

Issues Raised at EFA FTI High-Level Roundtable in Istanbul

October 4, 2009

I. Operational effectiveness of EFA-FTI trust funds

The FTI Secretariat agrees that the rate of disbursements is of utmost importance. It is one to which the FTI Secretariat and the World Bank staff have given priority, to good effect. The disbursement performance of the Catalytic Fund grants is generally strong as compared to other organizations and funds, and has improved markedly over the past year. The aggregate disbursement lag for all countries receiving grants since May 2007 (when the three-year grants went into effect) is 9%, representing \$16 million¹. The time between approval of allocations and grant signature has averaged 5.5 months for the 6 countries approved since mid-2008 as compared to 12.6 months for the 9 countries during the previous year. By contrast, the undisbursed amount for countries receiving earlier year-by-year grants during the period 2005-07 is \$74 million, or 12% of total allocations.

II. Predictability of financing and cash management

The three-year grant system has resulted in much greater liquidity as donors have generally provided funds based on their commitment schedules rather than liquidity needs. The Catalytic Fund currently has cash holdings of US\$739.6 million. This liquidity can be attributed to the following causes: \$90 million due to aggregate disbursement lags, \$202 million that had been allocated to countries now under suspension following military coups (Guinea, Madagascar), and over \$440 million in commitments to a range of countries for which disbursements are not yet due.

The solution to this issue will rest in part on reaching agreement on a cash management policy, i.e. use of a more stringent Call of Funds towards donors, so the FTI Secretariat and the World Bank as trustee receive cash transfers when they are actually needed. Another solution could be the use of Promissory Notes like the World Bank's International Development Association (IDA) uses. Proposed solutions will be considered at the FTI Board meeting in Rome on November 4, 2009. At the CF Committee meeting of November 5, 2009, the possibility for reallocating the funds for suspended countries will be discussed as well.

III. The issue of increasing focus on results and equity

As outlined in FTI's new publication '*A fast track to Education: educating the world's children for a better future*' (available on the website: www.educationfasttrack.org), EFA FTI countries can report impressive results since the partnership was created in 2002.

¹ The three-year grants went into effect in May 2007. Calculations exclude Guinea and Madagascar, which are under suspension.

Some of its main accomplishments:

- *Getting boys and girls into school* - From 2000-2007, 20 million more children in FTI countries enrolled in primary school in Sub-Saharan Africa alone. The number of children enrolled into school in FTI countries in Africa went up 64%, which is double the increase in non-FTI countries. In the past year alone, the number of out-of-school children in FTI countries dropped by 10%, accounting for 2/3 of the worldwide decrease and comparing to a 2% decrease in non-FTI countries.
- *Improving school completion rates* - 15 FTI countries are on track to reach the goal of 95% of all children completing primary school by 2015. Another 11 countries are close behind and should reach this goal soon after 2015.
- *Leaving no girl behind* - Girls account for 60% of new enrollments in FTI countries. 16 FTI countries already have achieved the goal of gender parity in school enrollment, and another 16 FTI countries are on track to reach this goal before 2015.
- *Ensuring aid harmonization and effectiveness* - The EFA FTI brings together the government, donors, civil society organizations and other partners in Local Education Groups. These groups in turn agree on the national education strategy, ensure there is sufficient political support for implementation, coordinate financing, and monitor progress. EFA FTI has been praised by the OECD and the United Nations as an excellent model of donor coordination and collaboration. A survey on the Paris Declaration on Aid Effectiveness among 10 FTI countries in 2008 showed that the education sector surpassed all other sectors on efforts to enhance aid effectiveness.
- *Innovative and flexible* – The EFA FTI has supported innovative solutions to get children into school and keep them there. Examples include: programs to eliminate and provide a daily school meal to 600,000 pupils in Ghana; education through mobile schools for the nomadic peoples of Mongolia; grants to 18,000 Kenyan schools for school supplies and support for rural provinces in Yemen to build girl-friendly schools and hire hundreds of female teachers.
- *Equity and inclusion* – The Partnership has developed an Equity and Inclusion Tool to help countries give much more systematic attention to issues linked to gender, disability, and marginalization. This tool has already been successfully piloted in 3 countries and will now be mainstreamed.

The FTI Secretariat will increase its efforts to ensure timely, transparent reporting on results within the FTI Partnership countries.

IV. Support to conflict-affected and fragile states

The challenge of defining responsibility for going forward to support conflict-affected and fragile states is that of the partnership as a whole. An estimated 40 million out-of-school children are living in countries affected by conflict (Save The Children, April 2009). The EFA-FTI partnership recognizes the urgent needs of children in conflict-affected and fragile states. The FTI Catalytic Fund has already supported education initiatives in a number of post-conflict countries and others facing specific capacity constraints including Cambodia, Mozambique, Rwanda, the Central African Republic, Timor-Leste, Haiti, and Sierra Leone, with a total allocation of US\$ 223 million as of early September 2009.

The FTI Partnership has been working to secure arrangements for channeling funds to transitional countries without compromising transparency and accountability requirements. Initial discussions with UNICEF earlier this year failed to achieve agreement on a proposed UNICEF trustee role for a new Education Transition Fund. A task team headed by the UK's Department for International Development (DfID) and consisting of donor and developing country representatives and civil society organizations was constituted at the FTI Board meeting of September 10, 2009. It is considering options for hosting the proposed Education Transition Fund for fragile and conflict-affected states, with the goal of having an operational funding mechanism in 2010.

V. International Advocacy

We agree strongly on the importance of an intensified effort at advocacy – advocacy as applied both to quantity and quality of assistance. The focus should be not only on FTI-managed trust funds but overall support – domestic and internal – to the sector. This would be closely linked to an enhanced effort at donor coordination and mutual accountability in support of the objectives of the FTI and the guidelines of the Paris Declaration and the Accra Agenda for Action. The need to do more on advocacy and donor coordination was one of the rationales for the recent reform of the governance of the FTI, including having a single chair over a three-year period. The chair should play a leadership role in this effort, with political and policy support from the new Board and technical support from the Secretariat. We propose to raise this issue in a preliminary manner at the forthcoming meeting of the Board in Rome with the objective of stimulating thinking and development of specific proposals. There is already a good deal to build on. For example, the 1 Goal Campaign is an excellent example of proactive support by FTI-partner organizations to strengthen the overall visibility and profile of the sector. Fourteen African Ministers of Finance and Education have endorsed EFA FTI in a letter to donors and supported the Roundtable discussion on education in Istanbul.