

For questions or feedback
please contact:

Cris Revaz

Executive Director
Basic Education Coalition
crevaz@aed.org
202-884-8772

John Ruthrauff

Senior Manager of Member
Advocacy
InterAction
jruthrauff@interaction.org
202-552-6523

Contributors

- Basic Education Coalition
- Global AIDS Alliance
- Global Campaign for Education
- InterAction
- RESULTS
- Save the Children
- Water Advocates

www.InterAction.org

1400 16th Street, NW
Suite 210
Washington, DC 20036
202-667-8227

Basic Education

To leverage President Obama's commitment to erase the global primary education gap by 2015, the United States should scale up its investment in international education aid, and improve aid effectiveness by leading a transformation and re-launch of the Fast Track Initiative (FTI) (www.education-fast-track.org) as an independent, democratic and fully resourced global financing mechanism for Education for All (EFA). The IMF needs to reform its pro-cyclical macroeconomic policies,¹ which prevent sufficient developing country investments in education systems. In line with this strategy, we ask the United States to urge G8/G20 leaders in Canada to adopt the following recommendations.

Recommendations

InterAction's G8/G20 NGO Coordination Group urges the U.S. government to take a strong leadership role at the June 2010 G8 Muskoka Summit and G20 Toronto Summit. We request that the following recommendations be included in the respective communiqués.

1. Commit the G8/G20 to provide the annual \$16 billion in external aid that UNESCO (www.unesco.org/en/education) estimates is necessary to reach Education for All by 2015, and convene a donor pledging conference in 2010 that implements this commitment;
2. Strengthen the multilateral elements of global education assistance by transforming, financing and re-launching the Fast Track Initiative (FTI) as a fully independent institution which advances new sources of funding, meaningfully engages all stakeholders, monitors funding flows and donor adherence to their commitments, and extends its impact within low-income countries, areas of fragility and conflict, and other places where out-of-school children reside. A streamlined and efficient aid architecture should also help leverage bilateral education assistance strategies that are guided by principles of aid effectiveness and aligned with the six EFA2 goals.
3. Pro-actively promote and approve IMF programs for low-income countries (LICs) which explicitly employ counter-cyclical policies³ that allow expanded public sector spending for education: expand inflation and deficit spending targets during the economic crisis; dismantle IMF traditional macroeconomic conditionality of single-digit inflation and limited deficit spending; support countries' alternative macroeconomic models, which account and plan for the long term benefits of public investment in education and human development.

Background

(1) Address the funding gap while ensuring accountability for commitments to fill the financing gap in education: Recalling the G8 communiqués in LAquila (2009), Hokkaido (2008), Gleneagles (2005), Kananaskis (2002), and Okinawa (2000), regarding EFA, the G8/G20 should reaffirm this commitment to the Millennium Development Goals of universal primary education and gender equality at all levels of education, and resolve to help countries,

with increased attention to emerging and conflict-affected states, girls and marginalized populations, achieve the goals of the EFA agenda.

The 2010 EFA Global Monitoring Report estimates that \$16 billion annually in external aid is required to achieve universal primary completion, increase literacy rates and expand early childhood development programs. The G8/G20 should reaffirm a commitment to achieving this funding level, and strive to fully finance national education plans of all LICs which face severe financing gaps to achieve Education for All. We support the convening of an international donor pledging conference in 2010 of all G8/G20 representatives to implement this commitment, and seek their attendance at the UN Millennium Development Goals Summit in September with a plan to achieve MDG #2 (universal primary education) and #3 (gender equality and empowerment).

(2) Transform and re-launch the Fast Track Initiative (FTI) (www.education-fast-track.org) as an independent, democratic and fully resourced global financing mechanism for EFA: An external evaluation of the FTI⁴ has identified a number of concerns, including the fact that because of its limited mandate and scope, the FTI's Catalytic Fund is not currently active in countries where 81% of the world's out-of-school children live. In consideration of the final results of the evaluation, the G8/G20 should invest in the transformation and re-launch of the FTI as a fully independent institution from all other international institutions, with a range of well-resourced financing modalities to meet the needs of a complex range of country situations.

Diverse stakeholder participation, including civil society, should be mandated at all levels of governance, including in the development, approval and implementation of national education plans, so that they better reflect country-driven solutions to the issues of access, quality, relevance and equity. The FTI's capacity to measure aid flows and strengthen national-level monitoring of education outcomes should be enhanced so that global efforts to achieve EFA are tied to real results. Improving the aid architecture for education will allow the donor community and developing country partners to better leverage and account for domestic, bilateral and multilateral aid to education, while ensuring accountability, transparency and development outcomes.

The G8/G20 should invest in financing mechanisms to reach and expand its work in low-income countries, areas of fragility and conflict, and other places where out-of-school children are disproportionately represented; make greater progress toward closing gaps in resources, capacity, data and policy that have prevented greater progress toward EFA; move toward strengthened and streamlined financing capacity; and ensure that the core principles of aid effec-

tiveness and sustainability are reflected in the outcome. The strong leadership of the G8 in the past led to the launch of the FTI, therefore the June 2010 G8/G20 summit is the appropriate venue for transforming the FTI into an education financing mechanism better placed to achieve MDG #2 and #3 and all of the EFA goals.

Donor aid strategies for bilateral and multilateral engagement on quality basic education should reflect the principles of the Paris Declaration on Aid Effectiveness⁵ and the Accra Agenda for Action,⁶ and align with the six EFA goals.⁷ Education aid should be designed and implemented to maximize positive outcomes in education and other development sectors, particularly health, disease prevention, sanitation and safe water, food security, and democracy-building. Education aid also should seek to expand access to and quality of basic education for all children, particularly girls, children in fragile and conflicted-affected states, ethnic minorities, the disabled, the rural poor, street children and child laborers. Donor nations should: (1) commit substantial new resources for education in developing countries; (2) improve coordination across assistance efforts and leverage complementary multilateral efforts; (3) provide assistance in collaboration and coordination with national development plans and strategies, and with the national education plans of such countries, to the maximum extent practicable; (4) undertake assistance in consultation and coordination with all stakeholders, to the maximum extent practicable; and (5) ensure effective monitoring and evaluation of all education programs and other efforts.

(3) Agree as a bloc of G20 Finance Ministers to proactively promote and approve IMF programs which will allow expanded public sector spending for education

G20 Finance Ministers should pro-actively promote the use of expansionary "counter-cyclical" policies by LICs for the duration of the economic downturn, to allow adequate investments in education.

The primary manner in which IMF policies impact against the EFA agenda is by imposing the traditional macroeconomic conditionality policy mix of single-digit inflation and no-to-low deficit spending when approving loans to countries. The low deficit targets are further supported by imposition of wage bill ceilings, which define a limit for public sector spending on wages.

Governments attempting to comply with these targets have re-directed foreign reserves, including those received by donors for education spending, into their Central Banks. Beyond the short-term capture of resources intended for investment in education, restrictive inflation and deficit targets maintained over the long term stunt government efforts to generate domestic revenues for development uses.

Relaxing these strict targets would free up resources for immediate investment in the on-going process of educat-

ing the population, an investment that will generate strong returns in a 20 to 30 year timeline. In the current financial crisis, all countries engaged in deficit spending lowered their interest rates as low as possible and accommodated inflation spikes. This policy mix was hailed at the G20 Pittsburgh summit as having worked and having made the difference in enabling the countries that implemented it to overcome the worst impacts of the crisis.

Multiple organizations contributed to one or more of the recommendations in this policy statement. The statement is not designed to be a consensus position and has not been explicitly endorsed by the contributing organizations, the InterAction Board, or its 193 member organizations.

Endnotes

- 1 Pro-cyclical policies of governments increase the business economic cycle by discouraging spending during downturns—for example, by tightening credit—and encouraging spending during upturns.
- 2 The EFA goals call for early childhood development and education; universal primary education for all children, particularly girls, ethnic minorities, and children in difficult circumstances; equitable access for meeting the learning needs of all young people and adults; halving adult illiteracy; achieving gender equality in education; and improving quality so that recognized and measurable learning outcomes are achieved.
- 3 Counter cyclical policies are government policies aimed at reducing or neutralizing the negative effects on societies of the business economic cycles common to capitalism. Such policies encourage spending during downturns and tighten credit during inflationary periods.
- 4 See Stakeholder Consultation on FTI Evaluation, various documents, <http://www.educationfasttrack.org/news/67/22/Stakeholder-Consultation-on-FTI-Evaluation/d,Whats%20New/>
- 5 http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html
- 6 Id.
- 7 See n. 2 above.

