

Action Plan for the International Finance Facility for Education

There are more than 260 million school-age children not going to school today. If current trends continue, by 2030 – the deadline for delivering the Sustainable Development Goal 4 (SDG 4) of inclusive and equitable early childhood, primary, and secondary education for all – more than 400 million children will leave school without a basic primary education. Half of the world’s girls and boys, more than 800 million, will not have the essential skills needed for the modern workforce. **Without urgent action now, half of the world’s next generation will be left behind.**

The Finance Challenge

Even if developing countries double the amount they spend on education and use the funding more effectively by improving their performance to the levels of the top 25 percent “best performing” countries, a significant external financing gap would remain, reaching US\$90 billion by 2030. Currently, international aid to education amounts to \$13 billion a year, or less than \$10 per child, barely enough to pay for a secondhand textbook.

A Bold Plan for SDG 4

The International Finance Facility for Education (IFFEd) is a bold plan to generate \$10 billion in new and additional resources for education in countries committed to mobilizing domestic resources and reforming education systems for better results. The Facility was initially proposed by the International Commission on Financing Global Education Opportunity, an initiative co-convened by Norway, Indonesia, Malawi, Chile, and UNESCO and comprised of more than 25 world leaders from civil society, business, philanthropy, and government.

Widespread Support

The Facility is supported by:

- The World Bank
- The African Development Bank
- The Asian Development Bank
- The Inter-American Development Bank
- The European Bank for Reconstruction and Development
- The United Nations, led by UN Secretary-General António Guterres and Deputy Secretary-General Amina Mohammed

The Facility also has been endorsed by presidents and prime ministers from countries across the globe as a way to improve effectiveness, increase efficiency, reduce fragmentation among the current international financial institutions, and generate new funding to achieve results.

Innovative Finance

The International Finance Facility for Education fills a gap in the financial architecture. While there are a number of important grant and concessional instruments focused on the 200 million children in low-income countries, the main focus of the new Facility is the neglected needs of a larger group: the 700 million children in more than 50 lower-middle-income countries where the bulk of out-of-school children, girls without quality education, displaced children, and the world's poor now reside.

More Effective Use of Aid

The Facility uses aid more effectively and will contribute significantly to bridging the education funding gap by attracting an initial target of \$2 billion in mostly guarantees from AAA and AA rated donor countries to underpin an estimated \$8 billion expansion in lending by the multilateral development banks (MDBs) for education. This would be complemented by a \$2 billion "buy-down" facility which would blend grants from donors with this expanded portfolio to lower the costs of education finance in lower-middle-income countries.

2018–2019 Plan of Action

With no other plan to mobilize funding at the scale of the billions necessary to achieve the SDG for education by 2030, now is the time for decisive action. The next steps include:

1. A set of donor countries agrees to collectively take the proposal forward.
2. During the final quarter of 2018, an approach to credit rating agencies will be made to evaluate the new Facility's credit rating.
3. Concurrently, appeals will be made to donors to support the Facility with guarantees or grants – or both – for disbursement to the Facility beginning in 2019/2020.
4. The Facility will be established as a legal entity in early 2019 and operational by the High-level Political Forum on SDG 4 in mid-2019.

For every \$1 of aid money in cash, the Facility would unlock \$4 of new resources for education. These new streams of funding will be invested according to each country's sector plan and driven by results.

By offering an additional solution to support lower-middle-income countries, the Facility can help reduce trade-offs and also complement donors' efforts to increase aid for low-income countries. These efforts include increased support through grant funding mechanisms and other low interest financing from the MDBs such as the World Bank's IDA. For example, with greater prioritization of education in IDA, the World Bank's investments in education in the IDA-eligible countries could potentially be increased from \$1.6 billion to \$3.75 billion annually.

Complementarity With Existing Initiatives

The Facility exists alongside and complements the multilateral development banks – the largest financiers of education globally – as well as other funds including the Global Partnership for Education, Education Cannot Wait, and UN agencies such as UNICEF, UNESCO, UNRWA, and UNHCR.

We've sent women and men into space and made once unimaginable advances in technology and artificial intelligence – but we have yet to get every child in school and learning. **Join us and let's #MakeImpossiblePossible.**

Current State of Global Education



800M youth

are not on track to have the skills needed for employment in the modern workforce.



200M+ girls

in low-income and lower-middle-income countries never go to secondary school.



ONLY **0.3%** of domestic budgets is spent on pre-primary education in sub-Saharan Africa.



40% of domestic budgets is spent on the 10% most-educated students in low-income countries.

Overseas Development Assistance (ODA)



\$10 average per child
(Not even enough for a textbook.)



Only **10%** of ODA goes to education.

International Finance Facility for Education

\$10B

additional funding generated by the Facility.

AAA

anticipated credit rating of the Facility.

4X

 leverage power 

of the Facility versus traditional grant aid.

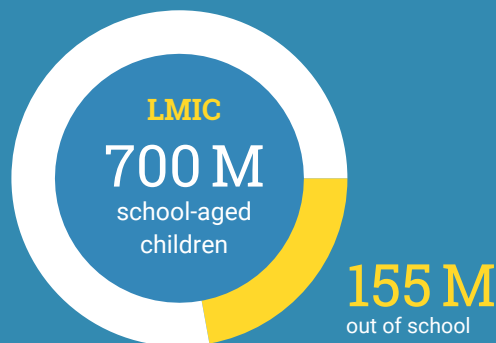
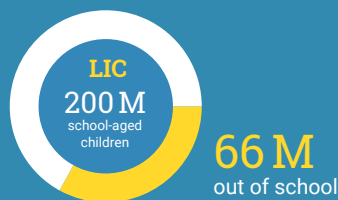


1.7M

 citizens

mobilized to support the Facility.

Targeting 53 Lower-Middle-Income Countries



2/3 of all refugees and displaced persons are in middle-income countries.

18

countries will likely move from LIC to LMIC status by 2030.

Afghanistan
Benin
Burkina Faso
Chad
Comoros

Ethiopia
Guinea-Bissau
Haiti
Mali
Marshall Islands

Mozambique
Nepal
Rwanda
Senegal
Sierra Leone

Tanzania
Togo
Uganda