

## 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. The global burden of progress is especially high in lower-middle-income countries, home to the majority of out-of-school children. **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, of more than US\$ 40 billion annually between now and 2030. Currently, international aid to education amounts to about \$15 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 has also 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 existing financial architecture. While there are a number of important grant and concessional instruments focused on the 200 million children in low-income countries, the new Facility is primarily focused on the neglected needs of a larger group: the 700 million children in more than 50 lower-middle-income countries. These lower-middle-income countries are home to the majority of out-of-school children, girls without quality education, displaced children, and the world's poor.

### 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.

### 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 early champion donor countries and Multilateral Development Banks will finalize and agree on the design of the Facility by May 2019.
2. Credit rating agencies will evaluate the new Facility's credit rating by mid-2019.
3. Concurrently, appeals will be made to donors to support the Facility with guarantees or grants for disbursement from the Facility beginning in 2020.
4. The Facility will be promoted at the High-Level Political Forum on SDGs in July 2019 with potential contributors and client countries.
5. During the United Nations General Assembly in September 2019, there will be a pledging event where commitments to the Facility will be made.
6. The Facility will be established as a legal entity and become operational by early 2020.

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.

# 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

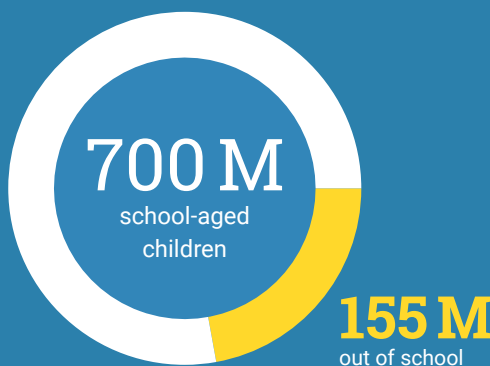
 **1.7M** citizens

mobilized to support the Facility

## Targeting Lower-Middle-Income Countries

### Lower-Middle-Income Countries (LMICs)

#### Low-Income Countries (LICs)



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.

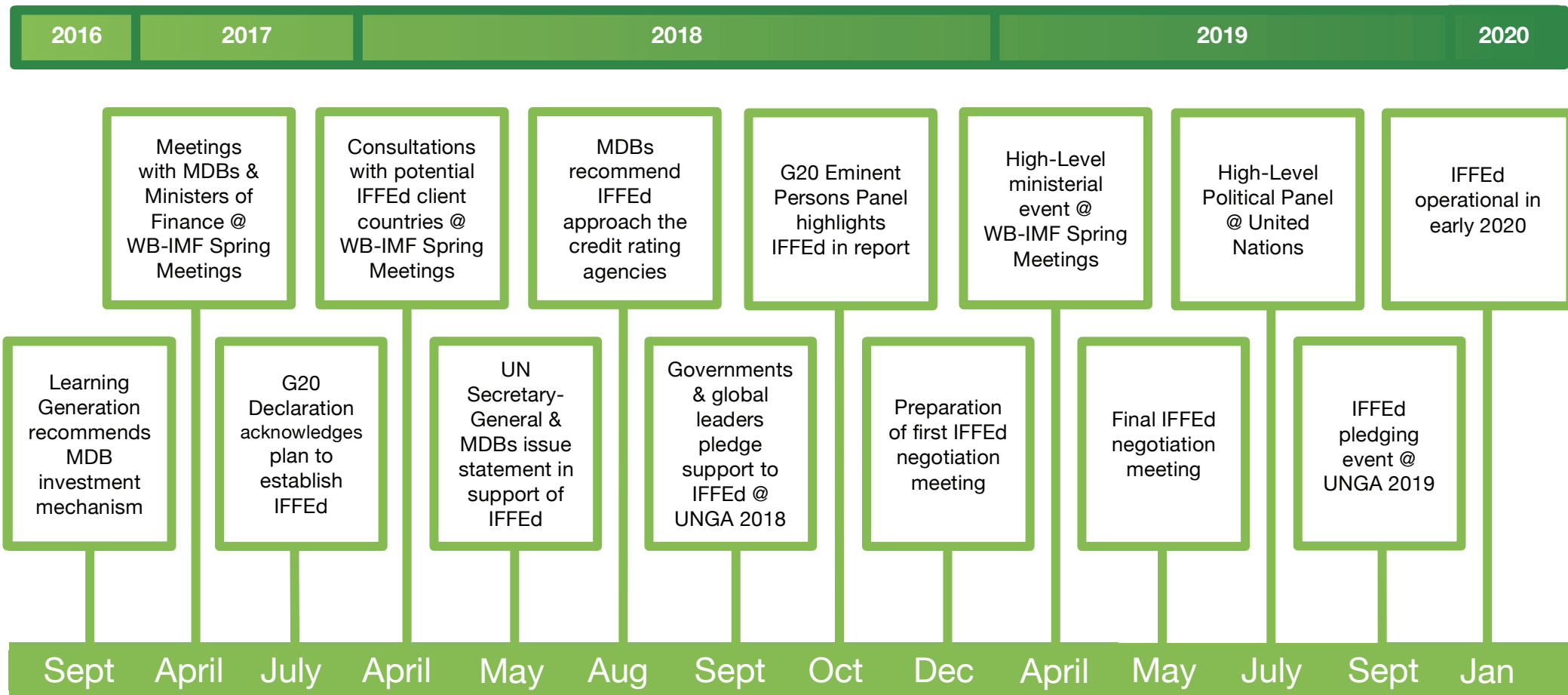
Afghanistan  
Benin  
Burkina Faso  
Chad  
Comoros

Ethiopia  
Guinea-Bissau  
Haiti  
Mali  
Marshall Islands

Mozambique  
Nepal  
Rwanda  
Senegal  
Sierra Leone

Tanzania  
Togo  
Uganda

# Timeline for the International Finance Facility for Education



Concept design with MDBs

IFFEd builds broad international support

Commissioners disseminate Learning Generation findings across developing countries identifying finance as key constraint

Donor working group develops initial design proposals

Civil society & client country consultations

MDB working group develops further design proposals