innovations in the aid architecture. As the United Kingdom's finance minister and Prime Minister I strongly supported the creation of the Fast Track Initiative. I also championed the case for its replenishment in the Group of Eight and Group of Twenty. In recent years, the FTI/GPE has become a more effective force for change – and the implementation of new governance reforms is adding to that effectiveness. The challenge now is to build on what has been achieved and to transform the FTI/GPE into a vehicle equipped to lead the global response to the crisis in education. In addressing this challenge it is important that we avoid reinventing wheels and indulging in blue-sky dialogue. We should build on what works in the FTI/GPE and identify the practical reforms that can help to deliver stronger results.

It is in this spirit that I propose that the FTI/GPE should be converted into a Global Fund for Education (GFE). Operating as an independent legal entity, the GFE would act as the focal point for a renewal of the global education compact. It would galvanize new partnerships, engage with the business community and philanthropists, scale-up the level of global ambition and deliver results. The following would be among the core priorities:

- Delivering on the education promise by leading a significant push aimed at getting another 68 million children

into school by 2015, with a commitment to extending opportunities for hard-to-reach children (for example, child labourers) and marginalised groups.

- Providing more effective support to countries and communities trapped in conflict or embarking on post-conflict recovery, with a specific remit to strengthen provision for children who are refugees or internally displaced.
- Prioritizing improvements in learning achievement so that education systems are equipped to deliver the skills and competencies that children need to realise their potential – and that countries need to build a more prosperous future for their citizens.

In order to act on these commitments, the GFE would actively solicit financing requests in the form of 2015 Action Plans. In most cases governments would take the lead. But the GFE would provide incentives for other actors – NGOs, faith-based groups, the business community and philanthropists – to come together in new partnerships dedicated to delivering results on the ground.

I am aware that some commentators will question whether we need a fundamental reshaping of the aid architecture to address the education crisis. They will ask why we need an independent facility operating outside of the World Bank. My response to this question is set out in more detail below. In summary, there are three reasons for breaking with the business-as-usual model:

- For all of its achievements, the FTI/GPE has not delivered at a level of ambition commensurate with the scale of the crisis. Chronic under-funding by donors is part of the problem. But under-financing is itself symptomatic of a concern felt by

- many that the FTI/GPE acts too slowly and with insufficient flexibility.
- While the World Bank has been a generous and supportive host of the FTI/GPE, current arrangements will hinder the development of a more effective response. As trustee, the World Bank is authorised by transfer payments only to countries that have a bilateral donor and/or multilateral agency willing to act as a supervising entity. This limits the potential for providing support through innovative new partnerships involving non-government organisations and the business community. In making this comment, I emphasize that the failings of the FTI/GPE are not the failings of the World Bank. Indeed, the World Bank has stepped up to the plate by acting as the primary supervising entity and providing leadership where others have failed.
  - The FTI has not facilitated the engagement in the education for all partnership of the global business community. This stands in marked contrast to the situation in the health sector, where the global funds have enabled companies and philanthropists to support international development efforts. The creation of a Global Business Coalition for Education in 2011 creates new opportunities for more effective engagement – and the GPE would operate to exploit those opportunities.

### ***The Fast Track Initiative (FTI)***

It is not my intention either to summarize the governance structure and operation of the FTI/GPE, or to rehearse well-known debates over its effectiveness. Readers with a detailed interest in these issues may wish to consult the independent evaluation carried out in 2010 and UNESCO's 2010 Education for All

*Global Monitoring Report*. What follows is a very brief synopsis of my perspective on what has worked well, what has worked less well, and why we need a new global fund.

The achievements of the FTI should not be underestimated. It was created in the spirit of a 'global compact' under which governments in poor countries would demonstrate a political and financial commitment to the education goals, with donors helping them to close financing gaps. The governance structure emphasized the importance of a single unified process under which countries would draw up a national plan which would be submitted via national donors up to the FTI/GPE board for funding. Moreover, the importance of harmonizing donor support behind national planning priorities – a core FTI/GPE principle – is an approach that reflects the best practices identified under the aid effectiveness agenda. As I highlighted in my earlier report, FTI/GPE support has delivered results on the ground in a number of poor countries. It should be added that the FTI/GPE secretariat has demonstrated high levels of professionalism and technical competence.

The important role of the World Bank in providing support and leadership should also be acknowledged. Some critics point to the Bank's dominant role as a Supervising Entity for FTI grants as evidence of undue influence. This concern is misplaced. The World Bank has been the Supervising Entity for all but a handful of FTI grants. But this reflects a failure on the part of other agencies to take on a greater responsibility, as well as a willingness on the part of the Bank to fill the gaps left by others. That said, there is a problem in this governance system in that the World Bank, acting as a trustee, is not able to transfer funds to any entity other than a bilateral donor or another multilateral agency.

Recent reforms have strengthened some aspects of the FTI/GPE structure. Since the

report of the independent evaluation, the Board has been restructured to give greater weight to representatives of developing countries, while new frameworks have been adopted to strengthen the focus on results and accountability. Another welcome recent development is the renaming of the FTI, which from September 2011 has been known as the Global Partnership on Education. This is a development which reflects an increased level of ambition. However, even with a new name and better communication, rebranding is not a substitute for substantive and effective action to tackle the systemic problems that have dogged the FTI from the outset.

**Levels of financing.** Disbursements through the FTI's Catalytic Fund reached \$249 million in 2010, bringing cumulative disbursements to \$981 million. These are figures that have to be viewed in the light of an annual financing gap for basic education in the order of \$13 billion annually. Most individual recipients are receiving relatively small grants averaging around \$10-25 million on an annualized basis. Several commentators have drawn attention to the protracted delays experienced by a number of developing countries between applications for FTI support and disbursement. In the case of Ethiopia, the delay amounted to some six years. However, there is evidence that disbursement rates have improved following reforms to the grant-making process.

**Donor support.** From its inception the FTI/GPE has struggled to mobilize support from donors. Since 2003, only four donors have delivered more than \$100 million to the Catalytic Fund. Just three – Spain, the United Kingdom and the Netherlands – account for over half of the total. Backing from the G8 countries has been limited. France, Germany and Italy have a combined contribution of less than \$80 million. The United States has not so far provided support, though a commitment of \$20 million was made at the Copenhagen replenishment conference. This is an overall

record that points to a lack of credible engagement on the part of the donor community, partly reflecting concerns on the part of some aid agencies over the value-added of the FTI/GPE. The November 2011 replenishment of the FTI/GPE provided a lost opportunity to change this picture. The replenishment process itself has been illustrative of a wider concern. While FTI/GPE staff have worked tirelessly to raise the profile of the initiative and solicit support, the replenishment drive has suffered from a lack of political support on the part of major donors and limited advocacy on the part of global campaigners for education.

**Country coverage.** From the outset, the initiative has been dogged by difficulties in agreeing a framework for supporting countries affected by conflict and emergencies. The experience of South Sudan is illustrative of wider problems. Five years after the Comprehensive Peace Agreement and into its first year of formal independence, South Sudan has received no support from the FTI/GPE. Other conflict-affected states – such as the Democratic Republic of Congo and Yemen – are either not currently supported or (as in the case of Liberia) have faced protracted delays in securing Catalytic Fund financing. There are other countries too with large out-of-school populations that do not currently figure in FTI/GPE operations, including Afghanistan, Bangladesh, Pakistan and India.

**Governance problems.** As already mentioned, the World Bank has been a generous host to the FTI/GPE. Both current President Bob Zoellick and his predecessor, Jim Wolfensohn, have been supportive and provided great leadership as advocates for education. However, the multiple roles played by the World Bank in FTI/GPE governance remains a source of concern. While the Bank is just one member of the FTI/GPE partnership, it has responsibilities for staffing, management, fiduciary responsibility and

implementation that do not rest easily with best governance practices. Moreover, as an implementing agency for FTI/GPE grants World Bank operational practices limit the scope for rapid and flexible disbursement, especially in fragile states and conflict-affected countries.

**Staffing.** Decisions over staffing and clear lines of responsibility are vital components in any organization seeking to enhance effectiveness and efficiency. It is critical that the Board and management of the independent fund that I am proposing have full control over staffing decisions. One of the problems with the current structure is that there is a 'dual system' in place: the FTI/GPE Secretariat staff employed by the World Bank are managerially accountable to the host institution. Secretariat staff are in fact considered part of the education team in the World Bank. Even with the highest standards of professionalism, which the FTI/GPE team consistently demonstrates, this is not an optimal arrangement. It is easy to see how staff managed by the World Bank but working under the umbrella of an independent partnership might find it difficult to play a critical role in monitoring and commenting on the work of the World Bank when it operates as the Supervising Entity for FTI/GPE grants, or when FTI/GPE grants are integrated into wider World Bank programs. That role is important, not least in the light of a recent Independent Evaluation Group review which found that the share of projects registering a satisfactory performance has slipped from 82 per cent to 69 per cent over the past decade. The evaluation drew attention to a lack of attention to learning, equity and labor market linkages in project design.

**Supervision of grants.** The World Bank has acted as the Supervising Entity in all but 4 of the 37 countries with allocation decisions approved as of March 2011. To some degree, this reflects the scale and reach of World Bank programs, and the willingness of the

Bank to provide leadership where others have hesitated. But there are problems in the current arrangements. Too many donors, UN agencies and, indeed, recipient governments appear to view the FTI/GPE as a World Bank financing instrument, rather than as a partnership-based facility. Moreover, current rules only allow the World Bank to transfer funds to bilateral donors and other multilateral agencies. The failure of donors and UN agencies to act more decisively in seizing opportunities to act as a supervising entity has been at the heart of the FTI/GPE's weakness, especially in conflict-affected countries. Yet the rules themselves are problematic. Some of the most innovative programs supported by the Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis have seen non-government organisations and the business sector acting as supervising agencies (subject to independent auditing). Here, too, the World Bank is a trustee. But in this case it is able to transfer finance because the Global Fund is an independent legal entity, authorized to receive funds.

**World Bank financing and priorities.** At an institutional level, the World Bank has struggled to translate its commitment to education into financing decisions. At last year's MDG summit the Bank pledged an additional \$750 million for basic education to 2015. It is, of course, too early to assess prospects for delivering on that pledge. IDA flows are inevitably 'lumpy', with marked annual variations. 'Front-loading' of commitments early in the IDA cycle can dramatically skew numbers reported for individual years. Yet with all of these caveats, it is hard to square the IDA record either with the level of commitment to education expressed by the World Bank's President, or with the case for education set out in compelling fashion by the Bank's own education strategy. The following are among the salient facts:

- IDA commitments to education fell dramatically in fiscal year 2011, from \$2.1 billion in 2010 to \$1.1 billion. To some degree, 2010 may have been an outlier year because of the front-loading of IDA support in response to the global recession and a large commitment to India. That said, the fiscal year 2011 commitment was the lowest since 2007 and would not appear to reflect the promised increase in IDA support.
- While IDA commitments to sub-Saharan Africa increased from \$378 million in 2010 to \$540 million in 2011, just three countries – Ethiopia, Mozambique and Senegal – accounted for around three-quarters of the total. Commitments to primary education in the region raise particularly serious concerns. These stood at just \$157 million in fiscal year 2011, which was below the average for fiscal years 2007 to 2009.
- The overall record on primary education worsens the aggregate picture. The overall IDA commitment on primary education in 2011 amounted to \$327 million. With the exception of one year (1997) this was the lowest level since 1991. While IDA financing to ‘general education’, which includes an implicit basic education component, has increased, the fiscal year 2011 commitment was still below the levels reported in all but two of the last six years.

This is a record that merits urgent attention on the part of senior leaders in the World Bank. The commitment to provide an additional \$750 million in IDA support, which the World Bank restated during the financial replenishment in Copenhagen, was a welcome recognition that more has to be done. However, the Bank has yet to indicate the baseline against which the additional

resources will be measured. This matters because of the high level of variation in IDA spending. My recommendation is that the Bank applies the five year average spending figure from fiscal year 2006 to 2010 as a baseline. This would amount to \$925 million. Spreading the \$750 million increase over the four years to 2015 would therefore imply raising IDA spending to around \$1.1 billion annually.

My own view is that several factors may be contributing to the worrying trends in IDA spending. There appears to be a tendency on the part of many developing countries and World Bank country managers to view FTI/GPE finance as an alternative ‘pot of money’ to IDA, which can then be used to finance other sectors. This is flawed thinking, first because the FTI pot is simply too small and second because it should be seen as a complement to IDA. Another concern is that the inadequate level of IDA support for education may reflect a failure to translate the World Bank’s declared priorities into institutional practices. In some cases, basic education appears to have dropped off the strategic agenda. For example, the World Bank’s Africa region 2011 strategy document – *Africa’s future: and the World Bank’s support to it* – emphasises the importance of skills, but makes no meaningful reference to basic education. Instead it focuses overwhelmingly on economic infrastructure. Without understating the vital importance of developing roads, ports and power, or downplaying the past neglect of economic infrastructure, human capital investments in education are every bit as critical to dynamic long-run economic growth and poverty reduction.

This is an area in which the World Bank’s senior managers need to send some clear signals. The Bank’s excellent education strategy document, *Learning for All: investing in people’s knowledge and skills to promote development*, sets out a compelling case for

putting education at the centre of the wider development agenda. World Bank teams should ensure that the education strategy is reflected in their dialogue with governments. Moreover, guidelines should be drawn up for country managers making it clear that FTI funding is not a substitute for IDA money but a complement. Indeed, all future FTI/GPE grants to countries should be matched or supported by IDA loans.

**Governance issues at the country level.** The FTI/GPE's emphasis on a 'bottom-up' approach that links support to national planning processes is the right starting point. However, the current operational structure limits effectiveness. This is partly because aid donors act as the gatekeeper to FTI/GPE financing. While a 'local education group' including NGOs, the private sector and a range of civil society actors is engaged in dialogue at an early stage in preparing requests for support, it is the local donor group (LDG) that appraises and approves applications for FTI/GPE support and recommends endorsement. Notwithstanding the expertise available to the LDGs, including support from the FTI/GPE secretariat, this is a sub-optimal arrangement. Countries with small donor groups may be under-served and it is not clear that the LDG is the right forum in which to take decisions over the appropriate scale, financing and viability of requests from governments. Concerns have also been raised that, in many countries, governments may scale down requests for FTI/GPE support to reflect donor assessments of what is affordable.

**Limited engagement with the private sector.** Over and above these specific governance concerns the current FTI structure has not facilitated effective engagement with the private sector. In contrast to the situation in global health funds (see below), the global business community and philanthropic bodies do not make financial contributions through the FTI. Given that the

FTI is the principal multilateral framework for cooperation on education, this is a serious shortcoming with wider consequences. On one estimate, companies in the health sector in the US alone allocate around \$8 billion annually to activities that promote the MDGs, including the global health funds. The estimate for the corporate contribution to education is around \$500 million. Moreover, while many individual companies are directly involved in supporting the education for all goals, the corporate effort suffers from fragmentation, duplication, and wide-ranging inefficiencies. This is particularly damaging because the expertise, experience and technologies available through the private sector are not being effectively exploited. Nowhere are the costs more evident than in relation to information and communication technologies, which could play a decisive role in supporting more effective teacher training and classroom learning.

### **Some lessons from the global funds in health**

Experience under the global health funds reinforces the case for converting the FTI into an independent global fund for education. While not without their problems, these funds have a strong track-record in mobilising resources, supporting innovative partnerships, keeping health at the centre of the international development agenda and – above all – in delivering results.

When it comes to financing the global health funds and the FTI have been operating in different leagues. Formed in the same year as the FTI and operating initially under the auspices of the World Health Organisation, the Global Fund for HIV/AIDS, Malaria and Tuberculosis (Global Fund) was reformed into an independent entity that has approved grants of almost \$22 billion in 150 countries since 2002. Even the much smaller Global Alliance for Vaccines and Immunization (GAVI) provides some important lessons. It

has disbursed almost \$3 billion since 2002 – three times the level of FTI financing – averting an estimated 5.4 million child deaths.

The recent experience of GAVI replenishment stands in stark contrast to the difficulties faced by the FTI/GPE. In June 2011, donors pledged \$4.3 billion to 2015, *surpassing* a funding gap estimated at \$3.7 billion. That outcome followed intensive campaigning and advocacy by a number of NGOs, which in turn generated strong media interest, public support, and high-level political engagement. All of these ingredients have been missing from the FTI/GPE replenishment, despite the hard work of its staff. Yet the GAVI replenishment surely demonstrates that when a compelling and credible case is made for increased aid, new financial resources can be mobilized.

There are some useful operational lessons to be drawn from the Global Fund. The FTI/GPE has operated almost entirely through traditional donor-government channels in support of national plans. This is both a strength and a weakness. It is a strength because it roots aid firmly in national planning processes. But it is a weakness because the process has facilitated limited engagement with other actors. In the case of the Global Fund, proposals are submitted through a Country Coordinating Mechanism (CCM) – a forum bringing together government, donors, multilateral agencies, NGOs and the private sector. These proposals are subject to review by a Technical Review Panel, rather than by donors (as is the case with the FTI/GPE). Once a proposal is approved, a grant agreement is signed with a Principal Recipient designated by the CCM, which is responsible for spending the grant. Fiduciary responsibility is provided through an independent local agent while the World Bank acts as trustee.

I am aware of some of the problems associated with the Global Fund model. There has been a bias towards the ‘vertical funding’

of inputs rather than the strengthening of systems. In some cases, national health priorities may have been distorted by a narrow focus on specific diseases. And the CCM process has not always worked well. By the same token, the governance systems have facilitated a far higher level of innovation that has been evident through the FTI/GPE. In Ghana, the government agreed to allow a private company, Ashanti Goldfield, to act as a recipient of Global Fund grants to implement an anti-malaria project. In India, companies such as Bajaj and Reliance are now part of the network of service delivery systems supported through the Global Fund. In Benin, the National Electricity and Water Company and a number of non-government organisations have received grants. In each case, the projects involved have been integrated into national health strategies. Meanwhile, private companies and philanthropists provide significant contributions to the Global Fund and GAVI in the form of in-kind contributions (such as medicines provided on highly subsidised terms), services (such as financial auditing of grants) and direct finance.

This is exactly what has been missing in education. Why is it that private companies involved in, say, the development of education materials, information and communications technology and teacher training have no multilateral framework through which to support education in the poorest countries, to pool their resources, reduce transaction costs, and coordinate their efforts? Similarly, while there are limits to what governments and donors may be able to deliver in conflict and post-conflict settings, there are outstanding non-government organisations operating on the front-line which are delivering education but face acute financing constraints. In a country like South Sudan, a region like eastern DRC, or in the refugee camps of northern Kenya, the aim should be to incentivise and support non-government organisations and others willing and able to

act, not to stand by and delay action for several years until donors and governments can agree a fully-fledged national plan.

The development of the global funds in health has gone hand-in-hand with a process of deepening engagement with the business community. The Global Business Coalition for Health was created in 2001, principally to support international efforts aimed at combating the HIV/AIDS pandemic. Over the decade since then its membership has expanded from 17 founding members to over 200 companies committed to using their resources to make a contribution to progress in health in the poorest countries. Apart from training health workers, delivering inputs and providing advice, GBCHHealth has played a pivotal role as a convening agency that brings companies together, shares information, coordinates activities and facilitates partnerships. Arguably even more important has been its role in supporting advocacy aimed at pushing health policy up national and international agendas, providing a powerful complement to the work of NGOs.

These are all areas that have been lacking in the education sector. In my report *Education for All: beating poverty, unlocking prosperity* I made the case for the business community taking on a greater leadership role. We urgently need a forum through which companies can support and build on the excellent work that is already being done to connect the world's poorest countries to the ICTs that can support more effective teacher training and classroom learning. Far more can be done through the private sector working in partnership with universities and teacher-training colleges to help support the development of school curriculum, assessment exercises and textbook provision. And we need the business community to use its voice to inform national policies and make the case for education being placed at the centre of the international development agenda. That is why I believe that the newly-

formed Global Business Coalition for Education, modelled on the current health sector equivalent, is such an important development, and why it will be essential for a new Global Fund for Education to engage with it.

There are a number of positive models demonstrating what works in terms of corporate and philanthropic engagement. The Aga Khan Foundation has a long and distinguished track record in bringing good quality education to some of the world's most disadvantaged communities. In India, philanthropic foundations such as the Sir Ratan Tata Trust and the ICICI Foundation for Inclusive Growth are working with state and local governments in some of the country's most disadvantaged districts to strengthen education systems. The ICICI Foundation has initiated a six year programme through which it will work state governments in Rajasthan and Chhattisgarh to strengthen teacher training systems, improve text book supply and strengthen institutions, and is training or providing in-service support for 250,000 teachers in Rajasthan alone. Similarly, the Sir Ratan Tata Trust's Learning Enhancement Initiative piloted in two of the most disadvantaged districts in Karnataka state has delivered striking results. The key to the effectiveness of these initiatives has been a willingness to work through governments in a partnership aimed at delivering results.

### ***Transforming the FTI into a Global Fund for Education***

Ultimately, the litmus test for any aid architecture is whether or not it is fit for purpose. If the purpose of the aid architecture in education is to deliver on the commitments made to the world's children, dramatically accelerate access towards the 2015 goals, and underpin a genuine 'global compact' then current arrangements fall far short of what is required. Having reviewed the evidence, my firm conviction is that the FTI/GPE should be

reconstituted as an independent Global Fund for Education equipped to address the key tasks of mobilizing (and delivering) additional resources, galvanizing new partnerships and delivering results where they count – in the lives of the world’s poorest children.

Why a new aid delivery mechanism – and why now? Because the current aid architecture is trapped in a vicious and self-reinforcing circle of under-performance, under-ambition, and low expectation. Bluntly stated, donors and developing country governments alike have lost confidence in the current FTI/GPE framework. That is why the Australian government, which has emerged as a champion for education, has supported the call for the creation of a new global fund. In my discussions with non-traditional donors such as China, Brazil, India and Russia I have been told that there is a strong interest in supporting multilateral efforts on education, but not through the existing FTI/GPE framework. Similarly, several philanthropic foundations - including the Qatar Foundation for Education - have signalled a willingness to support a multilateral fund, especially if it is equipped and empowered to deliver support to communities affected by conflict. But the consistent message that I have received in my discussions with major philanthropic donors is that they are unwilling to operate through the current FTI/GPE framework. “It is too slow, too cumbersome and too bogged down in bureaucratic process,” as one potential donor put it.

One of the reasons that we need a more dynamic and more credible delivery mechanism is that it will attract new donors, open the door to new financing and create incentives for traditional donors to increase their support.

Before outlining what the new Global Fund for Education should look like it is worth addressing some possible objections. Many commentators have drawn attention to the

fact that we are not in a propitious environment for increased development assistance. Aid budgets are under pressure as a result of slow growth and fiscal crises in many donor countries. Yet the time could still be ripe for a scaled-up effort on education. While aid budgets are constrained, a GFE that holds out the prospect of getting another 68 million children into school, raising learning standards and bringing hope to some of the world’s most marginalized households is likely to attract support from both traditional and new donors, as well as the private sector and the wider public. Currently, the FTI/GPE is trapped in a self-reinforcing cycle of under-resourcing, under-ambition and political invisibility. The challenge is to create a virtuous cycle through which enhanced delivery attracts increased funding and a higher political profile.

A second potential objection would point out that the creation of a new Global Fund for Education with its own secretariat will incur transition costs, diverting money away from the ‘frontline’ and instead spending it on bureaucratic reform. While we must of course be mindful of this danger and seek to minimize these costs as far as possible, they are likely to be very modest, especially relative to the increase in revenues the reform is predicted to yield. Moreover, at least one donor government has indicated that it will cover the net cost of any reform, thereby ensuring that grant recipients will not lose out.

Another possible objection concerns the effectiveness of ‘vertical funds’. Gearing aid support towards narrowly-defined interventions, so the argument runs, has the effect of distorting national priorities and skewing resources away from the key task of system building. This is a criticism that has frequently been levelled at the global health funds. But it is of limited relevance with respect to the proposed GFE. One of the reasons for building on what works in the

current FTI/GPE framework is to ensure that aid is geared towards national priorities and system-wide support. It should be added that both of the major global health funds have in recent years increased their spending on capacity-building and training.

**The first key ingredient for an effective GFE is a commitment of resources.**

International debates on education are sometimes trapped in a circular discussion over the respective roles of finance and reform in achieving accelerated progress. The reality is that both sides of the equation are important. The GFE will only deliver results if it is financially-resourced to incentivize reform and support bold action by committed governments and other actors. Achieving that outcome will require capitalization that secures annual financing of at least \$3-4 billion annually.

This headline may appear ambitious in relation to the current FTI/GPE replenishment scenario, but it is not unattainable given the weak performance of current donors, the scope for engagement with non-traditional donors, the potential contribution of the private sector, and the possibility of innovative financing. Engagement from the United States has the potential to be a financial game-changer. As in the Global Fund for Health, support from the United States could be linked directly to matching aid commitments from other donors. Both France and Germany should be encouraged to scale up their very limited contributions, in part by redirecting the large share of their aid spending that goes to higher education and subsidies for domestic institutions into basic education. Philanthropic foundations and innovative financing could play a role.

There is also a need to look beyond traditional donors. For example, China is increasingly active in providing aid for education across sub-Saharan Africa and, under the right conditions, could play a

leadership role in a multilateral initiative. As in other areas, China has a great deal of practical experience and expertise to bring to the wider international development effort in sub-Saharan Africa. It is a matter of concern to me that traditional donors have so far failed to engage with Chinese institutions on collaborative approaches that could benefit all parties – and the Global Fund for Education should seek Chinese engagement and support. Indeed, other emerging economies which have supported the Global Fund for HIV/AIDS, Tuberculosis and Malaria – including India, Russia and Brazil – have thus far shown little interest in supporting FTI/GPE or other trust funds operating under the auspices of the World Bank. If the GFE were able to mobilize resources from these governments the annual financing target would begin to appear considerably more realistic.

**The second key requirement is a performance-based remit geared towards the delivery of ambitious results.** In its initial financing phase, the GFE should focus on one overwhelming priority: namely, incentivizing accelerated progress towards the 2015 goals. Applications for funding linked to clear targets would be actively sought principally from governments, but also from non-governmental organizations, the private sector and potentially from UN agencies. Taking their current education sector strategies as a starting point, governments in the poorest countries could be invited to draw up a '2015 Action Plan' that raises the bar for achievement, while in conflict-affected countries, the 'Action Plan' might entail a broader role for NGOs and other actors. Each plan, which would be subject to assessment by an independent technical review panel, would directly address one or more of five priority areas:

- Accelerating progress towards universal primary education

- Overcoming inequalities linked to wealth, gender, region and other markers for disadvantage
- Learning achievement
- Providing second chance provision for unemployed youth
- Expanding education opportunity in conflict-affected states

Global estimates of potential value-added have to be treated with caution. Yet research undertaken by the Brookings Institution suggests that a strengthened global partnership in education could benefit as many as 268 million children in the poorest countries by 2015, setting the scene for sustained advance in the post-2015 period.

**The third key requirement is a fundamental change in the current governance structure of the FTI/GPE.** If the new GFE is to deliver results, it has to be equipped and empowered to act flexibly, quickly and decisively, while drawing on the support of all partners. However effective the rebranding, that will not happen under the current governance system for reasons set out earlier in this paper. The new Global Partnership for Education Board structure and arrangements are a step in the right direction. But if the FTI/GPE is to lead the response to the crisis set out in the earlier part of this paper, providing a focal point for new partnerships, leading innovation and delivering results that enhance equity and learning standards, it needs operational independence.

Let me be clear that I am not arguing for disengagement from or by the World Bank. On the contrary, the Bank has formidable expertise, as well as financial resources to bring to bear. Its intellectual leadership is essential. That is why active World Bank engagement on the Board of the proposed GFE, as well as at the country level, is essential. But while the Bank will continue to play an important role, the time has come to reconstitute the FTI/GPE as an independent

entity either in the United States or another country willing to provide it with international organization status. An effective Global Fund for Education has to have the independence to determine staffing needs in its Secretariat, respond flexibly to emerging threats and opportunities, and attract new financing. It also needs the authority and capacity to support the development of the Action Plans outlined above, and to facilitate an effective response. None of this implies a wholesale reform of governance. Aspects of the current structure that work should be retained. Nor does the conversion process have to entail protracted rounds of high-level negotiation and high-cost transition. Board members could – and should – plan for the creation of an independent entity with a stronger capacity to implement its programmes by the end of 2011, with an initial focus on:

- Strengthened country-level engagement through local education groups.
- The identification of potential grant recipients, including NGOs and the private sector as well as government agencies, in a position to support the GFE's priorities.
- The development of independent financial audit arrangements and a results-based disbursement model, including provisions for small grants and flexible procurement.
- Enhanced monitoring and evaluation and transparent reporting on results.

Facilitating these outcomes will entail legal changes. As noted above, in its role as trustee the World Bank is not empowered to transfer resources to entities other than bilateral donors and nominated multilateral agencies, who in turn provide fiduciary risk management. This has to change. The Global Fund for Education should be authorised to accept proposals from a range of actors able to deliver results on the ground, including non-government organisations, philanthropists

and the private sector. Of course, the proposals should emerge from processes of national consultation and governments should, wherever possible, be directly involved. But the GFE would be authorised to disburse loans to a range of recipients able to meet the criteria for responsible financial governance, subject to arrangements for independent auditing.

**The fourth critical requirement is engagement with the private sector.** The global funds for health have created financing windows for philanthropic contributions, company donations and – notably in the case of GAVI – innovative financing. For companies seeking to support the global push towards the education MDGs the opportunity to operate through a pooled funding mechanism offers a number of advantages, including reduced transaction costs in the management of fiduciary responsibility, project design, and monitoring and evaluation.

There are many areas in which the drive towards learning for all could benefit from enhanced private sector engagement. To mention just three:

- *Delivering quality education.* Several universities in developed countries have designed highly innovative programs aimed at making materials and services available to developing countries. These range from open-source textbooks, to training and assessment material for teachers. Improved access to mobile and digital technologies could greatly scale-up this effort and bring enormous benefits to children in classrooms (and outside of classrooms) in the poorest countries. Similarly, the development of e-books and improved provision of textbooks could open up new opportunities for learning. This is an area in which

companies, governments and donors could come together in initiatives that go beyond limited projects to deliver at scale by lowering cost and removing technological barriers. It is also an area in which a Global Fund for Education could help to incentivize private sector action, just as the global funds for health have incentivized the development and delivery of vital drugs and services.

- *Strengthening physical and human infrastructure.* Innovative approaches to financing are required to meet the up-front capital costs of classroom construction and the long-term recurrent costs of teacher recruitment, support and supervision. In the health sector private companies have, working through the global funds and other arrangements, engaged in initiatives that have mobilized funds for building clinics, paying for essential medicines, and recruiting health workers. Analogous results could be achieved in education. Once again, this is an area in which a Global Fund for Education could help to build incentives for change.
- *Leading on advocacy.* The business sector views the crisis in education from a unique vantage point. It has first-hand knowledge of the skills shortages that hold back innovation, increased productivity and the development of markets. Working together in a broader partnership, national and global business could provide a powerful voice that puts education back on the global development agenda.

## Conclusion

My starting point in setting out the case for a Global Fund for Education is a conviction that the current multilateral aid architecture is inadequate. We are missing out on opportunities to deliver a breakthrough in education – a breakthrough that would bring hope to the lives of millions of children, provide a powerful impetus towards the wider MDGs, and transform the growth prospects of the world's poorest countries. Bluntly stated, we cannot afford more of the same in the three years left before 2015. For reasons that I have outlined in this paper, I believe that a Global Fund for Education would add value and deliver results. It could be created without high start-up costs, without the creation of new bureaucracies, and without reproducing problems sometimes attributed to 'vertical funds'.

As a former finance minister and Prime Minister with a long-standing engagement in international development, I am aware that

new ideas are often greeted with some resistance – and that they seldom gain traction without strong political leadership. The initiatives that led to debt relief for Africa, the creation of the Global Fund and GAVI, and the innovative financing mechanisms that have brought life-saving immunization to millions of children, are today widely recognized as great achievements, but each of them was the result of bold action by leaders willing to stand up and be counted.

Today, we need bold action on behalf of the millions of children denied their birthright of a decent quality education. My hope is that their cause will be taken up by political leaders in the G8, the G20 and the international organizations with the power to make a difference.



