Copenhagen Discussion Paper to the FTI Steering Committee meeting April 19, 2009

The Scope of the EFA Fast-Track-Initiative

The objective of putting this discussion on the agenda of the Steering Committee is to get an overview of partner opinions and positions on revising the scope of the FTI, at present formally focused exclusively on the goal of universal primary education (UPE), to a broader focus.

There are several reasons for putting this discussion on the agenda now. As the FTI has evolved, inconsistencies are now being observed between stated policy – focused on primary education - and implementation practice, often allowing support for much broader basic education activities. There is a need to clarify and communicate policy.

In this context, the question has been raised whether FTI coverage is now too narrow, seen in the light of in-country developments of FTI partner countries, the relative success of the primary enrolment campaigns, and the post-primary education challenges now facing these countries. There is also, arguably, a conceptual logic of supporting and aligning to national education sector plans rather than limiting FTI financing to primary education, increasing the risk of fragmenting support between sub-sectors and creating intra-sectoral distortions.

The degree of an expansion in the scope of FTI could vary between simply acknowledging that all aspects of basic education including lower secondary education should be included in scope and guidelines of FTI, to an actual whole sector approach where guidelines, indicative framework and financing modalities are adapted to a full sector wide approach.

The FTI Framework Document in its final section on “Revisions to the Framework” clearly anticipates that documents, decisions, practices and policies will be reviewed and modified on an on-going basis in light of experience in implementing the FTI. It is worthwhile to now start an informed discussion on possible options based on current policies and practices in implementing the FTI.

Current FTI policy and practice

When FTI was established it took on the two millennium goals MDG2 and MDG3 but condensed them to the completion of grade 1-5 in primary education. The FTI framework, consequently, defines the objective of the EFA-FTI as Universal Primary Education (UPE). The interpretation of this has been that other activities outside primary education may be funded as long as they contribute to the goal of UPE. This is in line with the FTI Framework stating the objective of addressing key issues constraining progress towards UPE, i.e. also investments outside of primary education as long as the goal/objective is UPE.

But, there seem to be some lack of clarity or differing interpretations on exactly what the FTI Framework Document (and the Catalytic Fund (CF)) currently allows. The reports produced for respectively the Replenishment Task Team and the Prioritization Task Team summarize the following:

- The current policy permits funding of basic education as a whole, but this is not clear or widely disseminated[1].
- The CF has in practice been considering, on a case by case basis, requests for financing not only of primary education, but early childhood education and development (ECED), lower secondary education, relevant teacher training at the tertiary level, and adult literacy. Recent CF decisions on Gambia (teacher training) and Zambia (basic education up to ninth grade) are good examples of this.
- The evolution from primary to basic education (and more) being supported by the FTI CF can have many good reasons: ECED is an important determinant of success in primary education; rapid expansion of primary education leads to strong social and political demand for expansion of lower secondary education, and; teacher training is a direct input into primary/basic education.
- This evolution in policy has, however, not been formalized or widely disseminated to partner countries and local education groups (LEGs).

The seeming lack of clarity, or at least wide room for interpretation of FTI policy, calls for clarifying and communicating both policy and practice of the FTI to all partners.

In this context, the question has been raised whether the present FTI coverage is too narrow. There are differing opinions on this, but there seems to be agreement that FTI support must be based on a comprehensive education sector plan with coverage of the whole sector. Even if only a part of the sector will receive financial support by FTI, development of that sub-sector is dependent on an integrated view of development in the respective country in general and in the whole education sector in particular. This is in line with international agreements and the Paris Declaration.

Basic or post-primary education

The current policy focus of FTI financing earmarked for primary education is in practice difficult to narrowly implement. For example, the practice in national policy definition of primary grades varies between countries. The primary cycle is in some countries defined as 5 years, in others up to 8 or even 9 years. The 8 year definition

[1] Some argue that as, according to the FTI framework, the CF can fund the whole education sector as long as the goal/objective is UPE, legally, the FTI can already fund the whole sector.

of primary education cycle would in many countries in fact encompass lower secondary education (normally grades 7 and 8). The FTI Indicative Framework already acknowledges this challenge in defining the primary cycle.

Current policy or practice of supporting activities outside of primary education – albeit activities leading to improved primary education outcomes - would therefore, as mentioned above, seem in many ways logical. For example, ECED or teacher training have direct impacts on primary education outcomes and are therefore being supported. Arguing that lower secondary education, which is also in many cases in practice supported by FTI, has a direct impact on UPE is less obvious[2] - although it is granted that huge social and political pressures towards increasing secondary education exist in many countries.

The current situation in many FTI partner countries, and other developing countries, is that access to primary education has in fact increased very significantly over the last decade. National education systems, consequently, need to respond to this relative success of increased primary enrolment by considering the transition of students from primary to lower secondary and secondary education. This means real challenges for resource constrained developing countries in managing transition rates and allocating resources effectively between sub-sectors within the national education sector plan. The FTI could have an important role to play in supporting countries in dealing with these challenges – both in terms of capacity development, technical assistance, guidelines and financing.

It is arguably leaving a gap in the FTI guidelines when the Indicative Framework focuses exclusively on primary education and it could be considered whether FTI should technically support national sector plans and strategies by also providing guidelines in support of, at least, lower secondary education. The technical and analytical capacity of the FTI could potentially be brought to bear on issues concerning the whole education sector.

Whole-sector approach

Although the FTI policy focus is on UPE, the FTI endorsement process uses as its basis the existence of good quality national education sector plans, i.e. a view of the whole sector. The country level assessment of the primary component of an education sector plan already must, and normally does, include an assessment of projected evolution of costs and finances of the entire sector. Nevertheless, the basis for FTI financing requires the funding gap to be calculated on the basis of the primary sub-sector of the same education sector plans.

[2] Although lower secondary education is included in the primary cycle in some countries

The trend among many bilateral aid donors is increasingly, in line with Paris and Accra principles, to align to national education sector plans around a whole sector approach, or sector wide approach (SWAp). In this context, it seems less logical for FTI financing to be specifically earmarked for a primary education sub-sector.

It is impossible to objectively see a funding gap for primary education in a given country outside the context of the whole education sector, as well as national resource allocation decisions between education sub-sectors. A decision to allocate more national/domestic resources for secondary education can immediately result in a larger funding gap for primary education. Conversely, an allocation of additional external financing for a primary education sub-component of a national education sector plan can free up domestic resources for an increase in secondary or tertiary education financing, as the money is indeed fungible within a national sector plan (or national budget as a whole).

In a situation where external resources are not earmarked, e.g. in the case of sector budget support for an education sector plan, it requires serious consideration from both government and donors to ensure that funding allocations within the sector are in line with poverty reduction policies and that expenditure is progressive rather than regressive (a classic example is tertiary education, with higher participation from highest income quintiles, versus more pro-poor investment in primary education).

The issue of ensuring additionality of external funding will often surface in a discussion of un-earmarked sector budget support. The issue is that aid donors may wish to ensure that a government does not switch domestic resources out of a sector, or even sub-sector, primary or basic education, after having received external funding for this. In many ways this issue does not change if a whole sector approach is adopted for FTI funding – the guidelines and indicative framework already sets out recommended levels of national budget allocations, for the sector as a whole, and for the primary sub-sector. These guidelines would, however, need to be revisited.

A potential criticism of adopting a whole sector approach of FTI is that there would be a risk of diluting the political support for the FTI now based on the clear MDG2 (and partially MDG3) focus, i.e. universal primary education.

If a whole sector approach of FTI were adopted, all effort should be made to avoid losing focus on the goal of achieving universal primary completion. All FTI partners will agree that the focus on UPE and reaching the remaining (estimated 75 million) out-of-school children of primary school age remains tantamount.

Education financing

The original intention of the FTI, and specifically the Catalytic Fund, was to be catalytic in providing transitional grant financing over maximum three years to enable

low-income countries to scale up implementation of education sector programs and establish a track record to leverage longer term support.

The FTI Catalytic Fund has, however, also evolved in terms of policy and practice and the rules for eligibility and length of support have been expanded. Many countries, which were awarded support in the early years of the FTI, have come back asking for, and have received, support for an additional three-year period. At the same time, eligibility has been expanded to all low-income countries (IDA category I and II).

The track record so far does not indicate that significant additional external financing from bilateral or multilaterals follows after FTI CF funding has been approved for a country and its sector plan. Financing implications of adopting a whole sector approach – based on current ratio of aid for basic education to education as a whole – could more than double financing needs.

Recent estimates of the FTI Secretariat indicate, on the basis of the narrow primary education scope of financing eligibility, financing needs of around $1.2 billion for 2009-10, and needs for the years 2011-12 within a likely range from $2 billion to $3.5 billion.

Options for revising the scope of FTI

1) The FTI scope stays defined by MDGs 2 and 3, universal primary completion and gender. The current practice and policy interpretation of supporting all basic education, including up to nine years of schooling, is regularized, clearly stated and communicated to all. This would include all basic education in the FTI scope, including in terms of capacity development, guidelines and financing eligibility.

2) All six EFA goals could be supported by the FTI. This would still encompass all basic education as in the first option, but would put additional focus on learning needs, life-long learning, adult literacy and all aspects of quality of education.

3) Adopt a whole sector approach of FTI where the entire national education sector plan, at all levels, may be supported in terms of capacity development, guidelines and financing eligibility.

It would potentially be possible within the options to distinguish between the scope of the FTI generally and the eligibility for financing under the Trust Funds.

Recommendation

It is recommended that option 3 is pursued and that the Steering Committee endorses that further investigation on related contents and financial needs be explored in the coming months.

Taking a whole sector approach will increase transparency of the FTI by acknowledging that all education sub-sectors are interrelated, also with regard to financing allocation decisions and fungibility of funds. It will also allow the analytical capacity of FTI to be brought to bear on developing guidelines and good practice for the broader education sector, including for example technical and vocational skills development. And, it will allow full alignment to national education sector plans and avoid fragmentation of support to various education sub-sectors.

This discussion paper and proposal should be presented to the Steering Committee.