

Ensuring the World Bank Contributes to Education for All

SUMMARY: *Progress towards achieving the Millennium Development Goal (MDG) of having all children complete primary school has been mixed, and 72 million school age children are not attending school. The World Bank is the largest international source of funding for education, so changes in the level and targeting of its education funding will affect progress towards this goal significantly. In recent years, the World Bank has increased its lending for education, but is also reducing its focus on expanding education in the poorest countries and on basic education. This month we are going to ask our Executive Director at the World Bank, Dr Jim Hagan, to seek a renewed commitment by the Bank to lend for basic education in the poorest countries, and ensure that funding from the Fast Track Initiative (a trust fund the World Bank manages) supplements rather than substitutes for other World Bank education funding.*

THE IMPORTANCE OF EDUCATION

Comprehensive and high quality education is critical to the development of individuals and societies. Education is also a powerful lever for poverty reduction and economic growth. It also empowers people to take charge of their lives and make informed decisions about their health. Girls' education particularly has a profound and long-lasting impact. It tackles discrimination within society but more specifically improves child mortality and child survival.

In 2000, world leaders recognised the value of education in the Millennium Development Goals (MDGs). The MDGs contain the goal of ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to and complete, free and compulsory primary education of good quality.

Many countries have made progress towards the goals of achieving Education for All (EFA). However, progress has been uneven and inadequate, and 72 million school age children do not attend school. Based on the current rate of progress, 56 million children will be out of school in 2015, resulting in a failure to achieve the MDG of universal primary education.

THE ROLE OF DONORS AND THE WORLD BANK

International donors will need to increase funding significantly to enable these 56 million children to attend school. The total donor funding to achieve universal basic education is \$US 16 billion (\$A 18 billion) per year. In recent years, Australia has increased its own aid for education, which will reach \$744 million (19% of the aid program) in 2010-11. In 2008, Prime Minister Kevin Rudd also co-chaired the Class of 2015, a new global effort to meet the globally agreed education goals.

Given this increased interest in basic education, the Australian Government also needs to ensure that its contributions to multilateral organisations complement Australia's action to increase access to education. Given that the World Bank is the largest source of international funding for education, Australia needs to play a larger role in ensuring the Bank's funding priorities contribute to achieving the MDG for basic education.

The World Bank has increased funding for education in recent years, and allocated \$US 3.4 billion (\$A4 billion) for education projects, and projects with an education component. However, more than half of the World Bank's lending for education in the last 10 years has been for three countries: India, Pakistan and Bangladesh. While these countries have a significant need for education support, their large share of World Bank education lending results in limited funding being available for other developing countries in South-East Asia or Africa. RESULTS Australia's research report on education in 2009, *Banking on Education?*, indicated that one third of the students not in school are in the Asia-pacific region. Most World Bank funding for education is through the International Development Association (IDA) which provides long term, very low interest loans to the poorest countries. (Further details on IDA are set out in the Attachment.)

The other major concern with the World Bank is that its role as manager of the Education for All Fast Track Initiative (FTI) is resulting in FTI grants substituting for its own lending for education to the poorest countries. In brief, the FTI is a grant facility to which donor governments contribute with the funds specially earmarked for education. These funds assist low-income countries with approved education plans to accelerate progress towards universal basic education. (The Attachment provides some additional details on the FTI.)

As grants from the FTI to low-income countries have increased, the World Bank has reduced its 'traditional' lending for education to the same group of countries even though FTI funding is intended to supplement rather than substitute for other donor assistance for education.

During 2010 negotiations will take place between the World Bank and donor countries to replenish funding for IDA for the period 2011 to 2014. If the World Bank expects donor countries to maintain or increase their contribution to IDA, it will need to demonstrate that funding for IDA will contribute to achieving the MDGs, including for education. As RESULTS Australia representatives will be meeting with Australia's Executive Director at the World Bank, Dr Jim Hagan, in Washington next month, it is timely for us to write to Dr Hagan to seek the following commitments from the Bank on education:

- That the World Bank will increase its lending for basic education to the poorest countries in South-East Asia, the Pacific and Africa;
- That the World Bank will maintain or increase its lending for education to countries receiving FTI grants.

ACTION:

Email Australia's Executive Director at the World Bank, Dr Jim Hagan (jhagan@worldbank.org), noting the importance of the World Bank's role in reducing poverty. (Please include your full postal address in your email and cc your letter to nationalmanager@results.org.au as well as your Federal MP.

1. Note that 72 million children are still not attending primary school, and that the World Bank and other international donors need to increase funding to achieve universal primary education by 2015.
2. Welcome increased overall funding for education from the World Bank, but express concern that this increase has concentrated only on a few countries, and that the World Bank is reducing its lending for education to poor countries that receive Fast Track Initiative grants.
3. Ask Dr Hagan to seek agreement from World Bank board members to ensure that the World Bank increases its lending for basic education to its poorest member countries, and at least maintains its education lending to countries receiving FTI funding.

ATTACHMENT

About the World Bank

The World Bank was established in 1945 to help with post WWII reconstruction. According to its website, today the Bank's overarching goal is poverty reduction. The World Bank is made up of the **International Bank for Reconstruction and Development (IBRD)** and the **International Development Association (IDA)**. The IBRD focuses on middle income countries and poor countries considered creditworthy, while IDA focuses on the poorest countries in the world.

Both the IBRD and IDA provide loans to member country governments for investment in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. Loans by the IBRD are interest-bearing, while IDA provides interest-free loans and some grants. As IDA loans are on more favourable terms for borrowers, World Bank members make regular contributions to support IDA's continued lending.

The **International Finance Corporation (IFC)**, which is also part of the World Bank group, focuses on lending and investment to the private sector (including for microfinance).

The World Bank is owned by the 185 member governments who provide its funding. Each member country has a Governor on the Board which meets annually to review operations and basic policies. The day-to-day running of the World Bank is headed by its President (currently Robert Zoëlick) and managed by 24 full-time Executive Directors. The World Bank is based in Washington, DC and also has 100 country offices.

Australia's current Executive Director is Dr Jim Hagan, who is serving from 2007 to 2011. The role of Executive Director for Australia's grouping in the World Bank alternates between Australia, New Zealand and the Republic of Korea.

Education for All Fast Track Initiative

The Education for All Fast Track Initiative (FTI) was established in 2003 as a global compact to coordinate the development, implementation and resourcing of quality national education plans. Low-income countries which have an approved education plan receive support from bilateral and multi-lateral donors to fill gaps in education policy development, capacity to deliver education, sources of finance and information on education. The FTI provides 3-year grants (rather than loans) to support the scaling up of national education strategies. These Catalytic Fund grants have been a source of financing to fill gaps in education budgets for a growing number of countries. By the end of 2009, 32 countries had received FTI commitments.

The FTI has been able to mobilise \$US 1.8 billion (\$A 2.1 billion) from 18 government donors since its inception. Australia is a contributor to the FTI and is a member of the FTI Board of Directors. The 2010-11 Budget statement on Australia's International Development Assistance indicates: "Australia is committed to improving the Education for All FTI to effectively support developing countries and provide greater flexibility in how funding is delivered." In the 2010-11 Aid Budget document, Australia has committed to providing \$25.7 million to the FTI.