



## **International Finance Facility for Education (IFFEd): *An opportunity to mitigate the impact on learning from COVID-19***

The world is in the midst of an unprecedented global crisis with devastating impacts that will be felt for generations. Bold, swift, and innovative actions are essential to limit the damage and safeguard hard fought development gains, especially for education. Fortunately, the International Finance Facility for Education (IFFEd) offers lower-middle-income countries (LMICs) the opportunity to secure additional, affordable financing when they need it most.

According to UNESCO, more than 1.6 billion children and youth – over 90 percent of the world’s student population – had their education disrupted due to school closures in more than 190 countries. The scale and speed of this disruption was unparalleled, and the worst impacts will be felt by the poorest and most vulnerable, especially girls. Prolonged schooling disruptions greatly increase young people’s risk of being forced into child labour, early marriage, and extremist groups. And the associated financial crisis has put education budgets at risk and is exacerbating the learning crisis that was already threatening the lives and livelihoods of millions of children before the pandemic.

**Past crises are a stark warning of what is to come.** During the West Africa Ebola outbreak in 2014–15, schools were shut for months, affecting some 5 million children and depriving them of related health and nutritional services. Dropout rates, especially for girls, rose dramatically. A World Bank assessment found that the 2008 financial crisis compounded the learning crisis, especially for poor and marginalised families. Vulnerable groups were disproportionately affected, as parents took their children out of school, either because of costs or the need to put them to work. Some governments raised school fees to compensate for declining budgetary resources, creating additional financial burdens on families when they could least afford it.

**These impacts have been magnified by the COVID-19 pandemic, and education in LMICs is being hit particularly hard.** LMICs are home to almost half of the world’s children and youth – a total of 700 million and growing. They are also particularly vulnerable to external shocks, due to their heavy reliance on external, volatile private sources of finance, more so even than some low-income countries which tend to rely more on grants and concessional finance from donors. Public revenues are projected to plummet just as countries face intense public spending pressure to



protect jobs, strengthen social safety nets, and meet health care demands.

**IFFEd can help safeguard education budgets and development goals.**

IFFEd was designed as a cost-effective, innovative financial instrument that will enable LMICs to access affordable financing through the multilateral development banks (MDBs). IFFEd will guarantee loan repayments, effectively providing the MDBs with a form of capital. In this way, IFFEd will enable the MDBs to increase country allocations above what they offer without IFFEd – this mechanism will be critically important as MDB balance sheets are being increasingly stretched by COVID-19 and other urgent crises. This will make it possible for LMICs to protect education investments without having to make unacceptable trade-offs with other vital development priorities like health. In addition, IFFEd will subsidise the already low rates attached to MDB loans, just as other sources of affordable financing for LMICs are drying up.

**Critically, IFFEd programs will also target the most at-risk populations.**

One of IFFEd's explicit priorities is to focus on marginalised children and youth, especially the poorest, girls, the disabled, and forcibly displaced. Providing them access to schooling will in turn reinforce the virtuous cycle associated with learning – reduced poverty, better health outcomes, and reduced maternal and child mortality.

**IFFEd will complement other facilities offering education finance,** including the Global Partnership for Education and Education Cannot Wait, to help ensure that no country or community in need is overlooked.

**IFFEd is being established as an international foundation in Switzerland.**

As called for by the UN Secretary-General, steps are underway to launch IFFEd by September 2022 so LMICs have the financial lifelines they need to prevent the pandemic from reversing years of education progress. Several leading donors have pledged their support to IFFEd thus far. To realize IFFEd's potential to ensure all children are in school and learning, we call on donors to join IFFEd as soon as possible.