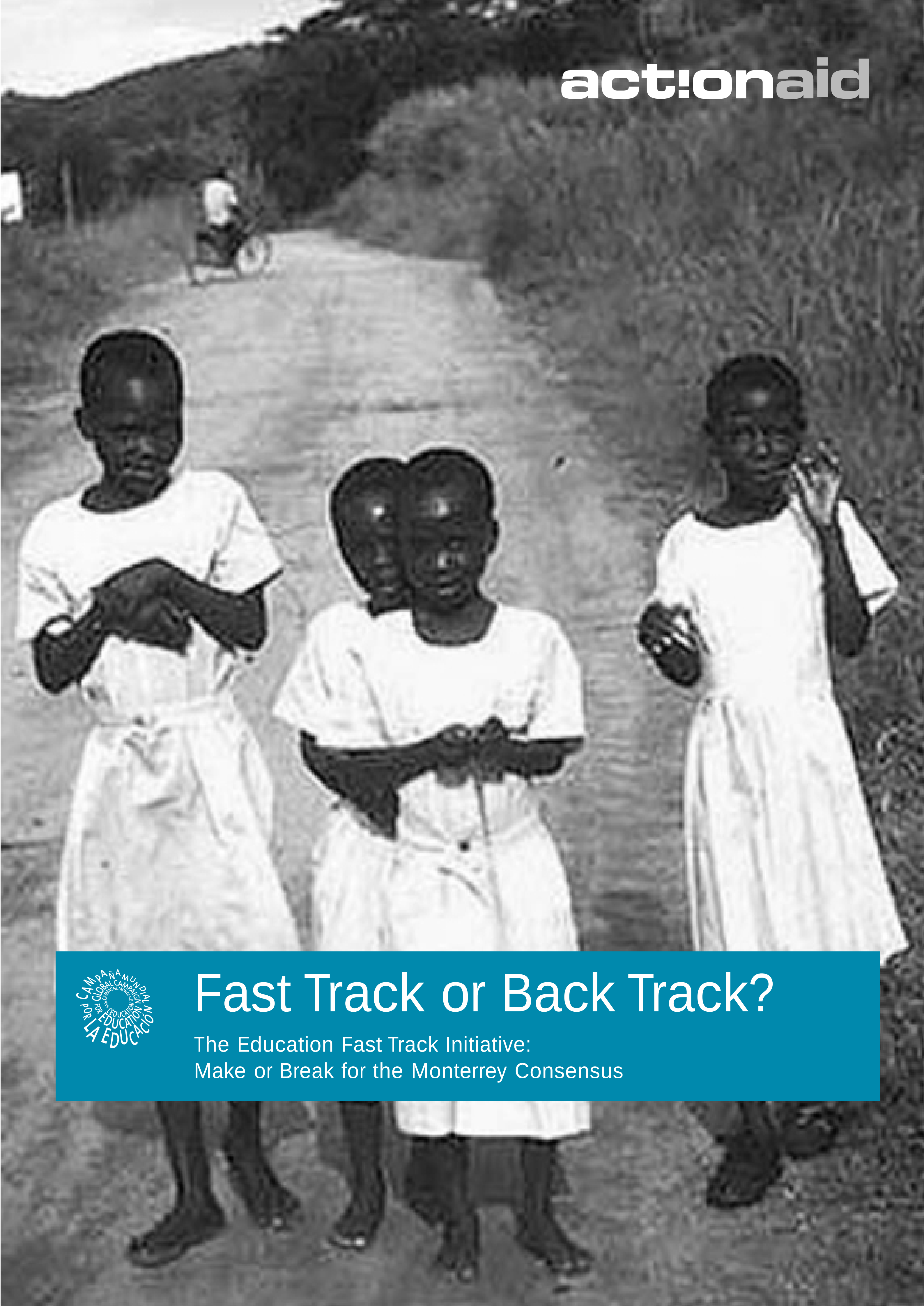

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Fast Track or Back Track?

The Education Fast Track Initiative: Make or Break for the Monterrey Consensus

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The international commitment to provide every child with a free, quality basic education by 2015 is the most achievable of the Millennium Development Goals (MDGs). In April 2002, the international community launched a new education Fast Track Initiative (FTI) to mobilise the resources needed to reach this goal. The FTI is the first global initiative to operationalise the Monterrey Consensus, which commits governments and donors to working through new development partnerships, based on mutual accountability and responsibility. Yet one year on from its launch, donor backtracking on earlier commitments is threatening to jeopardise initial progress. Unless the donors make a concerted push now on education, momentum will be lost, and the credibility of the MDGs will be destroyed. When Finance and Development Ministers meet on April 13th in Washington, DC to review progress on the FTI, their decisions will make or break the Monterrey Consensus.

Executive summary

At the IMF-World Bank Spring Meetings in April 2002, Development and Finance Ministers launched a radical new action plan to address the education crisis in the world's poorest countries, and provide every child with basic education by 2015. Donors agreed to implement the action plan through an education Fast Track Initiative, that would strengthen sector planning, foster reform, improve coordination and mobilise the additional resources needed to reach the education goals. As a first step, donors invited 18 low-income countries to develop national proposals, while adopting plans to expand the number of countries in early 2003.

The FTI was a major breakthrough as the first coordinated international effort to put the Monterrey Consensus into practice. The Consensus, which was agreed at the UN Financing for Development summit in March 2002, commits governments and donors to work through new 'development partnerships', based on mutual accountability and responsibility for achieving the MDGs. Education is recognised as the most achievable and affordable of the 2015 goals, and the FTI provides a practical framework for delivering on that commitment. The success or failure of the FTI is therefore a litmus test of the international community's ability to rise to the development challenge they set themselves at Monterrey.

One year on, members of the Development Committee will sit down at the IMF-World Bank Spring Meetings in Washington, DC to review progress on the FTI. ActionAid's own research shows that important gains are being made in at least three key areas:

- governments are developing ambitious plans to get every child into school by 2015
- the FTI is creating strong incentives for education reform and encouraging governments and donors to focus on concrete actions
- the education consortium is forcing donors round the table, to review progress towards the goals and respond to countries' policy and finance gaps.

Yet these positive gains cannot be sustained unless donors deliver on their half of the bargain with developing countries. At present, this is not happening. The FTI is failing in four key areas:

- **Donors have failed to deliver additional finance** – so far, they have mobilised just $100m of the $430m that is urgently needed to start implementation of the first seven completed national plans. Uncertainty over whether additional funds will materialise is weakening incentives for reform at the country level, and damaging donor credibility.
- **The financing framework has not been finalised** – twelve months on from the FTI's launch, donors have failed to agree on how to improve the targeting, coordination and predictability of their aid. The exact role of the donor consortium is unclear, and there is no system in place for ensuring that countries' external financing needs are met.
- **The FTI process has been one-sided** – donors are making key decisions behind closed doors, with little input from developing country governments and civil society. This approach limits transparency, undermines ownership, and threatens the sustainability of plans.
- **Donors are abandoning the timetable for expansion** – having failed to agree on additional finance, donors are now attempting to quietly shelve plans to expand the FTI in early 2003, despite the Bank's own analysis that 33 low-income countries can absorb additional aid for education.

The FTI has reached its limit in terms of what can be achieved without additional donor resources and far-reaching changes in the how aid is planned and delivered. Donors must now give the Education FTI their full political and financial backing if it is to succeed. If it fails, the international commitment to get every child into school by 2015 will be missed by a wide margin, with grave consequences for the broader poverty reduction agenda agreed at Monterrey.

If the Development Committee is serious about addressing the education crisis in the world's poorest countries, it must act on the following four points:

1. **A genuine partnership for education – between governments and donors, in line with the commitment made at Monterrey.** Strong education plans – and the political will needed to follow them through – require decisive leadership from donors and governments, better communication, and investment in intensive planning processes.
2. **More aid for education – it's time for donors to back the FTI with money, not words.** In particular, donors must commit the additional $430m in aid needed to kick-start implementation in the seven countries whose proposals were approved in November. Without additional donor funding, these plans cannot be implemented, and the FTI will fall at the first hurdle. Donors must also agree a timetable for financing the other eleven FTI plans.
3. **A financing framework for achieving the education goals – donors must improve the quality of aid.** The education MDGs will not be reached without a clearly defined financing framework, that enables donors and governments to systematically develop, fund and monitor national plans. Donor funding needs to be more predictable and better coordinated, to lower the cost of aid for poor countries.
4. **A timetable for expansion – beyond the initial group of 18 countries.** All countries with full Poverty Reduction Strategy Papers (PRSPs) should be invited immediately to join the initiative. The eligibility criteria need to be made more flexible, and the Analytical Fast Track (AFT) must be extended to all low-income countries outside the FTI.

Introduction

Education is in crisis in the world's poorest countries. In an era of unprecedented global prosperity, 115 million children – over half of them in sub-Saharan Africa – are out of primary school. A greater number still fail to complete five years of education. For millions of children who do complete, education is of such a poor quality that they acquire few of the skills necessary to escape from poverty. The upshot of no education or poor quality education is that one billion adults are unable to read and write. This is both a massive violation of basic rights, and an inexcusable waste of human potential. In a rapidly globalising world, where the ability to acquire, adapt and create knowledge is increasingly important in reducing poverty, excluding so many from education is neither economically nor socially sustainable.

At the Millennium Summit in 2001, the international community recognised the gravity of the education crisis in the world's poorest countries, and emphasised education's pivotal role in achieving poverty eradication. Drawing on the Education For All (EFA) goals agreed at the World Education Forum in Dakar a year earlier, a series of commitments were made to tackle this crisis:

- **Gender equity in primary and secondary education by 2005.**
- **Universal completion of primary education, and a halving of adult illiteracy by 2015.**

Yet without a step-change in government and donor efforts on education, these commitments will not be met. On current trends, the 2015 goal will be missed in 88 countries, with 41 countries having moved away from the Universal Primary Education goal over the past decade. By 2015, at least 75 million children – three-quarters of them African – will remain out of school. The 2005 goal of gender equity, meanwhile, is already out of reach for over 50 countries, including India, Pakistan and most of sub-Saharan Africa.

At the Monterrey Summit on Financing for Development in March 2002, the international community argued that, despite the scale of this challenge, the education MDGs are attainable. However, for progress to be made Southern governments and donors must work together in a genuinely new way, through 'development partnerships' based on mutual responsibility and accountability. The Monterrey Consensus also recognised that, while progress depends first and foremost on strong domestic political commitment and sound policies and systems, the MDGs cannot be reached in the low-income countries unless 'development partnerships' are accompanied both by a major increase in aid, and by key changes in the targeting and quality of that aid.

Monterrey represented a fundamental break with past approaches to international development. By placing country-donor partnerships at the centre of planning and implementation, and by declaring that a lack of resources should not be allowed to stand in the way of achieving the MDGs, it argued that countries' poverty reduction strategies must start with the question of what is necessary to achieve the MDGs, and then plan and finance accordingly – rather than take the existing resource envelope as a given and, in turn, modify the development goals. As was recognised at Monterrey, this approach will require crucial changes in how countries and donors plan, finance, implement and monitor the goals.

To deliver on the education goals, therefore, requires a leap of ambition and imagination from the international community. At present, approaches to education planning, financing and monitoring are piecemeal, contradictory and inflexible, and are rarely explicitly geared to the achievement of universal basic education. What is urgently needed in order to reach the MDGs is a coherent, consistent and predictable framework to marshal domestic and external commitment, knowledge and resources in support of credible national education plans.

One year ago the Development Committee, at the IMF-World Bank Spring Meetings, achieved a major breakthrough by strongly endorsing an EFA Action Plan which built on the Monterrey Consensus and contained many of the elements of such a framework:

- **National education plans**, rooted in poverty reduction strategies, that identify the concrete steps necessary for reaching the education goals.
- **Transparent benchmarks** for assessing the strength of education plans, forming an 'indicative framework'.
- **Ongoing monitoring** of progress towards the goals, pulled together into an international EFA Monitoring Report that highlights policy, capacity and financing gaps in individual countries.
- **Financing framework** providing substantial additional aid to countries that prioritise free, quality basic education. This aid can be provided through different modalities and instruments; what matters is that it is predictable, coordinated and supports the national plan.

As a first step, the donor community agreed to provide immediate additional support, under the FTI, to 18 low-income countries with full PRSPs, and a demonstrated commitment to the education goals. The Development Committee also adopted plans to expand the list of Fast Track countries in early 2003, and agreed to regular meetings of an international donor consortium to assess individual countries' progress towards the goals and address external financing gaps. A multi-donor secretariat was created in the World Bank to facilitate these meetings, and to provide information and support to donors and governments in Fast Track countries. In addition, five high population countries were invited to join an 'Analytical FTI', providing interim support for capacity building, to enable them to develop strong sector plans.

ActionAid, together with our partners in the Global Campaign for Education, welcomed the FTI as an important step forward in delivering on the financing commitments made at Dakar and Monterrey. In response, we coordinated a research project monitoring the early stages of the Fast Track process in Bolivia, Guinea, Nigeria, Tanzania and Uganda, in an effort to gauge the extent to which the FTI is achieving its objectives. ActionAid programme staff and partners held discussions on the FTI with education and finance ministry officials, donor agencies and civil society organisations in these five countries, and appraised relevant documents. This paper draws on the monitoring studies in those countries, and identifies the steps we believe are necessary for the Fast Track to accelerate progress towards the international education goals.

One year on from the FTI's inception, ActionAid's research found that it has already generated significant early results:

- Often for the first time, governments and donors are sitting down together and planning systematically for what is needed to achieve the education goals. For example in Guinea, the FTI has helped to kick-start high level discussions about crucial sector and budget reforms, and encouraged donors to think about how they can work more effectively to support national priorities.
- The EFA donor consortium has met twice, and is providing donors with a valuable forum to review progress at the country level, share information, and coordinate their response to policy and financing gaps identified in the FTI proposals.
- Concrete plans are being created to achieve universal basic education. In November 2002, at the first meeting of the donor consortium in Brussels, FTI proposals for seven West African and Latin American countries were accepted by the donors as the basis for developing national plans. A further three FTI proposals have since been endorsed, ahead of the 2003 Spring Meetings. Ten more proposals will be ready by the next consortium meeting in late 2003.

- Donors have made financial commitments. Canada, France, Germany, the Netherlands and Norway have pledged additional resources, while the EFA consortium committed to meeting an external financing gap of $430m over three years for the first seven Fast Track plans, and to identifying the source of the funding by April 2003.
- For some of the five Analytical Fast Track countries, and for prospective Fast Track countries currently outside the framework, such as Kenya and Senegal, the FTI has created strong incentives for education reform and contributed to intensified efforts to reach the goals.

Yet this progress now risks being jeopardised, as key donors equivocate and backtrack on earlier commitments. One year on from its launch, there is still no agreement on a framework for mobilising the additional funds necessary to implement the FTI. Since the G8's conspicuous failure to mobilise additional funds at Kananaskis last June, little new money for Fast Track countries has been announced, and the sums committed remain woefully inadequate given the scale of the task. It is looking increasingly unlikely that donors will raise even the $430m required to support the first seven FTI proposals within the original timeframe. Nor has any significant progress been made in terms of improving the predictability, consistency or transparency of donor support for education plans – as envisaged in the original EFA Action Plan. Instead, donors are avoiding tough reforms in their aid programmes and taking a business as usual approach – while at the same time they emphasise the need for low-income countries to undertake radical changes in their own planning and funding systems.

The lack of clarity on the financing framework is slowing progress at the country level, where operational-level donor staff are reluctant to make firm commitments they may be unable to deliver on, and governments are wary of embarking on difficult and costly education reforms while predictable, additional funding is not assured. The lack of agreement on a financing framework has also stalled the original timetable for expanding the FTI, with donors unwilling to make further commitments when they're yet to deliver on the initial 18 countries – despite the World Bank's own assessment that at least 33 low-income countries are capable of absorbing additional aid for education.

If implemented, the FTI has the potential to transform the education prospects of millions of the world's poorest children. But this will happen only if donors act now to grasp the financing nettle, and accept the operational implications of their collective commitment to achieve the education goals. Any further delay on education financing, and the donor reforms necessary to deliver on the Monterrey Consensus, will destroy the early momentum towards education development achieved through the FTI, and reduce the initiative to a further set of hoops for countries to jump through, in return for the same meagre and uncertain donor support they currently receive.

One year on from its launch, more than the success of the FTI hangs in the balance. Education is the most achievable of the MDGs, and the FTI is a litmus test of the ability and willingness of the international community to work together, in genuine partnership, to achieve the broader goal of poverty eradication. The FTI represents an unprecedented opportunity to deliver on one of the key promises made at the Millennium Summit. If this opportunity is wasted, and the initiative fails, the credibility of the Monterrey Consensus will have been broken.

Improving the FTI process

> ‘Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, demands a new partnership between developed and developing countries.’
>
> **Monterrey Consensus**

At Monterrey, the international community made a commitment to root the MDG agenda in strong partnerships between governments, donors and civil society. This new emphasis on partnership was intended to be more than a change of terminology. It stemmed from the recognition that the old way of working, where donors imposed their priorities on recipient countries through conditionalities, had failed. In contrast, the new approach emphasises the importance of governments, donors and civil society engaging in open, intensive and sustained dialogue that accurately identifies local needs, builds broad agreement about the reforms necessary to accelerate progress, and generates the political commitment needed to sustain those reforms.

Yet so far, ActionAid’s research has found this broad-based partnership to be largely missing from the FTI process. Instead, the FTI has been characterised by:

- **weak participation** in the planning process, with key decisions being taken by a small group of organisations and individuals
- **poor communication** within governments and donor agencies, and between governments and donors
- **confusion** about the scope of the FTI, and the division of responsibility between the national and international levels
- **slippage** in implementation, due to a lack of strong leadership and the failure to create additional capacity.

Genuine partnerships need to be established

The FTI will only succeed if it is rooted in strong partnerships between donors and developing country governments. Yet at both the international and national levels, the FTI process has been opaque and markedly one-sided. The criteria for selecting countries for fast tracking were established behind closed doors by multilateral and bilateral donors during the first half of 2002, with little or no consultation with the countries concerned. Similarly, the criteria for gauging the credibility of a country’s Fast Track proposal – the indicative framework – were agreed by a small donor group prior to their presentation as a fait accompli at the country level, during a series of World Bank-led missions in the second half of last year. This is reflected in the FTI’s current emphasis on the need for far-reaching developing country reforms, in stark contrast to its reluctance to commit donors to more and better quality aid for education.

Since the FTI moved down to the national level, participation has continued to be limited. Although the FTI has succeeded in many countries in bringing government and donors together to discuss strategies for achieving the MDGs, this progress is partial and fragile. In particular, there is a widespread feeling amongst government officials that the FTI is too donor-driven. In Tanzania, one government official remarked that donors spent the initial World Bank-mission on the FTI, ‘talking to themselves, rather than to government’, and said that visiting staff from donor agencies 'do not understand the sector plan, or how the FTI should add value'. In Nigeria, one government official complained of the World Bank and DFID adopting a 'commando approach to developing the FTI, where they bring in their own consultants at short notice to do all the capacity building work'.

The decision-making process has generally been dominated by a small number of individuals within key government ministries and departments, and donor agencies. For example in Bolivia, just two key planning staff in the Vice-Ministry for Primary and Secondary Education drafted the initial FTI proposal, with no involvement from other departments or other education vice-ministries. This approach has reduced the FTI to a narrow, technocratic exercise. It has also generated suspicion and misunderstanding amongst government staff and donor agencies outside the 'loop', most of it misplaced, about the FTI's objectives, thereby undermining political commitment. Relying heavily on a small number of staff to drive the process forward also threatens sustainability. In Bolivia the FTI stalled when the two senior civil servants who drafted the initial proposal were removed from their posts after the change of government in November 2002.

In all the countries covered by the ActionAid research, weak participation has been mirrored by weak communication. In education ministries, genuine discussion has typically been restricted to a handful of individuals driving the process, usually in planning departments. Education ministries, and Finance and Planning ministries – which tend to lead on the PRSP process – have similarly had little contact around the FTI. For example, after the Ugandan Ministry of Finance raised concerns about the FTI at an education sector review meeting in October 2002, more than five months elapsed before these issues were followed up between the two ministries. The failure to communicate regularly within government has meant that the FTI has so far been poorly integrated, if at all, into the PRSP and Medium Term Expenditure Framework (MTEF) discussions. It has also left Ministry of Finance concerns about the sustainability and macroeconomic impact of the FTI unresolved, thereby slowing progress in making key decisions on how to develop Fast Track proposals.

Communication within donor agencies, between headquarters and programme level, has been similarly sporadic. In discussions with donors, it became clear that many staff do not know what has been agreed by their countries at the international level, through the Development Committee and EFA donor consortium. One bilateral agency staff member in Uganda stated that, 'donors in Kampala agree more with each other than with their headquarters', and went on to say that while he did not know what position his agency had taken internationally on the FTI, he assumed that it was broadly positive (the opposite is in fact the case). In Bolivia and Uganda, this has led to donor agencies taking a directly contrary position on the FTI to the position taken internationally. This raises serious questions about what international commitments by the donor community count for, when agencies lack the coherence or discipline to follow them through in implementation.

While governments have primary responsibility for basic education, strong plans and the ownership needed to follow through on implementation are most likely where there's a participatory planning process that considers the views of other stakeholders. In a few cases, efforts have been made to make the Fast Track process more inclusive. For example, in Guinea the government has invited two international NGOs to participate in monthly sector steering committee meetings between the education ministry and donors, which has started to facilitate a valuable, ongoing exchange of ideas and information around the EFA Programme.

Yet in most cases, civil society involvement has been confined to set piece consultations with a small number of organisations, usually once draft Fast Track proposals are completed (see Table 1). In Bolivia, three NGOs were invited at short notice to a meeting to discuss the FTI proposal, without being given the chance even to read the document beforehand. Such exercises have been designed more to get a stamp of approval from civil society than to kick-start a genuine process of policy dialogue that includes teachers' unions, the private sector and community level bodies, as well as NGOs. At the international level, NGOs have been consistently refused access to draft Fast Track proposals on the World Bank's FTI website, despite it being described as a shared resource for 'FTI partners' – a partnership that presumably excludes civil society.

Table 1: Civil society involvement in the FTI

Country	Type of consultation	Number of CSOs involved
Bolivia	One-off meeting to discuss initial draft proposal	3
Guinea	Significant involvement in the drafting process	2
Nigeria	Participation in two government-donor teleconferences	1
Tanzania	Ad hoc discussions with individual NGOs, but no formal consultation	3
Uganda	Two set-piece consultations to incorporate civil society perspectives	3

Given the affirmation at Dakar of civil society's critical role in education development, and the strong emphasis on civil society participation in PRSPs, the lack of serious engagement of civil society in the FTI is a worrying backward step from previous donor positions, and threatens to jeopardise the FTI's core objectives.

The FTI's scope and objectives need clarifying

Partnerships can only be built through the practical experience of developing and implementing plans. Therefore, to the extent that the FTI is a work in progress, differing interpretations of what the initiative is, and is not, are to be expected. Yet even taking into account the fact that the FTI is at an early stage of development, the ActionAid research discovered widespread confusion about the FTI's scope and objectives – most of it attributable to poor communication, weak leadership and lack of ownership. This, in turn, has hampered the establishment of strong national education planning processes, as countries struggle to establish what they must do in order to satisfy constantly shifting donor definitions of a credible plan.

The unclear purpose of the indicative framework's benchmark indicators is a case in point. In some countries such as Nigeria, government and civil society have argued successfully for the indicative framework to be treated flexibly, as a set of guidelines to initiate a serious policy discussion about the volume, equity and efficiency of education spending. But in other cases, the indicative framework has been applied mechanistically, as a template for 'beefing up' existing plans and identifying a financing gap. A recent mapping of FTI proposals by the Finnish government came to a similar conclusion, noting the close compliance with the indicative framework benchmarks. For example, the main difference between Guinea's initial FTI proposal and the existing sector plan was a proposal to double the average teachers' salary to 3.5% of per capita GDP (the indicative framework benchmark). Whatever the merits of this measure, the initial proposal contained no clear explanation of how reaching this benchmark indicator was expected to accelerate progress towards the education goals.

Confusion about whether the indicative framework is a set of guidelines or conditionalities relates to a wider, unresolved question about how much latitude countries have to apply the FTI to their own context. Tanzania is a case in point, where the government is keen to expand lower secondary education in order to cope with a massive increase in its primary school enrolment, but is being restricted by the FTI's exclusive focus on the 2015 goal of Universal Primary Education (UPE). Although UPE is the single greatest challenge in achieving EFA, the current framework ignores the powerful synergies between primary education and complementary interventions in areas such as lower secondary schooling, adult literacy and early childhood education, without which UPE cannot be achieved. The experience of Nigeria, where the government has persuaded donors of the need to adopt a more holistic approach to the FTI, that incorporates all the EFA goals including literacy and lifelong learning, shows the way forward in terms of creating these synergies.

Similarly, the current Fast Track proposals tend to neglect the need for more flexible and less formal models of schooling, without which the last 10-20% of the primary aged cohort who belong to hard-to-reach groups such as orphans and pastoralists are unlikely to be educated. For example the Bolivia proposal focuses exclusively on the formal education model, despite experience in the rural and predominantly indigenous Altiplano, which shows that the structure of the school day and year and the language of instruction deter many households from enrolling their children. There is an urgent need for a more flexible approach to FTI planning, which enables countries to adapt plans to country conditions, and incorporate complementary interventions that support the achievement of the 2015 education MDG.

There is similar confusion about how the FTI meshes with sector planning processes that are already underway. In some instances such as in Tanzania, the government and donor group have successfully argued that the FTI proposal and sector plan should be one and the same document, with the FTI used both to take stock of existing planning and monitoring processes, and as an 'accreditation process' to attract wider donor support for education. But in other cases a discrete process has developed which treats the FTI as a project or programme spearheaded by the World Bank, rather than as a multi-donor partnership with government. This parallel approach has been encouraged by the widespread misconception amongst government and donor staff that the FTI involves a funding pool at the international level, accessible outside normal budget and planning processes. This has happened in Uganda where – although the planning department in the Ministry of Education is responsible for leading both the FTI and Sector Plan – a separate set of discussions has taken place around the FTI, involving fewer people than the sector planning process.

In other cases, the belief that there is additional earmarked money at the international level has encouraged governments to rush plans and push for maximum external funding, rather than start by using the FTI as a tool for reviewing progress, identifying outstanding policy challenges and mobilising a broad constituency in support of education reforms. In Bolivia, this was identified by some education ministry staff as a reason for having rushed the initial proposal, and also as a reason for excluding key education vice-ministries and departments from the process, since the FTI had created new competition for donor resources within the sector. The misconception that extra-budgetary earmarked funding exists for FTI proposals has also further complicated the process in Uganda, where the Ministry of Finance is concerned as a result that the FTI will undermine the country's MTEF.

Finally, there is still no clear remit for the EFA donor consortium, and no agreement about what in practical terms its endorsement of a Fast Track proposal means. The seven countries – Guyana, Honduras, Nicaragua, Burkina Faso, Guinea, Mauritania and Niger – whose Fast Track proposals were endorsed in Brussels in November 2002 have received little guidance from the donors as to what the next steps should be at the country level, beyond using the proposals as the basis for developing an operational plan. By the same token, countries such as Uganda whose proposals were not endorsed at the first consortium meeting in Brussels in November, had to wait for up to four months before they received criteria either from the FT secretariat, or the donors in the country, against which to re-work their proposals.

Widespread confusion over the financing arrangements for the FTI and the role of the consortium is understandable given that twelve months on from the Development Committee's endorsement of the EFA Action Plan, donors have still failed to agree on how they will meet their commitments. This urgently needs clarifying. Donors must also reach clear agreement on the currently hazy relationship between 'proposals' and 'plans'. In ActionAid's view, Fast Track proposals should be understood as summaries of countries' sector plans, designed to secure donor support in the EFA donor consortium. If this is not communicated clearly to Fast Track countries, there is a risk that a parallel Fast Track planning process will emerge. In sum, the donors' collective failure to make clear decisions, stick to them and communicate them quickly and effectively to the country level, is wasting the scarce resources of poor countries, and undermining confidence in the initiative. Unless this changes immediately, commitment to the process and trust of donor intentions will be jeopardised.

Capacity and commitment are urgently needed

The donors' failure to reach clear agreement on the Fast Track's basic structure, and identify what they should deliver on their side of the development partnership, has been a serious brake on progress at the country level. It has also led to major slippage of the FTI timetable for expansion in January 2003, which was endorsed by the Development Committee. Donors are right to emphasise the critical importance of domestic political commitment and systemic reform in reaching the education goals. Yet commitment and reform will not be forthcoming unless donors create incentives, by fulfilling their promise to provide additional and more coordinated and predictable support to governments. Governments are understandably cautious about embarking on financially and costly political reforms in their education sector when there is no assurance that donors will deliver. In short, a partnership of one cannot succeed.

The slow pace of FTI progress has other causes. Many donors have emphasised the lack of capacity in low-income countries to create strong development partnerships. This problem is real and urgently needs to be addressed. But donors have tended to ignore their own lack of capacity, and commitment, in following through on what they have already agreed to deliver. At the international level, a lack of strong political leadership on the FTI has sent out mixed messages to donor staff and governments and stalled decision-making. Some bilateral donors have been closely involved in developing the FTI, only to distance themselves subsequently from key commitments. The November 2002 consortium meeting is a case in point. The joint communiqué committed donors to close a financing gap of approximately $400m over three years for the first seven FTI countries, only for key donor agencies to claim later that this had not been agreed in the meeting.

The lack of a consistent line from donors on the FTI has often left agency staff confused about what they are expected to deliver, and recipient governments unclear about what their partnerships with donors practically involve. Political momentum has been lost, and progress slowed further by donor agencies sending staff to key international decision-making meetings without a clear remit, or mandate to make concrete commitments. As a result, too many donor meetings have been wasted restating positions and arguing over what the meetings are for, rather than on agreeing actions.

At the country level, the FTI's success depends on donor staff actively engaging in policy dialogue with government, and collectively identifying the steps necessary to achieve the education MDGs. Yet at present, most bilateral donors lack the capacity to do this work. As one donor official in Tanzania put it, 'few donors are looking at the big picture'. Instead, most donor staff are employed to design and implement small-scale, narrowly-focused projects, and are unfamiliar with wider planning and budget issues which the FTI is intended to address. This urgently needs to change. The FTI process cannot be strengthened and broadened unless donors are prepared to re-define their role, and shift their focus away from project implementation to systemic support for national efforts to achieve the goals.

While there is often a tension between speed and quality in planning processes, this does not explain the lack of progress in delivering on the FTI. At present, 'Fast Track' is a misnomer for a process that has succeeded in being both slow and poor quality. If the international community is serious about achieving the education MDGs, it must immediately provide the political leadership and financial resources needed to broaden and intensify the FTI process. A stronger, faster process will require clear decisions to be reached on the scope and objectives of the FTI, including on what donors should deliver on their side of the partnership. It will also require concerted capacity building amongst donors and governments, to create the skills and provide the resources needed for development partnerships to succeed. Finally, it will require far-reaching changes in ways of working and institutional structures amongst both governments and donors. Business as usual will fail to achieve the education goals.

Resourcing the FTI

'A substantial increase in ODA and other resources will be required if developing countries are to achieve the internationally agreed development goals and objectives, including those contained in the Millennium Declaration.'

Monterrey Consensus

Current levels of funding for basic education in low-income countries are grossly inadequate, given the scale of the challenge. Estimates of the global aggregate financing gap for reaching the MDGs vary, from $10-15 billion per year, but they all point to the same conclusion: the education goals cannot be achieved without a massive and sustained increase in education financing in the world's poorest countries.

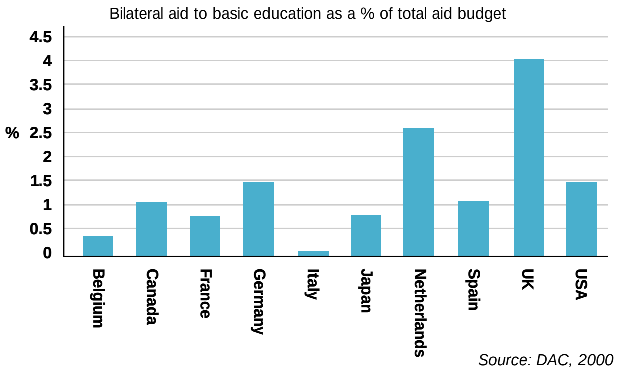
As the FTI framework recognises, the majority of this funding gap must be met from domestic sources, even in the short term. Most developing country governments can and must increase education spending and introduce reforms that ensure funding is spent more equitably and efficiently. Credible national plans, developed through government-donor partnerships, need to mobilise the maximum available domestic resources and help to create systems to spend it well. But even where this happens, significant external funding gaps will persist in the world's poorest countries. Without a step-change in aid commitments to education in low-income countries, the goals will not be reached.

Aid volumes must be increased

Recent estimates of the additional aid needed to achieve the education MDGs vary, from $2.9-5.2 billion for the low-income countries. Yet at present, the bilateral donors are committing just $800m a year in aid to basic education – or two cents in every dollar of aid – and are conspicuously failing to follow their own policy advice to governments to demonstrate commitment to the MDGs through their budget allocations (Figure 1). In Africa, current aid flows are more inadequate still – a fivefold increase in aid will be needed to achieve the goals (Figure 2).

At the Financing for Development Conference in Monterrey in 2002, the international community recognised that a major increase in better-targeted aid was a necessary condition of achieving the MDGs, and pledged to reverse the decade-long decline in donor support. The FTI built on the new aid commitments made at Monterrey, with the 2002 Development Committee communiqué declaring that the international community would work together 'to provide the necessary additional domestic and external resources' to achieve the education goals. Soon afterwards, at the G7 summit in Kananaskis in June 2002, the world's richest countries re-stated their support for the FTI, and committed themselves to a 'substantial increase' in aid to education.

Figure 1: Bilateral aid to basic education, by donor



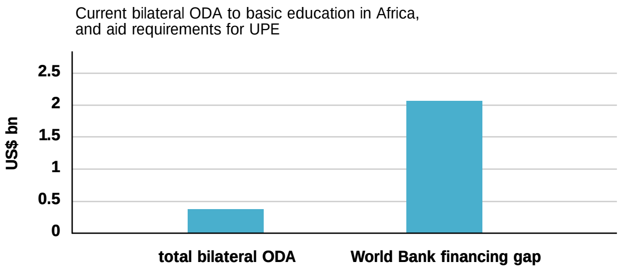
Source: DAC, 2000

Yet so far, donors have failed to honour these pledges. Instead they have devoted their energies to lowering expectations, and backtracking on earlier commitments. The World Bank estimates that $1.8bn a year is needed to begin fast track implementation in the first group of 18 countries, with $5bn required annually once the initiative has expanded to all low-income countries. Yet new aid has been announced by just five donors – Canada, France, Germany, the Netherlands and Norway – and totals less than $300m over the next three years for all eighteen Fast Track countries. Moreover, most of these modest pledges have yet to be translated into commitments and it remains unclear how much of it involves genuinely additional money.

Increasingly, the donors' failure to deliver on financial commitments is weakening incentives for reform at the country level. Even where an intensive planning process needs to be undertaken before significant additional resources can be absorbed effectively, the lack of an upfront donor commitment is a problem. As one government official in Nigeria stated, 'the point is not that the financing gap should be the opening point of discussion, but that the policy dialogue cannot be properly framed until donors are clear about what resources they're prepared to commit to the end product'.

Donors have rightly argued that the locus of FTI activity and decision-making is at the national level. However, this will be little more an exercise in buck-passing unless additional donor resources are made available to commit to the process and decision-making is decentralised to programme staff. In a number of Fast Track countries including Yemen and Niger, donors have been enthusiastic about the FTI proposals and wanted to provide additional funding for sector plans, only to be held back by their agency headquarters because of a lack of unallocated money in their budgets. It is time for donors to make upfront, additional resource commitments, within a joint financing framework, to Fast Track countries that have prepared credible plans. So long as donors fail to come forward with additional resources in response to FTI proposals, a credibility gap will exist, with developing countries unwilling to commit scarce resources to the development of plans that may never be funded.

Figure 2: The donor financing gap



Source: World Bank

At present, this is a distinct possibility for the first seven Fast Track proposals – Guyana, Honduras, Nicaragua, Burkina Faso, Guinea, Mauritania and Niger – which were approved at the EFA donor consortium meeting in November 2002. These countries face an estimated external financing gap of $430m over three years, and the consortium communiqué pledged to identify the sources of this additional donor funding by April 2003. Yet so far only $100m of this sum has been agreed, and much of this money is recycled commitments, rather than genuinely additional funding. For example, French bilateral debt cancellation under the HIPC initiative is being repackaged as FTI money in Guinea and Mauritania. Donors have also identified uncommitted EU funds as another source of FTI financing. While this is a welcome exercise, some EU member states are setting re-committed resources against their own bilateral aid budgets, which are likely to be subsequently reduced.

One of the underlying rationales for the FTI is the urgent need to improve the targeting of aid to education. The World Bank's own analysis shows that most donors are currently bypassing those countries furthest from the MDGs, and in the greatest need of additional resources. Yet one of the key reasons for the slow donor response to the initial seven countries is that most bilateral donors do not have a programme presence, and have therefore ruled out supporting these countries' Fast Track plans, regardless of their merits. By relying exclusively on existing programmes to deliver FTI funding, the existing donor bias in favour of a handful of strong performers is being reinforced.

The experience of the first seven Fast Track countries demonstrates the urgent need for donors to coordinate their support for the FTI at the international level, through the EFA consortium, to ensure that all Fast Track countries' plans are treated consistently and transparently. Systematic coverage of Fast Track countries will also require donors to make more imaginative use of other instruments and modalities such as silent partner arrangements and multilateral facilities that allow greater flexibility in the allocation of resources.

The quality of aid must be improved

Increases in the volume of aid must be matched by dramatic improvements in the quality of aid if the education goals are to be achieved. At present, there is a fundamental disconnection between the international commitments made at Monterrey and the instruments and approaches being used by donors on the ground. Four key areas urgently need to be addressed by the international community:

- speed and flexibility
- coordination
- predictability
- coherence.

The FTI has generated positive incentives for reform. Countries are starting to move forward with proposals for achieving the education MDGs, in the expectation that donors will respond with additional finance. Yet the instruments and modalities currently used by donors simply do not allow a swift and flexible response. At present, when a country's plan is submitted, donors respond through their individual bilateral planning processes by writing a new programme proposal – in the first 23 FTI and Analytical Fast Track countries, there is an average of ten major donors who will follow this process. Many donor agencies have centralised planning and budgeting arrangements, which slow down further the release of new funds – 12 to 18 months is common for most donors. As a result, plans are often two or more years old before significant aid starts flowing, leading to partial implementation. Tanzania's recent experience is a case in point, where donors failed to provide sufficient financing on time for new classroom construction to cope with an enrolment surge following the elimination of school fees. One donor official, noting how slow donors had been to increase aid for education in Tanzania, attributed this to 'cumbersome (donor) bureaucracy, and innate risk-aversion'.

Decentralisation of donor processes could help significantly to speed up the release of funds, as could a streamlining of the accounting, reporting and procurement requirements attached to aid. At present, these are administratively burdensome, and tie up an enormous amount of time and expertise that could be better employed in developing and implementing strong sector plans. The FTI committed donors to provide better coordinated and more harmonised support, yet as the Bank's own FTI progress report for the Development Committee notes, no meaningful progress has been made in delivering on this commitment. Part of the problem lies in what most donors understand by coordination.

In many Fast Track countries what is described as strong coordination is in fact little more than regular communication – which, although important, does not significantly address the central problem of transaction costs for recipient governments. It is rare to find genuine coordination in financial reporting, monitoring and evaluation, and the provision of technical assistance. Specific measures need to be taken at the national and international level to address this problem, including changes in agencies' internal administrative procedures, and the creation of incentives for donor programme staff to work together around common systems agreed with governments.

Aid predictability must also be addressed as a matter of urgency if the FTI is to move forward. Teachers' salaries are by far the largest cost in any education system, and donors' analysis shows that the education MDGs cannot be achieved unless more aid is provided as budget support to fund recurrent expenditures over the medium term. At the same time, most donors continue to plan and budget on an annual basis, and multi-year commitments of more than three years are unusual. It is also common for donors to cut budgets and shift strategic priorities between recipient countries and sectors at short notice. In this situation, finance ministries are often justifiably reluctant to accept additional donor funds, where education expansion creates recurrent costs that cannot be easily reversed – especially where, as in Uganda, the existing teacher wage bill is not covered by domestic education expenditure. Longer-term commitments, and greater use of pooled funding arrangements, are needed to provide countries with the stability and predictability of funding necessary to finance the education goals.

Finally, current donor approaches are incoherent, with unduly restrictive IMF and World Bank monetary goals limiting the ability of governments to accept additional donor funds for the MDGs. In both Bolivia and Uganda, finance ministries have objected to the FTI partly on the grounds that additional donor aid will undermine the monetary framework. While fiscal prudence and macroeconomic stability are necessary conditions for poverty reduction, they are also insufficient conditions if they are pursued at the expense of human development objectives.

A more balanced approach to managing aid flows is needed. Where countries have a track record of fiscal responsibility and aid is predictable, there is often scope to relax targets for reducing the gap between domestic revenue and total expenditure. There is also a case for relaxing restrictions on additional aid from a macroeconomic perspective. For example, the risk that major inflows of foreign exchange will appreciate the exchange rate and undermine economic growth – the effect known as 'Dutch disease' – has made the Ugandan finance ministry reluctant to accept additional aid for education. However, the economic impact of aid varies depending on where it is spent. As one donor agency in Uganda noted, where education expansion is concentrated in rural areas – as will be the case in most Fast Track countries – the macroeconomic effect of additional aid is likely to be manageable.

More broadly, the lack of coherence between IMF-World Bank macroeconomic conditions and the MDG agenda reflects the way in which the IMF and parts of the World Bank work apart from the wider development community. For the Monterrey Consensus to succeed all development partners – the international financial institutions included – need to work within a transparent common framework. At the country level this requires a much broader-based Poverty Reduction and Growth Facility (PRGF) and PRSP process that brings the MDGs to the fore of development planning, rather than treats them as something to be bolted on once the macroeconomic fundamentals are dealt with.

A financing framework must be agreed

A new financing framework is needed to operationalise the FTI and improve aid quality and targeting. Many donors rightly insist on any financing framework making maximum use of existing capacity and structures. Yet this should not become an argument for no change. Closer coordination, more systematic targeting and better monitoring of progress will necessarily require additional capacity to be created at both the national and international levels. Many of these capacity gaps have been implicitly recognised in the recent establishment of the FTI secretariat, EFA donor consortium and UNESCO EFA Monitoring Report. The challenge now is to clarify and connect their functions, as part of a coherent framework that channels additional aid effectively to countries with a demonstrated commitment to the education goals.

The resources for the framework would come from multilateral and bilateral sources, and could include a range of different instruments and modalities. Some donors are interested in channelling funds through a dedicated facility, or making use of silent partner arrangements, while other donors are keen to utilise their existing bilateral programmes. None of these mechanisms should stand in the way of progress in developing a framework. What matters is that these commitments are coordinated and predictable, and that plans are fully funded. Some donors such as the UK are providing an increasing share of their programme aid as budget support, and therefore in some countries are unable to earmark funds to the education sector. Yet this should not be treated as an obstacle to supporting the FTI, given the initiative's focus on ensuring that education is prioritised within PRSPs and MTEFs.

The financing framework would operate as follows:

- Donors commit to meeting the external resource requirements of any country that satisfies the Fast Track eligibility criteria and produces a credible plan.
- The financing framework would operate on a principle of subsidiarity; to the maximum extent possible, financing needs would be met through a coordinated response from donors within the country.
- Ongoing joint monitoring and iterative adjustments to the plan would take place at the country level.
- The annual EFA Monitoring Report will draw on this monitoring process to identify policy and financing gaps on a country by country basis.
- The EFA donor consortium will respond to the monitoring report by mobilising additional resources to meet remaining finance gaps, with bilateral donors invited to contribute in their preferred way.

Expanding the FTI

> ‘We encourage all countries to place education at the heart of their poverty reduction strategies, reform their education policies to achieve Universal Primary Completion and monitor progress towards the 2015 education goals.’
>
> **Development Committee Communiqué, April 2002**

The first 18 Fast Track countries represent a positive start towards delivering on the international commitment to get every child into school by 2015. However, these countries account for no more than 20 million of the world’s 115 million children out of school. The FTI must be rolled out to a larger group of countries for the education MDG to be achieved globally. There is a strong case for expanding the group of countries with full FTI status, given the Bank’s own assessment that 33 low-income countries are able to effectively absorb significant additional resources. At the Spring Meetings in 2002, the Development Committee endorsed a timetable for expansion, starting in January 2003. Yet this has not happened, with donors unwilling to expand at a time when they have failed to make meaningful commitments to the first 18 countries. At present, donors are failing to expand the FTI even to countries that satisfy the eligibility criteria. Since the FTI was launched, Malawi, Mali, Rwanda, Senegal and Tajikistan have all developed full PRSPs, yet none has been invited to join the initiative. Similarly, India’s own national development strategy has now been accepted as equivalent to a PRSP, yet no action has been taken to move India from the Analytical FTI to full Fast Track status. If donors are serious about responding to countries that demonstrate commitment to the MDGs, then these countries must be invited immediately to join the FTI.

The eligibility criteria need revising

To join the FTI, countries must have an education sector planning process and a full PRSP. There are two problems with this approach. First, some countries without a full PRSP nonetheless have the capacity to absorb additional resources, and have a strong track record in education reform. Second, the eligibility criterion of a full PRSP is a serious brake on expansion, postponing urgently needed educational improvements for millions of children. By tying progress on the education MDGs so tightly to the PRSP timetable, no more than 30 low-income countries – out of more than 50 initially considered for the FTI – are likely to have qualified for the initiative by mid-2004 (see Table 2). Given the frequent slippage on the PRSP timetable, often for reasons unrelated to a country’s ability to make progress on the education goals, even this scenario is optimistic. A more flexible approach to the eligibility criteria is needed. Where a country has embarked on a serious reform programme, captured in a credible interim PRSP, this should be sufficient to start the FTI process.

Table 2: FTI progress – where countries stand

Full FTI status	Countries with a full PRSP, but currently outside the FTI	Countries scheduled to have a full PRSP by mid-2004	Countries likely to be outside the FTI at mid-2004
Albania	Benin	Cameroon	Angola
Bolivia	Cambodia	Chad	Bangladesh
Burkina Faso	India	Guinea Bissau	Burundi
Ethiopia	Kyrgyz Republic	Kenya	CAR
The Gambia	Malawi	Lesotho	Congo
Ghana	Mali	Pakistan	Cote d'Ivoire
Guinea	India		DRC
Guyana	Rwanda		East Timor
Honduras	Senegal		Eritrea
Mauritania	Sri Lanka		Nepal
Mozambique	Tajikistan		Nigeria
Nicaragua			Sierra Leone
Niger			Togo
Tanzania			
Uganda			
Vietnam			
Yemen			
Zambia			

The FTI must benefit countries with weaker policy environments

The FTI is currently designed to commit additional resources to a relatively small number of strong policy reformers, where donor programmes are clustered, to the exclusion of countries with weaker policy environments. These countries, which are often many years away from developing a full PRSP, account for a majority of the world's out of school children and face enormous educational challenges. Many countries with weaker policy environments are emerging from conflict or political and economic crises, and are struggling to rebuild basic institutional structures and delivery systems. Donors need to provide a coordinated, flexible response in these situations that meets immediate educational needs and gets countries 'on track' to achieve the education goals. Simultaneously, donors need to give intensive support for country efforts to build the longer-term capacity necessary to produce and implement national plans and poverty reduction strategies.

Despite the urgent need for more and better quality donor assistance in low-income countries emerging from conflict and crisis, the donor community tends to wait for strong policy reformers to emerge, rather than pro-actively engage with countries at an earlier stage in the reform process. If the MDGs are going to be achieved, this has to change. An 'escalator approach' is needed, with donors differentiating their interventions at each stage of the reform process, in a way that builds strong institutions, skills and systems, and provides clear incentives for countries to move towards full FTI status.

The Analytical Fast Track (AFT), which is designed to provide interim capacity building support to five high population countries – Bangladesh, DRC, India, Nigeria and Pakistan – without strong sector plans, is a potential starting point for making this happen. However, to reach a majority of the world's out of school children, the AFT needs to be expanded to other low-income countries in equally urgent need of intensive donor technical support. At the same time, the UK's Department for International Development, which is leading on the AFT process, must use the EFA donor consortium, and discussions with developing country governments, to clarify its scope and objectives. Almost one year on from its inception, little progress has been made in defining the AFT.

Nigeria is a case in point – there is no clear agreement on whether the AFT involves additional technical or financial support, whether it should reach all 36 states, and whether it is designed to prepare Nigeria for full FTI status or is a stand-alone initiative. Increasingly, the AFT in Nigeria appears to be nothing more than a repackaging of the existing Universal Basic Education Programme, supported by the World Bank and DFID. As one donor official in Nigeria put it, 'the government is justifiably sceptical, because analytical is a euphemism for no extra money'.

The fact that nothing has happened in Nigeria that would not have taken place without the AFT is generating growing frustration and cynicism in government. This in turn threatens to undermine a fragile, emerging consensus in favour of difficult sector reforms, which is being built through the EFA sector planning process. As it stands, the Analytical Fast Track is looking less like a serious effort by the donors to build sector planning capacity, than a stalling tactic that shifts the focus away from donors' reluctance to commit additional resources back onto countries with weak policy environments. The onus is now on the donors to prove otherwise.

Conclusion and recommendations

The FTI has the potential to deliver on one of the key elements of the MDG agenda by transforming the educational opportunities of millions of the world's poorest children, and thereby laying the foundations for economic growth and poverty reduction. Twelve months on from its launch, modest but significant progress has been made in the first 18 Fast Track countries. A growing number of governments are engaging with donors about the actions needed to achieve the education goals, and ambitious plans are being produced, in the clear expectation of donor co-financing. But this progress is fragile, and cannot be sustained unless the donors act now to undertake far-reaching changes in how they work and provide the additional resources necessary to implement plans in full.

The ability of the international community to deliver on its education promises is a litmus test of broader commitment to the MDGs. If donors and governments fail through the FTI to make significant progress on education, which is the most achievable of the 2015 goals, the credibility of the Monterrey Consensus will be destroyed.

When Development and Finance ministers meet at the forthcoming IMF-World Bank Spring Meetings, they will review progress on the Education FTI. If they are seriously committed to achieving the education goals, they must act on the following four points:

1. A genuine partnership for education – between governments and donors, in line with the commitment made at Monterrey. Strong education plans – and the political will needed to follow them through – require decisive leadership from donors and governments, better communication, and investment in intensive planning processes.

2. More aid for education – it's time for donors to back the FTI with money, not words. In particular, donors must commit the additional $430m in aid needed to kick-start implementation in the seven countries whose proposals were approved in November. Without additional donor funding, these plans cannot be implemented, and the FTI will fall at the first hurdle. Donors must also agree a timetable for financing the other eleven FTI plans.

3. A financing framework for achieving the education goals – donors must improve the quality of aid. The education MDGs will not be reached without a clearly defined financing framework, that enables donors and governments to systematically develop, fund and monitor national plans. Donor funding needs to be made more predictable and better coordinated, to lower the cost of aid for poor countries.

4. A timetable for expansion – beyond the initial group of 18 countries. All countries with full PRSPs should be invited immediately to join the initiative. The eligibility criteria need to be made more flexible, and the AFT must be extended to all low-income countries outside the FTI.

Cover photo: Jenny Matthews/ActionAid

ActionAid, April 2003

This paper was written by Patrick Watt, with the support and input of ActionAid programmes and partners. Acknowledgements are due to Beatriz Cajías, Daniela Carriquiriborde at Ayuda en Accion Bolivia, Verdiana Massanja, Janet Mawiyoo at ActionAid Tanzania, Kate Dyer at Maarifa ni Ufunguo, Stephen Maina at TEN/MET, Charles Abani and Chinwuba Egbe at ActionAid Nigeria, Bawa Mohammed, Susan Kajura, Charles Businge at ActionAid Uganda, Moctar Diallo at Aide et Action Guinea, Louise Hilditch at ActionAid Alliance in Brussels, Matthew Lockwood and Nicola Peckett at ActionAid UK and Anne Jellema of the Global Campaign for Education.

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P1354-04-03