GLOBAL CAMPAIGN FOR EDUCATION
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GCE BOARD RESPONSE TO THE EDUCATION COMMISSION ON THE INTERNATIONAL FINANCING FACILITY FOR EDUCATION (IFFED) PRINCIPLES PAPER
6th May 2018

The Education Commission has initiated a consultation on a [draft set of principles] that is to guide the development of the proposed International Financing Facility for Education (IFFEd). Below is an initial analysis of these by the Global Campaign for Education (GCE) which is guided by GCE's letter to the Education Commissioners about IFFEd from May 2017. We welcome the effort to lay out some principles. Clearly some effort has been made to respond to previous concerns raised by GCE – but more clarity is needed in a number of areas. We have nine core areas of feedback at this point and request the transparent sharing of much more information about IFFEd as soon as possible so that we can engage our membership more fully.

1. The proposed International Financing Facility for Education (IFFEd), although premised on low-interest loans, will **increase the indebtedness of lower-middle income countries**, many of whom are already in high or moderate debt distress - and doing so at a time of rising debt vulnerabilities as documented both by civil society actors and the IMF. Loan mechanisms do not provide predictable and sustainable financing sources that help governments make the long-term investments that are needed to improve education. Whilst it is good that the principles acknowledge that '**debt financing is not appropriate in all countries'**, it should be made explicit that any loan-based mechanisms would follow the highest standards of responsible lending and never loan funds to countries that are in high or even moderate debt distress or in emergency / conflict settings – with a credible independent assessment being made in each case, including experienced civil society actors on debt Any loan mechanism should not compete with grant money from public sources and that public money should never be used to support commercial banks or any profit-making enterprise.

2. We welcome the fact that the principles paper talks about incentivising greater **domestic investment** (*principle* 1), requiring increases in domestic spending (p2), increasing GDP % through a larger tax base and budget reallocations, domestic tax reforms to corporate tax and loopholes (p4) etc. However, clear targets need to be set in this area if this is to have any teeth, for example emphasising that countries should spend at least 6% of GDP on education (which could be achieved by a combination of increasing the tax to GDP ratio and increasing the % spent on education). In the absence of clear targets or benchmarks the requirement to increase domestic spending is too vague. We would also like to see more detail about how the Commission will promote a sustained and strategic national dialogue around education financing so that Ministries of Finance can better factor in the long term returns to investment in education and put in place the tax and allocation reforms that are urgently needed. It is worth noting that in many cases it is the LMICs that have the potential to make the most

dramatic increases to education financing through making progressive tax and allocation reforms.

3. We remain concerned about the Commission **introducing new criteria and indicators** for when they would approve a country's proposal. Although there is apparently support for using existing mechanisms such as GPE endorsed education sector plans, this is not stated unequivocally and some points in the principles are in tension with this. It is particularly problematic to refer to 'results-based approaches' (*principle 2*) which are so unproven in the education sector and 'tangible improvements in learning' (p11), as these go beyond the GPE's existing funding model. The statement that 'IFFEd funding should encourage performance, inclusion and innovation principles outlined in the Education Commission report' (p5) makes it sound like IFFEd intends to impose a whole new set of conditions rather than being based on the internationally agreed Education 2030 agenda and country-led education sector plans. Indeed, the principles refer to IFFEd having its own results framework based on alignment, proportionality, evaluability and accountability (p11). This is in direct tension with using the existing frameworks, mechanisms and indicators of SDG4 / Education 2030 / GPE and would suggest new conditionalities being attached to loans – which must be avoided. The Commission should embrace democratically established agendas, either those set by inclusive national processes or those based on the GPE process / Education 2030 Agenda - and should avoid any plans to promote a separate or competing agenda. Indeed, the Commission should more directly acknowledge all 7 SDG4 targets, including adult education and should assert equity and inclusion as a core principle

4. There are clear statements that IFFED is a financial mechanism **not an implementation or delivery organisation** (p5) but this is potentially in tension with the creation of a 'self-sustaining secretariat' (p12). GPE now reaches 89 countries and ECW potentially more – so there should be no separate or parallel capacity needed. Indeed, GPE ought to be seen explicitly as the default mechanism for channelling all harmonised funds for education. Where GPE capacities are insufficient they should be reinforced rather than creating a duplicating or competing capacity elsewhere. We are not satisfied with the statement that 'IFFEd financing should be channelled through existing financial institutions' (p5) as this could include sending money via the World Bank or regional development banks – who do not have a great track record on education.

5. There is a positive statement about providing funds for 'government-led **public education initiatives'** to achieve national education goals – and that other actors could only receive financing 'through their governments'. This must be reinforced with a clear statement that there will never be support for any for-profit or commercial provision whether directly or indirectly. Any mechanism must work to strengthened public education *systems* (and not just initiatives) and democratic governance.

6. It is good that the principles include respecting 'the important **role civil society** plans in current education financing architecture' (p8) and not seeking to replicate or replace this. However, the Commission should go beyond this, making recommendations for civil society engagement in national education planning processes as a requirement, promoting clear

guidelines to this effect. A note that recognises that shrinking political space presently undermines this in too many countries is important. There should also be clear commitments to transparently elected civil society representatives on any global education governance structures. There needs to be a more consistent engagement of civil society, including teacher unions, at all levels over any significant new mechanism proposed. The GCE movement is ready to contribute actively in broad national debates, including through supporting public hearings in parliaments and open media debate. It is important that public authorities and citizens alike are informed, involved, and have a say in mechanisms that could impact the content of public education policies and the future debt burden of their country.

7. We would welcome a statement that the Commission will always work in line with the **right to education** as articulated in human treaties and conventions and most national constitutions. Advancing the justiciability of the right to education can be transformational, as observed in the 2018 GEM Report.

8. We look forward to seeing a more **comprehensive updated document** about how IFFEd intends to function, enabling us to better address our concerns. Some of the challenges will lie in the detail of how IFFEd is designed and set up – which we recognise that a 'principles paper' cannot adequately address. We therefore make a call for full transparent sharing of information in good time so that there can be meaningful and full engagement (especially bearing in mind that our movement operates in English, French Spanish, Portuguese and Arabic).

9. In **conclusion** we urge the Education Commission to scale up its efforts in **other areas of education financing** such as supporting GPE, improving domestic resource mobilisation (which the Commission itself noted will be the source of 97% of additional funding) and promoting national / international mechanisms to advance tax justice linked to education financing. We are convinced that action to reform the global tax rules or set up an international financial transactions tax or other such measures offers the most sustainable and desirable path to follow for mobilising more international resources – and we are committed to collaborating with you on this front. We also recommend that the Education Commission further explores how to expand grant-based support for the existing mechanisms of GPE and ECW, how to harmonise IDA and ensure existing bilateral funding meets agreed targets. The commission should take maximum advantage of existing mechanisms within GPE such as the new Multiplier Fund and the proposed Education Sector Investment Cases. The Commission has the power to play a key role in promoting sustained national dialogue around education financing with Ministries of Finance and Heads of State – including in helping them to find new ways to factor in the long term returns to education investment within short and medium term economic and political cycles – and exploring how to put in place the progressive tax reforms that could trigger predictable education financing for a generation. African Ministers of Education have just committed themselves to looking at increasing 4S's – the share of the budget for education, the size of the government budget overall (the tax base), the sensitivity of allocations (based on equity) and the scrutiny of spending (to ensure money arrives). The Commission should do everything it

can to reinforce such an agenda. There is huge potential to add value in all these areas and we are committed to continuing a constructive dialogue with all those involved in Commission about how to sustainably mobilise the billions more in annual financing that are urgently needed to achieve SDG4.