the Education Commission

Background Paper

The Learning Generation

Rethinking the Financing and Architecture of Global Education

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Rethinking the Financing and Architecture of Global Education

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Table of Contents

Abbreviations

Abbreviation	Definition
ASER	Annual Status of Education Report
BMGF	Bill and Melinda Gates Foundation
BMZ	Federal Ministry for Economic Cooperation and Development
CGIAR	Consultative Group on International Agricultural Research
CIFF	Children's Investment Fund Foundation
CPA	Country programmable aid
CSO	Civil society organization
CSR	Corporate social responsibility
DAC	Development Assistance Committee
DAH	Development assistance for health
DFID	Department for International Development
ECD	Early childhood development
EFA	Education for All
EMIS	Education Management Information Systems
ESP	Education sector plan
EWEC	Every Women Every Child
FTI	Fast Track Initiative
GBS	General budget support
GDP	Gross domestic product
GER	Gross enrollment rate
GFF	Global Financing Facility
GMR	Global Monitoring Report
GNI	Gross national income
GPE	Global Partnership for Education
GPG	Global public good
HIC	High-income country
IBRD	International Bank for Reconstruction and Development
ICT	Information and communication technologies
IDA	International Development Association
IHME	Institute for Health Metrics and Evaluation
IIEP	International Institute for Educational Planning
IMF	International Monetary Fund
IMF WEO	International Monetary Fund World Economic Outlook
INEE	Inter-Agency Network for Education in Emergencies
LEG	Local education group
LIC	Low-income country
LMIC	Lower-middle income country
MDB	Multilateral development banks
MDG	Millennium Development Goal
MIC	Middle-income country
MoE	Ministry of Education
MoFA	Ministry of Foreign Affairs
NER	Net enrollment rate
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
OECD-CRS	Organization for Economic Cooperation and Development Common Reporting Standard

OECD-DAC	Organization for Economic Cooperation and Development Assistance Committee
OOF	Other official flows
PASEC	Programme d'Analyse des Systèmes Educatifs de la CONFEMEN
R4D	Results for Development
RBF	Results-based financing
SABER	Systems Approach for Better Education Results
SACMEQ	Southern and Eastern Africa Consortium for Monitoring Educational Quality
SDG	Sustainable Development Goal
SEEK	SEEK Development
SSA	Sub-Saharan Africa
SWOT	Strengths, weaknesses, opportunities, threats
UIS	UNESCO Institute for Statistics
UK	United Kingdom
UMIC	Upper-middle-income country
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESCO IBE	United Nations Educational, Scientific and Cultural Organization – International Bureau of Education
UNICEF	United Nations International Children's Emergency Fund
UNICEF MICS	United Nations International Children's Emergency Fund Multiple Indicator Cluster Survey
UQE	Universal quality education
US	United States
USAID	United States Agency for International Development
USD	United States dollars
WB	World Bank
WHO	World Health Organization

Executive Summary

The start of the post-2015 development era presents a prime opportunity to examine current financing for education and identify options for improving the current global education architecture. As research partners to the International Commission on Financing Global Education Opportunity, SEEK Development and Results for Development led an analysis of sources of domestic and international financing and the current global education architecture culminating in this report.

Our analysis shows that domestic financing for education continues to grow but that the increase is largely driven by economic growth rather than by prioritization of education within government budgets.

Domestic financing for education has grown across all country income groups between 2002 and 2012. Countries experienced rapid economic growth, which also translated into increased overall government expenditures in absolute terms. In addition, education spending expressed as a share of GDP increased in all three country income groups (LICs, LMICs, UMICs).

However, as a share of overall government expenditures, education spending in LICs remained almost constant, which indicates that the increase in absolute education spending was driven by increases in available resources rather than due to increased prioritization. In LMICs and UMICs as a whole, there was even negative growth, which means that governments spent a smaller portion of their total expenditures on education. Individual country experiences have also been diverse, but 38% of countries assessed decreased their public expenditure on education as a share of GDP.

International financing for education falls short of peak levels and insufficiently targeted at countries with the greatest need.

Although international donor financing for education has grown in absolute terms, it is below peak levels and has stagnated as a share of total official development assistance (ODA) at 7% in both 2002 and 2014. Other official flows (OOF) for education also remains below peak levels and flows from emerging donors and private sources pale in comparison to other sectors, such as health.

Donors disbursed less than a third of education ODA to low-income countries in 2014, as compared to half in health. Among countries with similar economic need, education aid per capita ranges immensely and falls particularly short in Sub-Saharan Africa, home of over 50% of the world's out-of-school children, where financing has not recovered from a 30% decline in 2011. Support to fragile states has stayed constant since 2010 and is heavily concentrated to a handful of countries.

Furthermore, the quality of international aid financing is poor. Prioritization of education by bilateral donors fluctuates substantially between years and only a quarter of ODA is from multilaterals. Donor fragmentation is increasing, leading to high transaction costs for recipient countries. There are lost opportunities to use donor funding strategically to incentivize increased domestic funding.

The Global Education Architecture has many opportunities to address its shortcomings and leverage its strengths

The global education architecture was evaluated against its strengths, weaknesses, opportunities and threats. Strengths include passionate global advocates, experienced providers of technical assistance, and a significant emphasis on aligning funding with country-owned sector plans.

However, a number of key areas are particularly weak, including systemic leadership, and resource mobilization, both for specific institutions like GPE and for specific purposes such as the provision of global public goods. The system is threatened by its weak leadership, especially now as the ongoing refugee crisis results in shifting donor budgets, with already signs that education ODA is being reduced. Despite these challenges, there are several important opportunities, above all a growing global concern for education that could be leveraged to reform the education architecture.

Based on these analyses and additional consultations with experts, a number of options for improving the global education architecture are introduced across key functions:

Mobilize and Optimize Financing for Education and Technical Support

- **Mobilize international resources for education:** DAC donors should fulfill 0.7% of GNI on ODA target, 10% should be spent on education; emerging donors should increase financing by 400% to $1 billion in 2030; private sector financing should reach similar levels as health (about $6 billion annually); recipient governments should increase use of less-concessional and non-concessional loans to reach $6 billion in 2030 - use buy-down funds to improve loan conditions;
- **Optimize funding allocations and channels:** Develop a global framework for aid allocations, reflecting learnings from the Equitable Access Initiative; more systematic use of performance-based funding; increase the share of multilateral financing in education by 10%; create specialized funds for key areas in need (books, learning materials, ICT, teacher support, etc.); create a new financing facility for education that builds on the model of the Global Financing Facility (GFF) in the health sector to (a) sustain and boost multilateral share of education ODA and OOF; (b) reduce fragmentation; (c) incentivize domestic, private, and social enterprise funding, and (d) be innovative and transformative at country level and in its range of instruments; support education in crisis situations through the emerging "common platform" for education in emergencies and protracted crises;
- **Improve technical support:** Consider a global entity to fund technical and knowledge support to distribute data and knowledge to countries.

Support Global Public Goods for Education

- **Mobilize support for global public goods:** Donors should double support for global public goods to 6%; establish a global funding pool or create a consortium of institutions working on GPGs; finance institutes to improve measurement methods and research;
- **Support existing institutions abilities to deliver global public goods**: Strengthen UNESCO's analytical capacities; ensure sufficient funding for well-performing institutes that are underfunded in generating knowledge, such as UIS and IIEP, and ensure continued funding of GMR report; consider more radical reforms of UNESCO.

Strengthen Leadership, Stewardship and Advocacy Capabilities

- **Strengthen UNESCO's ability to lead**: Support a UNESCO reform with the goal of allowing the agency to take the lead role again in global agenda setting, convening, and advocacy in education; consider radical options such as taking education out of UNESCO and into a separate agency; until an effective institution for global education leadership is

developed, establish a multi-actor approach for the purpose of agenda setting, consensus building, etc.;

- **Boost responsible business support for education:** Establish a coordinated and operational business platform – this could operate in collaboration with the Global Business Coalition for Education and "GFF-type entity";
- **Create and use a high profile education index to focus attention on progress:** This universal quality education indicator could be based on integrated outcomes for access, quality, cost, equity, etc.

As such, the report identifies several ideas for how the global education architecture could improve that are too valuable to be ignored. At the on start of a new development agenda, world leaders are a major crossroad and should consider these ideas when developing the financing pathway for achieving equal educational opportunity for all children and young people.

Introduction

The global education landscape has experienced substantial changes since 2000, including a major reduction in the number of children out of school, an increased focus on learning as well as access, the emergence of new financing and assessment institutions, shifts in financing trends, and new thinking on how to measure progress. Much of this was in response to the 2000 Millennium Development Goals (MDGs), two of which concerned education, and the education-specific Education for All (EFA) goals. However, what began as progress in the early 2000s has slowed or stagnated since around 2008, partly, but not only, the result of the global financing crisis and recession. 124 million children and youth are still without access to schools and more than 250 million are not learning basic literacy and numeracy skills.

Without significantly greater efforts to break out of this stagnation and to finance and deliver quality education, the world risks not meeting the ambitious Sustainable Development Goal (SDG) of ensuring inclusive and equitable quality education and lifelong learning opportunities for all by 2030. Furthermore, because education underpins improvements in health, economic growth and employment, climate and security, a failure to reach the education SDG would also threaten the achievement of other SDGs.

The **International Commission on Financing Global Education Opportunity** (Commission) was created in September 2015 to consider such financing and effectiveness issues in the context of a changing education landscape and new agenda. Its main objective is to develop a renewed and compelling investment case and financing pathway for achieving equal educational opportunity for all children and young people. To support this effort, SEEK Development (SEEK) and Results for Development (R4D) were commissioned to analyze sources of education finance, develop recommendations to optimize allocations and establish options for improving the current global education architecture.[1]

This report integrates findings from a range of analytical inputs that were developed on behalf of the Commission:

- An analysis of domestic education financing
- An assessment of international financing for education
- A SWOT analysis on the global education architecture
- An initial set of reform proposals tailored to this analysis.

The work on domestic and international financing consisted of data analysis, enhanced by interviews with experts on education and finance data. The SWOT analysis and the reform proposals were developed through a **participatory approach** that engaged stakeholders from a wide variety of backgrounds – including government, global education agencies, academia, think-tanks, civil society, and the private sector. The views of stakeholders were solicited through:

- **A focus group discussion with senior policy-makers and experts:** A focus group meeting was held in Washington DC on March 4, 2016 to generate feedback on an early version of the

[1] The 'architecture' refers to the relevant public, private and non-governmental actors and institutions involved in financing, technical support, leadership and stewardship, norm and standard setting, generation and dissemination of data and knowledge, coordination, and accountability.

SWOT analysis, and to foster dialogue among senior policy-makers and experts on the education architecture. The 11 high-level participants discussed both the challenges facing the global education system going forward and options for its improvement. Stakeholders included representatives from the World Bank, the Global Partnership for Education (GPE), UNICEF, USAID and other key organizations working in education (Appendix 1).

- **Key informant interviews:** Twenty-five in-depth one-on-one interviews with representatives from leading global education agencies, governments, think-tanks, civil society, and the private sector solicited detailed views on the global education system from a range of perspectives (Appendix 2).

Experts who participated in the discussions and interviews offered their suggestions on options for improving the architecture in the future. The priority areas for improving the global education architecture presented here are informed by the deliberations with these policy-makers and experts.

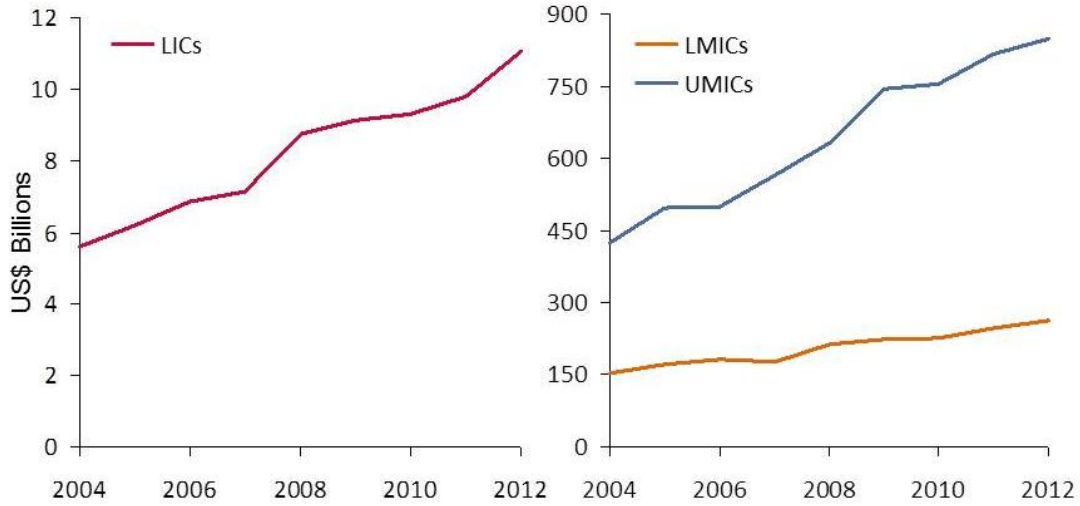
Section 1 begins with an assessment of domestic financing for education. In Section 2, the trends in international financing for education are described. The third section summarizes the key results of our SWOT analysis of the global architecture, followed by a section that considers which reforms to the global education system could be taken forward.

1. Domestic financing of education

Public expenditure on education grew across all country income groups between 2002 and 2012, in both absolute and relative terms. However, increases in public expenditure on education were driven by economic growth, rather than by a strong prioritization of the education sector.

Between 2004 and 2012, domestic public spending on education grew in absolute terms in low-income, lower-middle-income, and upper-middle-income countries (LICs, LMICs, and UMICs). According to our estimates, public education expenditures in UMICs almost doubled over this period decade, increasing from $425 billion to $847 billion (constant 2012 prices).[2] In LMICs, education spending increased by 71%, from $153 billion in 2004 to $262 billion in 2012. A similarly high percentage increase in public education spending was also recorded in LICs, where expenditures grew by 96%, from $5.6 billion to $11 billion during the period – in absolute terms, the increase in LICs vastly smaller than those of LMICs and UMICs (Figure 1).

Figure 1: Public expenditure on education, by country income group (US$ Billions)

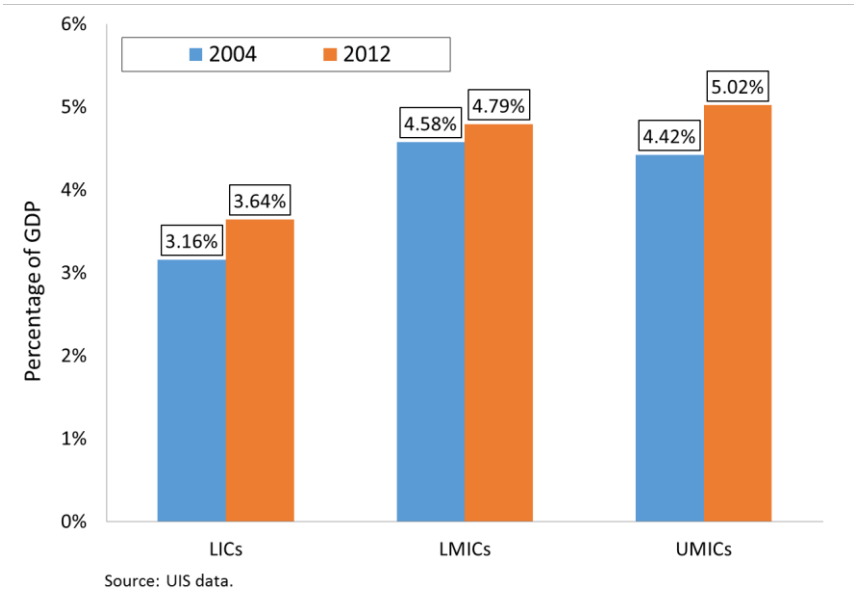


Source: GDP data from IMF (2015). World Economic Outlook. Government expenditure data from UIS (2015). UIS.Stat. Constant 2012 prices.

Available data from the UNESCO Institute for Statistics (UIS) also indicates that education spending as a percentage of gross domestic product (GDP) grew in all income groups (Figure 2).[3] Average spending on total education as a share of GDP grew by 0.48 percentage points (from 3.16% to 3.64%) in LICs, 0.21 percentage points (4.58% to 4.79%) in LMICs and 0.50 percentage points (4.42% to 5.02%) in UMICs between 2004 and 2012.[4] However, as we discuss in more detail below, only one LIC, six LMICs, and five UMICs reached the target of 6% of GDP for education set by the UNESCO High-Level Group on Education for All (see Figure 3 on page 7).[5]

[2] Total public expenditure on education by income group was calculated on the basis of aggregating by country IMF GDP data at constant 2012 prices and applying the respective income group averages of government expenditure on education derived from the UIS database. China accounts for almost half of the spending in this income group.
[3] 15 LICs, 25 LMICs, and 23 UMICs have available UIS data for both 2004 and 2012 and were included in this analysis.
[4] Growth in spending over the period was fairly consistent except for a slight drop in 2007 (Appendix 3).
[5] UNESCO, 2014

Figure 2: Public expenditure on education as percentage of GDP (income group averages)



The growth in education spending has been largely driven by economic growth and respective increases in overall government expenditures through improved tax collection, rather than greater prioritization of education in overall government spending: Figure 3 displays the average annual growth rates (2004-2012) for: GDP, total government expenditures as a share of GDP,[6] education spending as a share of GDP, and education spending as a share of government expenditures.[7]

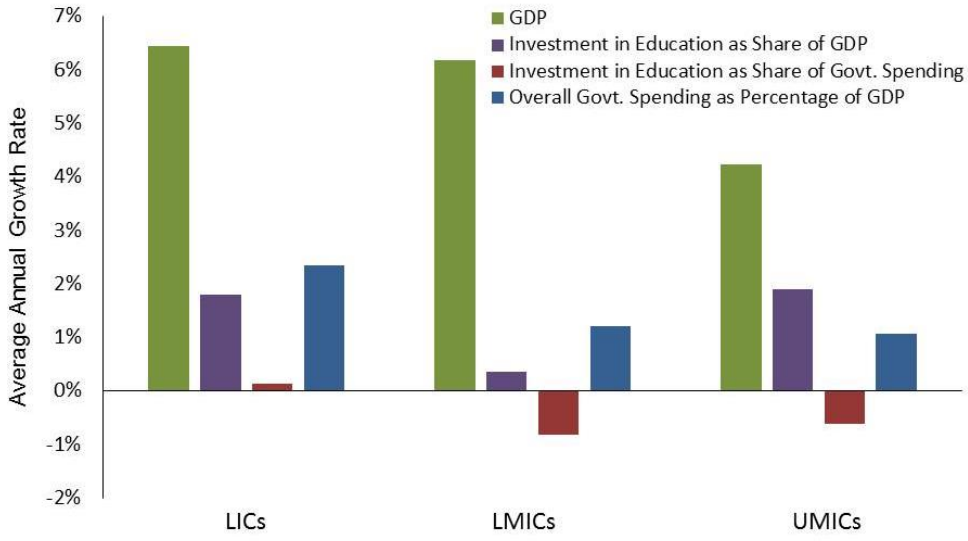
The figure shows that countries experienced rapid economic growth, which also translated into increased overall government expenditures.[8] In addition, it confirms that education spending expressed as a share of GDP increased in all three country income groups. However, as a share of overall government expenditures, education spending in LICs remained almost constant, which indicates that the increase in absolute education spending was driven by increases in available resources rather than due to increased prioritization. In LMICs and UMICs there was even negative growth, which means that governments spent a smaller portion of their total expenditures on education.

[6] Total expenditure consists of total expense and the net acquisition of nonfinancial assets. Source: IMF, 2015.

[7] We used all of the years in the data to determine the yearly growth rate for all four variables using a linear regression trend. This is, $y_t = m \cdot ln(x_t) + b$, where y_t is the year of data and x_t is the value at year t. The logarithmic transformation is done to improve the interpretation of the results: for the years in the period of analysis, GDP (or investment in education) increases on average $m\%$.

[8] Growth rates by year ranged from 1.1% (during the economic crisis in 2008) to as high as 7.8% in 2004, averaging roughly 5.0% over the entire period across all income groups. Growth in LMICs was on average 6.2% and around 4.2% in UMICs. Growth in low-income countries was outstanding in comparison, with an average growth rate over the period reaching 6.4%. In total, low- and middle-income countries nearly doubled their GDP between 2004 and 2012, from over $13 trillion to over $22 trillion, a 72% increment, ($9.5 trillion and $14 trillion, respectively, excluding China) . Over the same period, public expenditure on education also nearly doubled (88%), increasing from $583 billion to $1.12 trillion overall across all income groups

Figure 3: Growth in GDP, total government spending and education spending by income group (2004-2012)



Source: GDP data from IMF (2015). World Economic Outlook.
Government expenditure data (overall and for education) from UIS (2015). UIS.Stat.

Education spending trends across countries are very diverse. Thirty-eight percent of countries surveyed decreased their public expenditure on education as a share of GDP.

Despite the overall increase of public expenditure on education as a share of GDP across income groups, there are large differences between countries. A total of 39 countries (62% of countries with data for both years) increased their public expenditure in education: 9 LICs, 17 LMICs and 13 UMICs. In comparison, 6 LICs, 8 LMICs and 10 UMICs showed a level of public investment in education lower in 2012 than in 2004 (38%).

Among LICs, Gambia stands out as the country that improved its expenditure the most, from 1.0% to 4.1%, followed by Burundi (3.7% to 5.8%) and Cambodia (1.7% to 2.6%). In the LMIC group, the Republic of Congo leads efforts in increasing expenditure in education, going from 2.3% to 6.2%, with Kyrgyzstan also making a notable effort, improving 2.8 percentage points from 4.6% to 7.4%. In the UMIC group, efforts seem to be more even throughout the whole group, led by Bulgaria (2.3% to 3.6%) and Jamaica (3.9% to 6.1%). Information on individual country spending in education are summarized in Table 1.

Table 1: Education expenditure as a share of GDP by country, 2004 and 2012[9]

LICs

Country	2004	2012	Change
Gambia, the	1.0	4.1	295%
Burundi	3.7	5.8	55%
Cambodia	1.7	2.6	51%
Nepal	3.2	4.7	49%
Chad	1.6	2.3	42%
Mozambique	4.5	6.2	39%
Benin	3.9	5.3	34%
Togo	3.6	4.7	29%
Guinea	2.2	2.5	12%
Tanzania	4.7	4.6	-1%
Mali	4.3	4.2	-3%
Sierra Leone	3.1	2.9	-8%
Madagascar	3.3	2.7	-16%
Central African Republic	1.6	1.2	-24%
Uganda	4.9	2.7	-45%

LMICs

Country	2004	2012	Change
Congo, Rep.	2.3	6.2	172%
Kyrgyz Republic	4.6	7.4	60%
Senegal	3.9	5.6	45%
Tajikistan	2.8	4.0	45%
Sudan	1.6	2.2	36%
Swaziland	6.4	8.6	35%
Armenia	2.5	3.3	32%
Ukraine	5.3	6.7	26%
Indonesia	2.8	3.4	24%
Moldova	6.8	8.4	23%
Mauritania	2.5	3.0	19%
India	3.3	3.8	16%
Lao PDR	2.4	2.8	15%
Pakistan	1.9	2.1	10%
Bangladesh	1.9	2.1	5%
Ghana	7.5	7.9	5%
Philippines	2.6	2.7	3%
Syrian Arab Republic	5.4	5.1	-4%
Cameroon	3.3	2.9	-11%
Kenya	6.8	5.5	-19%
Bhutan	6.4	4.7	-28%
Georgia	2.9	2.0	-32%
Cabo Verde	7.5	5.0	-33%
Guyana	5.5	3.2	-42%
Djibouti	9.3	4.5	-52%

UMICs

Country	2004	2012	Change
Jamaica	3.9	6.1	56%
Bulgaria	2.3	3.6	53%
Brazil	4.0	5.9	49%
Paraguay	3.4	4.9	44%
South Africa	5.1	6.4	26%
Belize	5.3	6.6	25%
Cuba	10.3	12.8	25%
Thailand	4.3	4.9	14%
Maldives	4.8	5.2	9%
Colombia	4.1	4.4	8%
Mexico	4.8	5.2	7%
Mongolia	4.3	4.6	7%
Malaysia	5.9	5.9	0%
Peru	2.9	2.9	-1%
Tunisia	6.7	6.2	-7%
Romania	3.3	2.9	-9%
Belarus	5.7	5.1	-10%
Panama	3.8	3.3	-13%
Lebanon	2.7	2.2	-18%
Mauritius	4.5	3.5	-22%
Fiji	6.2	4.3	-30%
Iran, Islamic Rep.	4.9	3.3	-32%
Azerbaijan	3.5	2.1	-39%

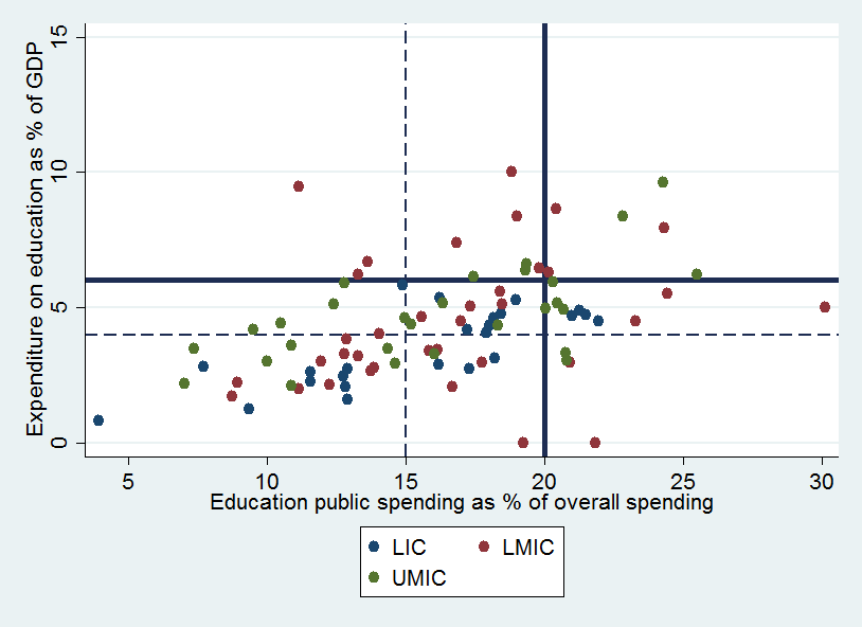
Over 60% of countries have met the internationally recommended minimum threshold for education spending as a share of overall government spending (15%).

The UNESCO High Level Group on Education for all (EFA) recommends that all governments should spend between 4% and 6% of GDP on education and that, within government budgets, between 15% and 20% should be earmarked for education. The latest available data suggests that, using the most ambitious targets, only three LMICs and three UMICs are meeting both the recommended "share-of-budget" and "share-of-GDP" spending targets, while no LICs meet both targets (Figure 4).

[9] Colors range from red to green to show the distance (red) from or alignment (green) with the recommended 6% education spending target (Source: UIS, 2015).

Using the lower recommendations (4% and 15%), 39 countries – 11 LICs, 13 LMICs, and 15 UMICs – meet both thresholds (62% of the 63 countries included in this analysis). The high number of countries reaching the 4% and 15% targets suggests that while there is still substantial room for prioritization of education within country budgets, most countries are on the right path.[10]

Figure 4: Expenditure on education expressed as a share of GDP and as a share of overall spending (most recent year, 2010-2012)

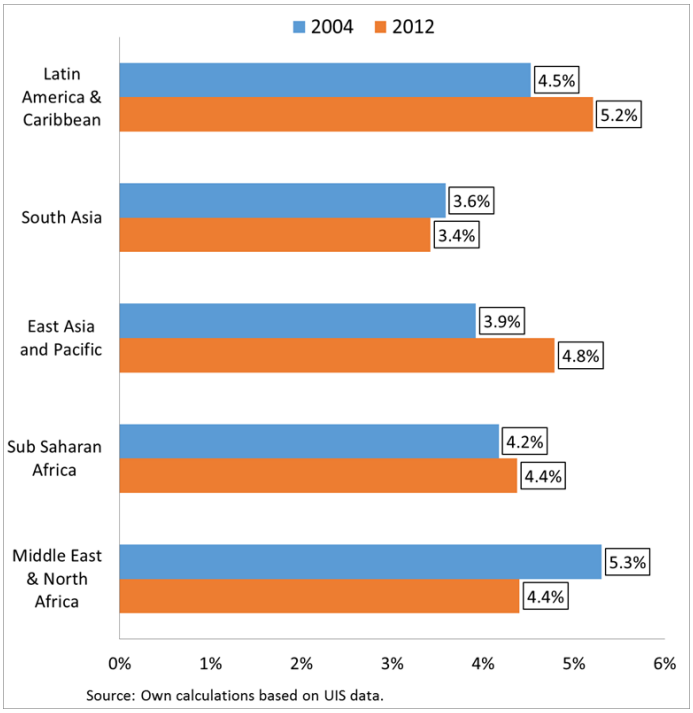


Regional spending trends are not uniformly positive: East Asia and Latin America saw gains, but growth was more modest in Sub-Saharan Africa and negative in South Asia and the Middle East.

On the regional level, average spending as a share of GDP grew in East Asia and the Pacific (by 0.8 percentage points, from 4% to 4.8%) and Latin America and the Caribbean (by 0.7 percentage points, from 4.5% to 5.2%). Spending as a share of GDP increased modestly in Sub-Saharan Africa (by 0.2 percentage points, from 4.2% to 4.4%). It declined in South Asia (by -0.2 percentage points, from 3.6% to 3.4%) and the Middle East and North Africa (by -0.9 percentage points, from 5.3% to 4.4%). Figure 5 summarizes these results.

[10] According to GMR, the average among HICs is also below these targets, at 5.4% of GDP and 12% of government expenditures.

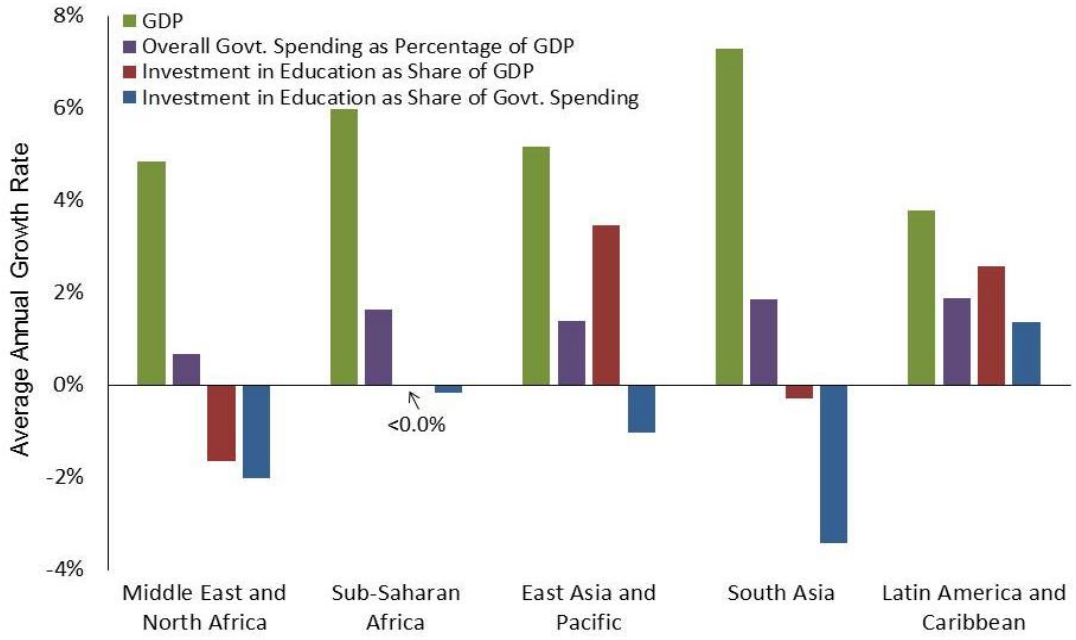
Figure 5: Public expenditure on education as a percentage of GDP (regional averages)



In addition, the region that mostly prioritized education – if measured by the share of education spending out of total government spending – is Latin America and the Caribbean (Figure 6). In Sub-Saharan Africa, the share of education expenditure out of overall government expenditures remained largely constant. The two Asian regions (especially South Asia) and Middle East and Northern Africa show negative growth rates, i.e. they deprioritized education investments vis-à-vis other sectors.[11]

[11] When excluding India and China from the growth rate calculations, GDP growth rates increase for both LMICs and UMICs. However, growth rates for the other indicators (investment in Education as Share of GDP, Overall Government Spending as Percentage of GDP, and Investment in Education as Share of Government Spending), remain constant. This suggests that the spending behavior of these two countries is similar to that of the other countries in their respective income groups.

Figure 6: Growth in GDP, total government spending and education spending by income group (2004-2012)



Source: GDP data from IMF (2015). World Economic Outlook.
Government expenditure data (overall and for education) from UIS (2015). UIS.Stat.

There are substantial inequalities in domestic public spending.

Steer and Smith (2015) highlighted the role public financing of different levels of education can have on exacerbating existing domestic inequalities. They note that given limited resources, financing higher education is often undertaken at the expense of lower levels of schooling. The challenge of balancing resources to support less-educated populations is particularly acute in low-income countries such as Malawi, where the per-student non-salary costs of tertiary schooling are more than 500 times that of the primary level. Given the strong correlation between education and wealth, more financing to higher education levels tends to result in disproportionate support to students of higher socioeconomic status and can further entrench socioeconomic inequality.

Households cover a significant portion of education costs.

Internationally, governments constitute the largest source of funding for education, whether out of their own resources or through grants and loans from external sources. In many countries, however, private households play a considerable role as a key source of education spending, especially when government financing is particularly low.

Available data on household spending on education is sparse. The 2015 UNESCO Global Monitoring Report (GMR – now called Global Education Monitoring Report) provides estimations[12] on household education spending for 50 LICs, MICs, and HICs for 2005-2012. Data from these countries suggested

[12] Data for this analysis was retrieved from (i) data on the share of education in total household expenditure in reports of household budget surveys listed in the International Household Survey Network database, (ii) OECD Education at a Glance and (iii) data on private consumption as share of GDP from the World Development Indicators

that household education spending accounted, on average, for 31% of total education spending. Evidence from household surveys suggests that household financing often fills the gap when government spending is insufficient. The GMR analysis shows that among the 25 countries with the lowest amount of public financing of education, households contributed 42% of total expenditure, while among the 25 countries with the highest amount, households contributed 27%.

Initial projections indicate that many countries will face considerable funding gaps in 2030.

The Commission core team developed (a) an initial model on future education costs, and (b) projections on future domestic spending for education based on assumptions about GDP growth and domestic tax collection. Based on this model, a preliminary financial gap analysis was conducted. In 2030, almost all LICs and about half of LMICs, but few UMICs, will face a financing gap. The prospects for these LICs and LMICs are not so promising. They are going to need to make greater efforts to increase domestic spending on education. They are also going to have to make choices about the balance between public and private spending, especially about (a) how much upper secondary and postsecondary education should be financed by the state and how much by households and (b) the use of targeted public funding for the poor at these higher levels of education. Even so, important funding gaps will remain in LICs and LMICs, and they will need access for many years to external finance, which is discussed in the next section.

2. Donor investments in education

Overall financing trends: How much do international donors spend on education?

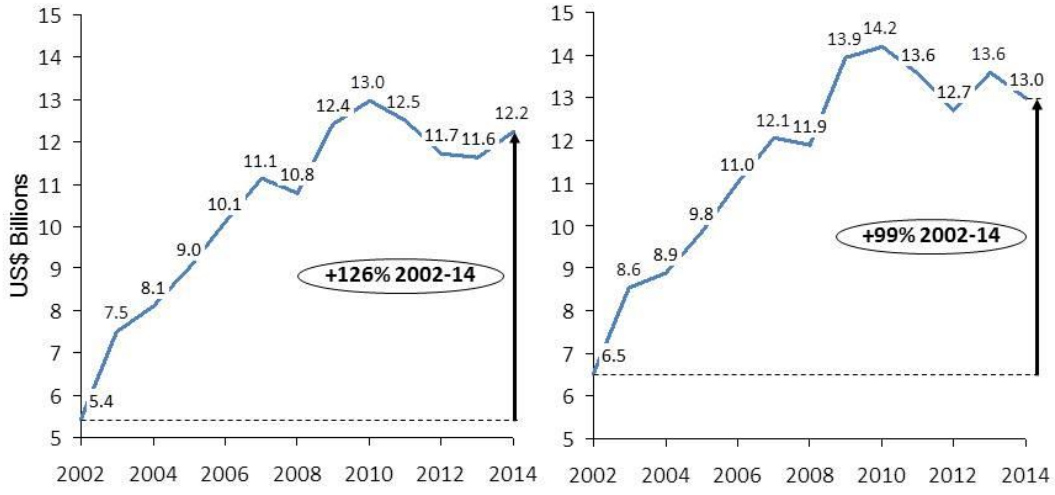
Donor investments for education increased since 2002 but are below their 2010 peak levels and have remained at a constant low 7% as a share of total ODA. Other sectors, such as health, have witnessed a large rising share in ODA.

Education ODA has grown from $5.4 billion in 2002 to $12.2 billion in 2014, an increase of 126%. After reaching a peak in 2010, the effects of the 2007-08 global financial crises became visible, leading to a decline in education aid. In 2014, education financing rose by 5% from 2013 levels, a first sign of recovery since 2010 (Figure 7, left side).[13]

If 20% of general budget support (GBS) is added to sector-specific education aid,[14] aid drops by 4% in 2014 to $13.0 billion, reflecting substantial reductions in GBS (Figure 7, right side).

[13] See Appendix 3 for more details on individual donors.
[14] As per the method of the EFA Global Education Monitoring Report (see http://en.unesco.org/gem-report/).

Figure 7: ODA for education, sector-specific (left), with 20% General Budget Support (right)



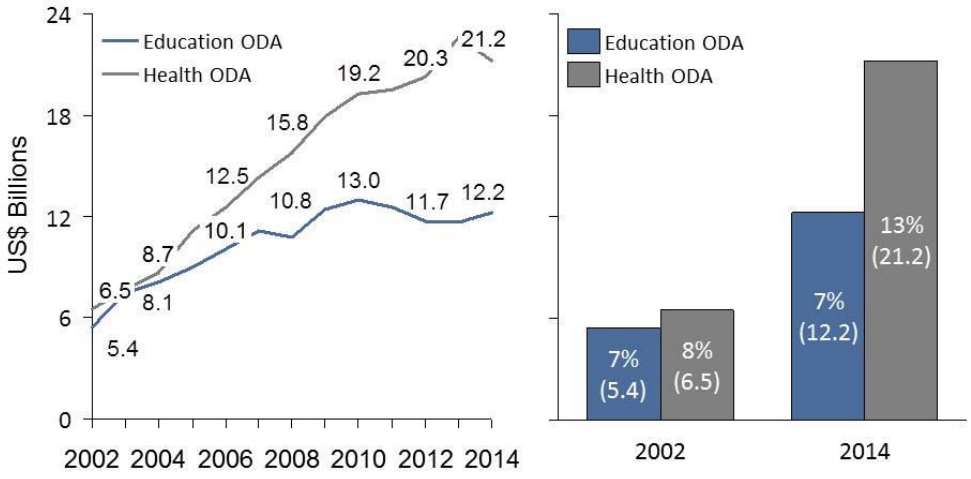
Source: Total all sectors; OECD CRS (December 2015 update).
Note: Constant 2013 prices, gross disbursements. Figure on right includes 20% General Budget Support (GMR Methodology).

Education aid has not grown in relation to overall ODA, representing **7% of overall ODA in both 2002 and 2014**. In addition, if the portion of financing for 'imputed student costs' is removed, aid for education effectively declines by 16% from $12.2 to $10.3B or 6% of overall ODA.[15]

Other sectors, in contrast, have experienced large increases in ODA in this timeframe. Health increased from **8% to 13% of overall ODA** by 2014 (Figure 8). If funds from the Bill & Melinda Gates Foundation (BMGF) were included, donor support to health would even be more pronounced (see below).[16] Other sectors that have gained attention include economic infrastructure and services, nearly doubling in relative terms from 10% of overall ODA in 2002 to 19% in 2014. Humanitarian aid now clearly surpasses education, rising from 6% in 2002 to 10% in 2014. ODA for refugees within donor countries (of which parts are counted as ODA[17]) also increased in recent years to 4% of total ODA in 2014.

[15] Given that many have criticized imputed student costs as artificially inflating donors' ODA for education.
[16] Other sectors that have gained attention include economic infrastructure and services, nearly doubling in relative terms from 10% of overall ODA in 2002 to 19% in 2014. Humanitarian aid now clearly surpasses education, rising from 6% in 2002 to 10% in 2014. ODA for refugees within donor countries also increased in recent years to 4% of total ODA in 2014.
[17] Refugee costs can be reported as ODA to the OECD if it covers expenditures for sustenance of refugees in donor countries during the first twelve months and comprises temporary sustenance (e.g. food and shelter) and expenditures for voluntary resettlement in a developing country (OECD, 2010)

Figure 8: Trends in health and education ODA, US$ billions (left), as a % of overall ODA (right)



Source: OECD CRS (Dec. 2015). Constant 2013 prices, gross disbursements. Note: % is out of all sector total, incl. unallocated. Health funding combines OECD CRS sector codes 120 & 130.

ODA from emerging donors has grown but remains behind other sectors.

Over the past decade, non-DAC donors financing of ODA has grown rapidly. Emerging donors are estimated to provide $10-15 billion per year (7-10%) of global ODA.[18] This group of donors is diverse, including donors with relatively new aid budgets, some that serve as both recipients and providers of ODA, and others including Arab countries that are increasingly contributing to social sectors.

However, data on the magnitude of education aid from these emerging government donors is limited. According to available data, financing by non-DAC donors totaled $266 million for education in 2014.[19] Over half of this support was unspecified towards a specific education level, largely towards the development of education facilities (54%), followed by funding for post-secondary education (25%). United Arab Emirates remains the most prominent non-DAC donor (140 million or 52%) in the OECD-CRS database, followed by Romania and Kuwait.

Studies have suggested that some of the Arab and emerging official donors are particularly interested in supporting education.[20] The Islamic Solidary Fund for Development, an entity of the Islamic Development Bank focused on poverty reduction on concessional terms launched in 2007, allocated 24% of its financing or about $29 million to education to education in 2015.[21] The Saudi Fund for Development, responsible for Saudi Arabia's bilateral development assistance since the 1970s, has increased its financing for education from $49 million in 2006 to $259 million in 2013 or 10% of its overall portfolio. [22] However, relative financing to education by non-DAC donors remains below the DAC average at 4.6% of total ODA, as compared to 8.1% for DAC donors.[23]

[18] Chandy, 2012.
[19] This is an underestimate as it includes only the non-DAC donors who reported education financing to the OECD in 2014 (Estonia, Hungary, Kazakhstan, Kuwait, Lithuania, Romania, and United Arab Emirates) and does not include any unearmarked voluntary contributions to multilaterals.
[20] Steer, L., & Smith, K., 2015.
[21] Based on financing for the Islamic calendar year (1436H). Islamic Development Bank Group , 2015.
[22] Saudi Fund for Development , 2014.

In addition, other DAC donors have increased their support for education and become important players in the global education architecture. In particular, South Korea has made education an increasing focus of its development education policy and increased its support by 117% since 2009 and is now the 11th largest DAC donor[24] to education. This reflects the nation's historical roots for investing in education, which is regarded as being a major contributor for the country's rapid economic development.[25]

Other Official Flows for education declined from a historic peak.

Non-concessional "Other Official Flows (OOF)" for education as reported to the DAC decreased from a historic peak of $2.6 billion in 2010 to $1.4 billion in 2014, of which about half comes from the International Bank for Reconstruction and Development (IBRD).[26] This equals a decrease from 4% to 2% in total OOF (which increased from $17 billion in 2002 to $59 billion in 2014, with a peak of $66 billion in 2010). However, 2014 OOF for education is still above the 2002-2010 average ($1.3 billion). The sector with largest increase in OOF is industry, mining and construction (from 8% of total OOF in 2010 to 16% in 2014).

The World Bank is the largest single official source of international funding for education, as well as the largest provider of official loans to the sector.[27] The World Bank's two main financing windows, IDA and IBRD, disbursed a combined $2.4 billion in financing for education in 2014.[28]

Private development assistance provides a growing source of financing for education. However, support remains unaligned with need and limited, paling in comparison to other sectors.

Average corporate giving for education is estimated at $1.0 billion per year in developing countries.[29] In addition, US foundations are estimated to give $0.4 billion of their international grants to education.[30] In total, this amounts to approximately $1.4 billion in annual private flows to education in developing countries. This is an underestimate particularly because it does not account for giving from non-US Foundations and non-Fortune Global 500 companies.

Although there are other signs that private flows for education are rising, this support is often not focused on areas of need. Of all giving by US foundations to developing countries, only 1% is estimated to support basic education.[31] Education-related corporate giving in particular is often

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Development-Finance-org (2008). Saudi Fund for Development. *Distribution of* Loans by Sector (for 2006). www.development-finance.org/en/.../624-saudi-fund-30-04-08.html

[23] For comparative purposes, this DAC financing average does not include unearmarked voluntary contributions to multilaterals.

[24] Ranking calculated by combining the DAC donors' support in the OECD-CRS with its corresponding multilateral imputed shares for education.

[25] Lee, J., 2001. Education Policy in the Republic of Korea: Building Block or Stumbling Block? World Bank Institute.

[26] There are discrepancies between World Bank education numbers as reported publicly by the Bank and as it reports via the DAC. Most likely, recent OOF funding is under-reported to/by the DAC. There are also small discrepancies in DAC reporting of IDA funding. Appendix 4 includes the "new commitment" data from IDA and IBRD (as reported on the World Bank website).

[27] After deducting IDA grants to the least creditworthy countries (by definition).

[28] OECD-CRS, Dec. 2015. Gross disbursements, constant 2013 US$

[29] Dattani, Still, & Pota, 2015.

[30] Adelman, Spantchak & Marcano, 2012.; developing countries have captured some of the foundation funds for education like Fundacao Bradesco ($150 million) and the Open Society Foundation ($60 million) (van Fleet, 2011).

[31] Steer & Smith, 2015.

aligned to business interests through targeted support to improving companies' own supply chains and to geographic areas within companies' growth markets. [32]

Total private flow spending for education is low in comparison to other sectors. Private flows to health for developing countries tripled from $2.1 billion in 2002 to $6.2 billion in 2014 (which is almost equal to the amount of health ODA in 2002). Almost half of all private funding flows for global health in 2014 were provided by the BMGF (47% or $2.9 billion). In 2014, the BMGF is estimated to have spent 72% of its private grants to developing countries on health versus 0.1% to education.[33] The remainder of private funding flows was provided by other foundations and corporate philanthropists, such as such as Bloomberg Philanthropies and the Clinton Foundation (Appendix 5).[34] In addition to health, US foundation support is higher for democracy and governance and economic growth/trade (including environmental grants).[35]

Furthermore, two foundations that used to be seen as leaders in supporting education reform in developing countries have withdrawn from the sector in the last year, the Hewlett Foundation and the Children's Investment Fund Foundation.

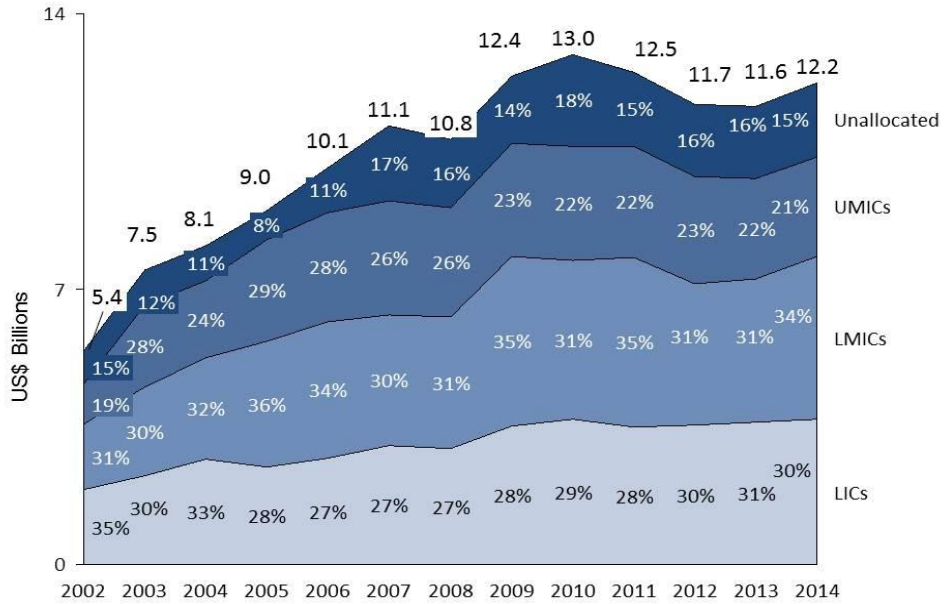
Geographical targeting: Which countries receive donor funding for education?

Education ODA is insufficiently targeted at countries with the greatest needs, the least ability to self-finance education through domestic resources, and limited access to capital markets. Support to fragile states has stagnated since 2010 and over half of the support to fragile states goes to only five countries.

Only 30% of all education ODA was disbursed to LICs in 2014, with more than a fifth (21%) being channeled to UMICs, which have the greatest ability to self-finance education from domestic resources and/or capital markets (Figure 9). While there is no comprehensive data on private-for-profit and social enterprise investments in education, such investments are more concentrated on stable countries with stronger institutions rather than on the lowest-income and fragile end of the spectrum.[36] LMICs accounted for 34% of education ODA in 2014 (and 15% was not allocated to a specific country).[37]

[32] Dattani, Still, & Pota, 2015.
[33] OECD-CRS (Dec 2015 update)
[34] Dieleman et al., 2015.
[35] Adelman, Spantchak & Marcano, 2012.; developing countries have captured some of the foundation funds for education like Fundacao Bradesco ($150 million) and the Open Society Foundation ($60 million) (van Fleet, 2011).
[36] Of the $77.4 billion in foreign direct investment that Steer and Smith (2015) estimated flowed to low- and middle-income countries between 2011 and 2013, only $7.1 billion – or 9% - went to least-developed countries, while only $12.6 billion – or 16% - went to low- and middle-income countries classified as fragile states. See also: www.educationinnovations.org/.
[37] The least developed countries (LDCs) accounted for only 29% of all donor aid in 2014. On this list are 60 countries: 29 LICs, 16 LMICs, 2 UMICs, and 1 HIC. List of Least Developed Countries (as of 11 December 2015). UNFCC.

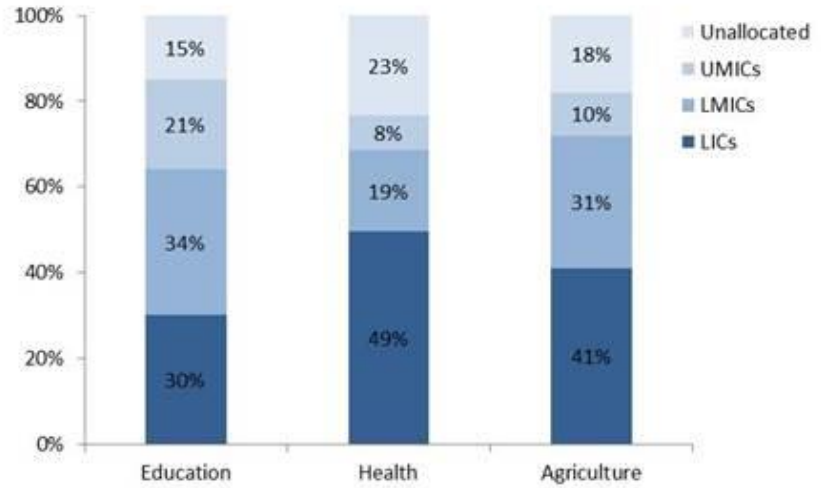
Figure 9: Education ODA by income group



Source: OECD CRS (December 2015 update). Note: Constant 2013 prices, gross disbursements. Unallocated includes small funding for MADCTs (More Advanced Developing Countries and Territories).

The top ten countries with 67% of out-of-school children – five LICs and LMICs respectively – received only 24% of education ODA in 2014, showing a mismatch between funding allocations and country needs. A comparison with other sectors shows that a much larger share of ODA to health and agriculture is allocated to LICs and LICs/LMICs combined (Figure 10).

Figure 10: Total ODA to education, health, and agriculture by country income group



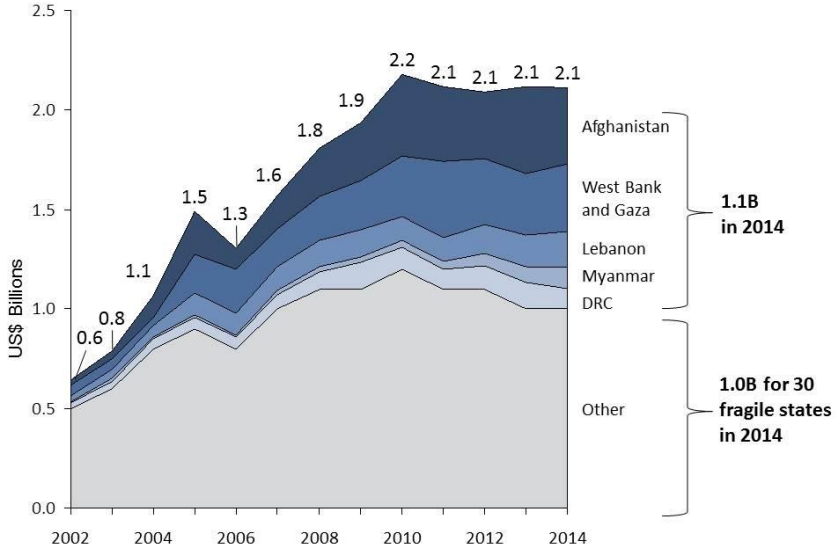
Source: OECD CRS (December 2015 update). Note: Constant 2013 prices, gross disbursements. Unallocated includes small funding for MADCTs (More Advanced Developing Countries and Territories).

Most fragile countries receive little support and children in these countries are falling through the cracks of the international system. In 2014, the 35 countries on the World Bank's Harmonized List of Fragile Situations received just 17% ($2.1 billion) of education ODA. Since 2010, the amount allocated to fragile states has remained largely flat, with five countries accounting for more than half of the total amount (Figure 11).

Despite their larger needs, over two-thirds (24) of these fragile states receive less per capita[38] than the average across all ODA receiving countries ($27.10) and less than the average across LMICs ($39.88). The five fragile states that receive the least amount of ODA per capita are all located in Africa.[39] Sudan, for example, receives the least of any fragile state at just $1.83 per capita. In Mali, the number of out-of-school children grew by 32% between 2011 and 2014 to over 10 million, yet ODA for education has dropped by 43% over the same period (Figure 12).[40]

Furthermore, only 2% ($197 million) of all humanitarian financing in 2015 was spent on education, as compared to 24% for food and 10% for health.[41] Donors covered 31% of the estimated funding requirement for education in 2015, as compared to 49% for health, 55% for food, 62% for mine action, 65% for coordination and support services.[42]

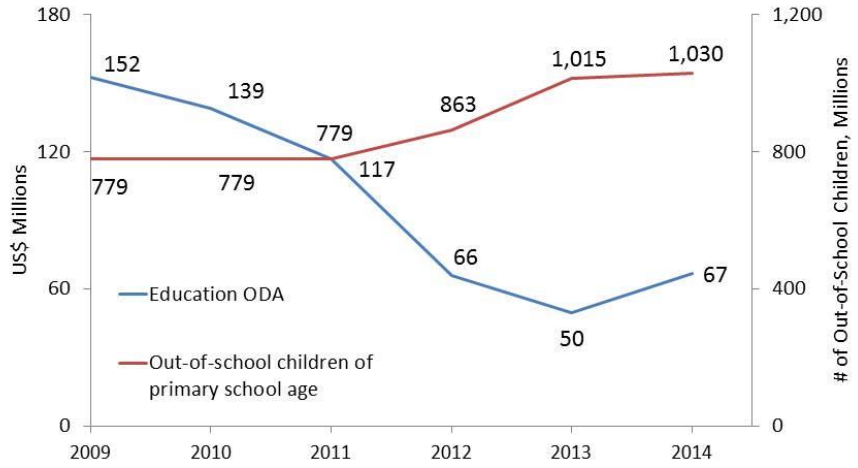
Figure 11: Education ODA to fragile states



Source: OECD CRS (Dec 2015 update). Constant 2013 prices, gross disbursements.
World Bank (2016) Harmonized list of fragile situations FY16

[40] Despite being of interest to understand financing distribution by burden, out-of-school children per capita analysis for fragile states is not reported due to data gaps in the UIS dataset. 7 of the 35 fragile states have no data values on out-of-school children points in any given year, including major ones like Afghanistan and Somalia.
[41] UNOCHA FTS, 2016, Global humanitarian funding in 2015: Total per sector as of 21-April 2016.
[42] UNOCHA FTS ,2016, Global requirements & funding per sector as of 21-April 2016.

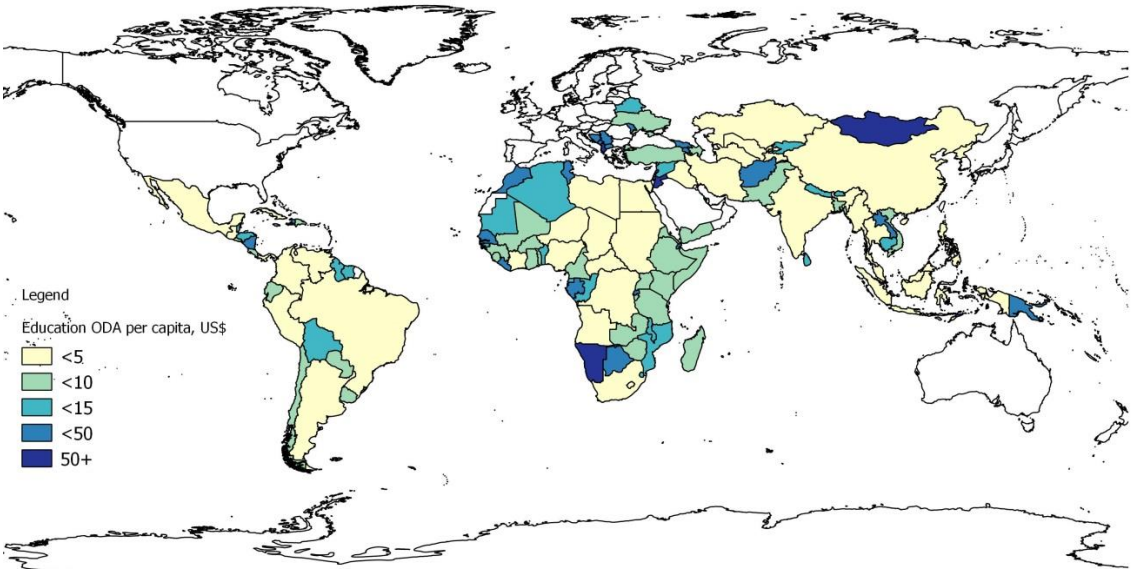
Figure 12: Education ODA to Mali versus number of out-of-school children, 2009-2014



Source: OECD CRS (Dec. 2015 update). US$ constant 2012 prices, gross disbursements. UIS estimates (2015).

Moreover, there is a significant degree of variability in the amount provided in developing countries regardless of similar need, as reflected in the geographic allocation of education ODA per capita (Figure 13).[43] Even among countries with the most need (LICs), education aid per capita ranges immensely from $2.30 in Chad[44] to $41.28 in Comoros ($10.12 average). The range among LMICs is much larger, from $0.97 in India to $286.23 in Kiribati ($39.88 average). In general, small countries tend to receive significantly more per capita aid, whereas large countries like India ($0.97) and Nigeria ($1.88) receive very little.

Figure 13: Education ODA per capita by country, sector only, average US$, 2012-14 for 5-24 year-olds

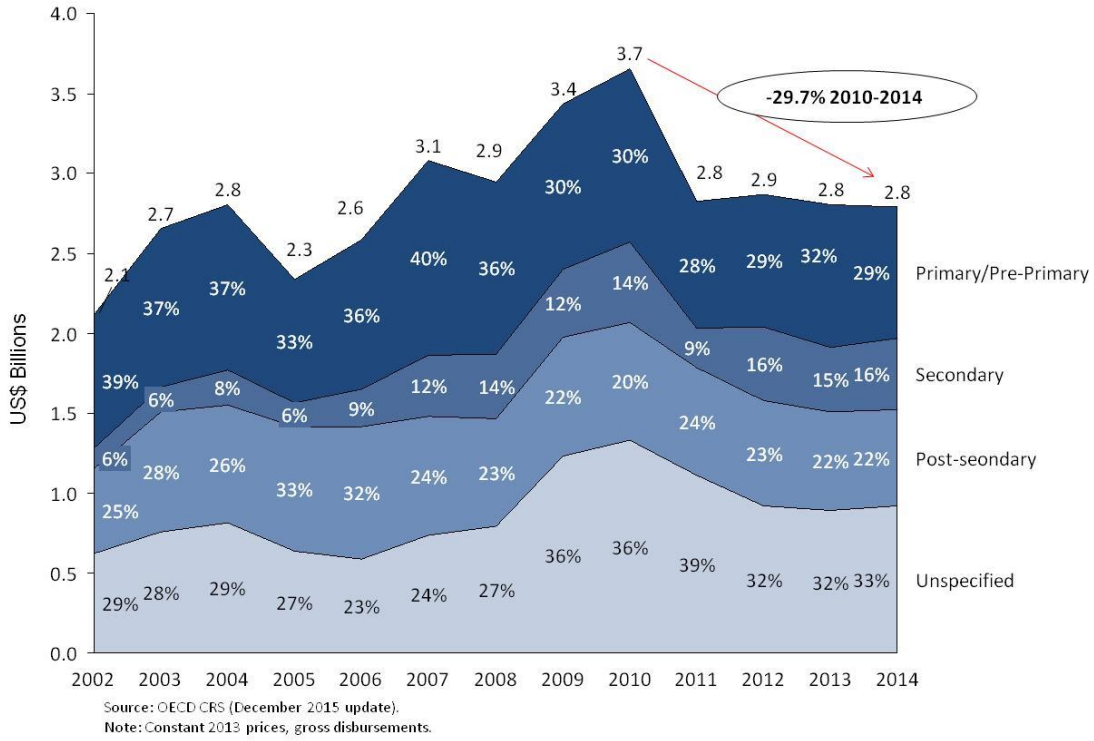


[43] Average education ODA (2012-14) per 5-24 year-old (2013).
[44] North Korea was dropped from this analysis.

Sub-Saharan Africa continues to be affected by a sharp decline in education ODA in 2011. The average education ODA for LICs and LMICs in Sub-Saharan Africa is much below the average at $13.70 for all LICs/LMIC.

Over half of all out-of-school children live in Sub-Saharan Africa (SSA),[45] the region with the largest economic need, but donors reduced education ODA to SSA by 30% in 2011, and there is no sign of recovery since then (Figure 14).

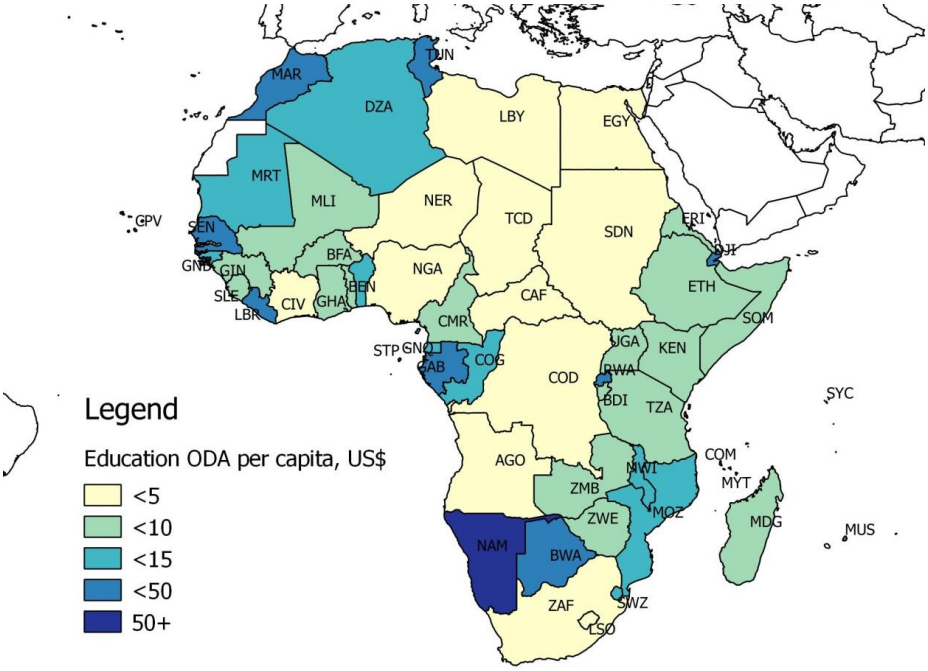
Figure 14: Education ODA to Sub-Saharan Africa



In Africa, both Western Africa and Eastern Africa countries receive higher amounts per capita. The central part of Sub-Saharan Africa presents a clear lack of assistance with the exception of Namibia and Botswana (an UMIC). The average education ODA for LICs/LMICs in Sub-Saharan Africa is much below the average of $13.70 for all LICs/LMIC (Figure 15).[46]

[45] Global Monitoring Report, 2015.
[46] See also Appendix 6.

Figure 15: Education ODA per capita by country in Africa, average US$ 2012-14 for 5-24 year-olds



Donors need to re-examine their frameworks for allocating education aid, and develop a more common understanding about resource allocation criteria.

The fact that many countries are severely underfunded also results from the complexity of the current global aid architecture, which is characterized by uncoordinated allocation practices. While no single framework is likely to be optimal for every donor, there is scope for better co-ordination. Systematic inquiries into allocation criteria may help donors revise their frameworks and encourage donors to be more explicit about the criteria they use to allocate education aid. "Country need" – which refers to both, financial needs and education needs – is only one (although a very important) factor; other criteria, including the institutional/aid effectiveness ("country performance"), are also important. A discussion among donors is required to better align on major criteria for allocations. In the health sector, the Equitable Access Initiative is developing a new policy framework to better understand countries' health needs and capacities as they move along the development continuum.[47] A similar initiative could be considered for education.

Beyond the analytics of what specific mix of needs and performance/absorption criteria is appropriate, there also arises the question of who, or what institutional mechanisms, should attempt to correct for any egregious imbalances (donor "orphans" especially) that result from comparing actual and optimal allocations. Multilateral agencies like the World Bank, with their typically larger geographical footprint and formal allocation frameworks, are often considered a better "balancing wheel" than bilateral ones, with their heavier inherited burden of geo-political and historical

[47] Country classification by income has traditionally been used to guide international decision-making, but there is an increasing concern that policies based on income overlook important dimensions of development, such as poverty, inequality, and health need. The MIC category now comprises 105 countries, 70% of the world population, 75% of the poor, and a majority of the global disease burden. The Equitable Access Initiative aims to develop a health framework based on a broader set of economic and health indicators to better inform decision making on health and development. See: http://www.theglobalfund.org/en/equitableaccessinitiative/

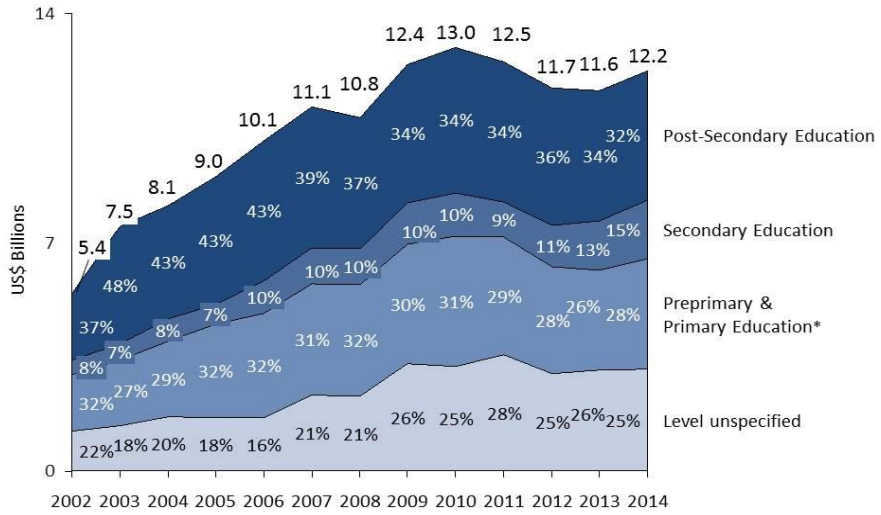
relationships.[48] But in fact most multilaterals do not explicitly take into account the overall pattern of donor investments in determining their own country allocations. A partial exception is GPE, which aims to help close country financing gaps for a subset of low-income countries and for basic education, remaining after the best efforts of the rest of the donor community, benchmarked against national education strategies jointly assessed as being desirable and feasible. This process captures some of the intent of performance and needs-based optimal aid allocations (see Section 3).

Education levels: How is international education funding distributed across levels?

The distribution of ODA across education levels has remained largely stable in recent years. Donors remain focused on post-secondary and primary education, with insufficient attention paid to secondary education and pre-primary education.

Post-secondary education continues to receive the largest share of education ODA financing in both absolute and relative terms, a distribution that has remained unchanged since the OECD-CRS began collecting data. Nearly one in every three dollars of ODA financing for education is spent on post-secondary education. In 2014, over half of this financing (51%) was spent on imputed student costs in donor countries. While support for post-secondary education continues to dwarf other levels of schooling, there are signs that this may be slowly shifting. Financing reached an all-time low of $3.9 billion in 2014 – a continuation of a downward trend that saw financing for post-secondary education drop by 13% between 2009 and 2014 (Figure 16).

Figure 16: Education ODA trends by level



* According to the OECD-CRS's financing levels for 'basic education' (includes small financing for 'basic life skills for youth and adults'.
Source: OECD CRS (Dec 2015 update). Constant 2013 prices, gross disbursements.

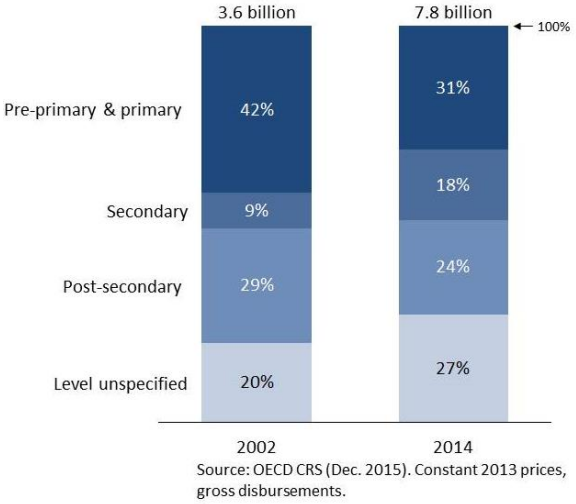
Secondary education remains the least-financed level of education, and accounted for just 15% ($1.8 billion) of total education aid in 2014. However, there are signs of increasing support from donors as enrolment rates rise and global education goals are expanded to include secondary schooling. The share of donor financing to secondary education has nearly doubled since 2002, while recent annual

[48] OECD, 2013.

increases of $0.5 billion (between 2012 and 2013) saw support to secondary schooling reach a record high in both absolute and relative terms in 2014.

ODA for preprimary and primary education has remained relatively steady, accounting for between 26-32% of overall education financing levels since 2002.[49] 2014 financing for preprimary and primary education recovered from its slight drop in 2013. However, this trend masks donors' neglect of pre-primary or early childhood education. Just $106 million, or less than 1% of all ODA to education, was spent on this area in 2014.[50] Furthermore, in the poorest countries – LICs and LMICs – funding for pre-primary and primary education has declined in relative terms from 42% in 2002 to 31% in 2014 (Figure 17).

Figure 17: Education ODA trends by level in LICs and LMICs, 2002 and 2014



Source: OECD CRS (Dec. 2015). Constant 2013 prices, gross disbursements.

Education ODA unspecified to a level is comprised of financing for policy and administrative support, educational facilities, research, and teacher training. This support has ranged from 16-28% since 2002 and stayed at around one-quarter of all financing for education. The majority (59% or US$1.8 billion in 2014) is spent on policy and administrative management for education.[51]

Quality of international education funding: How effectively is donor funding for education channeled to countries?

Only a quarter of education aid is channeled through multilateral institutions, which adds to the fragmentation of the global architecture. Education aid also fluctuates significantly, making long-term planning for countries difficult.

[49] Defined according to the OECD-CRS's financing levels for 'basic education'. Note this includes small portions of financing for 'basic life skills for youth and adults' (e.g. literacy and numeracy training for adults).
[50] Such low levels may also be an indication that donors are not reporting correctly.
[51] Described as ,Education sector policy, planning and programmes; aid to education ministries, administration and management systems; institution capacity building and advice; school management and governance; curriculum and materials development; unspecified education activities.' OECD, 2016.

25% percent of education ODA is delivered by multilaterals compared to 35-45% in health, and to an average of 31% across all sectors.[52]

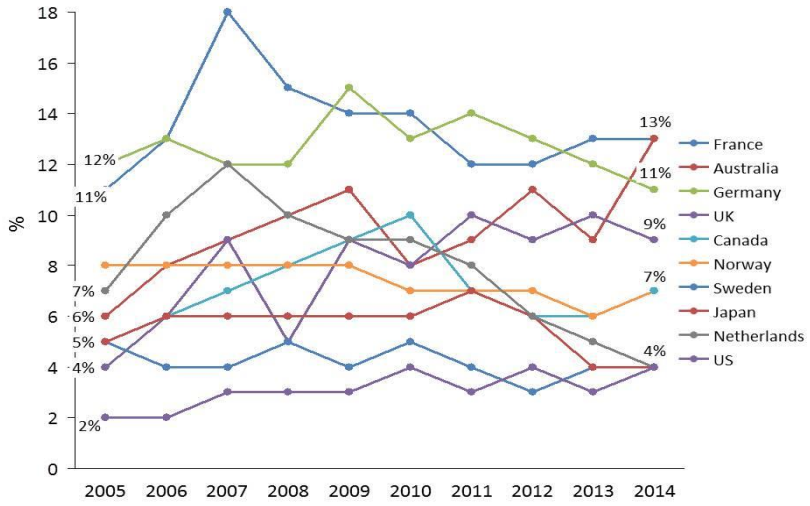
The low share of multilateral aid adds to an already fragmented landscape, which is characterized by often relatively small activities of multiple (bilateral) donors.[53] Small activities of many donors are likely to have high transaction costs for countries, and are more likely to suffer from lack of coordination between countries and development partners. Large activities provided by fewer donors are more likely to attract political attention at country level. Existing evidence indicates that donor fragmentation is increasing, leading to high transaction costs for recipient countries and inefficiencies. According to the OECD DAC, "donor relationships" (a measure for the degree of fragmentation) in education have increased by over 12% in LICs and LMICs from 2008 to 13. Furthermore, the "significance" of these donor relationships from both a donor and recipient perspective remains low: one out of every third donor relation was considered nonsignificant in 2013, a figure that has shown little change over the past few years. Levels of non-significance were particularly high at over 50% in five LICs assessed: Tanzania, Mali, Rwanda, Madagascar, and Eretria.[54]

Sector-specific budget support for education also fell by 24% from $981 million in 2013 to $790 million in 2014, reaching its lowest level since 2009.[55] In addition, country programmable aid (CPA) for education (the amount of aid that is available for actual programming in countries) accounted for 68% of the total amount of education aid in 2014.[56] Comparatively, a much higher share of health aid—79%—is country programmable.

During our key informant interviews, participants stressed that achieving gains in education requires predictable long-term funding. However, data on trends in education ODA (as a percentage of their total ODA) show that support from bilateral donors substantially fluctuates (Figure 18).

Figure 18: ODA to education as a % of total ODA for major education donors

[52] Note these figures do not include earmarked financing through multilaterals. If this financing is included, the figures rise by approximately 10% for both sectors.
[53] A measure for the degree of donor fragmentation is provided by the OECD-CRS, which shows that "donor relationships" in education have increased by 12% in LICs and LMICs from 2008-13. A third of donor relations were considered nonsignificant.
[54] A significant aid relationship is defined based on whether the donor is among the top donors that cumulatively provides 90 percent of aid to the recipient country and whether the donor provides a larger share of total aid to the education sector in the recipient country compared with its share in total aid in that country.
[55] Financial contribution to a recipient government's budget for education-specific policy and budget priorities.
[56] CPA is considered aid which provide a "low-cost basis for transparent forward planning by recipients and donors as required by the Accra Agenda for Action". See: http://www.oecd.org/dac/stats/45546348.pdf



Source: OECD CRS, gross disbursements in constant prices (sector code 110) & imputed multilateral contributions to the education sector.

Compared to other sectors, especially health, there is little use of results-based financing in education aid and OOF.[57] Recognizing this, several donors including the World Bank and DFID have recently launched a number of mechanisms aimed at creating stronger links between financing and results.

Recent evaluations of major multilateral education financers, GPE and UNICEF, indicate that these institutions need to further strengthen their structures and processes to achieve better results and aid management; key informant interviews also pointed in this direction, especially for GPE (see Section 3 for more details).[58]

3. The global education architecture: strengths, weaknesses, opportunities and threats

The SWOT analysis of this section integrates results from our literature review, financial analysis, deliberations with senior policy-makers and experts at the focus group meeting in Washington D.C., and key informant interviews.

Strengths of the global education architecture

The key strengths of the architecture are that it emphasizes alignment with country priorities, that leading global figures are strong advocates for education, and that a broad base of technical support exists. It will be important to preserve and build on these strengths.

The global education architecture has emphasized alignment of funding, especially multilateral financing, with country-owned education sector plans.

In line with aid effectiveness principles, multilateral donors have emphasized alignment and harmonization of aid with strong country-owned sector plans. Over the last decade, sector planning has improved, first with the UNESCO-led Education for All country plans and, more recently, with

[57] Steer & Smith 2015.
[58] Universalia & R4D, 2015 and NORAD, 2015.

GPE's support for Education Sector Plans (ESPs) in partner countries, which have helped to harmonize and align donor support, integrating all education efforts into one national plan.

GPE is also valued as a partner for supporting evidence-based, participatory and inclusive sector planning processes.[59] Through multistakeholder engagement in Local Education Groups (LEGs) formed by GPE, donors engage collectively with the national government (as well as civil society and private sector) in the education sector planning process. While their performance is variable, and challenges over existing bilateral donor fragmentation remain (see Section 2), the LEGs are an important vehicle for country-level dialogue and coordination between national actors and donors. However, there are concerns that GPE has created an increasingly complex application and reporting processes, which are seen as transaction-cost heavy and burdensome for countries, especially given the relatively low levels of funding that GPE has disbursed.[60]

Interviewees also echoed results from the recent GPE evaluation and argued that GPE needs to further improve its performance to substantially increase donor support. In this context, they highlighted that GPE mostly uses the World Bank (IDA) and UNICEF for the implementation of its grants. This is different to the model of the largest (grant-based) financing mechanism in the health sector, the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). The Global Fund operates mostly through ministries, NGOs and to a more limited extent the private sector – rather than international agencies, which are only used in special cases like fragile contexts, where national institutions are weak or absent.[61] In addition, it was mentioned that cases of GPE structured co-financing of IDA education programs are relatively rare.

The education sector has been strongly championed by major public figures on the global stage.

Focus group participants highlighted that there are strong champions and messengers for education, including but beyond Michelle Obama, Julia Gillard, Sarah and Gordon Brown and Sheikha Mozha Bint Al-Nasser. These public figures contribute to the visibility of education on the global agenda – Michelle Obama with the Let Girls Learn initiative, Sarah Brown with A World At School movement, Julia Gillard as Board Chair of GPE, and Sheikha Mozha with Education Above All's emphasis on out of school children and children in conflict situations. Gordon Brown's leadership in global education in 2002 led to UK government committing £8.5 billion over ten years to education.[62] Others are serving as champions for education, like Nobel laureate Malala Yousafzai through the Malala Fund, and Novak Djokovic as a UNICEF Goodwill Ambassador for ECD. Further, existing engagement of these public figures has the potential to significantly increase the profile and visibility of education on the global development agenda.

[59] GPE provides financial and technical support for country-led education sector plan development and strengthening; 59 countries have planning documents and appraisal for sector plans, most of which are in low income countries (53%) and sub-Saharan Africa (63%). See Faul & Packer, 2015; Universalia & R4D, 2015.

[60] The two-stage approach, whereby the GPE first endorses a country education strategy in dialogue with the government and all its major education partners (including the World Bank and UNICEF, as well as major bilaterals), and then appoints (in most cases) the World Bank or UNICEF to prepare and present a grant investment in support of that strategy, is a source of additional transaction costs. It also blurs the original intent of the Fast Track Initiative to cover a defined overall share of education financing gaps with as speedy and flexible a form of finance as possible.

[61] The Global Fund has country coordination mechanisms which coordinate the development and submission of national request for funding and as such are similar to the LEG's of GPE. As emphasized, the main difference between GPE and Global Fund is that the recipients of the funding (known as Principal Recipients in the case of the Global Fund) are usually national ministries and (inter-)national) NGOs, while GPE uses the World Bank (IDA), UNICEF, and bilateral agencies.

[62] Steer & Wathne, 2009.

However, the focus group participants also agreed that there is insufficient data and evidence to support global advocacy (see discussion on global public goods below), and argued that the efforts of education champions could be much more powerful if more and better evidence were made available. Global education institutions need to provide these champions with robust data and statistics to help them gain momentum and further the impact of their advocacy.

Experienced providers of technical support for education exist.

Substantial experience with technical expertise exists in the education sector at various institutions, from bilateral and multilateral donor agencies (such as DfID, USAID, the World Bank, UNICEF, and the OECD). The World Bank, typically, provides support for system strengthening, while UNICEF is focused on integrating policies and programming for marginalized populations. While GPE does not allocate specific funds for technical support, grant implementation supervising agencies in countries do provide technical support to the national governments in education sector planning and grant implementation.[63] UNESCO's Institute for International Education Planning has implemented training programs for national education planners and managers to develop their technical skills, as has the UNESCO Institute for Statistics for education data collection. Civil society organizations (e.g. Save the Children, Plan International, and others) also play a critical role in the provision of technical support.

Weaknesses of the global education architecture

Despite the advocacy of public figures, education is low on the global financing agenda, in part because the architecture suffers from weak systemic leadership. There is insufficient grant funding available to meet countries' needs in general; insufficient funding and expertise devoted to key areas such as early childhood development and books; little crowding in of domestic funding by aid; very low levels of funding for global public goods in education; and weak data systems at country level to track the impact of aid.

Education is low on the global agenda and receives too little attention from the donor community.

Education sector financing has remained low on the global agenda, especially when compared to other sectors (see Section 2). There are several factors behind this including the perception of donors that the sector has not adequately 'made the case' for investments.[64] The education sector has struggled to provide a strong evidence base and metrics for effective investment, a challenge apparent in its lower ODA allocations. While part of the data challenges in the sector relate to limited data and funding for global public goods for education (see below), achieving education outcomes takes time and cannot be linked in the short term to the provision of funds.[65] Nonetheless, developing stronger evidence and better metrics is possible through increased donor investment and urgently required to raise the profile of education globally.

Within the health sector, effective issue-specific campaigns were launched that helped to substantially reduce financing gaps for neglected topics, such as maternal and newborn health,[66] and

[63] Universalia & R4D, 2015.
[64] Universalia & R4D, 2015.
[65] In addition, defining education outcome indicators is additionally problematic. Measurement of learning outcomes – the recent focus of the education sector – is more difficult to define and harder to quantify than many targets in the health sector, such as vaccination.
[66] The share of global health funding channeled to maternal health fell from 12.2% in 2003 to 11.4% in 2010, while the share of funding for child health increased from 22.9% to 24.9% (Hsu et al., 2012).

family planning. While the Global Health 2035 report finds that family planning has the potential to have the largest impact on reducing mortality through 2035,[67] donor support to family planning fell from about $400 million annually to $132 million in 2004.[68] However, in 2010, a broad coalition of political leaders, civil society, the United Nations, and private foundations and enterprises has made a concerted effort to place the health of women and children at the top of the development agenda. This process culminated in the Global Strategy for Women's and Children's Health and the Every Woman Every Child Movement (EWEC), which mobilized high level political attention and significant commitments for maternal and child health. Building on the financial pledges of $7.3 billion made at the G8 Muskoka Summit in 2009, EWEC substantially increased attention to reproductive, maternal, newborn and child health, with over 400 commitments and financial resources of about $40 billion. An accountability mechanism was also established to track the progress in the implementation of commitments.[69] In July 2012, donors committed US$2.6 billion for family planning by 2020 at the London Summit for Family Planning, an initiative championed by the UK and the Bill & Melinda Gates Foundation. This initiative further helped to place family planning back on the development agenda. Compared to 2009, donor disbursements for *family planning* increased by 59% to US$890 million in 2014.[70] These initiatives show that issues specific campaigns can be of tremendous value for mobilizing resources for specific issues.

Global campaigns were also launched in the education sector but these suffered from different problems. For example, the Global Education First Initiative was not issue-specific, had neither a clear plan nor an effective monitoring and accountability mechanism, and suffered from disputed leadership

The global education architecture suffers from weak systemic leadership.

Providing leadership and stewardship is crucial for priority setting and in relation to facilitating negotiation and building consensus on global education goals and policies. In addition to this coordination and convening function, leadership and stewardship involves advocating for education and fostering strong collaboration with other sectors and actors, including the private sector and civil society. However, the education sector has suffered from weak global leadership at the systemic level. There is a lack of consensus in agenda setting and insufficient momentum beyond the international education community for making the political case to increase focus on education or within the community on collective leadership.

The lack of strong leadership in education is not the fault of any one agency, but instead reflects the lack of global engagement and support for the sector at large. Historically, the international community has failed to strengthen the UN agency responsible for education, UNESCO, which has not been empowered to provide systemic leadership, stewardship, and advocacy. Several factors reduce UNESCO's effectiveness – it is overly politicized, has cumbersome governance procedures, is spread too thin (both within its education work program and between other sectors, such as culture),

[67] Jamison et al. 2013.
[68] Authors' calculation based on CRS data (constant 2013 prices).
[69] While far from perfect, this accountability mechanism contributed to progress in the implementation of commitments (see PMNCH 2015).
[70] Authors' calculation based on CRS data (constant 2013 prices).

and is seriously underfunded for its core functions.[71] For example, UNESCO spends on education only about 3% of what WHO spends on health.[72]

Other multilaterals, such as the World Bank, UNICEF, and GPE, have increasingly assumed leadership and stewardship functions, but in an uncoordinated way, and without adequate recognition of these accountabilities, and sometimes without adequate funding.[73] Civil society has also played a critical role in advocacy and drawing attention to important education issues. However, no organization has seized the mantle of systemic leadership for education, nor have the organizations achieved a collective leadership. This also contributes to the limited success in resource mobilization discussed above.

GPE, the one dedicated grants-based funding mechanism for education, remains underfunded, and there is little evidence that it attracted additional funding.

GPE is the one dedicated grants-based multilateral mechanism for education, focused on providing basic education to LICs and LMICs.[74] However, it has remained under-funded, despite reforms that might be expected to attract donor funding, including an increased orientation towards supporting fragile states[75] and the adoption of a new funding model that links 30% of its disbursements to performance.[76]

The 2015-2018 replenishment resulted in $2.1 billion in pledges from international donors, an increase of 40% since its first replenishment in 2011, yet 40% short of its aim by 2018 ($3.5 billion).[77] And despite attracting support from new donors,[78] the funding is heavily concentrated: More than half (52%) of the mobilized amount came from three donors and about three-quarters (73%) from five donors (in the order of magnitude: EU, UK, Denmark, Norway and Sweden). GPE's achievements in resource mobilization stand in contrast to the successes of specialized funds in health, such as the Global Fund ($12.0 billion for 2014-2016[79]), Gavi, the Vaccine Alliance ($7.5 billion for 2016-2020[80]), and the Global Polio Eradication Initiative ($4.0 billion for 2013-2018[81]).

[71] See, for example, UNESCO, 2013; Burnett, Bermingham & Brace, 2014 and various articles in International Journal of Educational Development, Vol 31 Issue 3, May 2011

[72] UNESCO appropriated $118 million of $663 million in its 2014-15 budget for education (UNESCO, 2014. 37 C/5 Approved Programme and Budget – 2014-2017: http://unesdoc.unesco.org/images/0022/002266/226695e.pdf), whereas the WHO annual programme budget for 2014-15 was estimated at $4.0 billion (WHO (2014) and assumed all to be for health (Programme Budget 2014-2015. http://unesdoc.unesco.org/images/0022/002266/226695e.pdf).

[73] UNESCO, UNICEF, the World Bank, and, to some extent, UNDP led the framing of Education for All. UNESCO continued its convening role for the SDG process.

[74] 61 countries are eligible for GPE support, 41 countries received financing in 2014, all but one are LICs/LMICs.

[75] Given this emphasis on fragility, GPE offers a channel for donors to fund education in harder to reach areas (e.g. Côte d'Ivoire, Central African Republic, Chad, Eritrea, Somalia, and Mali).

[76] Countries must produce a quality education sector plan, commit to strengthening data information systems, and commit to gradually raising domestic spending for education before receiving the first 70% of a country's financing allocation. GPE, 2015. The GPE Funding Model – June 2015.

[77] Universalia & R4D, 2015. GPE, 2014 (http://www.globalpartnership.org/news/press-release-record-28-5-billion-us-dollars-pledged-global-education)

[78] Finland, Korea, CIFF, Dubai Cares, and the Islamic Development Fund pledged for the first time at the second replenishment.

[79] Global Fund, 2013. Fourth Voluntary Global Fund Replenishment Pledges: http://www.theglobalfund.org/en/replenishment/

[80] Gavi, 2015. Gavi pledging conference January 2015: http://www.gavi.org/funding/how-gavi-is-funded/resource-mobilisation-process/gavi-pledging-conference-january-2015/

[81] Global Polio Eradication Initiative, 2014. Financing: http://www.polioeradication.org/financing.aspx

Furthermore, while GPE was also founded to attract more funding for education, there is little evidence on additionality to the efforts of its grant donors and IDA's support to education.[82] The recent GPE evaluation indicates that, at least for some donors, there is substitution with aid for basic education being increasingly channeled via GPE but not necessarily increasing overall.[83]

Key informants also referred to GPE's progressive institutional separation from the World Bank as a double-edged sword, improving GPE's governance clarity and management room for maneuver, but also causing increased systemic transaction costs, friction and uncertainty, as it remains dependent on Bank staff for much of its program implementation, but the two institutions' approval processes are steadily diverging.

There remain substantial funding gaps for specific areas, such as support for early childhood development (ECD) or the provision of books.

While the three largest multilateral funders of education ODA – IDA, UNICEF, and GPE – provide "horizontal" funding to the education system as a whole, there is a lack of specialized funding to key areas like ECD and books.[84] Only 1% of ODA for education in 2014 was allocated specifically to ECD, despite overwhelming evidence demonstrating its importance.[85] In 2014, IDA and UNICEF disbursed only 3% and 4%, respectively, to ECD out of the total education budget, while GPE (and its predecessor FTI) has disbursed a total of $80 million to date in ECD since 2003, i.e. 2.8% of its total disbursement.

However, while ECD is in urgent need of additional support, there are signs that ECD is slowly gaining traction. The World Bank has increased its focus on ECD through programming in various sectors, including health, social protection, and rural development. In 2014, the World Bank had 34 projects with interventions in ECD, 5 of which were in the education sector. A recent evaluation of the Bank's support for ECD called for a more coordinated strategy across these sectors and a need for more attention to creating knowledge related to scale, quality models for early learning, financing of ECD, cost-effectiveness, and capacity building for governments.[86] The Global Practice for education at the Bank has also launched a Systems Approach for Better Education Results (SABER) for ECD, a comparative and systems data collection and knowledge development initiative.[87] In April 2016, the World Bank and UNICEF also announced the establishment of a new alliance that aims to make ECD a global policy, programming and public spending priority, to give all young children access to quality services that improve their health, nutrition, learning ability and emotional well-being.[88]

There is an urgent need for targeted support to provide textbooks, reading books, and improve the book supply chain. This includes overcoming persistent market failures in certain regions, such as Francophone Africa. While projects of multilateral (and bilateral) donors include distribution of learning materials, there is a growing need for quality-assured books (due to demographic changes and increased enrollment rates). A recent analysis of primary education spending in 18 low- and

[82] Although the latter assessment is complicated by the inconsistency of education data reported by the World Bank directly and via the DAC.
[83] Universalia & R4D, 2015.
[84] In 2014, IDA disbursements to education totaled $1.6 billion, with UNICEF and GPE disbursing a total of $826.2 million and $523.8 million in this year respectively.
[85] See for example, Behrman, Cheng, & Todd, 2004.
[86] IEG. 2015.
[87] See SABER ECD at http://saber.worldbank.org/index.cfm?indx=8&pd=6&sub=0
[88] http://www.unicef.org/media/media_90863.html.

lower-middle-income countries found that an additional $200 million per year is needed to meet minimum book standards.[89] Moreover, the quality of the learning materials has hindered potential for significant gains in learning outcomes.[90]

Efforts to use donor funding more strategically to crowd-in domestic funds remain limited.

Efforts to strategically use education aid to incentivize additional domestic spending have remained limited. Some countries marginally increased domestic budgets after receiving grants from GPE, but the potential for leveraging education ODA remains largely unrealized.[91] Focus group participants stressed the catalytic role of donor funding and argued that it is currently insufficiently leveraging domestic spending. At the same time, participants argued that donor resources need to be sizeable – as small funds are not attractive for the government in light of transaction costs (developing countries will not "jump through hoops to get small grants").

Donors give relatively little attention to global public goods (GPGs) for education. GPG provision is underfunded, and arrangements to supply GPGs are fragmented and thin at the global level.

Since the late 1990s, there has been growing recognition that societies need GPGs to promote development, with globalization increasing the demand for GPGs responding to global social needs.[92] Examples of important GPGs for education include (internationally comparable) data and statistics, knowledge and information, global standards and guidelines, and education research.[93] GPGs are critical as they benefit all countries. There is a serious underinvestment in GPGs for education, and institutional arrangements to provide these goods remain fragmented and thin at the global level. Only 3% of education ODA, or $242 million, was spent on global public goods (GPGs) in 2013 – much less than in the health sector, where about a fifth of ODA ($4.7 billion) was spent on global public goods and other global functions in 2013.[94]

While a range of institutions – including UIS, World Bank EdStats, OECD, UNICEF MICS, UNESCO IBE, and Education Policy and Data Center – are engaged in **collecting, collating and analyzing education data**, funding for data and evidence is limited, and efforts are insufficiently coordinated. UNESCO institutions, such as UIS – which holds the mandate for the production of education data – have lacked both the funding and human capacity to take on a leadership role in GPG production.[95] As a result, there are substantial data gaps in education, particularly when it comes to the areas of education finance, national education accounts, rapidly growing non-state education, measurement of learning, the costs of enrolling out of school children, and knowledge about effective interventions and education development practices. There is thus little consensus on what constitutes "success" within the sector and how to adequately utilize data to measure and monitor progress.

There has also been insufficient **education research**, for example on improving common teacher difficulties (such as recruitment, training, remuneration, etc.), and on the effectiveness of

[89] R4D, 2016
[90] NORAD, 2015
[91] Universalia & R4D, 2015
[92] Kaul, Grunberg & Stern, 1999
[93] While the term GPG is sometimes used loosely to denote that which is "good" for the global public, we restrict our use of the term to its technical definition (goods that are non-excludable and non-rival in consumption) for its useful analytical clarity (Samuleson, 1954).
[94] Schäferhoff et al. 2015a; Schäferhoff et al. 2015b
[95] Burnett, 2011; Fredriksen, 2011

information and communication technologies (ICT). Focus group participants and interviewed stakeholders also highlighted the need for stronger global standard-setting as another major GPG. There is a perceived **lack of standardization**, including for textbooks, testing methods, data collection, and research methodologies, which increases inefficiencies in education.

The education sector lags other sectors in funding and institutions for GPGs. In the agriculture sector, the Consultative Group on International Agricultural Research (CGIAR) is a consortium of 15 research centers to generate and disseminate knowledge, technologies, and policies for agricultural development.[96] In the health sector, the Institute for Health Metrics and Evaluation (IHME) is one example of an influential, largely foundation-funded, private research institute.[97] In education, a few key donors and foundations have come together to create the Better Evidence for Education (BE2) group but it has focused on improving the quality of research and not at all on the sheer need for more research.

The issue of weak data systems also exists at the country level, where national governments lack the capacity to show effective use of aid towards education system progress.

Many countries lack systematic processes for administrative education data collection. And when they exist, many centralized Education Management Information Systems (EMIS) are severely under-resourced and lack the capacity for meaningful data analysis. National governments do not systemically utilize data to monitor and evaluate progress in policy implementation. Where governments do collect data, there are often reliability and validity issues along with inconsistency in the collection of standard global education indicators. The frequent lack of credible data for monitoring aid use also creates distrust among donors. As a result, donors create parallel structures, or outsource data collection and monitoring and evaluation activities for programs to outside institutions rather than using existing weak government systems; this further disenfranchises in-country monitoring capacity. Longer-term investments in country information systems are required. In addition, global institutions should provide more targeted support to countries to promote the use of existing (and newly developed) global knowledge so that it is more widely applied and adapted to local conditions.

Opportunities of the current global education architecture

Considerable opportunities currently exist that can be leveraged to reform the global education architecture. Existing political will from the Commission and other political figures can considerably increase the profile of education and attract further funding. Recent commitments to education and new initiatives also offer considerable potential to strengthen the current system. Increased attention to the quality of education and evidence on the relationship of education to other sectors could galvanize support for improving global public goods in education and in-turn provide an evidence base for the effective use of financing. Other global discussions on youth skills gap, ICT innovations, and women's equality could be leveraged to demonstrate the foundational aspect of education for economic and social development.

The International Commission for Financing Global Education Opportunity itself and its leadership going forward is an important window of opportunity for the education sector. In addition, new

[96] See CGIAR's website for more information: http://www.cgiar.org/our-strategy/
[97] See IHME's website for more information: http://www.healthdata.org/

commitments and initiatives for education were recently announced, demonstrating that concerted efforts have the potential to place education on the top of the development agenda.

The International Commission for Financing Global Education Opportunity, through its evidence-based recommendations and proposals, could provide substantial leadership in education and, in turn, increase the profile and financing for the sector. The Commission provides a window of opportunity to increase the visibility of the education development agenda at the global level. It also has the opportunity to engage world leaders and new partnerships for effective investment in an agenda for action in education.

There are several other recent commitments and initiatives, which signal that global leaders are placing more attention on education and show that concerted efforts have the potential to place education on the top of the global development agenda. In April 2016, World Bank President Jim Kim announced that the bank would invest $2.5 billion over 5 years in education projects that directly benefit adolescent girls. The announcement was followed by a call to action from Michelle Obama, urging policymakers from around the world to commit to action in support of adolescent girls. Further financial commitments to education were made at the Syria Pledging Conference, where both Norway and the US made pledges in support of education for refugees. Norway has earmarked 15% of its annual support in response to the Syria crisis for education, equal to about $43 million.[98] Furthermore, a new "common platform" for education in emergencies and protracted crises will be launched at the World Humanitarian Summit in Istanbul in May 2016, which will provide a major opportunity to support education in crisis situations (see below).[99] Also, for the first time, the World Development Report (WDR) will focus on education next year (WDR 2018, to be published late 2017) to take stock of what the global community has learned, and how it can strengthen education to drive development and growth.[100] Just as the 1993 WDR brought health to the attention of many economists, ministries of finance, and foundations, the 2018 WDR offers substantial potential to mobilize enhanced support for education.

Evidence on the benefits of education could be used much more strategically to increase attention on education in the context of reaching the SDGs and beyond.

Education is the foundation for all development goals of SDGs and has the potential to play a central role in the global development agenda. Focus group participants and key informants alike emphasized that many SDGs will not be reached without improvements in education (e.g. poverty; food security; violence against women; climate change; inequality; health). Empirical evidence demonstrates benefits and returns to education. Research shows substantial positive linkages between education and other sectors, like income generation, health, environment, and peace.[101]

[98] Overall, Norway committed $1.6 billion to Syria over the next four years. For details, please refer to https://www.supportingsyria2016.com/news/norway-to-provide-about-nok-10-billion/

[99] In 2015, at the World Economic Forum in Davos, the UN Special Envoy for Education, Gordon Brown, highlighted the plight of children affected by humanitarian crises and at the Oslo Summit on Education for Development held in July 2015, senior representatives of international agencies, governments, and non-governmental organizations made a commitment to address the disruption of education and learning in countries experiencing emergencies and protracted crises. A Technical Strategy Group, co-chaired by the UK and Canada, was established to oversee the process for development of options and report to political champions for the cause, Gordon Brown, Julia Gillard and Tony Lake. This process led to the creation of the "common platform".

[100] Basu, K. (2016). Education is the topic for the new World Development Report. http://blogs.worldbank.org/developmenttalk/education-topic-new-world-development-report

[101] Asfaw & Admassie, 2004; Behrman et al, 2009; Dercon et al, 2012; Ndjinga & Minakawa, 2010; Semba et al, 2008; Schäferhoff et al. 2015; Jalan et al. 2009; Weber & Stern, 2011; Østby, 2008; Barakat & Urdal, 2009.

The education community could leverage this research further to establish its strategic function in global development.[102] Indeed, the Global Fund has begun to finance education through supporting conditional cash transfers to keep girls in school in four African countries to reduce HIV transmission among girls.

The shift in the global dialogue from quantity to quality opens up significant space for new commitments to education.

The recent shift in global dialogue and donor strategy (DfID, USAID, World Bank, GPE) to quality of education and learning outcomes, instead of focusing on quantity of education in the form of access and completion, has opened up space for renewed commitment to the substance of education. Monitoring progress in education with measurable learning outcomes now includes several regional initiatives like Laboratorio, SACMEQ and PASEC; citizen-led measurement, as with ASER in India and Pakistan and UWEZO in East Africa; and global indicator development with the Learning Metrics Task Force and now Assessment for Learning and the Global Alliance for Monitoring Learning. Development of standardized definitions of quality and learning outcomes indicators will not only help monitor progress but can potentially also rally support from existing and new donors.

The rise of foundations, the private sector and innovative financing mechanisms opens up the potential for resource mobilization and aid delivery.

Participation of foundations and the private sector in international development has been increasing in recent years, in part linked to the growth of non-state education especially in sub-Saharan Africa and in South Asia. However, the education sector has yet to tap into these resources in a systematic manner (see Section 2). Going ahead, there are three important opportunities: (a) to mobilize additional funding from foundations and the private sector by highlighting the evidence on the impressive effects and returns from education investments; (b) the growth especially of corporate social responsibility funding for education and training, especially in countries such as India and South Africa where CSR is compulsory and education is taking a very significant share of these funds; and (c) to improve the efficiency of education spending by making greater use of non-state education while safeguarding equity.

Social impact investment has also gained popularity in the commercial financial market in recent years and corporations are increasing their investment in socially responsible options, which, if directed towards the education sector, has the potential to catalyze social enterprise market in developing countries. In 2009, the Socially Responsible Investment market in the United States had reached $2.15 trillion in assets (10% of total invested capital assets), and investor interest has been growing in developing countries.[103] Some corporations are also investing with commercial aims in education for low-income customers in developing countries; for example, Pearson has pledged to invest $65 million by 2018 in its Affordable Learning Fund. JP Morgan has estimated the potential for impact investments in primary education to be $10 billion during the next five to ten years while the potential for other parts of the education sector could be equally high.[104]

[102] See, for example, Global Education Monitoring Report 2016 Concept Note on "Education, sustainability and the post-2015 development agenda".
http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/GMR/images/2014/2016_Concept_Note_rev2.pdf
[103] World Bank, 2009.
[104] O'Donohoe et al, 2010.

Given the success of innovative financing in the health sector, the education community has started exploring the use of innovative financing mechanisms to provide additional finance and to improve the effectiveness of existing financing.[105] The research team working on Innovative Financing in Education for the Commission assessed 18 potential mechanisms and pilots for consideration. Five mechanisms have been recommended as high potential options for the Commission to pursue further.[106]

Global discussions on youth skills gap and women's equality could be leveraged to demonstrate the foundational aspect of education for economic and social development.

The education community could also improve visibility and support for education by leveraging current global discussions on youth and skills. Today, over 3 billion people – nearly half of the world's population – are under 25 years of age and almost 90% of them live in developing countries.[107] There is growing economic interest by both donors and governments in skills development for employment and particularly in improving cohesion between academic and vocational education.[108] To attract foreign investment and increase participation in the global knowledge economy, many emerging economies (e.g. India, Kenya, and Chile) are emphasizing youth and skills development.[109] International donors, including the Asian Development Bank[110] and the Inter-American Development Bank,[111] have also prioritized skills development and youth employability. Other donors could follow suit by further engaging with national governments in skills development planning and stepping up investments in secondary and vocational education.

The global education community could also leverage the attention to women's equality and girls' education in the last two years with Malala Yousafzai winning the Nobel Peace Prize, Emma Watson's HeforShe Campaign, and Michelle Obama's Let Girls Learn Initiative. The education community could provide an evidence-based narrative for the various news events and movements to demonstrate to the general public the foundational position of education in social development issues like gender equality. The education community could also capture the attention of the general public on education through these news stories, and can provide them with some agenda of action like engaging through individual financial contribution, raising the issues with their elected leaders, or even engagement in the local education community.

ICT innovations can be leveraged for increased support for education.

The global education community can also leverage recent ICT innovations for the dual purpose of introducing innovations in the teaching and learning process along with potentially improving the

[105] To accelerate progress towards the health MDGs, innovative financing mechanisms were launched to mobilize additional funding. For example, UNITAID (www.unitaid.eu) has mobilized about US$1.5 billion since 2006/07 through a tax on airline tickets (a "solidarity levy") purchased in UNITAID member countries. Another example is the International Finance Facility for Immunisation (IFFIm), which raises financing for the Gavi, the Vaccine Alliance. IFFIm converts long-term donor pledges into immediately available resources for GAVI by issuing bonds in capital markets.

[106] Education Bonds, Outcomes Fund, Loan Buy-Downs, and Student Financing. In addition, and as in this paper, a Global Financing Facility for Education was recommended.

[107] While in the US and Western Europe, working age populations are declining, between 2010 and 2020, India and Brazil's working age population will increase by 17% and 11%, respectively. Similar trends are expected in Bangladesh, Pakistan and Nigeria. By 2050, the vast majority of the world's talent will come from developing countries. Winthrop et al, 2013.

[108] Winthrop et al. (2013).

[109] Since a shortage of workers with appropriate skills is known to keep multinationals from expanding their business in countries. Winthrop et al., 2013.& Jayaram, S. and Engmann, M., 2012.

[110] ADB, 2010

[111] IDB, 2013

cost-effectiveness of education delivery. The Qingdao Declaration of 2015 provides a forum for the education community to engage with various stakeholders in the private sector and the ICT4Development community to develop further synergy between ICT and education.

Increased use of non-concessional finance for education and also the use of buy-downs to incentivize lending for education are two other major opportunities.

Moving forward, it will be crucial to match existing financial instruments more strategically with country incomes. As such, increasing the use of non-concessional funding is another powerful opportunity to mobilize additional investments in education (including, reaching the poorest and the marginalized populations in middle-income countries). Development country governments appear reluctant to consider external concessional financing and other loan-based financing for supporting their education system, particularly for lower levels of education (non-higher and technical education).[112] Countries need to be convinced through improved advocacy and existing evidence that borrowing for education for lower levels of education is a valuable investment that pays off. In addition, buy-down funds could be deployed systematically to improve loan terms, particularly for countries transitioning to harder windows of multilateral development banks.

However, rather than giving more focus to non-concessional financing for education, countries appear to have less opportunity to borrow for lower levels of education. The African Development Bank's Board decided on capacity and specialisation grounds in 2014 to withdraw from basic education lending , continuing however to support higher levels of education.

In terms of potential remedies, longer loan maturities and lower interest rates could be offered to countries to increase demand. In the health sector, the Global Financing Facility (GFF) in support of "Every Woman, Every Child" was established in 2015. The GFF builds on the Health Results Innovation Trust Fund, which was created in 2007 and administered by the World Bank. The GFF incentivizes more lending for reproductive, maternal, newborn, child and adolescent health from both IDA and IBRD through the provision of grants from a trust fund. This financing facility could also be an interesting model for the education sector.

Recent commitments and initiatives also offer opportunities to increased results-based financing (RBF).

Compared to other sectors, especially health, there is little use of results-based financing in education aid.[113] However, recent initiatives offer opportunities to increased results-based financing. GPE, for example, adopted a new funding model for its 2015-2018 funding cycle that links 30% of its disbursements to performance.[114] DFID is increasingly financing 'payment by results' projects in education, including through its Girls' Education Challenge Fund, that provide payments based on pre-agreed results or outcomes rather than inputs.[115]

[112] Rogerson, A and Dorey, M (2016). Enhancing multilateral loans for education: intervention rationales, mechanisms, options and decision criteria. *Unpublished paper for the Education Commission.*
[113] Steer & Smith 2015.
[114] GPE, 2015.
[115] For details see: http://www.kingsfund.org.uk/publications/making-change-possible/girls-education-challenge-fund; for examples see: https://www.odi.org/sites/odi.org.uk/files/odi-assets/events-presentations/1374.pdf

The Results in Education for All Children (REACH) is a small multi-donor trust fund based at the World Bank that supports developing countries to align education systems to improve student outcomes. It was created in 2015 by Norway and is based on the premise of results-based grant funding that leverages IDA. REACH currently funds country program grants and 'Knowledge, Learning and Innovation' activities. Since its creation, it has attracted additional financing by Germany and the USA. At the World Education Forum 2015, the World Bank also announced that it will double results-based financing for education to US$5 billion over the next five years.[116]

The education community has now also turned its attention to making a case for supporting the education of children during humanitarian and protracted crises, which could renew efforts to ensure all children have education opportunities.

Recent engagement of the education sector with the humanitarian assistance community has the potential opportunity to improve the provision of education during emergencies and conflict crises.[117] With increasing instances of protracted crises around the world, the need for a solution to the education problems has become even more critical. About 36% of the out of school children reside in conflict regions (Appendix 7).[118] A closer relationship between the education and the humanitarian sectors has the opportunity to significantly improve the provision of education as a fundamental human right during crises situations. Engagement of education professionals within the humanitarian sector through platforms like the INEE and Education in Emergencies Global Consultation provides the opportunity for closer collaboration between the sectors.

Threats to the global education architecture

Current global crises threaten aid for all sectors but especially for education, because of the need to educate refugees in donor countries and because of the education sector's relatively weak advocacy compared to other sectors. The relatively unfocused education SDG also complicates making the case. The growing number of conflicts particularly affects education. Growing demand for education, especially secondary and post-secondary education, is also increasing per student costs, raising questions of the fiscal affordability of the whole system.

There is a risk that global education funders reduce their education spending or even completely phase-out their support to education. There is evidence that funding for education from certain European donors will decline due to the current refugee crisis.

A number of donor governments, such as the Netherlands and Japan, significantly reduced their support to education in recent years. And after education ODA reached a peak in 2010, the effects of the 2007-08 global financial crises became visible, leading to a decline in education aid. This shows that donor funding is volatile, and heavily impacted by political considerations and the state of the world economy.

[116] World Bank, 2015

[117] It is estimated that 476 million children between the ages of 3-15 live in crisis affected countries, out of which 67 million are directly affected by the crisis; 30% (37 million) of all out-of-school children around the world reside in crisis affected countries). The Syrian refugee crisis has also put an unprecedented strain on resources (especially schools) in the neighboring countries. More than 2.9 million Syrians are hosted by Turkey, Lebanon, Jordan, Iraq and Egypt and close to 417,000 primary school aged refugee children are currently in Lebanon alone. UNHCR. See the following link for more information: http://data.unhcr.org/syrianrefugees/syria.php

[118] Global Monitoring Report, 2015

Furthermore, the European refugee crises are starting to lead to shifts in development budgets, posing a threat to education. Sweden has stated that rises in ODA for refugee costs, from 18% in 2014 to up to 30% in 2016, will threaten its ability to meet its goals for global education.[119] Existing evidence suggests that Denmark and Finland will also make substantial shifts in their development budgets. As the refugee crisis will likely be a longer-term challenge, it constitutes a substantial risk for education.

The SDGs offer major opportunities for education, but they may also increase competition for funding, and provide insufficient guidance for donors and countries alike.

The SDGs offer opportunities to garner political support for the 10 targets of SDG 4. However, the SDGs could also invite greater competition from other sectors as education is only one of the 17 goals when compared to 8 MDG goals. The broader approach of the SDGs may limit the level of funding and political capital targeted explicitly at education. Moreover, SDG 4 itself has broader targets than either the EFA goals or the MDGs, which raises the question of whether the SDGs can be as effective as a more concentrated target might have achieved.

An increasing number of emergencies and protracted crises around the globe is a threat to achieving progress in the education sector.

It is estimated that 476 million children between the ages of 3-15 live in crises-affected countries, out of which 67 million are directly affected by crises.[120] An estimated 36% (37 million) of all out-of-school children around the world reside in crisis-affected countries.[121] Schools are a major target for attacks in conflict regions- the 5 countries experiencing most attacks on education in recent years are all conflict-affected, and 3 of these have over 1 million children out of school. Education has not been prioritized within humanitarian aid funding; only 3% of the funds were intended for education out of the $12.2 billion humanitarian aid in 2013.[122] If education does not receive coordinated support and funding in crisis-affected countries, a significant proportion of the school age population will be left behind.[123] An important initial step in this direction comes from the launch of the new "common platform" at the 2016 World Humanitarian Summit in Istanbul, which could provide donors a vehicle to direct additional and effective funding towards education in emergencies and protracted crises and also coordinate efforts to build a stronger relationship between the education and humanitarian sector.

Costs for education are rising rapidly due to demographic changes and the increased demand for post-primary education – this will raise fiscal and inclusion challenges.

Costs for education will increase in the future due to population growth and dynamics. The increasing number of youth in developing countries presents a systemic challenge: In LICs, nearly one-half of the population is under 24 and 28% are under the age of 15. Education systems in developing countries

[119] 90% of Sweden's ODA budget is channeled through SIDA (SIDA, 2015)
[120] Nicolai, Hines & Wales, 2015
[121] Global Monitoring Report, 2015
[122] Nicolai, Hines & Wales, 2015.
[123] The Global Consultation for Education in Emergencies and Protracted Crises, held in January and February 2016, has proposed the creation of an Education Crisis Platform providing incentives and mechanisms for (i) the development of global goods and other joint activities through an Acceleration Facility designed to support global and regional actors; and (ii) improved education delivery at a country level through a Breakthrough Fund, which will channel financial support to those active at a national level. See ODI, 2016

will not only need to accommodate still growing populations but will also need to meet the growing demand, especially among the middle class, for secondary and post-secondary education. This demand both raises overall costs, with implied fiscal challenges, and also threatens to divert political and hence funding attention away from the poor.

4. Improving the global education architecture: options for action

A participatory approach was used to prepare recommendations to improve the architecture. Reform options were discussed at a high-level focus group meeting in Washington D.C. and during key informant interviews with stakeholders from governments, multilateral organizations, academia, think tanks, civil society, and the private sector. In addition, a financial analysis and review of the published and grey literature on reform options was conducted to gain an understanding of existing proposals to reform the global education architecture.

We suggest improvements in three areas of the global education architecture, along with a series of new financial commitments: a) resource mobilization, channeling of funds, market shaping, and technical support; b) global public goods; and c) leadership, stewardship, and advocacy. The suggested options within the three broad areas are synergistic and build upon other options. For example, improved leadership and advocacy, along with better data, would likely facilitate mobilization of additional resources for the sector.

Table 2: Options for improving the global education architecture

Function	Options
Resource mobilization, channeling of funds, market shaping, and technical support	***Resource mobilization*** • DAC donors should fulfill the commitment of spending 0.7% of their GNI on ODA and should spend at least 10% of ODA on education. If they did so, education ODA would reach $50 billion in 2030. In the short term, donors should fund the new "common platform" for education in emergencies and protracted crises; it provides a major opportunity to support education in crisis situations. • At least quadruple reported funding from emerging donors to $1 billion in 2030. • Raise additional funds from private philanthropists and the corporate sector to similar levels as the health sector ($6 billion per year). • Responsibly increase the use of less-concessional and non-concessional education funding to reach $6 billion in 2030. Use buy-down funds to improve loan terms, particularly for countries transitioning to harder windows of MDBs. • Increase funding from innovative fundraising mechanisms, such as bond financing etc. ***Channeling of financing and strategic use of ODA to crowd-in other support*** • Develop a global framework for aid allocations. Donors need to re-examine their frameworks for allocating education aid, and there is the need for a more common understanding of the criteria donors use for aid allocations. This requires a process which involves major global education financers – similar to the Equitable Access Initiative in health. At the same time, there is the need for more systematic use of performance-based funding, which in turn depends on better data collection. • Increase the share of multilateral financing in education by 10 percentage points, to 35% of all ODA. • Explore the creation of specialized funds to finance specific dimensions of education (like ECD) including issues that need market shaping and innovation (like books, learning materials, ICT, teacher support, etc.). • Create a "GFF-type" entity for education that combines donor funding, domestic financing, and innovative sources for resource mobilization and delivery (including the private sector). It could be operated as a joint initiative of GPE and the WB, in which case the two institutions must improve their ability to co-finance rapidly and effectively. It could be alternatively be linked to REACH and/or the exiting health-based GFF. A consultation process with traditional and non-traditional donors could be initiated to investigate donor appetite for specialized funds. ***Technical support*** • Consider a global entity to fund technical and knowledge support to distribute data and knowledge to countries and support them in using it.
Global public goods	• Donors should at least double their support for global public goods from the current 3% of ODA to 6%, which would mean spending on GPGs of $0.5 billion per year. Donor funding for GPGs should be tracked by existing institutions, such as UIS. • Establish a global funding pool for GPGs, or create and fund a consortium of key public and private institutions working on GPGs. This funding pool or consortium should ensure

	that the UN has well-funded statistical agencies for education, and finance 2-3 academic research institutes to improve measurement methods and undertake related research, to ensure both intellectual competition and a strong UN capacity to generate knowledge. • Strengthen UNESCO's analytical and statistical capacity. This would involve sufficient funding for well-performing institutes that are underfunded, such as UIS and IIEP, and the continued funding of the independent Global Education Monitoring Report. It may also involve more radical reforms of UNESCO as a whole, to unleash its analytical potential by reforming its governance, staffing and focus.
Leadership, Stewardship, and Advocacy	• Support a revitalized and reformed UNESCO. For longer-term action to strengthen leadership, reform UNESCO with the goal of raising the focus on education within the agency and allowing the agency to again take the lead role in global agenda setting, convening, and advocacy, amongst other functions. Radical options such as taking education out of UNESCO and into a separate agency might also be considered. • Establish a Leadership Board for Education until reform of UNESCO is complete, or until an alternative effective institution for global education leadership is developed. This global partnership would involve donors, multilaterals, recipient countries, the private sector, CSOs, and others for the purpose of agenda setting, consensus building, etc. • Establish a coordinated and operational business platform to boost responsible business support for education. This could operate in collaboration with the Global Business Coalition for Education and with the proposed "GFF-type entity" to promote effective and equitable nongovernmental service provision, and assist countries in regulating it.. • Invest in issue-specific campaigns: Launch issue-specific campaigns instead of general fundraising, especially for such crucial topics as ECD, education in emergencies, reading, ending textbook monopolies, etc. • Create and use a high profile education index (UQE-universal quality education, or similar) based on integrated outcomes for access, quality, cost, equity, etc. to focus global attention on education sector progress.

Improve resource mobilization, channeling of funds, market shaping and technical support

Five options on resource mobilization for education:

1. **Donors should spend 0.7% of their GNI on ODA and should increase aid for education to at least 10% of total aid.** If DAC donors were to fulfill their commitment and increase their ODA spending to at least 0.7% of their GNI and allocate at least 10% of their overall ODA on education by 2030, education ODA would reach $50 billion in 2030 (in constant 2013 prices; see Appendix 8 for more details). Achieving this target would be critical to bridge funding gaps in LICs and MICs. To mobilize additional funding from donors, we need to raise the profile of education on the global agenda, and raise awareness of the returns from investing in education and the consequences for all countries of failing to close the global education gap.

   In the short term, donors should fund the new "common platform" for education in emergencies and protracted crises; it provides a major opportunity to support education in crisis situations.

2. **Mobilize additional resources for education from emerging donors and their multilateral institutions – at least quadruple funding from currently reported levels to at least U$1 billion in 2030.** Emerging donors should be encouraged by the Commission to report their assistance to an international body, such as the suggested multistakeholder partnership to improve leadership (see below), to strengthen financial transparency.[124]
3. **Increase non-concessional finance for education to $6 billion per year and increase the use of buy downs to incentivize lending for education:**[125] Responsibly increasing the use of less-

[124] Many non-DAC donors do not accept the term ODA for their co-operation and/or choose not report to the OECD-DAC.
[125] This "$6 billion" target is based on the assumption that current OOF levels from IBRD are significantly higher than those reported to and by the OECD DAC.

concessional and non-concessional funding appears to be another powerful change that would not require large changes to the architecture, as it could be achieved within existing institutions. Subject to demand, the use of less-concessional and non-concessional official funding for education should increase to $6 billion in 2030 (in constant 2014 prices).[126] Countries need to be convinced through improved advocacy and existing evidence that borrowing for education is a valuable investment that pays off. In addition, buy-down funds could be deployed systematically to improve loan terms, particularly for countries transitioning to harder windows of multilateral development banks. A $100 million grant for buy-downs could potentially leverage $300-$600 million of additional IDA blend- or IBRD-type lending, assuming the harder terms were the main deterrent to borrowing.

4. **Raise additional funding from private philanthropists, and the corporate sector to a level that matches the current funding from these sources in the health sector (about $6 billion per year)**.
5. **Increase funding from innovative fundraising mechanisms.** A separate study by R4D proposes a focus on student finance, much more use of bond financing (domestic and international), an outcomes fund for non-state providers, an insurance instrument to protect education systems against the educational losses that stem from natural disasters, and a GFF-type entity (which is also discussed and recommended below).

Six options on the channeling of funding and technical support:

1. **Develop a framework for aid allocations:** In order to address the problem of misallocation, changes are needed in the way ODA is allocated. Donors need to re-examine their frameworks for allocating education aid, and there is the need for a more common understanding about the criteria for aid allocations. This requires a process which involves major global education financers – similar to the one undertaken with the Equitable Access Initiative in health.[127] At the same time there is the need for a more systematic use of performance-based funding, which in turn depends on better data collection.
2. **Shift money to countries in greatest need:** Going forward, LICs and some LMICs will face even more substantial financing gaps than they do today, including gaps due to higher demand and associated rising costs for secondary education. While these countries will require continued support from donors, UMICs will be able to finance education through domestic resources – especially primary/secondary education. Donors should thus gradually shift funding away from UMICs and those LMICs that experience strong economic growth and no longer face a funding gap. Fragile states will also require additional support.
3. **Increase the share of multilateral financing in education by 10 percentage points, to 35% of all ODA.** OECD governments and new/emerging donors should channel more funding through existing and emerging multilaterals and partnerships. This would increase predictability of funding and reduce fragmentation, but would require improved performance of existing institutions to increase donor confidence.
4. **Create a transformative financing facility for education, which is similar to the Global Financing Facility (GFF) in support of "Every Woman, Every Child".** The GFF is a new approach that combines donor funding, domestic financing, and innovative sources of financing for resource

[126] The DAC has recently redefined ODA to include only the grant element of qualifying concessional loans, which will by itself reduce the ODA scoring of IDA credits of the same face value in future, and by the same token increase its "non-concessional" element.

[127] See the Global Fund's website for more information: http://www.theglobalfund.org/en/equitableaccessinitiative/

mobilization and delivery (including the private sector) in a synergistic way. A similar approach in education would potential address several problems:

- Sustain and boost multilateral share of education ODA and OOF
- Reduce fragmentation
- Incentivize domestic, private, and social enterprise funding, and
- Be innovative and transformative at country level and in its range of instruments.

This would utilize multiple mechanisms to raise and disburse funds, including for example buy-downs of loans and investment guarantees. It would need to leverage IDA, and possibly IBRD, funds and therefore work as seamlessly as possible with the World Bank, which also has a lead role in helping country governments with longer-term sector financing strategies. It could be a joint initiative of GPE and the World Bank, in which case the two institutions should improve their ability to co-finance rapidly and effectively. Other options to be investigated include: First, connecting to the existing GFF from the health sector, but identifying education-specific goals and processes. Second, building on REACH as this RBF-mechanism already focuses on education in a similar way as the GFF for health built on the Health Results Innovations Trust Fund. In all probability, a GFF-like vehicle should not attempt to cover every aspect of education, so as to retain sufficient focus and unity of purpose or "brand" visibility.

5. **Explore the creation of several specialized funds:** As seen in health, and as recommended by the focus group, specialized funds can mobilize additional resources due to clarity and focus, while simultaneously improving coordination and reducing fragmentation. Funds could be housed within existing institutions to finance specific dimensions of education – such as ECD; where market shaping is needed, such as books, learning materials and smart ICT; where major system innovations are needed, such as the use of teacher aides and ancillaries in place of or alongside the traditional 'teacher'; upper secondary and tertiary education; and provisions for children with disabilities.

   Set against the appeal of earmarked funds there have to be considered, however, the possible costs of accreting several such arrangements in terms of fragmentation, effective coordination, and the weakening of integration of action at country level-issues the health sector has already had to face. It could make sense for some of these smaller funds to be bundled under an umbrella fund, such as a reformed GPE, with a strong mandate on country-level integration, or for a set of funds to exist in relevant operational organizations focused on delivery and execution, such as UNICEF and the World Bank. It makes little sense, in terms of what is already an overlapping overall multilateral architecture, to create new small freestanding institutions. While there is strong case that specialized funds could attract additional financing, a consultation process with traditional and non-traditional donors could be initiated to investigate donor appetite for specialized funds. As part of this process, discussions can take place on how to best ensure effective coordination, reducing fragmentation, and assuring needed integration as country level.
6. **Consider a global entity to fund technical and knowledge support to distribute data and knowledge to countries and support them in using it.** The production of high-quality GPGs needs to be linked with sustained support to ensure that countries use new knowledge, metrics and standards. Such a fund should to be integrated in an existing institution, such as UNICEF or the World Bank.

Improve the provision of global public goods for education

Three options on global public goods for education:

1. **Donors should at least double their support for global public goods** from currently 3% of ODA to 6%, which would equal spending on GPGs of $0.5 billion per year. Donor funding for GPGs should be tracked by existing institutions, such as UIS.
2. **Establish a global funding pool for GPGs, or create and fund a consortium** of key public and private institutions working on GPGs. This funding pool or consortium should ensure that the UN has well-funded statistical agencies for education, and finance 2-3 academic research institutes to improve measurement methods and undertake related research, to ensure both intellectual competition and a strong UN capacity to generate knowledge.
3. **Strengthen UNESCO's analytical and statistical capacity**. This would involve adequate funding for well-performing institutes that are underfunded, such as UIS and IIEP, and the continued funding of the independent Global Education Monitoring Report. It may also involve more radical reforms of UNESCO as a whole, to unleash its analytical potential by reforming its governance, staffing and focus.

Improve leadership, stewardship, and advocacy

Five options to improve leadership, stewardship and advocacy

1. **Support a revitalized and reformed UNESCO:** A lack of systemic leadership has been identified as a weakness of the global education system. To strengthen leadership, UNESCO could be reformed with the goal of raising the focus on education within the agency and UNESCO again taking the lead role in global agenda setting, convening and advocacy, amongst other functions. This has been suggested by the UK Commission for UNESCO and others. Radical options such as taking education out of UNESCO and into a separate agency might also be considered.
2. **In the interim, establish a Leadership Board for Education**: Until a reform of UNESCO is complete, or until an alternative effective institution for global education leadership is developed, it has been suggested that a new global partnership of donors, multilaterals, recipient countries, the private sector, CSOs, and others be created. This partnership would improve coordination and agenda setting. It could represent a platform for multi-sectoral convening, and work towards improving the way the education sector engages with other sectors. The partnership could have the potential to improve the coordination between major global education agencies within the UN and other key actors, including CSOs and the private sector. It would also play a key role in ensuring accountability, measuring agencies' contributions against jointly agreed health and broader multi-sectoral objectives. It could report to the UN Secretary-General and be chaired by the UN Special Envoy.
3. **Invest in issue-specific campaigns instead of general fundraising:** Experiences from the health sector show that new issue-specific initiatives can help to garner global attention. Thus, we suggest launching issue-specific campaigns, especially for such crucial topics as ECD, education in emergencies, and the provision of reading books and textbooks. We recommend greater investment in a set of issue-specific campaigns, which go beyond showcase events and focus on long-term movement building on specific, uncertain but important goals. Investment in a range of campaign organizations will also reinvigorate the

education advocacy sector and ensure a broader democratization of advocacy activities and causes. The above suggested consultation process with donors could also be used to explore donor support for such advocacy campaigns and the willingness to make commitments to these initiatives. Accountability mechanism to track progress in the implementation of commitments should be established, as well as clear strategic global plans underlying the efforts. .

4. **Create and use a high profile education index**: Develop a UQE (universal quality education) indicator or similar indicator based on integrated outcomes for access, quality, cost, equity, etc. to focus global attention on education sector progress. This could be based on a progressive aggregation/integration of a small group of key indicators.
5. **Establish a coordinated and operational business platform to boost responsible business support for education.** This could operate in collaboration with the Global Business Coalition for Education and with GFF to promote effective and equitable non-governmental provision, and assist countries in regulating it. It would also focus on skilling and upgrading needs for particular sectors/regions and bring together major employers to generate demand and support training supply.

Conclusion

Access to education has improved considerably over the past decade, as literacy rates and numbers of out-of-school children have fallen dramatically in some areas. The current analysis identifies a number of strengths of the global education architecture that may have contributed to this progress, including inclusive multi-stakeholder engagement and strong advocacy efforts. However, international financing remains insufficient and poorly targeted to areas of need. Through a participatory approach, this analysis identified these weaknesses and options for improving the architecture. Options were introduced across four key areas in particular need, resource mobilization, channeling of funds, market shaping, and technical support. Action will be needed across stakeholder groups to make any of these options into a reality.

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Appendices

Appendix 1: List of focus group participants

Name	Title
Julia Gillard	Commissioner, International Commission on Financing Global Education Opportunity
Ngozi Okonjo-Iweala	Commissioner, International Commission on Financing Global Education Opportunity
Alice Albright	CEO, Global Partnership for Education
Alejandro Palacios	Director, Special Projects, Global Partnership for Education
Amit Dar	Director, Education, World Bank
Charles North	Senior Deputy Assistant Administrator, Bureau for Economic Growth, Education and Environment (E3), USAID
Claudia Costin	Senior Director, Education, World Bank
Emiliana Vegas	Chief, Education Division, Inter-American Development Bank
Homi Kharas	Senior Fellow and Deputy Director for the Global Economy and Development Program, Brookings Institution
Jo Bourne	Associate Director, Education, UNICEF
Nancy Birdsall	President, Center for Global Development

Appendix 1: List of interview participants

Name	Position
Amanda Gardiner	Vice President, Sustainability & Social Innovation, Pearson
Amit Dar	Director, Education, World Bank
Anjela Taneja	Head, Policy, Global Campaign for Education
Attaullah Wahidyar	Senior Policy & Program Advisor, MoE Afghanistan
David Edwards	Deputy General Secretary, Education International
Dean Brooks	Director, Inter-agency Network for Education in Emergencies (INEE)
Deepak Xavier	Head, Even It Up, Oxfam
Doron Isaacs	Co-Founder/Treasurer, Equal Education
Ernesto Schieffelbein	Minister of Education, Chile (former)
Gib Bulloch	Founder, Accenture Development Partnerships
Jane Edmondson	Head, Human Development, DFID
Jo Bourne	Associate Director, Education, UNICEF
Jordan Naidoo	Director, Division for Education 2030 Support and Coordination, UNESCO
Jouko Sarvi	Education Advisor, Central and West Asia Regional Department, Asian Development Bank
Karen Mundy	Chief Technical Officer, GPE
Olav Seim	Director, Education, MoFA, Norway
Oley Dibba-Wadda	Executive Secretary, Association for the Development of Education in Africa (ADEA)
Peter Colenso	Director, Education, Children's Investment Fund Foundation (CIFF)
Roland Lindenthal	Head, Education, Federal Ministry for Economic Cooperation and Development, Germany (BMZ)
Ronald Siebes	Head, Human Development Division, MoFA, Netherlands
Ruth Kagia	Senior Advisor, International Relations and Social Sectors, Executive Office of the President, Kenya
Ruth Levine	Director, Global Development, Hewlett
Sanet Steenkamp	Permanent Secretary, Ministry of Education, Arts and Culture, Namibia
Vernor Muñoz	Global Advisor on Education, Plan International
Virginie Bleitrach	Head, Education and Employment Division, Agence Française de Développement (AFD)

Appendix 3: Actor mapping – investment priorities of the largest bilateral donors to education[128]

Donor	Education Financing and Trends	Strategic Areas	Support for Multilaterals
UK	• Largest[129] and fastest growing bilateral donor to education: +276% from 453M in 2005 to 1.7B in 2014[130] • In line with strategy, commits 70% of bilateral support for basic education; emphasis placed on lower secondary. Share channeled to pre-primary/primary declined from 63% (87M) to 24% (304M)	• Education is a growing focus area (9% of total ODA, equal to DAC average) • Strategic priorities: (1) Access to basic education (2) Quality of learning (esp. basic literacy/numeracy) (3) Skills for jobs and growth[131] • Fragile and conflict affected: committed to ~50% of total bilateral education by 2015[132] • Special initiatives: Girls' Education Challenge, £354M between 2012-19 • Joint funding, e.g. RISE program on effective education systems (DFID/WB)	• Major funder of multilaterals for education (598M per year[133]); % channeled via multilaterals relatively constant (33%) • Major and growing contributor to IDA (261M for education in 2014) • Largest contributor to GPE ($851M)[134] • Second largest UNICEF donor ($490M in 2014, down from $555M in 2013) • Moderate supporter of UNESCO; largest donor of the EFA GMR Report[135]; does not fund UIS
USA	• 2nd largest donor to education: +71% from 702M in 2005 to 1.2B in 2014. • In line with strategy, spending for pre-primary/primary has grown from 53% in 2002 (24M) to 78% (807M) in 2014; shares to unspecified and post-secondary declined; secondary education remains <1%	• Education is not a major focus area (2-4% of total ODA since 2005) • Strategic priorities: (1) Reading skills in primary schools (2) Tertiary and workforce development (3) Education in crisis and conflict environments[136] • Special initiatives: Girls and young women ('Let Girls Learn' initiative); one of 17 'Champion Countries' of the UN Global Education First Initiative (GEFI)	• Moderate and growing funder of multilaterals for education (256M per year); % channeled via multilaterals rose from 21% in 2005 to 32% in 2014 • Major donor to UNICEF for education; overtook UK in 2014 as top UNICEF donor overall ($672M) • Not a top GPE donor ($83M) • No longer contributes to UNESCO; funding was suspended in 2011[137]
Germany	• Major education donor: +28% from	• Education is a major focus area (11-15% of	• Moderate and growing funder of multilaterals for

[128] Ranking calculated by combining the DAC donors' 2014 support in the OECD-CRS with its corresponding multilateral imputed shares for education.
[129] After deducting 'imputed student costs' from total spending to education
[130] All amounts given in US$ constant 2013 dollars, unless otherwise noted
[131] Learning for All: DFID's Education Strategy 2010-2015 (2010)
[132] Learning for All: DFID's Education Strategy 2010-2015 (2010)
[133] 3-year average 2012-14
[134] As of 20 April 2015. Global Partnership for Education – Status of Donor Contributions as of 30 April 2015 (2015)
[135] http://unesdoc.unesco.org/images/0023/002329/232935E.pdf
[136] USAID Education Strategy 2011-2015 (2011)
[137] USA contributions to UNESCO wee suspended as required by US law after UNESCO granted membership to Palestine.

	1.6B in 2005 to 2.0B in 2014; however, nearly half spent on imputed student costs (47%, 963M in 2014) • Share channeled to post-secondary *grew* from 43% (147M) to 69% (1.2B) – but is mainly comprised of imputed student costs (79% in 2014); shares to all other levels declined	total ODA since 2005, above DAC average) • Strategic priorities: basic education, vocational training, higher education[138]; in line with strategy, financing for vocational training focus has increased • Despite strategic importance, importance of basic education expected to continue to decline • Pro-poor focus: largest share of BMZ's education ODA is allocated to LICs (42% in 2014)	education (282M per year); % channeled via multilaterals low in relative terms, but rising from 9% in 2005 to 15% in 2014 • Not a top GPE donor ($53M) • 4th largest UNICEF donor ($194M in 2014, up from 60M in 2013) • Contributes to UNESCO via voluntary contributions for special accounts (e.g. donor for EFA GMR report); does not fund UIS
France	• Major but stagnant donor to education: +5% from 1.5B in 2005 to 1.6B in 2014; however, half spent on imputed student costs (50%, 826M in 2014) • Share channeled to secondary education *grew* from 3% (42M) to 15% (210M); shares to other levels have declined or remained level	• Education is a major focus area prone to fluctuations (11-18% of total ODA since 2005, above DAC average) • Strategic priorities: (1) Universal primary education (incl. equal access for girls and boys) (2) Promoting integrated vision of education[139]; increasing focus on vocational education • Geographic focus on French-speaking Africa • Innovative financing (e.g. PPP via Leading Group on Innovative Financing for Development)	• Weak multilateral donor for education but remains stagnant (210M per year); 11% channeled via multilaterals in 2005 v. 12% in 2014 • 10th largest GPE donor ($98M) • Not a top UNICEF donor; does not fund UIS
Japan	• Largest donor to education in Asia, but portfolio suffers from cuts: -27% from 954M in 2005 to 698M in 2014 • Share channeled to basic education *declined* from 52% (9M) to 10% (58M); shares to all other levels rose	• Education is not a major focus area (4-7% of total ODA since 2005, above DAC average) • Strategic priorities: (1) Quality education for all (2) Knowledge-based society (TVET[140] and higher education networks) (3) Peace and security: education (conflict- affected countries[141]	• Weak but growing funder of multilaterals (189M per year); 21% channeled via multilaterals in 2005, up from 12% in 2005 • Not a top GPE donor ($21M), despite priority to support GPE • 7th largest UNICEF donor ($174 in 2014, down from $263M in 2013)

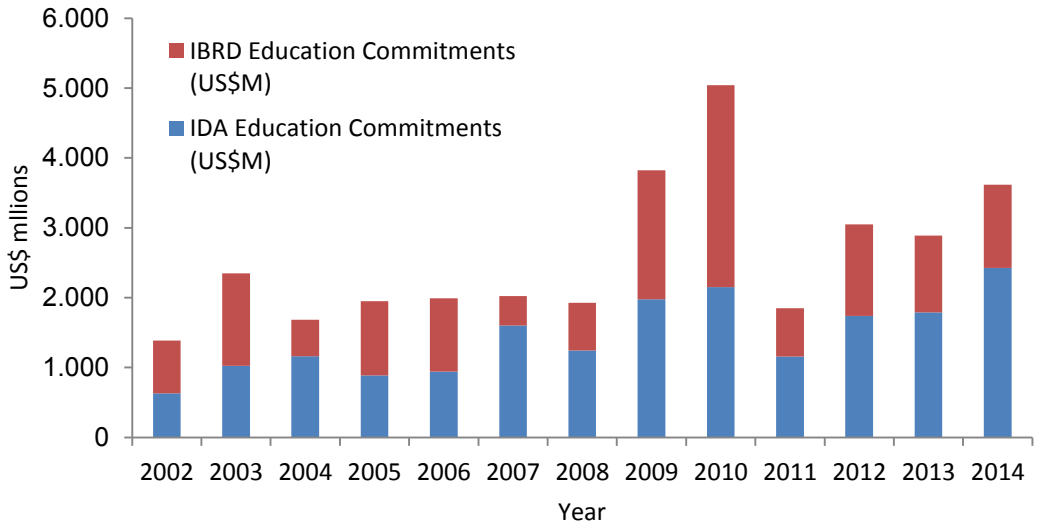
[138] BMZ Education Strategy (2015).
[139] French external action for education in developing countries (2010-2015) (2010).
[140] Technical vocational education and training.
[141] Japan's Education Cooperation Policy 2011-2015 (2011).

			• Major funder of earmarked, bilateral projects via UNESCO, e.g. teacher capacity training in Mali, also funds special UNESCO initiatives (e.g. UIS)
Australia	• Major donor to education (+261% from 164M in 2005 to 591M in 2014) • Sector suffers from ODA budget cuts: -23% between 2013 and 2014), yet is faring better than other sectors – reaching a peak level in relative terms in 2014 (13% of overall ODA). However, 2015-16 budget estimate for education is 31% less than in 2014-15[142] • Over a third of financing is channeled through academic institutions, reflecting imputed student costs[143]	• Education is a priority area of the overarching development policy[144] • Very strong geographic focus on neighboring countries in the Indo-Pacific Region; in line with education strategy • New education strategy for 2015-2020 prioritizes ECD, education quality, equity, and aligning education with labor market needs through secondary/post-secondary education[145] • Increasingly working on innovation for results (e.g. ICT technology) and with the private sector on education to leverage financing[146] • Partners with USAID on education projects (e.g. All Children Reading Grand Challenge for Development;	• Weak but growing funder of multilaterals channels (174M), largely through earmarked financing • Major funder of GPE (412M) • Supporter of initiatives to track education progress and results through data (UIS; Australian Council for Educational Research; World Bank's Systems Approach for Better Education Results (SABER))
Norway	• Major but stagnant donor to education; +3% from 344M in 2004 to 356M in 2014 • Share channeled to basic education grew from 46% (94M) to 62% (192M); shares to primary and post-secondary declined, despite strategic focus	• Education is not a major focus area, but remains stable at around 6-8% of total ODA since 2005 • Strategic priorities: (1) Equal opportunity to start and complete school (2) Basic skills for adult life (3) Skill development for gainful employment and sustainable development • Girls and gender equality remain central to their portfolio	• Very strong and growing emphasis on multilaterals ($206M per year); 14% channeled via multilaterals in 2005 to 62% in 2014 • 5th largest GPE donor ($309M) • Major donor to UNESCO and UNICEF for education; 3rd largest UNICEF donor overall ($192M in 2014); funds UIS

[142] http://dfat.gov.au/aid/topics/investment-priorities/education-health/education/Pages/education.aspx
[143] http://dfat.gov.au/about-us/publications/Documents/aid-fact-sheet-education.pdf
[144] http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-investments-in-education-2015-2020.aspx
[145] http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-investments-in-education-2015-2020.aspx
[146] http://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-aid-investments-in-education-2015-2020.pdf

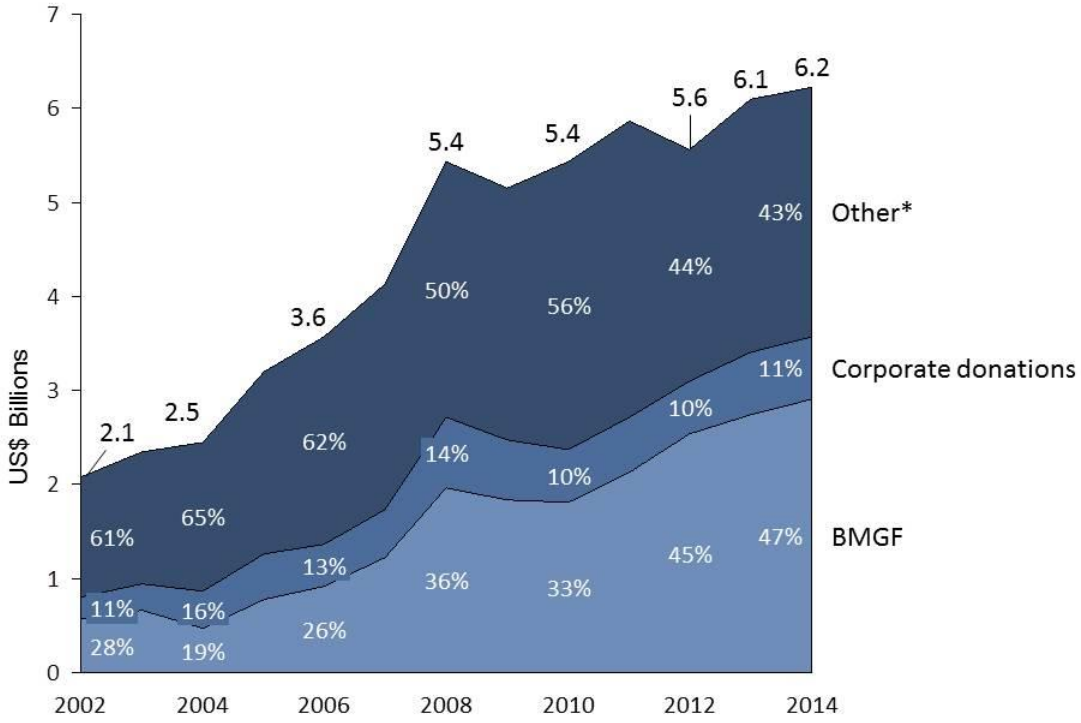
Appendix 4: World Bank new commitments to education as reported on the World Bank website[147]

IDA & IBRD - "New Commitments" to Education 2002-2015, US$ millions



[147] Source: https://finances.worldbank.org/Education/Historical-Education-Financing-by-IDA-and-IBRD-FY1/f6h8-6vy5

Appendix 5: Private flows – development assistance for health



* Private contributions from other foundations/NGOs)
Source: Institute for Health Metrics and Evaluation. Financing Global Health 2014: Shifts in Funding as the MDG Era Closes. Seattle, WA: IHME, 2015.

Appendix 6: 20 LICs/LMICs that receive the lowest ODA per capita

Average ODA 2012-14 for 5-24 year-olds

Country	Income Group	Education ODA per capita (5-24 year-old), $
Korea, Dem. Rep.	LIC	0.91
India	LMIC	0.97
Sudan	LMIC	1.83
Nigeria	LMIC	1.88
Philippines	LMIC	2.26
Chad	LIC	2.30
Central African Republic	LIC	2.92
Lesotho	LMIC	3.23
Uzbekistan	LMIC	3.28
Congo, Dem. Rep.	LIC	3.40
Indonesia	LMIC	3.55
Côte d'Ivoire	LMIC	4.01
Guatemala	LMIC	4.02
Myanmar	LMIC	4.21
Tajikistan	LMIC	4.58
Egypt	LMIC	4.76
Niger	LIC	4.77
Kenya	LMIC	5.06
Madagascar	LIC	5.20
Eritrea	LIC	5.73

Appendix 7: Progress on EFA Goals

Major achievements in education:
• 184 million children enrolled worldwide
• Child-mortality rate decreased by 39% between 2000 and 2015
• Primary School NER increased to 91% in 2012 from 84% in 1999
• Lower secondary GER increased to 85% in 2012 from 71% in 1999
• 69% of the countries have reached gender parity in primary education; 48% in lower secondary
Persisting challenges:
• 6.3 million children under 5 died in 2013
• 121 million children are still out of school at primary and secondary level
• 36% of out-of-school children are in conflict-affected zones
• 14% adult illiteracy rate; women made up 64% of illiterate adults
• 1/3 of adolescents in low and middle-income countries were estimated to not have completed lower school

• Low learning levels: many children spend two or three years in school without learning to read a single word, and many schools do not teach students the basics of arithmetic in their early years
• Lack of clarity for types of youth skills needed
• Chronic need for access to second chance education options
Source: Global Monitoring Report. 2015.

Appendix 8: ODA projections until 2030

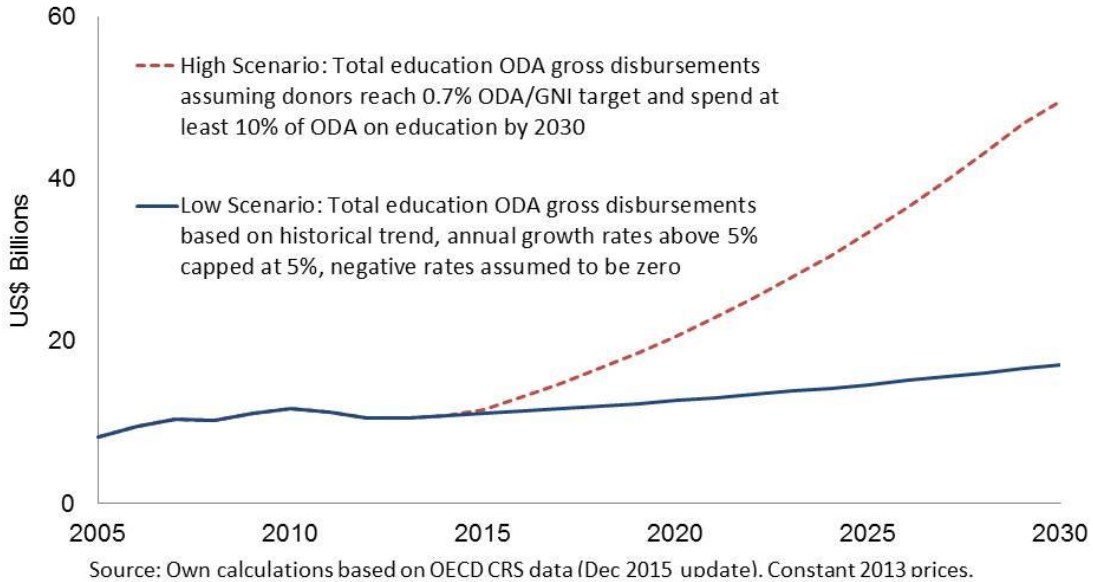
In the following two different scenarios for ODA spending of DAC donors is presented. The low scenario assumes ODA spending beyond 2013 to continue to grow according to the compound annual growth rate for the period 2005 until 2013[148], assuming everything else to remain constant. In the high scenario it is modelled how ODA spending of DAC donors would develop if donors were to reach the 0.7% ODA/GNI target and spend at least 10% of overall ODA on education by 2030. GNI growth projections were based on IMF WEO data.

If all DAC donors would increase their ODA spending to at least 0.7% of their respective GNI and allocate at least 10% of their overall ODA on education by 2030, a total of $49.6 billion would be available to close funding gaps in LIC and MICs.

Overview - Projected DAC countries total education ODA, projections beyond 2013					
in USD, bn., constant 2013 prices	2005	2013	2020	2025	2030
Total ODA gross disbursements on education: High scenario*	8.14	10.51	20.65	33.38	49.59
Total ODA gross disbursements on education: Low scenario**	8.14	10.51	12.69	14.67	17.11
* High scenario assumptions: 0.7% of GNI and 10% on EDU of ODA to be reached by all donors in 2030 (baseline 2014), GNI based on our growth projections, everything else assumed to remain constant. ** Low scenario assumptions: ODA beyond 2014 projected according to the compound annual growth rate for the period 2005-2013, everything else assumed to remain constant. Compound annual growth rates beyond 5% were capped at 5%, rates below zero were assumed to be zero.					

[148] Rates of change above 5% were capped at 5% and rates of changes below zero for the period were assumed to be zero.

Projected DAC countries total education ODA, gross disbursements



Source: Own calculations based on OECD CRS data (Dec 2015 update). Constant 2013 prices.

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