

What is IFFEd?

The International Finance Facility for Education is a financing innovation that multiplies donor resources so countries can make urgent investments in quality education and skills. A collaborative and sustainable way to finance transformative solutions for the world's poorest children and youth. IFFEd unlocks opportunities where humanity needs them – empowering generations to thrive.

IFFEd will...



Bring together and expand the education ecosystem

by engaging with government, non-government, and philanthropic players, enabling and leveraging distinct strengths of each stakeholder.



Identify breakthrough solutions in education

by collaborating with innovators to curate new ideas in a post-COVID-19 world, working with public and philanthropic partners to design, test, and evaluate approaches in different contexts.



Supercharge education financing

by working with public and philanthropic donors who contribute equity guarantees and grants which are used to leverage multiples of additional affordable financing through the multilateral development banks.

An invitation to join

IFFEd will launch at the Transforming Education Summit in September 2022, as called for by the UN Secretary-General. Starting with a 3-year growth model, IFFEd will begin in one to two geographic regions to immediately demonstrate impact before expanding globally. It is expected IFFEd will unlock at least \$10 billion in new education financing over the next 5 years. Its financial model has already been reviewed and assured by credit rating agencies. IFFEd's original design was completed with a number of bilateral donors and four multilateral development banks (MDBs) – the ADB, AfDB, IADB, and World Bank.

To realize IFFEd's potential to ensure all children are in school and learning, we invite sovereign donors, philanthropists, and countries to join IFFEd as soon as possible.

Interested in learning more about IFFEd? Contact us: info@IFF-education.org

\$10 billion

additional affordable
funding for LMICs

7x impact

compared to
traditional grant aid

STRONG

anticipated credit
rating

A new COVID reality

The crisis

Even before COVID-19, over half of the world's children and youth were either out of school or in school and not learning. During the global pandemic, more than 1.6 billion children and youth – nearly the entire world's student population – had their education disrupted. The scale and speed of this disruption was unparalleled, and the worst impacts will be felt by the poorest and most vulnerable, especially girls, for years to come. Unless we act now, learning losses will translate into significant long-term challenges, including lower labor market participation and significantly lower future earnings.

The opportunity

COVID-19 has shown both the power and the need to move innovation from the margins to the center of education systems. Now is the time to invest in smart, resilient, and equitable education systems and transform education for decades to come. Now is the time to invest in new pedagogies and engaging ways of learning – to invest in new tools, from EdTech to AI, to boost more personalised learning at scale. Now is the time to develop skills to prepare young people for the green jobs of tomorrow and equip them to play a leading role in the Fourth Industrial Revolution.

Smart financing imperative

Ever greater fiscal pressures, due to the pandemic, are forcing governments to cut back on ambitious education initiatives at exactly the time investment in education is essential for recovery and growth. The only viable way of resolving this tension is for the international community to come together around smart financing approaches for education which enable the available resources to go further.

The special challenge of lower-middle-income countries (LMICs)

Fifty LMICs are home to more than half of the world's children and youth (more than 700 million), the largest number of out-of-school children, and the largest number not learning of any income group. This includes some of the most populous countries such as India, Indonesia, Kenya, Nigeria, and Pakistan. Even under the most optimistic scenarios of increased domestic budgets and more efficient spending, LMICs will face a financial shortfall to address these challenges, likely rising to 80 percent of the total global

financing gap by 2030.

The financing gap in LMICs is much too large to be solved by traditional grant aid, which is not even enough to address the needs of the poorest countries. Total global aid for education is currently only around \$16 billion, falling far short of covering the estimated financing gap of more than \$40 billion annually (pre-COVID). Indispensable programs such as the Global Partnership for Education and Education Cannot Wait are not designed to address LMICs' large, long-term financing

needs and are already stretched focusing on low-income countries (LICs) or emergency humanitarian demands.

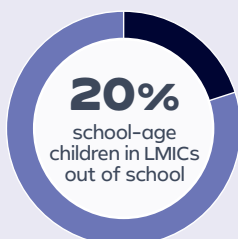
LMICs can afford to borrow for education, but not at commercial rates. IFFEd addresses this critical need by creating low-cost, long-term financing. By maximising scarce donor resources in an unprecedented way, IFFEd allows donors and MDBs to better meet the financing needs of LMICs at an affordable cost, without having to reduce allocations to LICs or humanitarian crises.

Targeting lower-middle-income countries



700 million
school-age children
live in LMICs

1/2 of the global total



155 million
school-age children in
LMICs are out of school

2/3 of the global total



410 million
youth are without basic
secondary skills

3/5 of the global total

What impact will IFFEd have? A 7x return on investment

IFFEd will increase access and learning outcomes for the most marginalised children and youth, especially the poorest, girls, the disabled, and those forcibly displaced. Compared to traditional grant aid, IFFEd will provide low-cost finance that can benefit seven times more children and youth for the same paid-in donor contribution.

Getting to \$1 billion

\$140m cash contribution produces \$1bn of affordable finance

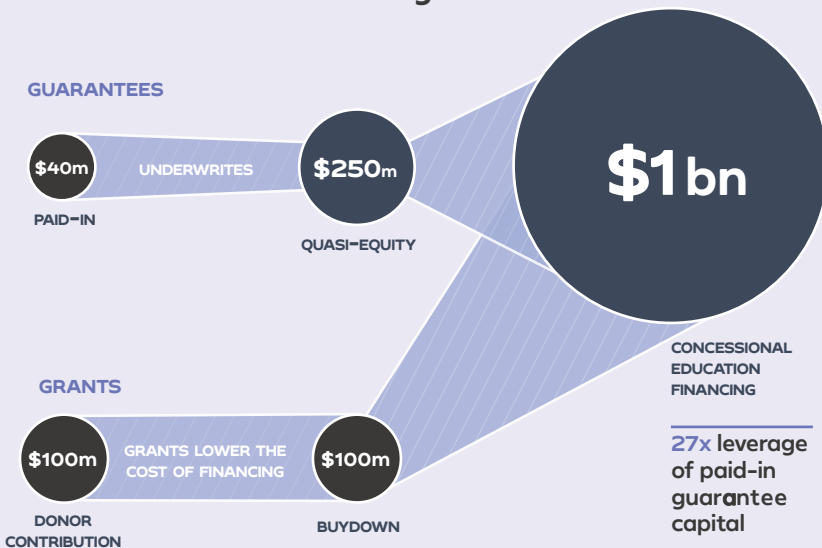
Traditional Model



IMPACT

Traditional grant aid yields \$140 million of education investment for every \$140 million of donor investment.

International Finance Facility for Education



7X
IMPACT

Under IFFEd, the same \$140 million generates \$1 billion of concessional financing for countries: \$40 million paid-in cash (as part of a \$250 million guarantee) together with \$100 million in grants lower the cost of \$1 billion in education financing for partner countries.

How does IFFEd supercharge and deliver education financing?

IFFEd raises guarantees and grants from donors to allow MDBs to raise more financing in the capital markets and offer countries long-term, affordable financing terms.

Guarantees

IFFEd uses donor guarantees to provide a new form of quasi-equity to MDBs. This allows the MDBs to raise additional financing in capital markets and provide this funding to countries for education. For every \$1 of guarantees, donors need to provide only 15 cents in cash as paid-in capital, with the remaining 85 cents in the form of a commitment to disburse should loans not be repaid. For every \$1 of capital provided through IFFEd, the MDBs are able to provide an additional \$4 in financing to LMICs. This means the paid-in portion of guarantees is leveraged 27 times – every 15 cents paid in is leveraged to \$4 in MDB capital, so just \$40 million in paid-in capital can mobilise \$1 billion in new MDB financing to countries.

Grants

Donors also provide grants to IFFEd. These grants are used to buy down the interest rates charged by the MDBs to lower the cost of education financing for eligible countries. These grants allow countries to borrow for education on more affordable terms and encourage them to invest in education. For every \$1 billion in MDB financing, we propose at least \$100 million in grants to soften the terms of the financing provided.

IFFEd will unlock education for generations to come

IFFEd is a smart solution that will turn millions into billions for the world's most marginalised students and the workforce of tomorrow. IFFEd will finance public education programs developed by countries with MDBs. Countries will also be able to access financing for activities in complementary sectors that are directly related to education services, such as the health and nutrition components of an early childhood development program.

Over 50 countries are classified as LMICs today. All LMICs with access to non-concessional funding will be eligible for IFFEd financing if they meet four key criteria:

