BOD/2011/05—DOC 6

Meeting of the EFA FTI Board of Directors

Kigali, Rwanda, 18-19 May 2011

EFA FTI Strategy for Fragile States

For Decision

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1. Purpose

The purpose of this paper is to seek the endorsement of the EFA FTI Board of Directors of a new strategy to increase EFA FTI engagement with "fragile states" (as defined in Annex 1) and the approval of the EFA FTI Board of Directors for the EFA FTI Secretariat to continue to develop this strategy.

2. Background

This report outlines a new strategy to increase EFA FTI engagement with fragile states. If approved, fragile states will become one of three principal priorities for the EFA FTI.

3. Proposed Decision

The EFA FTI Board of Directors is requested to approve the following decision:

> **BOD/2011/05-XX – Fragile States:** The EFA FTI Board of Directors endorses a new strategy to increase engagement with fragile states as outlined in Annex 1 to BOD/2011/05—DOC 6 and requests the EFA FTI Secretariat to provide to the EFA FTI Board of Directors by 31 August 2011 the detailed report on the strategy described in Annex 1, for further endorsement.

4. Reasons for Recommendation

One third of existing and potential EFA FTI developing country partners that are eligible for support from the EFA FTI for the implementation of an education plan (including comprehensive education sector plans and interim education plans) are fragile states. They face weak institutional capacity, poor governance, political instability and, in many cases, ongoing violence or the legacy of past conflict. Many of the children in these countries are denied the chance to escape poverty and illness because they do

not go to school, or finish school having acquired little in the way of knowledge and skills. Over 40% of the 67 million children out of school worldwide live in fragile states. If the EFA FTI cannot find more effective ways to get these children into school and help them learn, it will fail in its overall objective to deliver the Education for All goals.

The EFA FTI can make a real difference in fragile states in three ways:

- Firstly, in fragile situations where the education authorities are conflicted, fragmented, *de facto*, or otherwise illegitimate, the EFA FTI can work through a multilateral or bilateral agency that will implement education activities "on the ground" with financing from the Education for All Fund. This will allow the EFA FTI to support education even where the government-led EFA FTI model cannot work.
- Secondly, the EFA FTI can provide more, and more predictable, financing to fragile states. The current emphasis on performance in allocating EFA FTI funds works to deny these countries the financing they need to start building up – often from scratch – their education systems. The EFA FTI can allocate a greater share of EFA FTI funds to fragile states and can develop new ways of allocating resources that focus on, and reward, critical results. Fragile states with very long-term development needs can be given the reassurance that EFA FTI financing will continue for more than three years if certain results are achieved.
- Lastly, the EFA FTI Secretariat can engage much more intensively with fragile states. By doing so, the EFA FTI can help support the development of sound education plans, improve coordination in the education sector, and scale up efforts to strengthen capacity, with a particular focus on enabling fragile states to transition from interim education plans to comprehensive education sector plans.

There is a real opportunity to make a difference for children in fragile states if the EFA FTI can get this approach right.

The details of the strategy are provided in Annex 1.

5. Next Steps

The EFA FTI Secretariat will provide a more detailed report on the fragile states engagement strategy by end of August 2011. Some of the issues that will be addressed in the paper are listed in the final section of Annex 1.

6. Costs of Initiative and Source of Funding

The EFA FTI Secretariat will hire a consultant for one month to support its work in finalizing the fragile states strategy. This is expected to cost approximately US $15,000 and is included in the budget for the EFA FTI Secretariat which will be presented to the EFA FTI Board of Directors for approval at its meeting on 18-19 May in Kigali, Rwanda.

7. Contact

Board members and others with questions on these matters are invited to contact Country Support Team Coordinator, Sandra Barton, at: sbarton@educationfasttrack.org.

ANNEX 1: EFA FTI STRATEGY FOR FRAGILE STATES

I WHY A FOCUS ON EDUCATION IS IMPORTANT IN FRAGILE STATES

A strong focus on education is important in fragile states[1] for two reasons. First, fragile states need the health, wealth and governance benefits of education as much, if not more, than other low-income countries. Second, with some of the worst education indicators in the world, fragile states will need significantly stepped up efforts in the coming years to start to make progress towards providing education for all.

1. The Challenge

According to the World Bank's World Development Report (2011), "a child in a fragile conflict affected state is twice as likely to be undernourished as a child in another developing country." Tackling acute development challenges like this is daunting: the World Bank estimates that many of the countries considered fragile in 1979 are still fragile in 2009, and the gap with other developing countries has been widening since the 1970s. There are also now growing concerns that new situations of fragility may emerge due to the current economic downturn, and that countries emerging from conflict and fragility may relapse. Net private capital flows to fragile states have dropped and the slowdown in economic growth could trap almost 100 million additional people in poverty (OECD-DAC, 2009).

The development challenges facing the 26 fragile states that are in, or are eligible to join the EFA FTI and possibly seek financing for the implementation of an education plan[2] (see Table 1 below for the full list) are equally daunting. In Sub-Saharan Africa, the average infant mortality rate for developing countries is 83 infants per 1000 live births. In existing and potential EFA FTI developing country partners that are fragile states the average is 90. In Sierra Leone, infant mortality is 126 deaths per 1000 live births. The average under-5 child mortality rate for Sub-Saharan Africa is 133 per 1000 children. For existing and potential EFA FTI developing country partners that are fragile states the average is 140. In the Central African Republic, the child mortality rate is 172. In Chad, the average is 209. These are shocking statistics.

[1] In this paper, the definition of "fragile state" is that used by the World Bank, i.e., those countries and territories that have had (i) a score of 3.2 or below (or no score) on the average Country Policy and Institutional Performance Assessment (CPIA); or (ii) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years. There are 32 countries that are considered fragile by the World Bank in 2011. They include countries with deteriorating governance, those in prolonged political crisis, post-conflict transition countries , and those in gradual but still fragile reform processes. All 32 countries are, or have been, affected by conflict. 26 of these countries are categorized as eligible for funding by the International Development Association (IDA) and are therefore eligible to access funding from the Catalytic Fund (an exception is made for fragile states in IDA Category iii). Eligibility and prioritization for developing country partners, including fragile states, to access funds from the Education for All Fund is currently under discussion by the Financial Advisory Committee.

[2] Education plan refers to either an interim education plan or comprehensive education sector plan.

Educating children in these countries – and particularly ensuring education for girls – could make a real difference to the chances children will have of surviving. But many fragile states have a long way to go before they can reap the broader development benefits of education: the 2011 World Development Report states that children in fragile, conflict-affected countries are nearly three times as likely to be out of primary school than in other low income countries. The legacy of conflict – massive classroom, teacher and textbook shortages, and the need to bring child soldiers, refugees/returnees, and demobilized or alienated youth into the education system – remain difficult challenges to overcome. In Liberia, for example, after more than 10 years of civil war, 80% of primary teachers were untrained or had received only a brief orientation course when the education plan was developed.

Compounding these practical challenges, fragile states often lack the basic data needed for education planning. The table below shows how little we know about existing and potential EFA FTI developing country partners that are fragile states. But one startling fact emerges from the data that is available in Sub-Saharan Africa: girls' enrollment and completion rates are significantly lower than those for boys and indeed are lower than for the continent as a whole. Given the many development benefits associated with girls' education, this is a crisis.

Table 1: Gross Enrollment Ratios, Completion Rates and Out-of-school Population in Existing and Potential EFA FTI Developing Country Partners that are Fragile States

EFA FTI Developing Country Partners	Gross Enrollment Ratios		Completion Rate		Out-of-School Rate	
	Male	Female	Male	Female	Male	Female
Afghanistan	127	84	-	-	-	-
Central African Republic	102	72	45	26	23%	43%
Georgia	109	106			-	-
Guinea	97	83	62	47	21%	31%
Guinea-Bissau	-	-	-	-	-	-
Haiti	-	-	-	-	-	-
Liberia	96	86	63	53	-	-
Nepal	-	-	-	-	-	-
Sao Tome & Principe	129	127	73	76	4%	3%
Sierra Leone	168	148	101	75	-	-
Tajikistan	104	100	97	93	1%	4%
Timor Leste	110	103	80	79	16%	18%
Togo	113	99	72	52	2%	11%
Yemen, Rep	94	76	72	49	20%	34%

Potential EFA FTI Developing Country Partners	Gross Enrollment Ratios		Completion Rate		Out-of-School Rate	
	Male	Female	Male	Female	Male	Female
Angola	141	114	-	-	-	-
Burundi	139	132	48	42	2%	0.20%
Chad	99	70	40	22	-	-
Comoros	125	114	91	71	-	-
Congo DRC	99	82	63	44	-	-
Congo, Rep	118	110	75	71	-	-
Cote D'Ivoire	83	66	53	37	38%	48%
Eritrea	57	47	52	42	61%	66%
Myanmar	117	117	98	100	-	-
Solomon Islands	109	106	-	-	-	-
Somalia	42	23	-	-	-	-
Sudan	73	64	53	47	-	-

2. The Reward

The dividends to getting education right in fragile states are enormous. Education in these countries will drive:

- **Peace-building and conflict mitigation:** Education can be a powerful tool for conflict mitigation, stability, and peace-building. The EFA Global Monitoring Report (GMR) for 2011 states that education in conflict-affected countries "can play a pivotal role in peace-building….fostering attitudes conducive to mutual understanding, tolerance and respect."

- **Economic growth:** Each year of schooling translates into a 10% increase in the potential income of an individual. Each year of additional schooling leads to a 1% increase in annual Gross Domestic Product. In Sub-Saharan Africa investing in the education of girls, in particular, could boost agricultural output by 25%.

- **Progress on other international development targets:** Educating girls reduces child mortality rates by 7-9%. A child born to a mother that can read is 50% less likely to die before age 5. In many countries, each additional year of formal education for the mother translates into her children remaining in school for an additional three to six months.

Therefore, the scale and urgency of needs in existing and potential EFA FTI developing country partners that are fragile states demands accelerated efforts from the EFA FTI. What can we do to make a difference?

II TAKING ON THE CHALLENGE IN FRAGILE STATES

1. What Has EFA FTI Done So Far to Support Fragile States?

EFA FTI was slow to recognize the special challenges fragile states face in providing good quality education and in developing the comprehensive education sector plan that would enable them to join EFA FTI and access EFA FTI funds. The EFA FTI has since begun to lay the groundwork for a stepped up and more effective engagement with fragile states and, since 2003, EFA FTI has disbursed US$ 431.3 million to 11 fragile states. EFA FTI developing country partners have built 4,840 classrooms, trained 36,545 teachers, and bought 9 million textbooks with these funds.

In addition, the EFA FTI has:

- established a single Education for All Fund, which can potentially provide financing to fragile states;
- adopted flexible solutions to allow UNICEF to implement education activities where the *de facto* national government has become unable to do so (Guinea and Madagascar);
- adapted country level processes to allow fragile states to prepare an interim education plan rather than a comprehensive education sector plan for endorsement by the Local Education Group; and
- prepared tools and guidance to support sector planning in fragile states.

But much more will need to be done if the EFA FTI is serious about helping the millions of children out of school in the 26 existing and potential EFA FTI developing country partners that are fragile states.

2. What More Can EFA FTI Do?

The EFA FTI can play a significant role in helping address four major challenges in education in fragile states:

a. **Insufficient capacity or will.** For a number of existing and potential EFA FTI developing country partners that are fragile states, the reality is that Ministries of Education will lack the capacity or will to deliver education services to the children in those countries. Abandoning these children until a legitimate, capable government is in place with which to engage cannot be an option for the EFA FTI. Building on past experiences in Madagascar and Guinea, where UNICEF has taken on the role of building schools, paying teachers and putting textbooks in schools until legitimate governments are elected, the EFA FTI can develop a new system to allow non-government stakeholders to receive EFA FTI funds and implement programs where the current government-led EFA FTI approach cannot work.

b. **Inadequate financing**. The Global Monitoring Report 2011 estimates that the average per-pupil financing gap in conflict-affected countries is around US $69, compared with US $55 for all low-income countries. Yet low-income conflict-affected countries receive

US $16 per pupil in aid to basic education compared with the US $22 average. This situation is compounded by the erratic, and often unpredictable nature of Official Development Assistance (ODA) to fragile states, which makes planning for long-term system strengthening difficult. EFA FTI can help even out aid for education by delivering additional, more predictable financing through the Education for All Fund and galvanizing stepped up support for a medium- to long-term education plan from development partners at a country level.

c. **Poor coordination**. In many fragile states, efforts to support education are often fragmented and short-term. Post-conflict countries in particular experience difficulties in bridging the divide between humanitarian aid and long-term development assistance and inadequate attention is paid to getting the balance right between short-term service delivery and long-term system strengthening. Overlaying this, dysfunctional or weak governments cannot provide the overall leadership of the sector that would enable the effective harmonization and alignment of aid. EFA FTI can be catalytic in these contexts. The EFA FTI Mid-term Evaluation in 2009 indicated that the catalytic effect of EFA FTI at a country level is greatest in countries, like fragile states, where education sector planning and coordination is least developed.

d. **Limited capacity.** Fragile states often face multiple dilemmas in developing and implementing sound education plans. Firstly, the education system often lacks adequate numbers of people with the knowledge and skills to develop effective education plans. Secondly, the donor base in-country is often small, making it more difficult for Ministries of Education to access external technical support. And thirdly, as outlined above, the basic data needed for planning is not available. In these contexts, EFA FTI can be a vital source of knowledge and technical support. The new EFA FTI model where countries can access support to develop an interim education plan – one that covers the most critical activities necessary in the short- to medium- term – combined with technical support to help build capacities and vision for the longer term, can make a real difference.

3. How Can EFA FTI Deliver?

"One key message is that business-as-usual approaches undermine any prospect of achieving either the Education for All goals or the wider MDGs." Global Monitoring Report 2011.

The following are four ways in which EFA FTI can deliver:

a. Supporting children in countries where the government cannot or will not provide effective education services

In fragile situations, where the education authorities are conflicted, fragmented, *de facto*, or otherwise illegitimate, the EFA FTI can work through a multilateral or bilateral agency that will implement education activities on the ground with the support of funds from the Education for All Fund. The EFA

FTI Secretariat proposes a prominent role for UNICEF and envisages two possible scenarios at the country level:

- **Scenario 1:** In countries with insufficient capacity or will to quickly and effectively implement activities in the education sector, UNICEF, or another partner as agreed with the Local Education Group, should act as an Implementer for the full education plan implementation grant. A preferred modality in this case would be a pooled fund or Multi-Donor Trust Fund managed by UNICEF (as is already taking place in Liberia and Zimbabwe). Funds from the Education for All Fund would go into the pooled fund and the expectation would be that other donors would contribute where feasible. The Implementer could contract non-governmental organizations and UN agencies to support implementation of activities approved under the grant.

- **Scenario 2:** In countries where the government has some capacity and is committed to delivering an education plan, UNICEF, or another partner, could act as an Implementer for a portion of the education plan implementation grant, with another entity acting as Supervising Entity channeling remaining funds through a grant to be managed by the Ministry of Education. A strong focus will be on developing government capacity to take on all Education for All Fund financed activities in the future.

An education plan, endorsed by the Local Education Group should underpin EFA FTI funds. If the conditions do not exist to develop an education plan, the EFA FTI can consider financing UNICEF or others to deliver critical education activities, even in the absence of an education plan. This approach is not sustainable without broader progress on state building and institutional reform. Once legitimate government authorities are in place, the EFA FTI should provide technical and financial support to help with the development of an interim or comprehensive sector plan.

It is expected that UNICEF or other Implementers will engage with government or authorities at different levels of the education system, looking for opportunities to finance regions, districts, or schools.

b. Providing stepped up financing for EFA FTI developing country partners that are fragile states

Bilateral donors have already, or intend, to withdraw from providing bilateral financing for education in 8 existing or potential EFA FTI developing country partners that are fragile states. This will compound the disadvantages these countries are already facing. The EFA FTI can prioritize financing towards fragile states to balance out their share of ODA and enable increased efforts on education. The Needs and Performance Framework (NPF) can be adjusted to channel a greater share of EFA FTI financing to fragile states. Fragile states with very large numbers of out-of-school children will garner an even larger share of EFA FTI resources under new prioritization proposals to direct resources towards countries that are home to the largest numbers of out-of-school children.

c. Rewarding results and improving the predictability of financing

EFA FTI has shifted from an input-oriented approach to a results framework as the main mechanism for tracking progress and determining success of the in-country programs it supports. At a country-level, EFA FTI will support the development of results-based financing mechanisms. The results expected will be defined in terms of EFA FTI's three current priorities: quality, out-of-school children especially girls, and fragile states. These mechanisms will ensure that strong incentives are given to developing country partners and to stakeholders involved in service delivery at the school level.

Results in many fragile states will look very different from the results to which other EFA FTI developing country partners can aspire. They may relate more to establishing or strengthening systems or to interim inputs rather than learning outcomes. Getting the incentives right in fragile states will mean understanding the very specific nature of the constraints they face and working with the Local Education Group to identify critical results for the short- to medium-term. Fragile states will also be eligible for additional disbursements of funding contingent upon the successful achievement of results at the end of an agreed period and after an independent verification. In addition to ensuring that results targets are stretching but achievable in a specific fragile state, the EFA FTI will need to consider adopting a greater "tolerance for failure" in fragile states, as well as possibly a larger tolerance for risk of diversion of funds.

Increased financing will be important but not sufficient. Many fragile states will need decades to reach international development targets and for most, a functioning education system is many years away. For this reason, the EFA FTI can focus on providing the right level of resources over a longer period of time: fragile states need to know they can count on EFA FTI funds for more than three years if they are investing in long-term programs to strengthen their education systems. The EFA FTI can consider ways in which it can "guarantee" more than three years of financing to fragile states, particularly those that deliver on their commitment to achieve agreed results. This could mean smaller annual allocations over a longer period of time. Creating a "virtuous circle" of incentives can help generate confidence in the broader donor community to scale up their own investments.

d. Intensifying engagement

The EFA FTI Secretariat can work more intensively with fragile states. There would be more country visits by EFA FTI Secretariat members, a very close monitoring of progress, and on-going dialogue with Local Education Groups. Through this more intensive engagement, the EFA FTI Secretariat should aim to:

- Ensure the development of a sound education plan and ensure that the appraisal process is supportive but robust in assessing whether the plan targets the right approaches and, where interim, finds the right balance between short- and long-term service delivery. The EFA FTI Secretariat will work with Local Education Groups to support the development or strengthening of multi-donor trust funds or pooled funds where possible.

- Support the strengthening of Local Education Groups to foster improved coordination of activities in the education sector and through this strengthen intervention strategies, optimize use of resources, and increase efficiency. In particular, the EFA FTI Secretariat will look for

windows of opportunity to strengthen the engagement of civil society organizations to foster improved accountability and responsiveness.

- Monitor the implementation of education plans closely and identify when progress is not being made.

The EFA FTI Secretariat can ensure that new knowledge on good practice in fragile states is generated from the Global Good Practice Team. New staff with significant skills and experience of working in fragile states will soon join the EFA FTI Secretariat to provide stepped up technical support.

III NEXT STEPS

The EFA FTI Secretariat will provide to the EFA FTI Board of Directors and other partners a more detailed proposal on engaging with fragile states by the end of August 2011. The document will answer, *inter alia*, the following questions:

- How would a program to implement EFA FTI-financed activities in countries where governments are not functioning work? What would be the specific roles and responsibilities of the Implementer?

- How can we maintain a focus on system strengthening and aid effectiveness in these situations?

- Should the EFA FTI provide financial support to a fragile state that is not able to develop a robust interim education plan, and how would this work?

- How do we get the balance right in fragile states between increased resources and weak capacity to absorb funds and manage the increased risk for potential diversion of funds in fragile environments? What is a reasonable share of EFA FTI funds to allocate to fragile states?

- To what extent can the in-country procedures support a results-based system at the country-level: What would be the implication in terms of legal documents and human resources for the EFA FTI Secretariat and the Local Education Groups?

- What are good practices for results-based financing mechanisms at the country level in education? In particular, which mechanisms ensure that financial support (or some other form of strong incentives) reaches the schools and poor populations?