

**Development Committee 2003 Spring Meetings**

Accelerating Progress Towards Education For All

Addendum 1

## ABBREVIATIONS AND ACRONYMS

<b>EFA</b>	Education For All
<b>FTI</b>	Fast Track Initiative
<b>GDP</b>	Gross Domestic Product
<b>GER</b>	Gross Enrollment Ratio
<b>GNP</b>	Gross National Product
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>LAC</b>	Latin America and Caribbean Region
<b>LICUS</b>	Low-Income Countries Under Stress
<b>MDGs</b>	Millennium Development Goals
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-Operation and Development
<b>PCR</b>	Primary Completion Rate
<b>PISA</b>	Programme for International Student Assessment
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>SACMEQ</b>	Southern Africa Consortium for Measuring Education Quality
<b>SSA</b>	Sub-Saharan Africa
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organization
<b>UPE</b>	Universal Primary Enrollment

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# ACCELERATING PROGRESS TOWARDS EDUCATION FOR ALL

## I. INTRODUCTION

1. At the 2002 Spring Meetings, the Development Committee endorsed a global action plan to accelerate progress towards Education for All (EFA). The plan outlined actions that would need to be taken in order to close critical policy, capacity, data and financing gaps that hinder progress on EFA. The action plan also included a proposal to initiate a “fast tracking process” that would provide quick and incremental technical and financial support for countries that have good policies but are not on track to reach Universal Primary Completion by 2015. The Fast Track Initiative (FTI) is based on the Monterrey Consensus—the premise that development aid yields higher returns where countries are accountable for results and where there is a record of successful policy and institutional reforms. Reforming countries could expect to receive additional aid, within the notion of a “development compact”.

2. Implementation of the plan over the past year has yielded valuable real-time experience about the opportunities and challenges of scaling up the Millennium Development Goals (MDGs) agenda. Several themes are emerging.

3. First, the heart of the EFA challenge lies in countries’ ability to adopt the significant policy changes and build the institutional implementation capacity needed to achieve and sustain EFA, and in donors’ ability to be flexible and coordinated in providing additional aid and to stay engaged for the long term. Additional financing and technical support, while necessary, cannot substitute for changes in policy; also of high priority is the need to strengthen absorptive capacity and improve the efficiency with which available resources are utilized.

4. Second, the action plan has helped galvanize global momentum for EFA and provided a framework for a stronger and better coordinated response. Significant progress has been made in addressing the four gaps and the FTI is providing cutting-edge force in helping unbundle the complex implementation agenda. While it is too early to claim victory, countries and donors have shown a willingness to use the FTI framework of mutual accountability as a vehicle for accelerating progress toward EFA.

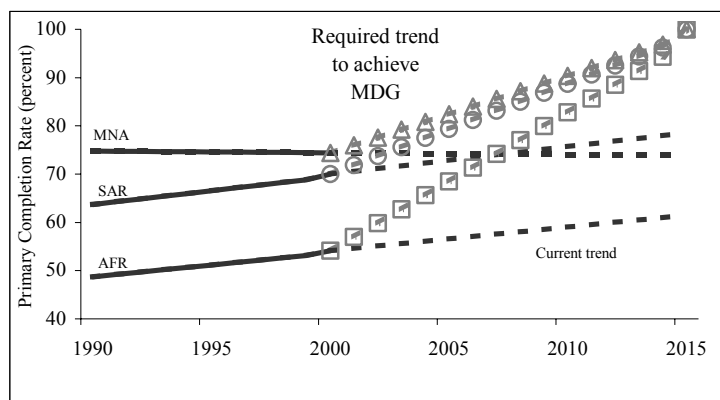
5. Third, momentum that has been so effectively gathered could easily be lost if the fundamental principles of the development compact are not honored. The coming year—with the backdrop of recession in several rich countries, war in the Middle East, and growing HIV/AIDS-related pressures on education financing and service delivery—will provide a critical test of international resolve to support EFA, particularly the challenge of delivering financial assistance to countries committed to sound EFA policies. FTI countries will need to show early dynamism in implementing politically challenging policy decisions and in confronting the highly complex task of delivering quality services. Given the high stakes—the credibility of both sides and of the FTI as a vehicle for progress—this next phase will call for an all-out, concerted effort by countries and donors to urgently address emerging issues.

## II. EFA: AN ACHIEVABLE GOAL?

6. Education for All refers to the global commitment to ensure that by 2015 all children would complete primary education of good quality (Universal Primary Completion), and that gender disparity would be eliminated in primary and secondary education preferably by 2005 and no later than 2015. This commitment was made at the World Education Forum in Dakar, Senegal in April 2000 and reaffirmed in the Millennium Declaration in New York in September 2000.

7. Some 115 million children are out of school; 65 million of them are girls. Figure 1 shows the needed upturn in Primary Completion Rate (PCR) trends in sub-Saharan Africa, South Asia, and the Middle East and North Africa for the goal of Universal Primary Completion to be achieved. The challenge is daunting but within reach for the majority of the world's countries. All middle-income countries and more than two-thirds of low-income "at-risk" countries would reach the goal *if* they could match the average rate of progress, of 3 percentage points per year, observed in the best-performing countries over the 1990s.

**Figure 1. The Performance Gap in Education for All (Primary Completion Rate) by 2015**



Source: World Bank 2003

8. The goal of eliminating gender disparity in primary and secondary education by 2005 will not be met. The gender gap for low-income countries is, on average, 11 percentage points at the primary level, and 19 percentage points at the secondary level. The gap is widest in several Asian countries, including India, and in several countries in Africa and the Middle East. Significant progress in these countries can, however, be achieved even within this tight time frame, and consultations should be undertaken among the countries and development partners to establish interim goals for 2005 and beyond. Such goals could include achievement of gender parity worldwide for Grade 1 intake by 2005. Support to all countries is essential, for the preparation of a detailed gender action plan for implementation by 2005 that would set out the objectives and strategies for the following 10 years. The goal of full gender parity in primary and secondary education by 2015 is achievable but will require country-specific attention and support—including the close monitoring of gender-disaggregated trends.

### III. PROGRESS ON EFA

9. The last 12 months have seen significant progress on the EFA action plan. This plan marks out two areas of emphasis: overall support for EFA to close existing gaps in data, policy, capacity, and financing; and implementation of the Fast Track Initiative, building on the broader EFA effort, to accelerate progress in selected countries. Overall EFA issues are discussed below; progress on FTI is covered in the following section.

#### A. The Data Gap

10. In Dakar, EFA progress was defined in terms of gross enrollment; a year ago, primary completion became the yardstick. A year's experience and better data availability have confirmed the importance of ensuring not only that children complete the primary cycle but also that they receive a relevant, quality education. Data that are current, accurate, and comparable across countries are essential to guide policy options and to help track progress. Obtaining such data has proved challenging; but progress has been made. Table 1 highlights the multiple facets of the EFA challenge and demonstrates how the refining of data can bring issues into sharper focus.

11. Other data-related achievements are highlighted below:

- Considerable progress has been made in developing the Primary Completion Rate (PCR), proposed in the EFA action plan as the main indicator of progress towards the EFA goal; PCR data are now available for 139 developing countries (155 were included in the study), with trend lines established against which to track year-to-year progress
- UNESCO has produced the first annual EFA Monitoring Report—the first authoritative independent assessment of EFA progress
- The UNESCO Institute for Statistics has reduced the data lag for enrollments by almost two years, producing published data up to 1999-2000 (although datasets remain incomplete and the time lag is still too large for effective monitoring and decision-making purposes)
- The World Bank has initiated work to develop more meaningful indicators for adult literacy, early childhood development, and learning outcomes
- A training program to collect student learning data has been successfully tested by the World Bank in nine countries (Bangladesh, Bhutan, Indonesia, Lao PDR, Maldives, Pakistan, Sri Lanka, Uganda, and Vietnam) and will be extended in 2003 to another 8 to 10 EFA countries.

**Table 1. The Multifaceted EFA Challenge**

Issue	Finding	Implication
Primary school Access and Completion	<ul style="list-style-type: none"> <li>▪ Of 115 million children out of school, 79 million never attended school</li> <li>▪ 70 countries are at risk of not achieving Universal Primary Completion (and there is inadequate data for another 16 countries)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Efforts to accelerate progress on EFA should strike the right balance between access and quality to reflect the different needs of children who have dropped out and those who have never attended school</li> </ul>
Gender	<ul style="list-style-type: none"> <li>▪ The gender advantage observed in primary school girls' reading results for 64 developed countries is absent in low-income countries: all 10 countries with the best female/male achievement ratios are high-income countries; 9 out of 10 countries with the worst female/male achievement ratios are low-income countries</li> <li>▪ Failure to reach gender parity by 2005 will be a missed opportunity to increase per capita growth rates by 0.1-0.3 percentage points; lower fertility rates by 0.1-0.4 children per woman; and lower rates of under-5 mortality by 5.8 per 1,000 and lower prevalence of underweight children under 5 by 2 percentage points</li> </ul>	<ul style="list-style-type: none"> <li>▪ This finding calls for efforts to better understand and better address the reasons for weak female educational performance in low-income countries</li> <li>▪ This new analysis of the costs of not achieving the gender parity goal strengthens the case for gender-disaggregated reforms and actions, while highlighting the strong synergies between gender equity in education and the other MDGs</li> </ul>
Conflict	<ul style="list-style-type: none"> <li>▪ Of 41 conflict-affected countries, 26 are not on track to achieve EFA; these countries account for almost 30 million, or more than a quarter, of all out-of-school children</li> </ul>	<ul style="list-style-type: none"> <li>▪ The large numbers call attention to the need to learn early lessons on EFA approaches tailored to the needs of conflict-affected countries</li> </ul>
Quality	<ul style="list-style-type: none"> <li>▪ Only 27% of students in southern African countries achieve minimum mastery in reading (SACMEQ)</li> <li>▪ OECD countries spend 100 times more per pupil than low-income countries</li> <li>▪ Some FTI countries have annual instruction hours of only 400, compared to an average of about 900 hours in OECD countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ The findings highlight the urgent need to focus on learning outcomes, while presenting a telling picture of the resource divide and of the vast catch-up needed for developing countries to compete globally</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>▪ Countries with similar Gross Enrollment Rates (of about 100 percent) have Primary Completion Rates that vary from 28 percent to 91 percent, largely because of differences in repetition and drop-out rates</li> </ul>	<ul style="list-style-type: none"> <li>▪ While it is known that completion rates trail enrollment rates, the degree of variability across countries underscores the need to close the gap through country-specific analysis and approaches to complement the broad benchmarks of the “indicative framework”</li> </ul>

## B. The Policy Gap

12. Over the past year, donors have used the policy benchmarks laid out in the EFA action plan’s “indicative framework” (Box 1) as a reference point in their policy dialogue with many countries, including several non-FTI countries. Progress in aligning country policies and actions with this framework will lead to improved sustainability, efficiency and quality of education.

13. Countries will, however, not achieve EFA simply by accelerating programs to expand access; they also need to specifically address the inequitable distribution of educational opportunities. Achieving EFA implies inclusive education that would ensure that all children, including those with disabilities, obtain learning opportunities to enable them to complete primary school. Some countries such as Brazil and Uganda have made

**Box 1. The “Indicative Framework” -- Policy Benchmarks for EFA by 2015\***

**Service Delivery**

Avg. annual teacher salary	3.5x per capita GNP
Pupil-teacher ratio	40:1
Non-Salary spending	33% of recurrent education spending
Average repetition rate	10% or lower

**System Expansion**

Unit construction cost	\$6,500 - \$12,500 (constant dollars)
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**System Financing**

Gov’t revenues, % of GDP	14% - 18% (depending on p/c GDP)
Education spending	20% (as share of Gov’t revenues)
Primary education spending	43% - 50% (as share of total education recurrent spending)
Private enrollments	10% (as share of total)

\* *Benchmarks to be adapted to country circumstances*

remarkable gains in equity by instituting policies explicitly targeting poor people. The elimination of user fees, for example, can have a powerful impact on increasing the access of poor children to primary school (as in Malawi, Uganda, Tanzania, and Kenya). Scholarships for junior secondary rural girls in Bangladesh have greatly increased their share of enrollments.

14. However, if the expansion of education systems to meet access goals undermines learning outcomes, then even this achievement will be fleeting. The quality of education thus merits high priority uniformly across all developing countries, many of which appear to have systematically under-invested in quality. Children will not reach the upper grades of primary schooling where systems are dysfunctional and quality and relevance are poor. As more international comparators become available, it is becoming clear that children in developing countries are not learning the skills needed to succeed in an increasingly competitive global arena. The EFA effort, therefore, needs to focus on improving access, equity, and quality while providing the necessary funding. These efforts are not sequential but are closely intertwined. As Figure 2 shows, resources do contribute to outcomes—but achieving quality outcomes requires more than resources.

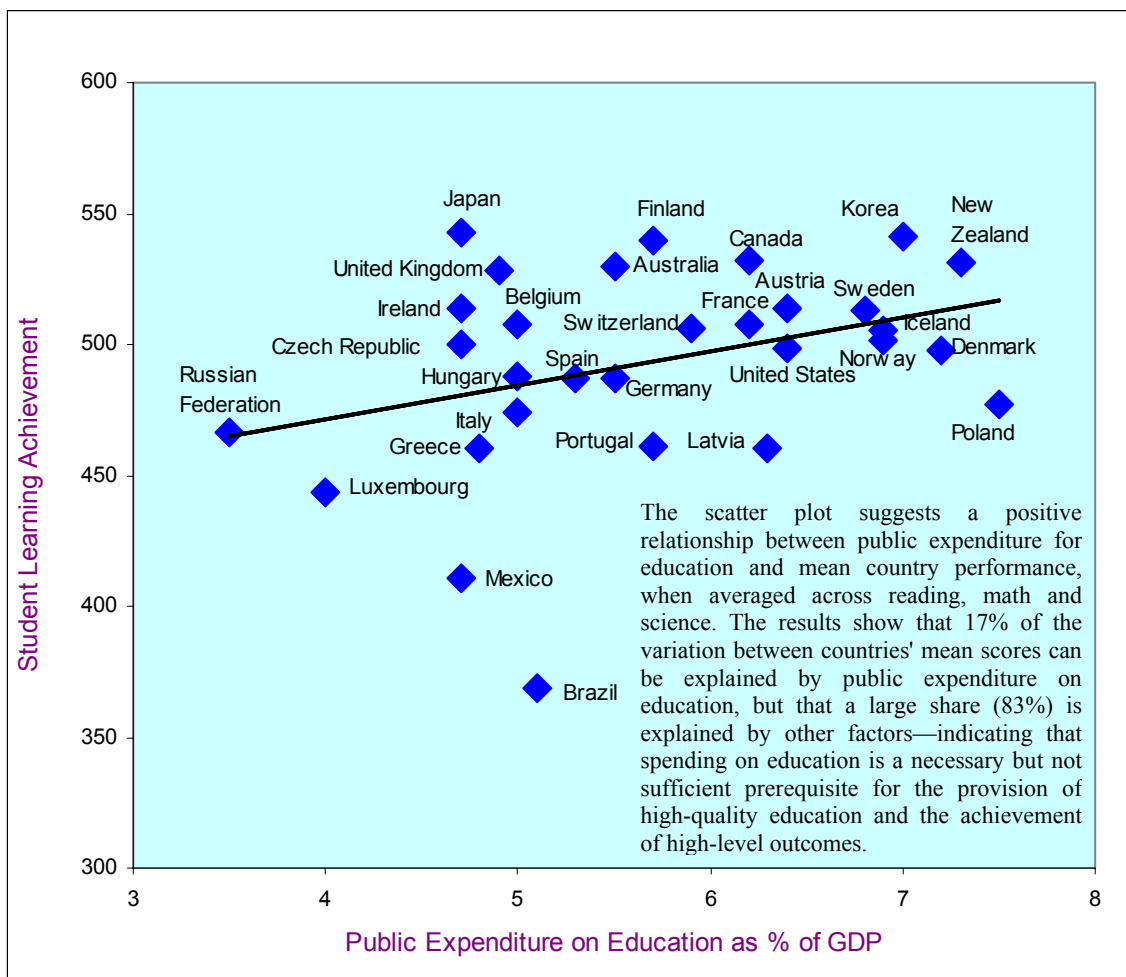
**C. The Capacity Gap**

15. Developing countries’ capacity to quickly scale up the delivery of educational services is one of the greatest potential bottlenecks to achievement of EFA. Even where financing is available, many countries simply do not have the institutions and accountability mechanisms to ensure that the financing flows will be translated into needed gains in primary school enrollment, completion, and educational quality. While most World Bank and other donor assistance includes support for capacity building, the magnitude of change needed for many countries to achieve EFA goals will require stepped-up effort. New partnerships will be essential, which not only build new capacity but also strengthen existing capacity. Such partnerships will include public-private partnerships for service provision—the 2004 World Development Report, *Making Services Work for Poor People*, currently under preparation, will present many promising lessons



from experience in this regard. They will also include new public-public partnerships, where central governments rely more heavily on local government and community entities for delivery of education services, and in turn ensure the availability of resources needed for this purpose.

**Figure 2. Public Education Expenditure and Student Learning Achievement (Combined Mean Score for Reading, Math and Science)**

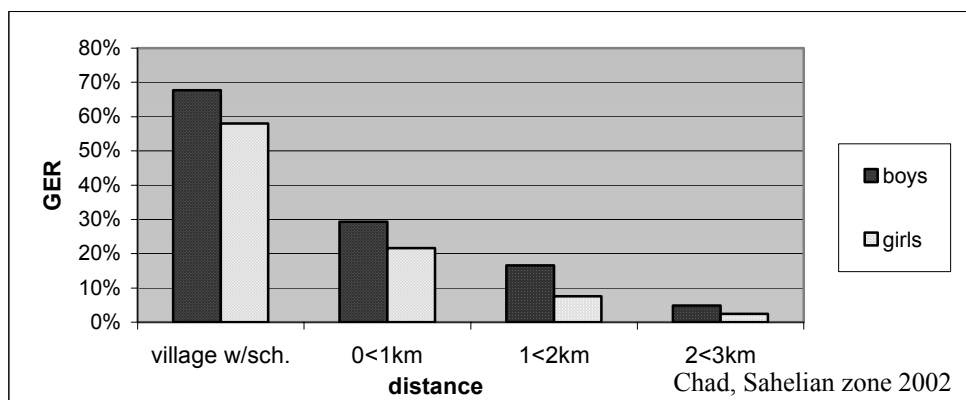


Source: Data on Math, Science and Literacy Scores are from OECD publication *Knowledge and Skills for Life: First Results from PISA 2002*, OECD, 2001. Data on Public Expenditure are from UNESCO Institute for Statistics.

16. Capacity-building efforts are most successful when structured around concrete problems of development and tailored to specific needs. For instance, research undertaken through the Rural Access Initiative, operating in six West African countries, is helping local governments better understand and respond to needs in rural areas. The researchers found that as many as half of rural hamlets and villages were not identified on school maps and had been left out of previous school planning exercises. The research also shows that issues which at first appear to result from low community interest in basic education may be more related to insufficient or inefficient supply. School catchment areas in Chad, for

instance, cover a zone of 5 kilometers surrounding each school, but research results found that at distances greater than 2 kilometers, attendance drops dramatically (Figure 3). In response to these findings, local governments are redefining school catchment areas, and developing low-cost but good-quality multigrade models of schooling to increase capacity for delivering education services in these areas.

**Figure 3. Impact of Distance on Enrollments**



Source: World Bank 2003

17. The HIV/AIDS pandemic places additional strains on capacity because of the death or illness of teachers and the increasing number of AIDS orphans. In partnership with the UNAIDS Inter-Agency Task Team on Education, the World Bank is working with countries to mitigate the impact of HIV/AIDS on the supply, demand, and quality of education. Efforts are aimed at accelerating the use of funds by countries' education sectors, in support of EFA/FTI goals, under the Bank's Multi-Country AIDS Program. Eight countries have joined this initiative in the last six months (Eritrea, Ethiopia, Kenya, Mozambique, Nigeria, Tanzania, Uganda and Zambia).

#### **D. The Financing Gap**

18. The total annual incremental cost for achieving Universal Primary Completion is estimated at \$32-37 billion. The annual Official Development Assistance (ODA) contribution, beyond planned domestic financing, is estimated at about 20-25 percent of this amount. Analysis indicates that about two-thirds of this estimated ODA contribution will be needed in the low-income countries. However, the overall donor trend over the past decade has been downward: the EFA Monitoring Report (UNESCO) notes that bilateral aid flows for education fell to \$3.5 billion in 2000, a 30 percent decline in real terms from 1990. Major donor consultations around EFA have played an advocacy role in highlighting the importance of education, and wide consensus around the "development compact" and policy benchmarks has underlined to countries the importance of adequate domestic resource mobilization as well as efficiency, which frees up resources.

19. After a steep decline, World Bank lending for education has increased significantly. The increase reflects greater support for investment projects in the education sector (Table

2) as well as for education components of multisector operations (including Poverty Reduction Strategy Credits), which in FY02 amounted to \$435 million.

**Table 2. Education Lending FY99-03\***

Total IBRD+IDA Commitments (Millions of dollars)					
Region	FY99	FY00	FY01	FY02	FY03
AFR	194.1	159.7	114.9	370.1	334.2
EAP	557.2	5.0	7.6	22.5	251.5
ECA	41.1	22.6	90.3	35.4	402.5
LCR	393.7	77.5	362.7	594.8	952.6
MNA	50.0	219.2	66.0	55.0	139.1
SAR	98.2	200.0	192.6	135.9	293.9
<b>Total Education:</b>					
IDA	534.8	468.7	452.5	546.8	826.1
IBRD	799.5	215.3	381.6	666.8	1,547.7
<b>Grand Total</b>	<b>1,334.3</b>	<b>684.0</b>	<b>834.1</b>	<b>1,213.6</b>	<b>2,373.8</b>

\* Figures for FY03 are projections as of 3-31-03

Note: Lending for basic education is, on average, about 50 percent of total lending for education.

#### IV. THE FAST TRACK INITIATIVE (FTI)

20. A tide of political momentum led to the establishment of the Fast Track Initiative. FTI was approved by the Development Committee in April 2002 as a process that would provide quick and incremental technical and financial support to countries that have good policies but are not on track to attain Universal Primary Completion by 2015. It is based on the Monterrey Consensus—the premise that development aid yields higher returns where countries are accountable for results and where there is a record of successful policy and institutional reforms. Reforming countries could expect to receive additional aid, within the notion of the “development compact”. FTI was developed as a means for:

- interfacing national and international issues in education by bringing donors together to maintain political momentum for EFA, monitor progress, and work out solutions to specific systemic and financing problems
- catalyzing and supporting desired policy change at the country level by, *inter alia*, sharpening focus on learning outcomes and efficient use and allocation of resources
- promoting donor harmonization
- harnessing additional resources for education
- developing a global knowledge asset represented by the international benchmarking of policies and outcomes and sharing of best practices across countries.

21. In its first 12 months, the Fast Track Initiative has lived up to its name in some, but not all, respects. On the process side, developing countries have acted quickly to prepare proposals for accelerating progress, and donors have worked closely to agree on FTI procedures. Progress also has been made in mobilizing additional financing and harmonizing donor procedures, but a lot more needs to be done. The heart of the challenge—putting in place the agreed policies and implementing the plans to achieve Universal Primary Completion—lies ahead. So far, FTI has shown that many developing countries are improving policies and that this process can be accelerated with appropriate support, but that alignment of donor support is a complex undertaking that will take time.

#### A. What Has Worked Well

22. Progress to date in terms of country action and donor support has been encouraging. Momentum has been sustained, and milestones have been marked in rapid succession, attesting to a genuine commitment to EFA by developing countries and donors (Box 2).

23. FTI has already marked gains in:

- ***Raising the political profile of education and public awareness of EFA.*** Senior officials in Guinea, for example, have expressed public support for the quality, retention, and equity issues that need to be addressed. Consultations in Honduras around the EFA/FTI program, similarly, have brought a wide range of stakeholders—including teacher unions, businessmen, parents, political groups, and universities—into the dialogue.
- ***Strengthening government commitment.*** In several countries, FTI has spurred governments to anchor their development strategy in education, strengthen focus on education’s macroeconomic and fiscal linkages, adopt key policy reforms and take the lead in coordinating donors locally. FTI has also begun to spur enthusiasm in several non-qualifying countries, whose governments have voiced interest in receiving capacity building support and in joining FTI.
- ***Sharpening focus on outcomes and policies.*** Many more countries now recognize school completion to be the outcome that matters—and sound education policies as key to achieving it. Mozambique, for example, has raised the bar to universal completion and aims to lower its high repetition and dropout rates. On the policy front, among the strongest signs of improved government commitment has been countries’ acceptance of the “indicative framework” as a basis for gauging progress. This step implies a willingness to confront difficult challenges in education quality and system efficiency, putting the entire national budget under public scrutiny, and addressing politically sensitive issues (Box 3).
- ***Improving donor coordination.*** FTI has helped improve donor coordination especially at the country level where donors have come together to review country proposals. In Honduras, meetings in which donors presented their own programs have been replaced by deliberations anchored in a common purpose. In Guyana, FTI has promoted information sharing across multiple stakeholders. And in Guinea, donors are working together to assess implementation mechanisms for budget support and strengthen financial management capacity. Ultimately, FTI aims to harmonize donor procedures and reporting requirements around the country’s need, for analytical work, procurement, financial managing, auditing, and monitoring and evaluation—reducing transaction costs for both donors and countries.

## **Box 2. The EFA Fast Track Initiative: Key Milestones**

### **1990 – Jomtien (Thailand)**

The world community commits to Education for All and calls for universal primary enrollment by 2000

### **April 2000 – World Education Forum, Dakar (Senegal)**

Acknowledging slow progress, the world community reaffirms commitment to EFA: “No country with a credible plan would be unable to implement it for a lack of resources.”

### **September 2000 – Millennium Declaration, New York**

189 countries pledge to achieve, by 2015, the Millennium Development Goals, one of which is Universal Primary Completion.

### **July 2001 – G8 Meeting, Genoa**

The Group of Eight (G8) countries establish an EFA Task Force, to be led by Canada.

### **March 2002 – Financing for Development Conference, Monterrey (Mexico)**

Countries adopt the Monterrey Consensus, which calls for mutual responsibility and accountability and paves the way for countries with sound policies to qualify, notionally, for additional aid.

### **April 2002 – EFA Meeting, Amsterdam**

Developing countries and their external partners agree at a Dutch-World Bank sponsored conference on broad principles for scaling up EFA efforts; the Netherlands commits 135 million Euro to set the process in motion.

### **April 2002 – World Bank/IMF Spring Meetings, Washington, DC**

The Development Committee endorses the proposed EFA Action Plan and approves the Fast Track Initiative (FTI), amid overwhelming support from the international community.

### **June 2002 – G8 Meeting, Kananaskis (Canada)**

The G8 agrees to significantly increase bilateral assistance for achievement of EFA and to work with bilateral and multilateral agencies to ensure implementation of FTI.

### **June 2002 – FTI launch, Washington, DC**

18<sup>1</sup> countries are invited to join FTI and become eligible for policy and financial support, based on two criteria—having in place (i) a PRSP and (ii) an effectively implemented education sector plan; 5<sup>2</sup> other countries, with half the world’s out-of-school population, are also invited to receive technical and analytical assistance to help create an enabling environment (policies, capacity) for scaling up EFA efforts.

### **June – October 2002 – Alignment of education sector plans to EFA goals**

Countries reprogram their national education plans to accelerate progress on EFA, guided by the “indicative framework” of policy benchmarks related to service delivery, expansion, and financial sustainability.

### **November 2002 – FTI Donors’ Meeting, Brussels**

Donors meet and endorse seven country programs<sup>3</sup>, and agree to ensure that adequate funding for these programs would be secured.

### **March 2003 – FTI Donors’ Meeting, Paris**

Donors agree on modus operandi for FTI and secure funding for the seven countries and agree on an operating framework for FTI.

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1 Albania, Bolivia, Burkina Faso, Ethiopia, Gambia, Ghana, Guinea, Guyana, Honduras, Mauritania, Mozambique, Nicaragua, Niger, Tanzania, Uganda, Vietnam, Yemen, Zambia

2 Bangladesh, Democratic Republic of Congo, India, Nigeria, Pakistan

3 The first seven countries include four from Francophone Africa (Burkina Faso, Guinea, Mauritania and Niger) and three from Latin American and the Caribbean (Guyana, Honduras and Nicaragua)

### **Box 3. Policy Gains in Mozambique**

The government has recently proposed a major increase in teacher salaries (to 7.4 times per capita GDP), which analysis showed to be unsustainable. After discussion of the FTI proposal in relation to the EFA benchmark (3.5 times per capita), the increase is being renegotiated on the basis of finding a solution that is fair to teachers, while ensuring progress on the quality front. In addition, the EFA norm for school construction costs helped set a ceiling on such costs, at half the pre-FTI level.

24. The past year's experience with EFA / FTI has yielded some valuable lessons in what to do—and what not to do—to accelerate progress toward the MDGs in general. These lessons are highlighted in Box 4.

### **Box 4. EFA/FTI Lessons Learned**

1. Establishing an **explicit policy framework** with clear benchmarks helps to focus dialogue in-country and create consensus internationally. Used flexibly, the “indicative framework” can provide coherence across countries and sharpen analysis of country-specific issues while establishing a baseline for monitoring and evaluation.

2. Initiatives must be firmly grounded in and **aligned with country-specific poverty reduction strategies**.

3. **Expectations on resource mobilization** need to be managed carefully—low expectations can stifle creativity in working through politically difficult issues but unrealistic expectations about the speed of donor response lead to frustration and loss of momentum.

4. **Governance and decision-making processes** related to new initiatives need to be addressed quickly, with supporting bureaucracies kept light in order to maintain focus and energy at the country level.

## **B. Outstanding Issues for Donors**

25. The above gains are important, but a number of real issues remain, many of which FTI is seeking to address:

- **Slow fund-raising process.** While the political commitment to EFA and FTI has been consistently strong, the financing response has been more measured. Donors have been slow to reallocate funds for FTI and it is proving difficult to secure financing for countries that have traditionally not received much donor support. The initial proposals identified a total financing gap of \$430 million over three years for the first seven countries; this number was revised to about \$300 million, largely on the basis of absorptive capacity, out of which about \$200 million was committed by the time of the donors' meeting in March 2003. The estimated gap is wider in the last year of the three-year period.

- **Need for long-term support.** Many donors do not yet have mechanisms for providing long-term funding commitments; this issue is one of the most important unresolved challenges both for FTI and for EFA support in general. Bolivia, Burkina Faso, and Uganda have in particular sought long-term financing, noting that FTI resources should not be used to hire teachers without reasonable assurance of funds being available over several years.

- ***A lack of an agreed financing framework.*** Building on existing financing mechanisms has been a guiding principle for FTI. However, many donor agencies are highly constrained in how far forward commitments can be made, and many do not have a mechanism for channeling support to countries in which they have no ongoing program. Two-thirds of incremental spending needed to achieve EFA is of a recurrent nature, and few donors have experience in providing such support and mitigating the accompanying risks. An overall financing framework will be prepared by September 2003, aiming at addressing options and issues related to: (i) recurrent cost expenditures; (ii) long-term financing; (iii) harmonization of aid; (iv) transparency and accountability; and (v) country performance and absorptive capacity.
- ***Prevalence of aid to preferred (rather than performing) countries.*** Not all donors have yet fully adopted the principle of performance-driven aid. Some countries with proposals already endorsed by FTI partners have attracted little donor support, placing policy gains at serious risk in fragile political environments.
- ***Fragmented approaches to financing.*** A review of the education sector in the 23 FTI countries, many of which are quite small, shows an average of 13 major donor projects per country, with an average value of \$24 million. Current arrangements impose unnecessarily burdensome transaction costs on governments and place an enormous strain on management resources in countries that desperately need to build, rather than dissipate, capacity.
- ***Input-driven lending.*** External aid continues to be driven by input—rather than impact. Much of the support apparatus is premised on inputs—hours of training, classrooms built, dollars disbursed—rather than on impact as measured by outcomes, such as additional children in school and improvement in learning achievement levels.
- ***Need for monitoring of outcomes.*** Funding must be provided long before desired outcomes occur. Completion rates, for instance, will likely improve after five or six years as children work their way through school systems; thus a shift in accountability mechanisms is required, from a focus on “quality at entry” to “quality of process”. As no one donor can control outcomes, joint responsibility for monitoring and agreement on indicators is essential.

26. The challenges of donor financing are thus considerable, entailing many complexities beyond the earmarking of aid for EFA. A weak response would represent a major reputational risk, damaging FTI’s credibility and undermining prospects to achieve EFA. Unpredictable or inadequate financing would jeopardize the sustainability of EFA efforts. The international community needs urgently to recognize the need for flexibility in removing bottlenecks to provision of finance, a crucial part of scaling up efforts to achieve EFA—particularly in sub-Saharan Africa.

### **C. Outstanding Issues for Countries**

27. The implementation phase will be a crucial test for the FTI. The true complexity of achieving EFA will emerge only as specific actions, timelines, and responsibilities are defined; it is in tackling these challenges that government resolve and country capacity will be tested. Key questions arise: Will quality and service delivery improve in the ways

needed to raise learning outcomes—substantially and across the board? What will countries do differently with the incremental funding to break away from the mediocrity of past efforts and truly accelerate progress toward 2015? How will donors stimulate the necessary innovations, both in countries and in their own processes for providing aid?

- ***Resources must reach the service delivery level.*** The question of absorptive capacity is closely tied to the ability of governments to allocate resources to the service delivery level, focused on teaching and learning. Governments will need to work closely with donors to develop approaches that ensure timely availability of resources for schools and other institutions. Traditional investment lending—typically unable to address sector- and economy-wide reforms needed to improve service delivery—may give way in part to instruments that strengthen the government's ability to undertake such reforms while creating demand for services at the local level. Programmatic lending instruments are potentially a powerful tool: they can emphasize budget management reform (to address underfunding of primary education, and non-wage current expenditures), transparency, accountability, and civil-service reform (to address teachers' salaries and incentives for performance)—while economizing on the government's scarce administrative capacity.

- ***Demand for services is weak in some areas.*** Years of weak service delivery have weakened demand for services in many countries, particularly in rural areas. Innovative approaches to financing that channel funds to the local or school level (through block grants, for example) can empower new constituencies and create demand for services. Successful World Bank projects in countries as diverse as Guinea, Cambodia, and Chile demonstrate the wide-scale feasibility of this approach. As countries seek to remove barriers to schooling and as user fees for primary schooling are increasingly abolished, there will be a greater need for lending instruments that effectively ensure the availability of financing at the local level.

- ***EFA strategies could rely on a variety of service delivery modes.*** The quality of education service delivery is as important as the technical quality of the program. As the scale of the EFA program expands with accelerated progress, a broad range of non-public delivery systems will need to be included. These include community schools (Mali, Chad, Togo), faith-based groups (Indonesia, DR Congo, Haiti, Senegal), or non-governmental organizations (Bangladesh). Islamic schooling in particular is significant in many EFA countries. While a recent review shows non-public Islamic schooling to be relatively limited (not more than 10 percent in any of the countries reviewed and under 3 percent in most), several countries (including Indonesia, Bangladesh, and Mauritania) have parallel systems of publicly funded and administered religious schools providing education for another 10-15 percent of the school-age cohort, with larger numbers at the primary level than at the secondary level. These alternative modes of service delivery represent significant and rapid-growth potential, yet they can be very fragile. It is important that governments and donors develop new flexibility and country-specific knowledge to work with these organizations in ways that effectively broaden access, equity, and quality.



- ***A focus on efficiency and sustainability is crucial.*** Many FTI countries have yet to develop sustainable models of education service delivery. In a resource-poor environment, the development of more efficient modes of operating will be essential. Sustainability analysis conducted for all of the FTI countries shows that current modes of service delivery cannot be maintained indefinitely, and that greater mobilization of domestic resources must be accompanied by more efficient spending patterns. The analysis shows, on current trends, a widening gap between domestic financing available and total education spending through 2015. Adoption of education policies consistent with the norms in the “indicative framework” will help FTI countries to make their education systems more efficient and more financially self-sustainable and to develop exit strategies for scaling back donor support over time.

## **V. EXPANSION OF EFA AND FTI EFFORTS**

28. Important questions relating to the future of the FTI and broader EFA efforts were addressed at the Donors Meeting in Paris in March 2003. Consensus was achieved on most of the elements that govern the FTI process—the most important of which was that FTI would be integrated into the PRSP and Medium-Term Expenditure Framework (MTEF) processes and would not be treated as a separate or parallel process. The eligibility criteria for FTI—a full and approved PRSP and a sector plan agreed with local donors—would be maintained. It was further agreed that the donor community in-country would be the main FTI interface with government.

29. An issue that remains unresolved relates to countries with poor short-term prospects for FTI eligibility but great need for support. Support to such “Low Income Countries Under Stress” (LICUS) countries is necessary if EFA goals are to be achieved, as many of these countries cannot advance on their own. A process that is wholly driven by donor effectiveness criteria would leave these countries even farther behind on the road to EFA. Key questions arise: (i) should a window be opened to complement FTI to help these countries get on track for EFA? (ii) Can a rapid response capacity be developed for countries where new political opportunities may help abolish barriers to schooling before firm reform strategies are in place? These issues will be taken up with the FTI donor partnership in the coming months.

## **VI. CONCLUSION AND THE WAY FORWARD**

30. One year ago, the Development Committee called on the World Bank to work with its partners to develop and implement an action plan to accelerate progress towards EFA. This has been done through creation of the FTI, and by moving to close data, policy, capacity-building and financing gaps. Much remains to be done to consolidate these efforts; conditions are ripe now for major advances in enrollments and educational quality in several countries over the next two to five years. In addition to placing a sharp focus on policy and resource questions around the achievement of the EFA goal specifically, the experience of the last year has also provided important lessons for scaling up efforts to reach the MDGs overall, as noted earlier.

31. The Fast Track Initiative has provided momentum for achieving the goal of Education for All. Success will now require that countries pay attention to policy reform and mobilization of human and financial resources—ensuring that there are good teachers and good administrators in sufficient numbers, and that they have the tools they need to make a difference in the classroom. On the donor side, success will depend in large part on their ability to make long-term financing commitments, move flexibly to bridge short- and medium-term gaps, finance recurrent expenditures, harmonize approaches to implementation, recognize and seize opportunities for intersectoral collaboration, and provide programmatic support with strong technical inputs.

32. Three elements must now come together to ensure that these efforts lead to quick progress toward the goal of EFA. First, existing commitments must be honored. Sufficient financing has been promised to get the process off to a good start. Second, the retooling of bilateral and multilateral financing mechanisms and overall support needs to be accelerated, especially as it relates to donor harmonization and recurrent budget issues. Finally, implementation challenges must be urgently addressed, with support focused directly on service delivery, to ensure that every child gets to school, stays in school, and receives a good education.

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