

# *Education for All – Fast Track Initiative*

**Accelerating progress towards quality universal primary education**

## **EDUCATION PROGRAM DEVELOPMENT FUND (EPDF)**

### **INTERIM PROGRESS REPORT**

**BONN, GERMANY**

**MAY 2007**

**Prepared by the FTI Secretariat**

## Abbreviations and Acronyms

ADB	African Development Bank
ADEA	Association for the Development of Education in Africa
CCT	Conditional Cash Transfer
CF	Catalytic Fund
CSR	Country Strategy Report
DfID	Department for International Development (UK)
EC	European Commission
ECD	Early Childhood Development
ECA	Easter Europe and Central Asia Region
EFA	Education for All
EPDF	Education Program Development Fund
ESP	Education Sector Plan
FTI	Fast Track Initiative
GOB	Government of Bangladesh
GTZ	German Agency for Technical Cooperation
LCR	Latin American and Caribbean Region
M&E	Monitoring and Evaluation
MOE	Ministry of Education
NETF	Norwegian Education Trust Fund
PETS	Public Expenditure Tracking Survey
SERCE	Second Regional Comparative and Explanatory Study
SWAp	Sector-Wide Approach
TIMSS	Third International Mathematics and Science Study
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
VET	Vocational and Educational Training

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## **EFA-FTI Education Program Development Fund Interim Progress Report May 2007**

### **A. Introduction and Objectives**

1. **Introduction.** The Education Program Development Fund (EPDF) was established in 2004 as the second of two trust funds under the Education For All (EFA)-Fast Track Initiative (FTI). It has four objectives: (i) increase the number of low-income countries with sound and sustainable national education sector plans (ESPs), focusing on countries with low capacity and insufficient donor support; (ii) strengthen government technical and institutional capacity to develop policies and national education plans to provide and sustain complete primary education of good quality for all children through a broad-based consultative process; (iii) improve understanding of specific conditions under which policies and reforms may be successful, through better monitoring and evaluation and knowledge sharing across countries; and (iv) strengthen donor partnerships at the country level around the government's national ESP.

2. **Objectives.** The purpose of this report is to provide an update on the implementation progress since the last EPDF Strategy Committee meeting in Cairo (Egypt). In particular, this report provides a summary of financial execution and results achieved to date (Section B); and an overall financial picture of the trust fund; along with options for decision-making by the Strategy Committee (Section C). This section links with and makes reference to the mandate given to the EPDF Task Force set up in Cairo. In that connection, options for decision making are highlighted briefly in order to lead the Committee to recommendations made by the Task Force. In terms of new regional allocations, no recommendations have been proposed for this meeting since all teams have sufficient resources to complete their on-going activities for 2007 based on current trends. Funding requests for new regional allocations to cover 2008 and onward will be submitted to the Committee at the Fall 2007 meeting.

### **B. Summary Execution and Results**

3. **Overview.** The EPDF has become an important funding source for helping countries to prepare their national ESPs; improving government technical and institutional capacity; strengthening donor partnerships at the country level; supporting school health programs and HIV/AIDS activities; and commissioning innovative studies and research on early childhood education, girls' education, children with disabilities, and learning outcomes. Initially, there were a few implementation delays as systems were being set-up and tested, and the Regional Advisory Groups were being established. Moreover, the Africa Region which accounts for half of EPDF-funded activities did not come on board until 2006 when it made the transition from the Norwegian Education Trust Fund (NETF). Since Cairo, the rate of execution and disbursement has accelerated considerably. The EPDF is now considered to have moved beyond its initial start-up challenges.

4. **Summary financial execution.** Over the period 2005-06, donors pledged and paid US\$52.3 million to the EPDF trust fund (Table 1). Of that amount, US\$24.7 million (47 percent) has been allocated to the six regions for programs and activities expected to be completed by end-2007; the cash balance of US\$27.6 million has yet to be allocated. Of the amount allocated to regions, US\$15.4 million (62 percent) has been committed; and US\$7.8 million (31 percent) has been disbursed to date (Table 2). Although still modest, these financial ratios have tripled since last November; and they reflect positively on the strong performance of all regions in carrying out their planned activities. Specific indicators for regional performance are presented in Table 2.

**Table 1: 2005/2006 EPDF – Donor Pledges and Receipts (In US\$ millions)**

Donor Country	2005-2006	
	Pledges	Receipts
Canada	3.40	3.40
Ireland	0.95	0.95
France	1.74	1.74
Luxembourg	1.30	1.30
Netherlands	1.50	1.50
Norway	34.87	34.87
Russia	-	-
Sweden	2.60	2.60
UK	5.90	5.90
<b>Total</b>	<b>52.26</b>	<b>52.26</b>

**Table 2: 2005/2006 EPDF – Allocations, Expenses and Disbursements (In US\$ millions)****Allocations and disbursements**

Regions	Cumulative Allocations	Expenses to Date (contracts)	Actual Disbursement	Commit. Ratios (%)	Disbursement Ratios (%)
	(A)	(B)	(C)	(B)/ (A)	(C)/ (A)
Africa	12.94	8.80	3.70	68 (11)*	29 (6)*
East Asia & Pacific	2.40	2.01	0.80	84 (22)	33 (18)
Europe and Central Asia	0.90	0.60	0.37	67 (19)	42 (9)
Latin America and the Caribbean	2.18	0.87	0.53	40 (35)	24 (14)
Middle East and North Africa	1.00	0.49	0.46	49 (42)	46 (37)
South Asia	5.28	2.67	1.92	51 (33)	36 (25)
<b>Total</b>	<b>24.70</b>	<b>15.44</b>	<b>7.78</b>	<b>62 (21)</b>	<b>31 (13)</b>

Sources: Actual and estimates by Regional teams as of end-March 2007

\*Figures in parenthesis indicate ratios as at Cairo meeting November 2006.

5. **Regional implementation progress and results.** All six regions are making significant progress with regard to the EPDF's four priority areas. To date, around 60 country programs have received financial support from the EPDF. In the past two years, the EPDF has been used by 16 countries to finance preparation of national ESPs which were then successfully appraised and endorsed by FTI Partners. There has also been an increase in the number and quality of activities in fragile states. For example, Haiti, Congo, Liberia, Sierra Leone, and Afghanistan received technical assistance to prepare their ESPs; they have also received support in building the capacity of their education ministries. Highlights of regional activities are provided in Annex 1. The asterisk \* indicates items where summary of findings, concept notes, or status reports are available.

6. **Future donor pledges.** Since December 2006, France and Japan have joined as EPDF donors; bringing the total number of donor countries to ten. These ten donor countries have pledged a total of US\$30.2 million for the period 2007-09. This amount adds to the cash balance available to date of US\$27.6 million for a cumulative balance of US\$57.7 million going forward. Table 3 below provides an overall financial picture of the EDPF trust fund.

**Table 3: EPDF – Pledges and Payments by Donors 2005-2009(In US\$ millions)**

Donor Country	Pledges and Receipts	Pledges for Future Years			Total Future Pledges	Overall totals to date
	2005-2006	2007	2008	2009	2007-2009	
Canada	3.40	-	-	-	-	3.40
Ireland	0.95	0.94	1.25	-	2.19	3.14
France	1.74	1.74	1.74	1.74	5.22	6.96
Japan		1.2			1.2	1.2
Luxembourg	1.30	-	-	-	-	1.30
Netherlands	1.50	6.00	6.00	-	12.00	13.50
Norway	34.87	-	-	-	-	34.87
Russia	-	1.20	2.00	-	3.20	3.20
Sweden	2.60	-	-	-	-	2.60
UK	5.90	5.40	1.00	-	6.40	12.30
<b>Total</b>	<b>52.26</b>	<b>16.48</b>	<b>11.99</b>	<b>1.74</b>	<b>30.21</b>	<b>82.47</b>

Source: FTI Secretariat

### C. The EPDF Task Force and Options for Decision Making

7. The EPDF Task Force was created at the 2006 Partnership Meeting in Cairo. In line with its terms of reference, the Task Force met in Oslo (Norway) from March 8-9, 2007. The ten member team discussed the opportunities and challenges in broadening technical and analytical support for national teams, knowledge generation, and knowledge-sharing and policy dialogue. Four main issues were discussed (i) recipient-executed approach vs. Bank executed approach at the country level; (ii) better collaboration with other partners; (iii) responsive support for “Thematic Work”; and (iv) synergies with other existing Task Forces.

8. **Task Force recommendations and Committee decisions.** The full report of the EPDF Task Force is attached as Annex 2 to this report; the key recommendations will be presented to the Strategy Committee in Bonn for discussion and decision-making. These are as follows:

i. The Task Force re-affirmed the following priorities for EPDF funding, with emphasis on the first listed below:

- Technical and analytical support to national teams for the preparation of national education sector development programs;
- Knowledge generation via multi-country/regional studies and strategy formulation; and
- Knowledge sharing and policy dialogue through national and international fora to foster common understanding of issues and to build commitment and ownership of reforms.

**Cairo Issue #1: Recipient versus Bank execution at country level, the Task Force recommended:**

- ii. Involvement by governments and local partner agencies in EPDF funding decisions and execution of EPDF-funded activities be strengthened by: (i) improving knowledge about how the EPDF works; (ii) stimulating ownership of in-country donors and government; (iii) involving Regional Advisory Groups in defining regional work programs; and (iv) enhancing the responsiveness and flexibility of EPDF funding.
- iii. Responsibility be broadened, within the current context of World Bank trusteeship of the EPDF, for execution of EPDF-funded activities by local partner agencies. In this case, a transfer of funds agreement would be signed between the World Bank and the executing agency within the operational structure already created under the EPDF.
- iv. Government execution of EPDF-financed activities be considered on exceptional basis; and only when warranted by special circumstances.
- v. FTI partners explore, in light of the changing aid architecture in education, options to address the apparent decline in their technical capacity in education.
- vi. FTI partners urgently agree, in light of the recommendation to encourage greater involvement of in-country donors in EPDF funding decisions and implementation, on what is required for an agency to take on the roles, responsibilities and accountabilities of being the “in-country lead donor agency” for the FTI partnership, including for EPDF-financed activities.

**Cairo Issue #2: Using the EPDF to promote collaboration among agencies, the Task Force recommended:**

- vii. Agencies benefiting from EPDF support and executing EPDF-funded activities adhere to the following principles: (i) promote collaboration and synergy; (ii) pay attention to linkages between education and other sectors; and (ii) build the capacity of the host government and national and/or regional institutions.
- viii. Responsibility be divided as follows for recipient-executed EPDF support for analytical work, policy dialogue and knowledge dissemination: (i) the World Bank, as trustee, for managing the review and approval of EPDF funding requests; and (ii) the recipient agency, for grant execution, including quality assurance, reporting and accountability for the use of the allocated EPDF-financed grant.
- ix. Further refinement be made to the process of preparing the legal instruments for resource transfer between the World Bank as EPDF trustee and EPDF recipient agencies so that EPDF-financing can be approved quickly in response to needs, and so that the work can be streamlined to reduce transactions costs and frustration.
- x. Eligibility for EPDF support be extended to technical teams established or managed by one or more partner on behalf of the FTI partnership (e.g., Pôle de Dakar).

**Cairo Issue # 3: Providing EPDF support for “thematic work,” the Task Force recommended:**

- xi. Eligibility for EPDF support be extended to global/multi-regional studies and activities. It urged that care be taken to avoid overlap with work financed by other trust funds; and noted a need to determine the process for selecting, managing and implementing this type of work. It suggested a possible arrangement in which the topics would be selected by the Strategy Committee, the process managed by the FTI secretariat, and the work executed by various partners including the World Bank’s education Hub.

**Cairo Issue # 4: Synergies with existing trust funds, the Task Force agreed:**

- xii. All trust funds, including the EPDF, should be used in a way that benefits from the comparative advantages of each fund, strengthens the synergy among them and avoids overlap and duplication. Within the World Bank, this process is generally best managed by the respective regional managers.

**Other issues warranting attention by the Strategy Committee, the Task Force discussed:**

- xiii. A proposal by the Netherlands to extend EPDF funding to support **post-primary education** and suggested that a pragmatic start could be made by opening a second window in EPDF to receive contributions from interested partners for this purpose. This window would fund activities to help deepen the knowledge base, foster dialogue and assist countries to develop sector programs that better address the rapidly growing social demand for post-primary education in ways that are equitable, financially sustainable, responsive to the demand for skilled labor, all the while protecting attainment of the EFA goals.
- xiv. A suggestion by DfID on fragile states and recommended that particular attention be given to helping fragile states access EPDF funding to develop policies and programs and solve technical issues related to implementation.
- xv. The use of EPDF to support capacity development (CD) and agreed that its main role in CD is to help develop strong CD components as a standard feature of all sector programs, financed and implemented as an integral part of these programs. In addition, all EPDF support for sector program preparation and implementation--whether through analytical work, policy-workshops, south-south cooperation, study tours, and similar activities—should be provided in a way that proactively helps develop and utilize national and regional expertise.
- xvi. Monitoring of the impact of EPDF and recommended that **external evaluation** of the EPDF be conducted every 3-5 years, and that a set of indicators be developed to assess its impact in each of the three main categories of activities prioritized for EPDF support.

## Africa Region

9. **The Africa region** is EPDF's largest recipient with over 45 programs and activities. Some 33 countries in the region have expressed interest in receiving assistance to develop their ESPs. This year, EPDF has assisted thirteen countries initiate or finalize their ESPs, including: Benin, Burundi, Central African Republic, Democratic Republic of the Congo, Guinea, Liberia, Madagascar, Malawi, Nigeria, Sao Tome & Principe, Sierra Leone, Togo, and Tanzania. Of those, four are fragile states: the Democratic Republic of the Congo, Liberia, Sierra Leone, and Burundi. EPDF funds have also been earmarked for future collaborations with partner groups like the Association for the Development of Education in Africa and Pole de Dakar.

### Sample of Completed Activities:

**Congo: Country Status Report Finalization**-Support for the MOE to finalize its ongoing CSR and prepare its ESP for eventual endorsement by the EFA FTI donor partners. A complete draft was presented to the Government, Donors and stakeholders during a workshop held in Brazzaville February 5-7, 2007. \*

**Niger: School Nutrition and Health Package for Education Sector**-Support provided to Niger to conduct an analysis contributing to its broader program on education, health, and nutrition. A report is being prepared and dissemination activities planned.\*

**Sierra Leone: Education Sector Plan** –Support for Sierra Leone's MOE to prepare its ESP; which has been endorsed by its FTI Partners.

**Togo: Education Strategy Note**-Fact finding mission for three experts from the Pole de Dakar to visit Togo to collect the most recent statistical and financial data on their education system. Policy note written. \*

### On-going and Future Activities

**Burundi: Capacity Enhancement for EFA-FTI**-Strengthen the institutional capacity of the MOE for sector planning and management at the central and decentralized level, with the goal to enable the country to prepare its ESP for endorsement by the FTI.

**EFA FTI Capacity Development Workshop**-Support for EFA-FTI capacity building workshop for six African countries to be held in South Africa in July 2007. The workshop will include countries at different stages in the process of developing their ESPs.

**Ethiopia: School Disabilities Program**-Support for a review of the methodology for a disability screening initiative and plans to implement a similar pilot in another area of the country.

**Eritrea: Technical and Analytical Support to National Early Childhood Development Team for EFA-FTI Endorsement**-Assistance to the national teams to analyze lessons learned from Early Childhood Development components of two education projects. Support also for a National level workshop to disseminate the analytical report.\*

**Liberia: EFA Preparation Workshop**-A workshop for 15 Liberian policy makers and technical assistance to support them in the task of policy development in the education sector.

**Malawi: Education Sector Program Update**-Support to finalize Malawi's ESP for FTI-endorsement.

**Nigeria: Education Strategies in Three States**- Study to prepare credible and costed state education strategies for eventual EFA-FTI endorsement.

\* Items where summary of findings, concept notes, or status reports are available.

## East Asia and Pacific Region

10. **The East Asia and Pacific Region** has recently focused its regional activities on four priority areas (i) getting the last 10% of children to school, (ii) teaching/learning quality, (iii) monitoring and evaluation, and (iv) education sector financing. Funds from the EPDF and the Indonesian Dutch Trust Fund were used to coordinate an East Asia and Pacific Regional Workshop in Bali, Indonesia in April 2007 on Monitoring and Evaluation for Better Education Policy, Planning and Results. EPDF supported technical assistance to the Lao People's Democratic Republic to prepare its national ESP. In addition, 14 Pacific Island countries are to be targeted by the Pacific Forum Basic Education Action Plan for EFA/FTI partnership. The region has already committed 84% of its funding from the first two cycles.

### Sample of Completed Activities:

**China: Gansu Rural Education Resource Study Support-** Support for the last phase of research on education resource issues in rural China. Three policy notes and the final report were completed in December 2006. \* A dissemination workshop to share the results is being planned.

**East Asia and Pacific Regional Workshop Using Monitoring and Evaluation for Better Education Policy, Planning and Results-**Conference held in Bali, Indonesia, from April 16-20. Over 200 people attended and a report is being written about the outcomes. \*

**Lao: EMIS Stocktaking and Diagnostic Study-**The study was completed and a draft report was written. A dissemination workshop was held in Laos in April 2007 to discuss the findings. \*

**Mongolia: Preparation for FTI CF Grant Agreement:** Support to work with the government to prepare its Catalytic Fund agreement. The Agreement was signed and funds have been transferred.

### On-going and Future Activities

**East Asia Mother-Tongue as Bridge Language of Instruction-**The proposal by SEAMEO (Southeast Asia Ministers of Education Organization) was approved and is proceeding as planned. \*

**East Asia and Pacific Awareness of Children with Disability in Education:** A proposal was submitted and reviewed. \*

**Lao: EFA Assessment and Preparation for its National Education Sector Plan-**Support to help Lao prepare its national education sector plan for the FTI partnership application. Funds were also used to support the country's EFA assessment study.

**Vietnam: New School Education Quality Assurance Initiative-**Support for three studies: extension of full-day schooling, institutionalizing student assessment, and teacher profiling and career development. \*

**China: Regional Workshop on Teachers-**Workshop focusing on teachers to address quality issues in the region to be held in Beijing, China in July 2007.

**Pacific Island Country Support for FTI Partnership-**Support to help bring the Pacific Island countries into the FTI process and speed up their EFA effort.

**Philippines: Assessment of the Impact of School-Based Management on Learning Outcomes-**Study was commissioned and work is planned for May 2007.

\* Items where summary of findings, concept notes, or status reports are available.

## Europe and Central Asia

11. **The Europe and Central Asia region** has significantly increased its utilization of EPDF funds for capacity development in the following FTI endorsed countries: Moldova, Kyrgyzstan, Tajikistan, and Albania. More specifically, Tajikistan's MOE received technical assistance to strengthen its capacity in implementation, curriculum development, and teachers' training; Moldova's MOE commissioned two technical and social assessment studies to set priorities for the rehabilitation of kindergartens; Kyrgyzstan's MOE commissioned a study to monitor and evaluate its EFA/FTI plan; and Albania's MOE plans to scale up education programs for minority and disadvantaged groups. Funds have also been used to help the MOE of Georgia develop its education strategy and action plan. The Government plans to have its ESP reviewed by the FTI Secretariat this year.

### Sample of Completed activities:

***Kyrgyzstan: Dissemination of its EFA/FTI Proposal***-Support for dissemination activities of Kyrgyzstan's EFA/FTI action plan and stakeholder consultations with GTZ, ADB, UNICEF, UNESCO, and the Central Asia Regional Education Initiative. \*

***Kyrgyzstan: Technical Assistance to the MOE***-Support to help the MOE update its national strategy for education and preparation of the EFA/FTI proposal, conduct a fiduciary capacity assessment, make plans and arrangements for school rehabilitation, and data collection and preparation of baseline data base for monitoring and evaluation of its EFA/FTI plan.\* Kyrgyzstan's ESP was endorsed by local partners in 2006.

### On-going and Future Activities:

***Albania: Promoting Inclusive Education for Disadvantaged and Minority Students***-Assess and estimate the cost of effective existing models and activities.

***Georgia: Education Sector Strategy and EFA-FTI Proposal***-Support to the MOE of Georgia to develop an education sector strategy for FTI endorsement at the upcoming meeting.

***Georgia: Survey on the reasons of non-attendance to school among vulnerable groups***-Support for a survey to target Armenian and Azeri minority groups to assess school attendance rates.

***Moldova: Pilot Rehabilitation Center for Children with Special Needs***-Support and technical assistance to help the MOE establish pilot rehabilitation centers for special needs children, upgrade teaching and learning standards to guide the reform of curriculum and the elaboration of new textbooks, and to prepare a communication campaign and media plan to raise awareness on early childhood development related issues.

***Tajikistan: Technical Assistance to its MOE***-Technical assistance to Tajikistan's MOE for conducting student assessments, teacher training and curriculum development, education management information system development, strengthen the fiduciary capacity of the MOE, and a functional review of the MOE to support management reform and management training.

***Tajikistan: Assessment of Teachers' Education and Professional Development Programs***-Study to assist the MOE assess on-going teachers' education and professional development programs and to assist the MOE to introduce the medium terms expenditure framework.

***Tajikistan: Mid-term Review of the EFA/FTI CF***-Support to help strengthen the capacity of the education sector to evaluate the quality and impact of the current interventions supported by the grant; produce modern textbooks, implement school based teacher training programs, and put in place a stronger monitoring and evaluation system.

***Regional Exchange Between Tajikistan and the Kyrgyz Republic***-Support for staff from the Kyrgyz Republic to visit Tajikistan to learn how they set-up implementation arrangements for school rehabilitation.

\* Items where summary of findings, concept notes, or status reports are available.

## Latin America and Caribbean

12. **The Latin America and Caribbean region** has used the EPDF to strengthen the capacity of its countries to develop education projects and programs and to assist countries prepare ESPs. EPDF funds assisted Haiti's MOE to prepare its EFA strategy and ESP. Haiti plans for FTI endorsement later this year. The region has collaborated with the *Escuela Nueva Back to the People Foundation* to coordinate workshops and seminars in Mexico, Guatemala, Honduras, Guyana, and Costa Rica on multi-grade teaching. LAC is also working closely with the Inter-American Development Bank, UNESCO, and private sector partners to promote the South-South Initiative for cooperation among developing countries to achieve the EFA goals.

### Sample of Completed Activities:

**Haiti: Survey of School Capacity and EFA Adaptable Program Grant**-Support for a survey of 225 accredited non-public schools to assess their capacity, interest and needs for participation in the subsidy program and a social assessment for the EFA Adaptable Program Grant. Survey results will help the MOE scale up its programs.\*

**Multi-grade Schooling Seminar in the LCR Region**-“Fundación Escuela Nueva Volvamos a la Gente – Escuela Nueva Back to the People Foundation,” organized its first workshop (Induction to the *Nueva Escuela* Approach) in Mexico, Guatemala, Honduras, Guyana and Costa Rica. These workshops discussed specific mechanisms for introducing, developing and sustaining multi-grade approaches.\*

**Feasibility Study for the Adoption of the Escuela Nueva Multi-grade Teaching in Haiti**-Support to conduct a feasibility study to adapt the *Escuela Nueva* model to the Haitian context. Dissemination workshop is being planned.\*

### On-going and Future Activities

**Haiti: Preparation of National ESP and FTI Assessment**- Support for Haiti is close to the final stages for developing its EFA national strategy.

**Honduras: Procurement and Financial Management Assessment**-Provide technical assessment for a Procurement and Financial Management assessment, development of an operational manual and a social assessment of several programs.

**Capacity Development of LCR Countries to Develop Education Projects and Programs**-Support for countries to develop education projects and programs. In particular, improvements in quality of education through the design of multi-grade teaching for indigenous and isolated rural populations; the creation of a network to exchange lessons learned from implementation of education projects and programs in the region; and the support of UNESCO's assessment.

**Network to Exchange Educational Experiences in LAC**-The consultants (*Centro de Estudios en Políticas Públicas*) have already started the implementation of the Network to Exchange Educational Experiences in LAC.\*

**Promotion of the South-South Initiative**-LAC is working closely with the Inter-American Development Bank, and UNESCO (Montevideo Office), and private sector partners to continue with the promotion of the South-South Initiative for cooperation among developing countries in the context of achieving EFA goals).

**Second Regional Comparative and Explanatory Study (SERCE)**-Finalizing grant to support UNESCO to support the SERCE, conducted by Latin American Laboratory for Assessment of the Quality of Education.

\* Items where summary of findings, concept notes, or status reports are available.

## Middle East and North Africa

13. **The Middle East and North Africa region** is using EPDF support to strengthen government technical and institutional capacity, carry out research, and institute capacity building activities in both Djibouti and Yemen. In Djibouti, the funds helped finalize a strategy for children with special needs and in Yemen it will fund a girls' secondary education project. More specifically, Yemen has developed a pilot conditional cash transfer scheme to support the retention of girls' in school and Djibouti has developed training modules for teachers to integrate children with special needs into classes, training of trainers, and teacher training.

### Sample of Completed Activities:

**Djibouti: Strategy for Education for Children with Special Needs**-Strategy has been validated by the MOE and consultants are being identified to carry out the plans.\*

**Yemen: Participation in Regional IEA TIMSS International Assessment Training**-A national team attended the training in Tunisia in February 2007. TIMSS tests are to be completed at the end of April. The national team will receive training in analyzing the data. \*

**Yemen: School Fee Abolition**-Surveys to assess the demand and supply-side of the impact of the school fee abolition have been conducted. One survey collected supply side data from school headmasters in 200 schools and the other collected household data from 1,000 households living in 200 school zones. Preliminary results were presented at a national workshop in April 2007 and will be further discussed at the third Joint Annual Review of the Basic Education Development Strategy in May 2007. \*

### On-going and Future Activities

**Djibouti: Strengthening Donor Partnership**- Support for strengthening donor partnership to build a foundation for a SWAp framework as a mechanism for coordinated support to Djibouti's education system.

**Djibouti: Strengthen Government Technical and Institutional Capacity**- Support for the MOE to better manage its reform process.

**Djibouti: Assessment of Teacher Training Corps Needs**-Support to carry out an assessment on the competency based approach and a review of the teacher training corps needs.

**Yemen: Support for Girls' Retention in Grades 4-9**- An operational pilot of the Conditional Cash Transfer (CCT) Scheme started in February 2007 in eight schools in the Lahej governorate. The goal is to develop an operations manual for CCT by September 2007.

**Yemen: Household Screening Survey for the CCT**- Survey of the eight school zones to measure the impact of the CCT program with the non-CCT schools. The survey is now at the data entry stage.

**Yemen: Support for Girls' Retention in Grades 4-9**- Baseline survey for the impact of the pilot Conditional Cash Transfer Scheme is scheduled to be conducted in October 2007 and then a follow-up survey in 2008. \*

**Yemen: Girls' Secondary Education Project**- Support for a consultant to carry out a secondary education tracer study is currently in the hiring process. The study is expected to begin once a consultant is hired.

\* Items where summary of findings, concept notes, or status reports are available.

## South Asia

14. **The South Asia region** has over 30 EPDF supported programs and activities in Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. The region divides its activities into four themes: (i) support for the development of strategies and sustainable education sector programs conducive to growth and poverty reduction; (ii) strengthen government's technical and institutional capacities; (iii) improve the understanding of key constraints and the impact of interventions; and (iv) dissemination of knowledge and learning. A notable few: Bhutan's MOE received technical assistance to prepare its ESP and FTI endorsement is scheduled for later this year; Afghanistan's MOE received technical assistance to support and develop an education strategy; Pakistan's MOE is preparing an evaluation of its girls' stipend program; and a South Asia Education Conference is being planned in Pakistan this summer.

### Sample of Completed Activities:

**Bangladesh: VET-Supported sector work** to identify key features and shortcomings of the Bangladesh VET system. A report was completed and disseminated widely. The GoB is requesting IDA support for implementation of the report's recommendations. \*

**Bhutan: Preparation of National Education Sector Plan and Fast Track Initiative Assessment-** Technical assistance provided to the MOE and Royal Government of Bhutan to prepare documentation for the FTI appraisal. Bhutan's ESP is scheduled to be endorsed in August 2007.

**India: Learning Achievement-** Surveys were conducted in two states in early 2006 to provide information on achievement levels in grades 4 and 5, and measure the impact of school, teacher and household characteristics on learning achievements. The survey has been completed, and preliminary results have been discussed with the Government. \*

**Nepal: Evaluation of the Impact of Community Managed Schools-**A pilot baseline survey of 80 randomly selected school communities was conducted. \* Lessons learned will help scale up efforts.

**Pakistan: School Survey in Rural Sindh-**School surveys were carried out in rural Sindh and data was analyzed. Initial results were shared with the Sindh Education Reform Support Unit within the Ministry of Education for development policy lending toward the achievement of MDG and EFA goals. \*

**Sri Lanka: Evaluation of School Based Management-** A baseline survey of the Program for School Improvement has been completed, and data entered and shared with the Bank. \*

**South Asia Region: Trends in Education and Training Study-**Study was completed and the findings were presented at a regional conference in New Delhi in September 2006. The study is currently expanded.\*

### On-going and Future Activities

**Afghanistan: Development of Education Sector Strategy-**Support to the MOE to develop and implement an education sector strategy, and for strengthened institutional and technical capacities.

**Pakistan: Evaluation of Girls' Stipend Program-**Study to estimate the impact of the Girls Stipend Program on school enrolments and learning outcomes. Field work is completed and analysis is underway.

**Bhutan Education Quality Survey-**Survey to collect data on school, teacher and student characteristics. \*

\* Items where summary of findings, concept notes, or status reports are available.

**ANNEX 2: EPDF TASK FORCE**  
**REPORT AND RECOMMENDATIONS<sup>1</sup>**  
March 8-9, 2007, Oslo, Norway

**Background**

1. At its annual meeting in Cairo (Egypt) in November 2006, the Strategy Committee of the Education Program Development Fund (EPDF) confirmed that the Fund has proven to be an effective mechanism for: "...catalyzing and nurturing country level dialogue on critical issues in education, and for supporting in-country capacity to prepare credible sector plans"<sup>2</sup>. To build on this initial success, the Committee was presented with proposals for broadening the reach of the EPDF. Four issues were discussed in this regard: (i) Recipient-executed approach vs. Bank-executed approach at the country level; (ii) Better collaboration among the partners; (iii) Responsive support for "Thematic Work", and (iv) Synergies with existing Trust Funds.
2. To move the agenda forward, a Task Force was established to review the opportunities and challenges in broadening the support of the EPDF for work in the above four areas. The Task Force comprises the following members: Olav Seim (Chair, Norway); Temby Caprio (Germany); Halima Begum (UK); Robert Prouty (FTI Secretariat); Jee-Peng Tan (World Bank); Christopher Thomas (World Bank), and Alain Dhersigny (France).
3. The Task Force met in Oslo, March 8-9, 2007. The seven persons listed above were joined by Jean-Claude Balmes (France), Rebekka van Roenburg (the Netherlands) and Tove Kvil (Norway). To facilitate the discussions, an "Issues Note" had been prepared by Birger Fredriksen (consultant) who also attended the meeting and prepared this summary report, which draws heavily on that Note.
4. Part I of this report highlights some emerging trends in development assistance in the education sector. This served as background for the Task Force's discussion, which was organized around a set of questions proposed in the "Issues Note" regarding issues that may arise in the proposed broadening of the use of EPDF. Part II summarizes the Task Force's comments and advice on these questions, while Part III lists some issues that – while not directly part of its terms of reference, the Task Force would like to draw to the attention of the EPDF Strategy Committee.

**Part I: Emerging trends in development assistance in the education sector<sup>3</sup>.**

5. Taken together, the evolution over the last few years in education financing -- in terms of both the increase in total funding available (external and especially domestic) and modalities of providing external aid (e.g., move towards budget support, creation of the FTI partnership and associated financial instruments) -- is probably more far-reaching than anything seen in this area over the last several decades. This is particularly the case for

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<sup>1</sup> This report has been prepared by Birger Fredriksen (consultant). It has benefited from extensive comments on a first draft from members of the Task Force.

<sup>2</sup> See para. 1 of the draft terms of reference for the Task Force, dated November 30, 2006.

<sup>3</sup> **Author's note:** This background section is heavily colored by the author's experience in low-income Sub-Saharan countries. Some of the issues raised may be less relevant to the conditions in other regions.

Sub-Saharan Africa (SSA), but may also apply to domestic education financing in countries such as India, given the country's very rapid economic growth in recent years<sup>4</sup>.

6. These trends provide an important contextual background for the discussion of a broadening of the use of EPDF financing. In particular, they **validate the original objectives of the EPDF** by reinforcing the importance for countries and aid agencies of **not only focusing on increasing external funding** but also giving increased attention to the part of the FTI-compact aimed at increasing **domestic resource mobilization** and **promoting more effective use of total education funding**. To help countries develop high-quality education sector development programs addressing all these dimensions is the key objective of the EPDF<sup>5</sup>.
7. The next few paragraphs provide some examples of changes in the magnitude and modalities of education financing over the last few years, focusing on SSA.

### **Trends in overall education financing**

8. The 2007 EFA Global Monitoring Report notes a major increase in Official Development Assistance (ODA) commitments for education between 1999 and 2004. For SSA, measured in constant 2003 US\$, the increase was from \$1,172 millions in 1999 to \$1,776 million in 2004<sup>6</sup> (52% or 8.7% annually). Part of this increase is explained by debt relief,

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<sup>4</sup> The beneficial impact of high economic growth on education spending in India is reflected in recent decisions by the Government to substantially increase education spending. The Financial Times (March 1, 2007) reports that "Surging tax revenues generated by an economy set to expand by 9.2% this year has enabled ... the minister of finance to raise spending on the social sectors". The article refers to an increase in 34% for education to address concerns that: "...the dysfunctional school system, hit by teacher absenteeism and high dropout rates, is cramping India's economic potential". Thus, rapid growth both increases the government's capacity to finance education *and* its incentive to provide increased financing in order to produce the skills required to support the growth.

<sup>5</sup> As outlined in Annex 1 to the terms of reference for the EPDF Task Force, these objectives are to:

- "Support the development of sustainable national education sector programs developed through a broad based participatory process and embedded in Poverty Reduction Strategies, which prioritize the achievement of the MDG for primary education with gender equity by 2015, HIV/AIDS and other critical bottlenecks; focusing in particular on low and lower-middle income countries that could benefit from increased technical and analytical support to develop a National Education Sector Program. Priority is given to countries with insufficient donor support.
- Strengthen Government technical and institutional capacity to develop and implement policies and national education sector program with special attention to ensuring that capacity is strengthened to allow all children to complete at least a full cycle of primary education.
- Improve the understanding of issues that are key constraints to reaching EFA through support for regional studies, analytical work and strategies, which includes synthesizing and disseminating cross-country knowledge on what works and what works less well, and to ensure that findings of regional work is transmitted to countries;
- Strengthening governments' political commitment, consensus and ownership through policy dialogue and consensus building: (i) at the country level between internal stakeholders and with external partners; and (ii) at regional level through between senior policy makers in international, regional, national, donor and non-donor agencies."

<sup>6</sup> To make the figures comparable to those quoted for GDP growth below, those for aid exclude South Africa which, in 2004, accounted for 39% of SSA's total GDP, but only 6% of SSA's external aid for education. The figure for 2004 is the 2003-2004 average, see p. 346 of UNESCO (2006). This is in order to account for a very high 2003 figure and a lower 2004 figure. An important question is whether the decline in 2004 reflects a

which is included within ODA and accounts for about 10% of total ODA<sup>7</sup>, though the share is probably higher for education than for other sectors. However, it is important to note that there seem to be considerable uncertainty about both the magnitude and the growth in aid commitments<sup>8</sup>.

9. Notwithstanding the data uncertainty, it is clear that there has been a very positive development in external financing for education, particularly for SSA, and especially seen in relation to the decline in aid during the 1990s. While some would still classify the international community's follow-up to the 2000 Dakar World Education Conference as "timid" compared to the financing promises made, especially by the G-7, the follow-up has still been quite remarkable compared to that following the 1990 Jomtien conference. This is despite the fact that what needed to be done by countries and donors to reach EFA was as clear after Jomtien as it was after Dakar<sup>9</sup>.
10. The FTI partnership has been *one* important instrument in ensuring this better follow-up. Its establishment was an important part of creating a virtuous circle to renew efforts to achieve universal primary education through growing international support in favor of the EFA and education MDGs. Following a somewhat bumpy start, the partnership has been driven largely by a few key development partners into a growing movement in favor of increased external financing for education.
11. However, when it comes to discussing how to "broaden the reach of EPDF" it is important to keep in mind that – as indicated above and reflected in the FTI Indicative Framework -- to mobilize more *external resources* for education is only part of the FTI's overall objective. While this may be a necessary condition to reach EFA in some countries, it is certainly not sufficient, given that the overwhelming share of total education resources are - - and must continue to be -- mobilized domestically. Many would argue that *measured in terms of impact on the progress in achieving EFA in a sustainable manner*, the FTI's most important contribution for many countries should be to help ensure that increased external financing stimulates both an increase in domestic resource mobilization *and* a more effective use of all resources (domestic and external). EPDF is a key FTI instrument to help countries achieve this twin objective.

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stagnation of aid growth. Preliminary figures for 2005 suggest that the stagnation was reversed that year, though the level for 2005 was still estimated below the top registered in 2003.

<sup>7</sup> Source: UNESCO (2006), p.86.

<sup>8</sup> Preliminary updates of the figures shown in the 2007 Monitoring Report suggest that these may be considerably revised in the 2008 report in an attempt to ensure more complete coverage, and because of developments in the exchange rate between the US\$ and other major currencies. If confirmed, the new estimates would *raise* estimated aid commitment for SSA, and more so for 1999 than for 2004. In turn, this would lower the rate of growth during the period. Since the updated estimates are in constant 2005 US\$, they cannot be compared directly with the figures in the 2007 Report which were in constant 2003 US\$. Bearing in mind this problem of comparability, the revised estimates of aid commitments for SSA (excluding South Africa) was US\$1,711 million in 1999 and US\$2,176 million in 2005, which means an average annual growth rate over the 1999-2005 period of 4.1% rather than the 8.7% quoted above.

<sup>9</sup> For a substantive discussion of the issues to be addressed, see Lockheed and Verspoor (1990) and for an overview of challenges for donors, see Fredriksen (1990).

12. On this background, and using SSA as an example, the *most important impact on education budgets* during the last few years is the combination of (a) **resumption of economic growth**, and (b) **increase in the share of GDP devoted to education**. Measured in constant 2003 US dollars, SSA's GDP (excluding South Africa) increased from \$232 billion in 1999 to \$283 billion in 2004, (i.e., by 22% or 4% annually)<sup>10</sup>, and the share of GDP devoted to education increased from 3.8% to 4.6%<sup>11</sup>. This implies that, expressed in constant 2003 prices, public funding for education increased from \$8.8 billion in 1999 to \$13 billion in 2004, i.e., by \$4.2 billion (47% or 8% annually). Since a considerably part of external education funding is still in the form of projects, much such funding may not be included in public budgets and thus not in this estimate which should be regarded as a lower bound for total education financing.
13. In terms of explaining how the 47% increase in domestic funding came about, *statistically* it was due in about equal measure to resumption of economic growth (i.e, the 22% increase in GDP would have raised education funding by the same percentage even if the share of GDP allocated to education had remained constant), *and* the 21% increase in the share of GDP devoted to education (from 3.8% to 4.6%). Together, this “explains” 43 percentage points of the 47%. The rest was due to the combination of the two factors.
14. The above means that over the 1999-2004 period, domestic education funding grew at almost the same level as external funding<sup>12</sup>. Furthermore, these figures illustrate well that domestic funding accounts for by far the largest share of total education funding. Assuming that the above estimate of total funding includes all external funding, the share of external funding increased from 13.3% in 1999 to 13.7% in 2004<sup>13</sup>. Thus, in 2004, more than **86% of total education financing was contributed by domestic resources**. This shows the importance of using EPDF to help countries use more effectively total education financing rather than only the share of external financing.
15. Despite the approximate nature of the above figures, the overall positive trend in education financing is clear. To appreciate its importance to education in SSA one needs to bear in mind just what a major turnaround this strong growth of domestic financing represents compared to the 1980s and 1990s when financial constraints caused a major set back in the region's progress towards universal primary education (UPE). During the period 1980–1999, SSA's GDP grew on average by only 2.3% per year (i.e., negative per capita

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<sup>10</sup> Source: World Bank (2006). The figures shown in Table 2.1 of that publication, expressed in constant 2000 US\$, have been converted to 2003 prices (using data in Table 2.6) to be comparable to the data in the 2007 EFA Monitoring Report. Author's note: The difference in the figures shown above compared to those quoted in the draft version of this report is that the figures have been converted from 2000 to 2003 prices to ease comparison with the figures in the 2007 Monitoring Report.

<sup>11</sup> Source: UNESCO (2006), p. 320. The data available did not allow estimating the degree to which this increase in the share of GDP devoted to education was due to, respectively, an increase in the government's budget as share of GDP and/or an increase in the share of this budget devoted to education.

<sup>12</sup> If the data on external funding is revised as mentioned in footnote 7, then domestic funding would have increased much faster than external funding during this period.

<sup>13</sup> As already pointed out, the total is unlikely to include *all* external funds. If one assumes that the totals estimated do not include any external funding, this share drops to 11.8% in 1999 and 12.0% in 2004.

growth<sup>14</sup>) while the share of GDP devoted to education decreased slightly (from 4.1% to 3.8%). This means that education budgets increased by less than 2.3% annually, i.e., below population growth. **This is only one-quarter of the rate of growth between 1999-2004.** The impact of the stagnation in domestic financing was reinforced by a sharp decline in external financing during the 1990s.

16. The financing constraints resulting from the above developments reversed SSA's impressive progress towards UPE achieved during the 1960s and 1970s. On average, SSA's Gross Enrollment Ratio (GER) increased from 45% in 1960 to 80% in 1980, then declined to 72% in 1992, and only slowly regained its 1980 level by 2000. Expressed differently: While one-third of SSA's countries, covering about half of SSA's children of primary school age, had reached a GER exceeding 100% in the early 1980s, by the mid-to late 1990s, this had declined to 7 countries, covering only about 7% of the school-age population<sup>15</sup>. In short, there can be little doubt about the decisive role improved education financing has played in explaining the 27% growth in primary education enrollment that SSA achieved during the period 1999-2004.

#### **Change in modalities of external education financing.**

17. The positive trend in *overall* education financing has been accompanied with important changes in the modalities of *external* financing that all have implications for the EPDF. Three such changes will be highlighted below: (a) The trend towards budget support and multi-sectoral operations, (b) The creation of the Catalytic Fund in 2002 and its more recent expanded role, and (c) The increased cooperation among FTI partners around sector programs. The creation of the EPDF in 2006 represents a fourth change. Together these trends point towards a *considerable change in the international architecture for external financing of education.*

#### **(a) Trend towards general budget support and multi-sectoral operations.**

18. While it is difficult to quantify exactly how much budget support benefits education, there clearly is a marked international trend from project to programmatic aid provided through general or education sector specific budget support. Relying on the countries' own budget and administrative processes has many advantages over aid provided through projects operating in parallel to these processes. However, to fully harness these advantages often requires accompanying measures to counter the potential *unintended side-effects* of budget support that aid agencies have been slow to address. To illustrate, four such effects are mentioned below. *A common feature of these effects is that EPDF financing may help address them.* Part II lists some issues in this regard that the Task Force discussed during its meeting.

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<sup>14</sup> Average GDP per capita in SSA (excluding South Africa) decreased by some 36%, or 1.1% annually, during the period 1970-1997; see World Bank (2000).

<sup>15</sup> The seven countries that reached a GER above 100% during the 1970s and 1980s and have been able to maintain it are: Botswana, Cape Verde, Mauritius, Namibia, Seychelles, South Africa and Swaziland. The nine countries that achieved a GER above 100% but did not manage to maintain it are: Cameroon, Congo, Ghana, Kenya, Madagascar, Nigeria, Tanzania, Zambia and Zimbabwe. The former seven countries accounted for 7.4% of SSA's population of primary school age in 2004; the latter accounted for 42.4%.

- Reduction in technical strength of aid agencies. The trend towards budget support seems to be associated with declining education sector expertise in bilateral and multilateral *financing* agencies. With few exceptions, these agencies were very short on such expertise to start with<sup>16</sup>. The education expertise is especially marked when support for education is provided through general budget support operations (rather than through sector-specific operations), covering many sectors with just a few global performance indicators related to education. In fact, one reason for the move towards general budget support seems to be a desire by agencies to reduce “administrative” cost per dollar of the aid provided. However, to achieve this by reducing the level of technical support<sup>17</sup> accompanying their financing could be a flawed measure of efficiency if it reduces aid effectiveness. Thus, to help ensure that external aid achieves its desired impact, this trend needs to be given urgent attention by the FTI partnership. This is especially the case in SSA where the decline in technical support generally has not been matched by improved national capacity. Countries in other regions have developed better technical capacity and, even more important; have attained a level of economic growth enabling them to retain this capacity.
- Shift in responsibility for education from education specialists to generalists and/or and macro economists, and from headquarters to field: The shift towards economists and/or generalists reflects the trend towards *budget support* and *multi-sectoral operations*. This trend has benefits. For example, in addition to increasing national ownership and building capacity, budget support also helps elevate discussion of key education issues to a higher political level within governments. This has the potential of enhancing the attention given to macro and inter-sectoral issues, including within aid agencies. On the less positive side, this trend also tends to limit the agencies’ budgets for technical staff, and the responsibility for education sector dialogue is often shifted from education staff to macro economists or generalists. Thus, what is gained in improved focus on macro and inter-sectoral issues risks being lost by less focus on education-specific issues, *unless agencies retain their technical capacity in the education sector*. Especially in low-income SSA countries, *regardless of the funding instrument, aid agencies need to have the capacity to provide quality advice on macro and inter-sectoral linkages as well as ensure depth in the dialogue on education sector issues*. Finally, another ongoing shift in staffing is from headquarters to country-based location, internationally or locally recruited. This trend is not well documented, but seems marked in some multilateral agencies, e.g., the World Bank and also the AfDB, UNICEF and UNESCO. This development is positive for education if the local staff have the qualifications and seniority required to conduct high-quality sector dialogue.
- Reduced access by countries to externally-financed technical support. In addition to technical support provided by their own staff and/or consultants financed by them, aid agencies also fund such support through projects. This enables education ministries to draw on a variety of consultants, agencies, and academic institutions as well as to send staff for

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<sup>16</sup> The need to give more attention to accompanying program support with targeted project aid is stressed in the conclusion of the “Joint Evaluation of External Support to Basic Education in Developing Countries”, the Netherlands Ministry of Foreign Affairs, quoted in UNESCO (2004), p. 202.

<sup>17</sup> The term “technical support” is used quite broadly in this Note to cover the type of technical and policy advice the World Bank and other agencies normally have provided to countries as part of their overall aid.

training and knowledge exchange events. The move towards budget support has limited this source of funding, and it has proven difficult for education ministries to finance analytical work, knowledge sharing and technical support through the national budget process. One reason is that when aid is provided as un-tied budget support, the opportunity cost of this type of support becomes clear and ministries may prioritize other items. Another is the difficulty in the national budget process to prioritize the ministry of education over other ministries in a context of very tight budgets, especially for this type of “soft investments”. This constraint is particularly binding when budget support is provided through general rather than sector-specific budget support operations. Thus, if sector programs require special attention to this type of technical support, this may need to be financed through other instruments accompanying general budget support operations.

- Coordination, synergy and quality assurance of technical support. Presently, technical support is offered by a large number of fragmented providers, directly by aid agencies or indirectly through aid programs. Often, this market does not function well, and neither the providers nor the users are well informed about what expertise is available to most effectively address the problem at hand. Sometimes quality assurance of the support provided is inadequate, and financing provided by a particular donor may be tied to expertise from that donor country. While these problems are not a direct result of the trend towards budget support, they have been reinforced by the decline in the intermediary role played by technical staff in aid agencies. They have also been reinforced by the unfortunate long-term decline in UNESCO’s capacity to provide high-quality, independent technical and policy advice, especially within the framework of the sector programs. In short, there is currently a vacuum in this area and a real need to better coordinate the supply of technical expertise -- not only to ensure more effective use of the considerable resources used for this purpose, but also to ensure that low-capacity countries get the best quality advice available<sup>18</sup>.

(b) Creation and expansion of the Catalytic Fund (CF).

19. The establishment of the CF has not only created another source of education funding; CF-funded activities also involve work in terms of program preparation by the government, appraisal and endorsement of the program by the FTI partners, and monitoring of implementation. While the Government’s preparation work is eligible for support under the EPDF whether or not the program is supported by the CF, the other activities to be conducted by FTI partners prior to CF approval will need to be funded. The work involved will increase considerably as the expansion of the CF (to become the Extended CF -- ECF) will include more countries.

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<sup>18</sup> As an average for 2003-2004, 41.9% of overall ODA commitments for education was for “technical cooperation” (the figure for basic education was 26.7%), see UNESCO (2006), pp. 88-89. However, a finer analysis would be needed to assess how much of this is used for “technical support” as defined in this Note. First, the report shows that the share is much larger for high-income than for low-income countries (e.g., 20% of total ODA in SSA as compared to 60% in East Asia). Second, the major share of this category includes costs (scholarships and/or “imputed costs”) of enrolling students from developing countries in the country providing the financing (e.g., in 2004, this type of costs for higher education students accounted for 60% of total French bilateral education aid).

20. What role, if any, should the EPDF play in funding work related to education programs supported by the ECF beyond the preparation of such programs? To the extent World Bank task team leaders have been handling this type of work alongside their IDA work, who will do ECF-related work in case there is no IDA programs in a country receiving ECF funding? As discussed further below, this will become an increasingly important issue *if increased ECF funding substitutes rather than is additional to IDA funding*. For example, in view of the increased financing for primary education through the FTI partnership, and countries' natural preference for ECF grants over IDA credits, the World Bank's Africa Action Plan foresees a shift in IDA support from primary to post-primary education. Because Bank staffing is closely linked to lending operations, the shift has obvious implications for the possibility for work on ECF-supported activities to "piggy-back" on IDA programs.

(c) Increased donor cooperation around education sector programs.

21. Several factors have promoted this welcome development, including a move at the global level to harmonize procedures; follow-up on the EFA/MDG goals; increased focus on sector-wide programs; and creation of the FTI partnership. This increased cooperation, coupled with the drive to put the "country in the driver's seat" has also led to more formal coordination arrangements at the country level between the government and its development partners, coordinated by a "lead donor". With respect to the EPDF, this development has led to an urgent need to better define the respective roles and accountabilities of different partners – i.e., the Government; the in-country donor group; the "lead donor"; and the World Bank staff carrying the fiduciary responsibility for EPDF funds -- in preparing requests for EPDF funding and in monitoring the implementation of EPDF-funded activities.

(d) Creation of the EPDF.

22. Although the purpose of this note is to discuss use of the EPDF, it is still worth including the creation of this fund as one key recent change in the modalities of education financing. There are at least three aspects of this fund that make it innovative. **First**, it is a *multi-donor education fund*<sup>19</sup>. **Second**, in addition to country-specific program preparation work, the EPDF also supports *regional analytic, knowledge-sharing and policy development work*. This is very welcome given that donor financing for such *regional work* is generally much more difficult to mobilize than for country-specific work. Furthermore, because much of the regional work will be conducted by a variety of partners, this potentially makes the EPDF a very important instrument both for enhancing partnerships, promoting synergy and avoiding duplication in conducting such work, and for supporting the building of regional institutions that promote analytical work and policy dialogue (e.g., in the case of Africa, ADEA, CONFEMEN, Education International, education research networks, etc). However, as will be discussed further below, the EPDF's support for regional activities presents a different set of management challenges from funding country-specific work. **Third**, while their role is still evolving, the EPDF's *regional advisory groups* offer a mechanism to promote agency collaboration in defining priorities for regional analytical work.

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<sup>19</sup> Previous education program preparation funds, such as the Norwegian Education Trust Fund on which the EPDF is modeled, were single-donor funds.

23. However, while these three factors represent EPDF's main innovative features, EPDF funding of country-specific program preparation work is also very timely since it responds to a vacuum for such funding resulting from the move from project to budget support. Traditionally, agencies supported preparation work under ongoing projects. IDA also provided pre-financing through Project Preparation Funds, to be reimbursed when credits under preparation were approved. However, the move towards budget support and concomitant reduction in project funding has made such funding less available.

## **Part II: Summary of the Task Force's discussion and advice on EPDF funding.**

24. This part starts by reiterating the relative priorities for EPDF funding. It then summarizes the discussion and advice of the Task Force on broadening EPDF funding in the four areas proposed at the Cairo meeting. The presentation is organized around the questions raised in the "Issues Note" prepared prior to the meeting.

### **Priorities for EPDF funding**

25. The work under the four development objectives of the EPDF can be classified into three broad categories of activities to be funded:

- (a) Technical and analytical support to national teams for preparation of national education sector development programs;
- (b) Knowledge-generation through multi-country/regional studies and strategy formulation; and
- (c) Knowledge-sharing and policy dialogue through national and international fora to foster common understanding of issues and to build commitment to and ownership of reforms.

All activities should be conducted in a way that seeks to strengthen collaboration and synergy between the work of different partner organizations and that helps build capacity in the recipient countries as well as in regional institutions.

26. The first of the four issues raised by the Cairo meeting, i.e., *recipient vs. WB-execution at the country level* refers mainly to the type of country-specific policy- and program development activities included under point (a). The second and third issues i.e., *better collaboration with other partners*, and *responsive support for "Thematic Work"* are largely covered by the type of knowledge-generation and knowledge-sharing activities included under points (b) and (c). The fourth issue, i.e., to promote synergies between EPDF and other funds applies to all categories of EPDF funding.

27. With respect to the priorities for EPDF funding, the *Task Force confirmed* that:

(i) **The main priorities of EPDF funding are to support the three broad categories of activities listed above. Among these, program preparation and policy dialogue around national sector programs is the *first priority for funding*. Activities aimed at implementing elements of sector programs should normally *not* be eligible for EPDF funding. However, EPDF may provide *selective financing* for technical support, information exchange and policy-dialogue/development to help resolve technical or policy issues constraining implementation of ongoing sector programs.**

28. The Task Force also confirmed its support for EPDF’s “operating principles” which states that EPDF funding should “...be *additional* and not substitute for other available funding including resources from the country, Bank credits, donor grants or other support”. This said, it was recognized that while the cost-sharing principle is sound, the trend towards budget support is likely to limit “Bank credits and donor grants (other than EPDF)” as a funding source for program preparation. This reflects an important difference between the CF and the EPDF: While the former aims to be a financing source of “last resort”, filling financing gaps in sector programs, because of the financing scarcity for the type of work it supports, the EPDF will often be *the major – sometimes the only* – source of financing for the type of “public good” work it is designed to support. Furthermore, Task Force members stressed that the EPDF often is a favored source of funding because of its flexibility, because it is the only existing multi-donor fund of this type, and because it specifically supports activities that will promote synergy and harmonization among donors.
29. The “Issues Note” suggests that the annual financing needs for program preparation may soon level off, given that the cost per program is fairly fixed and the number of funding requests received each year is increasingly for updating and/or expanding the coverage of existing programs<sup>20</sup>. This said, in the future, the FTI partners could decide to devote more EPDF resources to provide “implementation support”, i.e., to help countries resolve technical or policy issues constraining implementation of their ongoing sector programs. One example is to support “technical teams” as recommended under point (xi) below. However, if the annual contributions to the EPDF increases beyond a certain limit, this means *more resources available for regional knowledge generation, dissemination and exchange*. This development is important for two reasons:
- As argued above, increased funding for *regional work* is a welcome development because funding for such *work*, including for activities to enhance the synergy among work sponsored by different agencies, is comparatively much more scarce than funding for country-specific program preparation work;
  - The *implementation mechanism* required for regional activities is different than for country-specific work. Many regional activities will be executed by partner agencies and offer considerable scope for increased cooperation among agencies. As discussed below, this makes it important to review the respective *roles and accountabilities* of the World Bank as the EPDF and executing agencies’ staff in preparing, reviewing, approving, monitoring, quality assurance and reporting on such work.
30. We now turn to report on the Task Force’s discussion of the broadening of EPDF funding in the four areas discussed at the Cairo meeting, bearing in mind possible implications of the emerging trends in external aid for education highlighted in Part I.

### **Recipient vs. Bank-execution at the country level**

31. This is the first area for broadening EPDF funding proposed in Cairo. In terms of responsibility for execution of EPDF-financed activities, there are two categories of

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<sup>20</sup> To illustrate, during the operation of the Norwegian Education Trust Fund (NETF) in Africa, financing per country fell in the \$400-600,000 range, depending on country size and whether or not programs needed to be prepared for individual states in federal nations. Chris Thomas estimated average EPDF-financed cost per country in East Asia during the first year of EPDF operation at about \$300,000.

recipient: **Governments** and **partner agencies**. As indicated above, the two categories require different administrative arrangements, which means that the issues involved are different and therefore need to be discussed separately. This section starts by reporting on the Task Force’s discussion of the principle benefits sought through recipient execution, whether by governments or agencies (point (a)). It then reports on the discussion of some issues related more specifically to *government* execution (point (b)), and to the responsibilities of the World Bank and in-country donors (point (c)). This is followed by a summary of the Task Force’s discussion of activities executed by *partner agencies*.

(a) Why recipient execution of EPDF-financed activities?

32. What is the principle benefits sought through recipient execution of EPDF-financed activities? The question is important because one of the main underlying concerns with World Bank-execution seems to be a feeling that the Bank, as the trustee of the EPDF, is the principle beneficiary of these funds. The “Issues Note” suggested that *if* the main reasons for calling for recipient execution are (i) a perceived “World Bank capturing” of EPDF funds, and (ii) the need for executing agencies to follow World Bank procurement rules and approval and reporting processes as long as the Bank is the trustee of the EPDF, then the Task Force might want to consider whether to advise FTI partners to channel the part of the EPDF designed for agency execution directly to these agencies rather than through the World Bank.

33. In their discussion, members of the Task Force emphasized that the real issue is who decides on the allocation of EPDF funds and who executes EPDF-funded activities. Closer involvement of countries, local donors and agencies other than the World Bank in these two areas would both limit the perceived “World Bank capturing” of EPDF funding, and increase the ownership of these other key stakeholders. However, while having several EPDF-type of funds managed by different agencies could improve ownership it would also increase transaction costs and shift a lot of administrative hassles (now largely carried by World Bank staff!) to the recipients. In addition, whatever agency is the trustee of EPDF funds would need to show the same fiduciary diligence in fund management as done by the World Bank.

34. In concluding this discussion, the *Task Force recommended* that:

**(ii) To channel EPDF resources through one single Fund managed by the World Bank helps minimize fragmentation and overall transaction costs<sup>21</sup>. Therefore, the main concern of broadening the involvement of countries and agencies other than the WB in both (a) EPDF funding decisions and (b) execution of EPDF-funded activities, should be addressed within the current arrangement of the WB remaining the trustee of the EPDF.**

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<sup>21</sup> Author’s note: Based on my own experience of having managed trust-funded work programs executed by other agencies than the World Bank, I can attest to that the vetting, approving, monitoring and reporting on such work programs is a time-consuming and somewhat thankless task. But this work is essential to ensure that budgets are reasonable, that products meet some minimum threshold for quality, that agencies are treated in an equal manner, and that the content of the programs is consistent with the objectives of the trust fund. Yet this exercise of due diligence may be perceived as the EDPF trustee capturing the funds. To avoid this unnecessary misunderstanding and to reduce the high transactions costs involved, some World Bank staff prefer, on balance, that the EPDF donors channel resources directly to the agencies that they wish to support, instead of through the World Bank (see also comments in para. 51, point 1).

35. To help start this process, the *Task Force recommended* that:

**(iii) The following four actions be taken to broaden the involvement of recipient countries and executing agencies (other than the World Bank) in EPDF funding decisions and execution:**

- **Improve the knowledge of how EPDF works:** The World Bank should develop a short *Explanatory Note* for in-country donor groups and other potential recipients of EPDF funds, describing how the Fund works. In particular, the implications of the Bank's fiduciary responsibilities as the trustee of EPDF on its roles and accountabilities are not well understood. Therefore, the Note should summarize these roles and accountabilities as well as those of the government, the in-country donor group and the lead in-country donor (or the partner agency for agency-executed grants). The note should also explain the Bank's processing of the grant agreements or contracts needed to disburse funds;
- **Stimulate ownership of in-country donors and government:** Require sign-off on major country-specific EPDF funding requests by three parties: the Government, the in-country lead donor and the World Bank task manager;
- **Involve Regional Advisory Groups in defining regional work programs:** These groups are involved in reviewing the annual work programs proposed to the Strategy Committee for financing. The Africa Region plans to test a process for keeping its Advisory Group informed during the year about major regional activity by sharing concept notes or similar documents as appropriate. The challenge is to keep the process informative while minimizing the transactions costs and allowing the task teams to implement their work;
- **Enhance the responsiveness and flexibility of EPDF funding:** This requires actions on part of the trustee to expedite processing and limit bureaucratic hassles for regional World Bank staff responsible for processing EPDF funding requests, and on the part of in-country lead donors and beneficiaries to play effectively their respective roles in preparation, review, approval, implementation, quality assurance and reporting of EPDF funding. These different roles will be spelled out in the *Explanatory Note* referred to above.

36. In addition, to further broaden the involvement of recipient governments and in-country donors in decisions on allocation and use of EPDF funds, Task Force discussed establishing **“notional” annual EPDF allocations for all countries**. The idea would be that *all* countries eligible for EPDF funding would receive an initial rather “small” allocation for work decided upon at the country level, and spent in a way consistent with the rules governing EPDF fund use under World Bank trusteeship. The approach would have advantages such as:

- It would help enhance the image of the EPDF as a “joint fund” available at the country level for activities decided upon and implemented by the in-country actors. This would contribute to increased ownership by these actors, and encourage them to initiate more requests rather than relying on WB staff;

- It would introduce a combination of *scarcity* (the “notional allocation” would be quite small) and *competition* for more funds over and above this initial allocation. Together these two factors would help ensure that only priority activities would be funded.

37. However, other members asked that before proceeding with this idea, further reflection would be needed on how to avoid that these allocations become “entitlements” and used to fund activities that may not have high priority for EPDF funding. Also, given the number of low-income countries, even a fairly low notional allocation for each country could risk blocking a large share of EPDF resources. Finally, because of its fiduciary responsibility for the Fund, the World Bank would need to review and approve the activities for which these notional allocations would be used. This would involve considerable work for those managing use of the EPDF funds at the regional level in the World Bank.

38. In conclusion, the Task Force did not have sufficient time and background information to adequately weight the pros and cons with respect to this proposal. Therefore, this report includes this proposal among the issues listed in Part III for further discussion.

(b) Government vs. WB-execution at the country level

39. The main reason for exploring shifting execution of country-specific EPDF-financed activities from the WB to the government is to enhance the latter’s ownership of these activities. However, the exact procedures for Government-executed activities and accountabilities for the World Bank as trustee of the EPDF would need to be further clarified. Also, EPDF grants are in practice quite small, and some past experience cited by Task Force members regarding government execution of the type of knowledge-development and sharing work financed by the EPDF could be quite time-consuming and cumbersome. Because of these and other reasons, the *Task Force recommended* that:

**(iv) Government execution of EPDF-financed activities should not be the general rule, but should be an option when warranted by special circumstances.**

40. The Task Force also discussed whether governments which benefit from CF/ECF grants could benefit from *government-executed* EPDF grants as well. The Task Force reiterated its recommendation under point (iv) above that while this should be an option, it should not be the preferred one. Also, as indicated by recommendation (i), EPDF may provide *selective financing* for technical support during program implementation (this applies whether or not the program receives CF/ECF support). Finally, given that transactions costs of fragmentation are high, countries receiving ECF grants should benefit from support for resolving technical and policy issues occurring during program implementation through technical assistant components included *as a routine* part of their ECF allocations.

41. However, the Task Force recognized that even countries that benefit from CF/ECF grants may need EPDF-financed work *managed by the World Bank or other partners* since a part of the program preparation work EPDF now supports benefits both the countries *and* FTI partners. This is, for example, the case for basic analytical work -- such as Country Status Reports -- which contributes in an important way to the analytical underpinnings of sector programs. Thus, while the preparation of sector programs clearly is a government responsibility and should be managed by them, FTI partners will need to ensure that they have the independent knowledge required to evaluate these programs. In the Africa

Region, a lot of this analytical work is financed by the EPDF, and managed by the World Bank or other partners (e.g., the Pôle de Dakar). In summary, *the TF recommended* that:

**(v) Countries receiving EC/ECF grants should also be eligible for EPDF-support managed by the World Bank or other partners to help conduct the analytical work required to underpin and evaluate sector programs. Furthermore, countries receiving ECF grants should benefit from support for resolving technical and policy issues occurring during program implementation, preferably through technical assistant components included as a routine part of their ECF allocations.**

(c) Roles and accountabilities of key actors involved in EPDF

42. The “Explanatory Note” referred to as part of recommendation (iii) above will summarize the roles and accountabilities of key actors involved – i.e., the government, the lead in-country donor, and the World Bank as trustee -- in preparing, reviewing, approving, monitoring, assuring quality, and reporting on country-specific work, whether executed by the Governments or the World Bank. Thus, these roles and accountabilities were not discussed in detail by the Task Force.

43. However, the Task Force did discuss in general terms how some of the ongoing changes in the international aid architecture might affect the role and management of EPDF-financed work. In particular, how should such work be managed in countries where there is no IDA program supporting EFA? In countries with such programs, World Bank education staff manages EPDF-financed work through well-established mechanisms for preparing IDA programs. However, Bank budget procedures link staffing closely to IDA credits. Therefore, a future reduction in IDA’s support for EFA would limit the possibility for work on ECF- and EPDF-supported activities to “piggy-back” on IDA programs and staff<sup>22</sup>. This is one of the ongoing changes in the international aid architecture highlighted in Part I of this report.

44. The *Task Force expressed concerns* that little high-level agency attention (including in the WB) is given to how these changes may affect FTI partners’ *combined* technical capacity to accompany their financial aid through budget support with high-quality sector policy dialogue and technical support during program preparation and implementation. Because addressing this issue went beyond its terms of reference, the *Task Force recommended* that:

**(vi) The FTI partners urgently explore options for addressing the apparent decline in their technical capacity in the education sector resulting from the current evolution in the international architecture for education aid.**

**(vii) The World Bank reviews its options for responding to this evolution by developing instruments permitting it to maintain a credible staff capacity to support EFA including the ECF even if IDA credits for EFA were to decline. This could be achieved by financing staff to produce outputs other than IDA credits, essential to effective and sustainable EFA**

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<sup>22</sup> This may happen even if such work can be funded by ECF/EPDF since there may not be any IDA staff to support (unless long-term arrangements are made to allow for recruitment under these funds).

**policies and programs at the country level, e.g., analytical work, policy advice, and support for FTI processes and products. Such “new products” may be combined with an effort to ensure that all countries receiving ECF support also have at least a small IDA education EFA operation to complement this support.**

45. Furthermore, the greater involvement of in-country donors in EPDF funding decisions and implementation called for under recommendation (ii) above will require proactive engagement on part of in-country *lead donor agencies*. In turn, and in line with the ongoing move towards budget support and agency decentralization to country-based staff, to play this role effectively will require that lead agency staff at the country level have the *technical expertise required to conduct credible sector dialogue*. It will also require that their responsibilities and accountabilities vis á vis other partners be clarified. Again, because addressing this issue went beyond its terms of reference, the ***TF recommended*** that:

**(viii) The FTI partners urgently agree on what is required for an agency to take on the roles, responsibilities and accountabilities of being “in-country lead agency” for the FTI partnership including for EPDF-financed activities.**

#### **Use of EPDF to promote better collaboration among agencies**

46. This is the second area for broader use of EPDF funding proposed by the Cairo meeting. The ***Task Force underlined*** that closer collaborations between FTI-partners as well as between them and other institutions is essential for achieving more effective aid, both in terms of harnessing synergy between aid provided by different partners and by limiting duplication and promoting greater complementarity and reliance on the comparative advantage of each agency. Such increased cooperation and drawing on each others comparative strength will grow even more important in the future if the trend towards budget support leads to further reduction in individual agencies’ education staff capacity.

47. The obvious starting point for closer cooperation is among the in-country donors with respect to EPDF-financed activities in their country. However, EPDF can now also provide grants in support of regional activities executed by partner agencies. As argued above, the current interest of FTI partners in supporting EPDF hopefully will lead to a level of funding exceeding that required for country-specific program preparation. This development would offer a very welcome increased scope for using EPDF proactively to enhance cooperation among FTI partners in conducting regional analytical work, policy dialogue and knowledge dissemination. In addition, at least in the Africa Region, this will also help build *regional capacity*, e.g., through the support provided to institutions such as ADEA, the Education Communication Program (COMED), FAWE, PASEC, CONFEMEN, Education International, BREDA and Pôle de Dakar, and the African Association of Universities.

48. As a basis for this discussion, the ***Task Force recommended*** that:

**(ix) All agencies executing EPDF-funded activities must do this in a way that seeks to stimulate increased collaboration and synergy among the agencies, and pay due attention to linkages between education and other sectors. Furthermore, most agency-executed activities are organized at the country level in close cooperation with the host**

**government<sup>23</sup> and national and/or regional institutions. This offers an occasion to strengthen the capacity of these institutions as part of the process.**

49. Following the “Issues Note”, the Task Force considered two main ways in which EPDF may support increased collaboration among agencies by providing financial support for:

- Regional analytical work, policy dialogue/consensus-building and knowledge dissemination conducted by different agencies; and
- Technical team(s) established or managed by one or more partner on behalf of the FTI partnership to provide technical support to countries in the development and/or implementation of sector programs (e.g., the Pôle de Dakar).

(a) Regional analytical work, policy dialogue and knowledge dissemination

50. This is perhaps the most obvious way of “broadening EPDF funding” as called for by the Cairo meeting. It is also a very attractive way, both because of the comparative shortage of financing for this type of regional activities and because of the way EPDF can stimulate cooperation among partners, limit duplication and harness the agencies’ comparative strength. However, to benefit from the welcome opportunities to expand regional work offered by a growing EPDF poses two challenges:

- First, as reflected by recommendation (ii) above, this expansion needs to be done in a way that broadens the involvement of agencies other than the World Bank in both EPDF funding decisions and in execution of EPDF-funded regional activities. This requires that the respective roles and responsibilities of the World Bank as trustee of the EPDF, and partner agencies executing EPDF-financed work are clarified; and
- Second, the Bank’s capacity to manage increased EPDF grant-supported work by partner agencies may need to be strengthened.

51. As regards the first point, country-based program preparation work executed by the World Bank follows well-established formal procedures for approval, quality-assurance, monitoring and reporting which are executed by the Bank education task team leaders to whom this work has been assigned. These procedures are not equally appropriate for partner-executed activities. The process followed for grants provided by the Norwegian Education Trust Fund (NETF) for work conducted by partners may serve to illustrate this point. The World Bank managed such work through a three-step process:

1. Review and approval of funding requests: This function was performed by those in the World Bank charged with NETF management. The process included first an assessment of whether the request met NETF eligibility criteria. Next, for eligible requests, a dialogue was engaged with the partner on the activity’s substantive program and budget. Other important considerations included the relevance of the activity to issues countries faced in developing and implementing their sector programs,

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<sup>23</sup> In some cases, regional knowledge-sharing activities may be executed by a government rather than an agency, e.g., South Africa organized with NETF funding an Africa-wide conference on distance learning. More common however is a situation where a government co-sponsors with one or more development partners the organization of such activities and where the partners bear the main responsibility for preparing the substantive program of the event and EPDF provides financial support for the organization.

substantive and financial contributions to the activity by other partners, and the extent to which the activity promoted synergy between the works of different partners.

The experience gained is that this reviewing and approval function is very important to ensure reasonable quality of content and realistic budgets as well as to encourage involvement of different partners in line with their interest and comparative advantage. On the other hand, this can be a thankless and delicate process, sometimes leading partner agency staff to feel that rigorous review of funding requests by the World Bank as trustee of the funds may reflect unwillingness to support activities conducted by other partners. In addition, as discussed below, the process is quite time-consuming;

2. Preparation of the legal instrument: Once the activity had been approved in principle for NETF financing, a Memorandum of Understanding (MoU) was signed between the World Bank and the concerned partner, and the resources were transferred to the partner. The development of the MoU was a quite rapid process; it was drafted by the Bank staff responsible for NETF management following a fairly standard model, revised as needed following comments from the executing partner agency, and signed by the World Bank and that agency.

3. Implementation, quality assurance and monitoring of delivery: The MoU would outline the respective responsibilities of the World Bank and the partner. It would typically specify that every aspect of execution, including quality assurance, use of funds and auditing, would be the responsibility of the partner. When the activity was completed, the partner would submit a succinct completion report to the Bank, summarizing the outcomes of the activity and the use of funds.

52. In short, for NETF, the World Bank played an important role in the review and approval phase of funding requests. The implementation phase was largely left with the executing partner, and there was no systematic evaluation on part of the Bank of the outcomes.

53. The Task Force discussed this process and agreed that steps 1 and 3 are appropriate for management of the EPDF as well. The “Issues Note” prepared prior to the meeting had pointed out that MoUs of the type used by the NETF (step 2 above) have recently been replaced by grant agreements. The use of these agreements for EPDF-funded activities are still evolving, and the experience has proven both cumbersome and time consuming<sup>24</sup>. However, this is expected to improve as more experience is gained. Clearly, speedy processing is important if EPDF is to become the flexible and rapid financing instrument originally foreseen. The alternative of using sole source contracts between the World Bank and the executing agencies in stead of grant agreements was suggested, but the extent to which use of this instrument would shift the responsibilities under step 3 above from the executing agency to the WB would need to be clarified.

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<sup>24</sup> The “Issues Note” listed 12 steps (largely internal to the World Bank but also on the side of recipient agencies), requiring about 18 weeks to complete before disbursement could be made for these two grants.

54. In conclusion, the Task Force concluded that the processes followed for the NETF with respect to the review, approval and implementation process seem suitable for the EPDF as well, and *recommended* that:

**(x) The World Bank as trustee should manage the review and approval phase of EPDF funding requests, while the responsibility for the implementation phase, including quality assurance, reporting and accountability for fund utilization should largely be left with the executing partner. The respective responsibilities of the World Bank and the executing partner will be spelled out in the “Explanatory Note” (see recommendation (iii)), and approved by the concerned legal and trust-fund services in the World Bank to ensure that the processes recommended are consistent with the rules governing the Bank’s accountabilities as trustee of the EPDF.**

**(xi) The process of preparing the legal instrument for transfer of resources from the World Bank as trustee to the executing partner needs further refinement to both ensure that EPDF-financing can be approved quickly in response to evolving needs, and that the work involved becomes far less cumbersome, time-consuming and frustrating to all parties involved.**

55. The second challenge of partner-executed activities mentioned above is that while country-specific program preparation activities so far have been managed by World Bank education staff and have been able to “piggy-back” on ongoing IDA-supported education work programs, this will seldom be the case for regional activities simply because IDA finances very few such activities. As indicated above, to conduct the reviewing and approval functions involve considerable work, especially if the volume of partner-executed work is to increase as suggested by the Cairo meeting, and the ongoing changes in the World Bank with respect to adopting even more rigor in the management of trust funds continue to prove both cumbersome and time consuming. Using NETF as an example, that Fund financed a few selected staff recruited expressly to manage regional activities supported by the Fund<sup>25</sup>. The same may be necessary for the management of EPDF-financed activities.

**(b) Support for regional technical teams to provide technical support to countries.**

56. Part I of this Note highlighted how some emerging trends in modalities of providing external aid for education, and especially the move towards budget support, has reduced both the capacity of aid agencies to accompany their financial aid with technical support and the possibility for countries to finance technical expertise through external aid. The discussion also drew attention to the lack of coordination in the provision of technical support by different agencies. Finally, the discussion stressed that, especially in SSA, to promote more effective use of all education resources, there is still a need to accompany increased financial support with technical support.

57. The Task Force explored various option of using EPDF to provide such support. Referring to the discussion of capacity-development (see Part III below), the support should be

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<sup>25</sup> This included a girls’ education specialist; an adult education specialist; a principal economist to support preparation of sector programs; a specialist to help include the impact on HIV/AIDS into education programs, and a former African minister to lead high-level policy dialogue on education reforms. While most of their work was devoted to implementing NETF-financed regional activities, they were also worked with partner agencies to develop and process funding requests for approval by NETF management.

provided in a way that helps build national capacity by helping countries better mobilize, utilize, strengthen and retain *existing national capacity* rather than providing traditional training and long-term technical assistance that often ends up substituting for national capacity. Depending on the problem in question, EPDF could finance *punctual technical support*, including from education specialists in neighboring countries, on demand from the country or its local donors. To establish and maintain a “mechanism” to provide such high-quality support in a rapid, coordinated and sustained manner would, however, be quite challenging.

58. In this connection, the Task Force discussed whether one way of meeting this challenge could be to make *specialized technical teams*, established for a time-bound period in existing institutions, eligible for EPDF support. The Pôle de Dakar<sup>26</sup> was mentioned as one example. The advantages of such teams include that they can bring together a critical mass of expertise in a given area for a time-bound period, available – on demand from governments and agencies – to provide rapid support (rapid because they are already financed). While some Task Force members suggested that the same result might be achieved by selecting through competitive bidding specialized consultancy firms and institutions, other argued that the capacity-building needed in a few key areas in many low-income countries in many cases would be better served through specialized technical teams such as the Pôle de Dakar which could provide sustained support over time. The Task Force concluded that both approaches are viable options, depending on the country and the expertise available internationally the particular area. Finally, if EPDF were to provide support for such teams, it would be important to study the pros and cons for providing this support as part of allocations to countries rather than directly to the teams.

59. The Task Force concluded this discussion by *recommending* that:

**(xii) Technical teams such as the Pôle de Dakar should be eligible for EPDF support.**

#### **Providing “responsive support” for ‘Thematic Work’**

60. This is the third area where the Cairo meeting suggested a broadening of EPDF financing to provide support: “...at the global level for institutional capacity and knowledge sharing in areas where there is a need for a broader perspective that would go beyond the mandate of one region. Such a support could also be used for preparing synthesized reports on key findings from the knowledge generated from these activities and lessons learnt”. The Task Force agreed that this would be a highly desirable way of broadening EPDF funding and it *recommended* that:

**(xiii) Global/multi-regional studies and activities should be eligible for EPDF funding. However, due care must be given to avoid overlap with work financed by other trust funds. Also, the process for selecting, managing and implementing this type of work needs to be determined. The Task Force suggested that the topics be selected by the Strategic Committee, the process be managed by the FTI secretariat, and the work be executed by various partners including the World Bank’s education Hub.**

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<sup>26</sup> The Pôle de Dakar comprises a team of technical staff focusing on supporting countries conducting high-quality technical and policy analyses of their education systems. The team is currently largely financed by France and located at UNESCO’s Regional Office for Education in Dakar, Senegal.

### **Synergies with existing Trust Funds**

61. This is the last point for review of EPDF funding suggested by the Cairo meeting. The idea is to: "...identify key priorities to be funded under the EPDF in a manner that strengthens synergy with other Trust Funds such as the BNPP and define key outcomes that would be expected from activities funded under the EPDF".
62. The Task Force underlined the importance of clarifying the respective priorities for different trust fund and the care needed to avoid overlap. Also, some donor representatives on the Task Force underlined that their agencies bear a particular responsibility in avoiding overlap between the different funds they provide.
63. However, Task Force members also stressed the need to be pragmatic since well-designed single-donor trust funds, focusing on particularly important areas may considerably limit transaction costs and facilitate timely responsiveness to country needs. For example, in addition to the EPDF and some smaller donor contributions, after the closure of the NETF, the Africa Region manages two other education trust funds: The Irish Education Trust Fund (IETF) and the Norwegian Post-Primary Education Trust Fund (NPEF). The three funds complement each other: The IETF focuses on issues related to teachers, the NPEF on issues related to post-primary education, and the EPDF largely to issues related to EFA, but including the preparation of sector-wide programs as part of the preparation of a sustainable EFA plan. In addition, the region may benefit from global trust funds.
64. In summary, the *Task Force agreed* that:  
**(xiv) All trust funds, including the EPDF, needs to be used in a way that benefits from the comparative advantages of each fund, strengthens the synergy among them and avoids overlap and duplication. Within the World Bank, this process is generally best managed by the respective regional managers.**

### **Part III: Other issues deserving urgent Strategy Committee attention**

65. In addition to reviewing ways of broadening EPDF funding in the areas suggested by the Cairo meeting, the Task Force considered three additional concerns that it would like to *draw to the attention of the EPDF Strategy Committee*.
66. First, the representative from the Netherlands proposed that **EPDF funding be broadened to give more attention to post-primary education**, particularly at the secondary level. In most countries, strong growth in primary education is putting enormous pressure on the system, particularly on expansion of secondary education, and governments are asking for additional help in this area. Moreover, in order to enhance expenditure effectiveness in the education sector as a whole, intra-sectoral linkages need to be optimized, trade-offs recognized and choices made that deal with the education system in a holistic manner. To enable partner countries to do this, EPDF-type support needs to have a more sector-wide focus.
67. This proposal received general support from Task Force members, especially from Norway which already has established a special trust fund for post-primary education for SSA countries. The Task Force noted that the FTI endorsement process is based on sector-wide programs and that the EPDF thus already supports the preparation of programs covering all levels of education. However, the reality is that the main focus of the preparation work for

these programs usually is on primary education. Countries need to do much more work on exploring options for addressing the rapid social demand for post-primary education in ways that are financially sustainable, equitable, and respond to the demand for skilled labor. In most cases, a “linear” expansion of the existing post-primary system will not meet these challenges. Therefore, the Task Force agreed that more emphasis must be given to helping countries developing such policy options within the context of their sector-wide programs, and *in ways that do not put at risk the attainment of EFA*. A proactive approach to address the demand pressure on post-primary education may in fact be a necessary condition for avoiding that resources are not diverted from primary education in order to respond to this pressure.

68. The *Task Force suggested* that a pragmatic way to start would be to:

**(xv) Open a second window in the EPDF to receive contributions from interested partners to help deepen the knowledge base, foster dialogue and assist countries in developing sector programs that better address the rapidly growing social demand for post-primary education in ways that are equitable, financially sustainable, responsive to the demand for skilled labor, and do not put at risk the attainment of the EFA goals.**

69. This arrangement would have advantages such as enhancing use of sector-wide approaches in policy and program development, and avoiding the transactions costs of having multiple funds. Some Task Force members nonetheless noted that the bureaucratic “mechanics” of creating this separate window in EPDF might be similar to creating a new separate multi-donor trust fund. This aspect would need to be examined. Furthermore, the various existing funds (e.g., the Irish Education Trust Fund, Norwegian Post-Primary Education Fund) have some unique advantages (e.g., the interactions between the trustee and the donors are very easy to manage). These advantages should be weighed against the benefits of consolidation, should a new window be created. Finally, Task Force members suggested that because of the complex nature of the issues in post-primary education and the many knowledge gaps, the funding will need to provide sufficient scope for exploration and testing of new ideas. On the other hand, parts of the work may also need to be proactively directed towards widely recognized challenges and knowledge gaps.

70. The second area discussed was the urgent need for education policy and program development work in **fragile states**. This issue was in particular put forward by DfID’s representative on the Task Force. To address this need, the *Task Force recommended* that:

**(xvi) Particular attention be given to helping fragile states access EPDF funding to develop policies and programs and solve technical issues related to implementation.**

71. To achieve this, the Task Force urged that options be explored for “piggy-backing” such funding on existing programs conducted by partners which have a strong and proven track record of effective engagement on education in such environments. For example, in the Africa Region, an EPDF grant for work in Somalia led by UNICEF is under discussion.

72. Finally, the third area discussed was use of EPDF funding for **capacity-development (CD)** in the education sector. This issue was in particular stressed by Germany’s representative on the Task Force. The *Task Force agreed* that:

(xvii) EPDF's *main role* in CD is to help develop strong CD components as a standard feature of all sector programs, financed and implemented as an integral part of these programs. In addition, while EPDF is not a CD facility *per se*, all EPDF support for sector program preparation and implementation through analytical work, policy-workshops, south-south cooperation, study tours, and similar activities should be provided in a way that proactively helps develop and utilize national and regional expertise.

73. In addition to the above and in accordance with recommendation (v) above, the Task Force advised that consideration be given to providing countries receiving ECF grants with support for CD activities through technical assistant components included *as a routine* part of their ECF. This would help address the need for access to flexible sources to finance CD needs (beyond those provided by the EPDF) of countries receiving their external financing largely through budget support. However, to explore this or other options for financing CD was not within the Task Force's terms of reference. Therefore, this is an area that may need further attention from the FTI partnership, for example, through the work conducted by the FTI working group on capacity building.

74. In addition to the above three points, the Task Force discussed several important issues related to the impact of the ongoing **changes in the international architecture for education aid**. This discussion is summarized in paragraphs 43-45, leading to recommendations (vi), (vii), and (viii), and some background for the discussion is provided in paragraphs 17-23 of Part I.. Suffice it to reiterate the main conclusion which is **the urgent need the FTI partners to explore options for addressing the apparent decline in their technical capacity in the education sector resulting from the current evolution in the international architecture for education aid**.

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75. Finally, while again not part of its terms of reference, the Task Force briefly discussed how the impact of EPDF may be monitored over time. It *recommended* that:

**(xviii) External evaluations of the EPDF should be conducted every 3-5 years, and that a set of indicators should be developed to assess the Fund's impact in each of the three main category of activities.**

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