

The World Bank and Basic Education: The \$750 Million Pledge and IDA/GPE Substitution

The following brief examines two key issues affecting the World Bank's efforts to support basic education worldwide.¹ The first concerns a pledge the Bank made in 2010 to increase lending for basic education by \$750 million over the subsequent five years. The second reveals emerging trends in basic education financing by the World Bank in relation to that of the Global Partnership for Education.

The \$750 Million Pledge

The Original 2010 Pledge

In 2010, at the United Nations Millennium Development Goals Summit in New York, former President Robert Zoellick and former Senior Managing Director Ngozi Okonjo-Iweala announced that the World Bank would increase financing for basic education in countries off track to achieve the Millennium Development Goals (MDGs) in education:

"[T]oday I am proud to announce that the Bank's International Development Association (IDA), our Fund for the Poorest, will increase grants and zero interest loans for basic education by an additional \$750 million over the next five years to 2015. This represents about a 40% increase in our basic education lending over the past five years for the poorest countries. These additional resources will be targeted toward countries that are off-track to reach the education MDGs by 2015, especially in sub-Saharan Africa and South Asia. In order to yield the highest impact, the Bank will seek to leverage these additional IDA funds to support low-income countries that receive financing from the Education for All Fast Track Initiative."

Ngozi Okonjo Iweala, New York (September 20, 2010)

In fiscal year 2010, basic education lending from IDA for low income countries was \$1.2 billion, making the commitment to increase education investments by \$750 million by 2015 a bold promise of new resources amounting to annual lending of about \$1.4 billion, or a total of \$6.8 billion between FY11 and FY15. As IDA lending for basic education totaled \$4.9 billion during the previous five years (FY06-10), or an average of \$978 million per year, this pledge would indeed represent a 40 percent increase in basic education lending.

However, in FY11, Bank financing for basic education fell considerably, with only \$403 million in new commitments to basic education. While this decline may in part be due to the front-loading of resources in 2010 due to the economic crisis which put added pressure on developing country budgets, even the two-year average of lending in FY10-11 falls below that of FY08-09.

The Adjusted 2011 Pledge

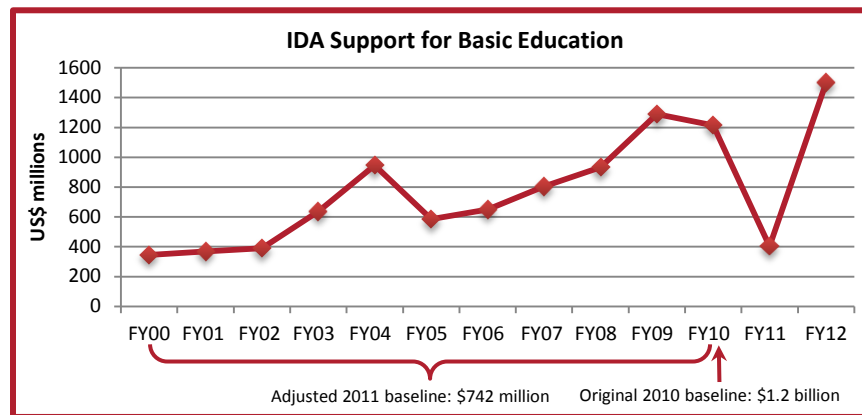
Announcements last year revising the baseline used to calculate the additional financing pledge suggest that the Bank is trying to pull back on the ambition of its initial MDG Summit announcement and indicate that challenges to deliver on the 2010 commitment may be at play. A year after former World Bank President Zoellick announced the Bank's commitment to the education MDGs, and following public concern over the record low levels of IDA lending in 2011, the Bank's Education Sector spelled out its intent to deliver on its \$750 million pledge. In November and December 2011, the Bank reaffirmed its commitment to the education MDGs, and outlined plans to re-characterize the promise made a year earlier:

"In September 2010, World Bank President Robert Zoellick pledged that the Bank would commit an additional \$750 million in financing for basic education over five years from the International Development

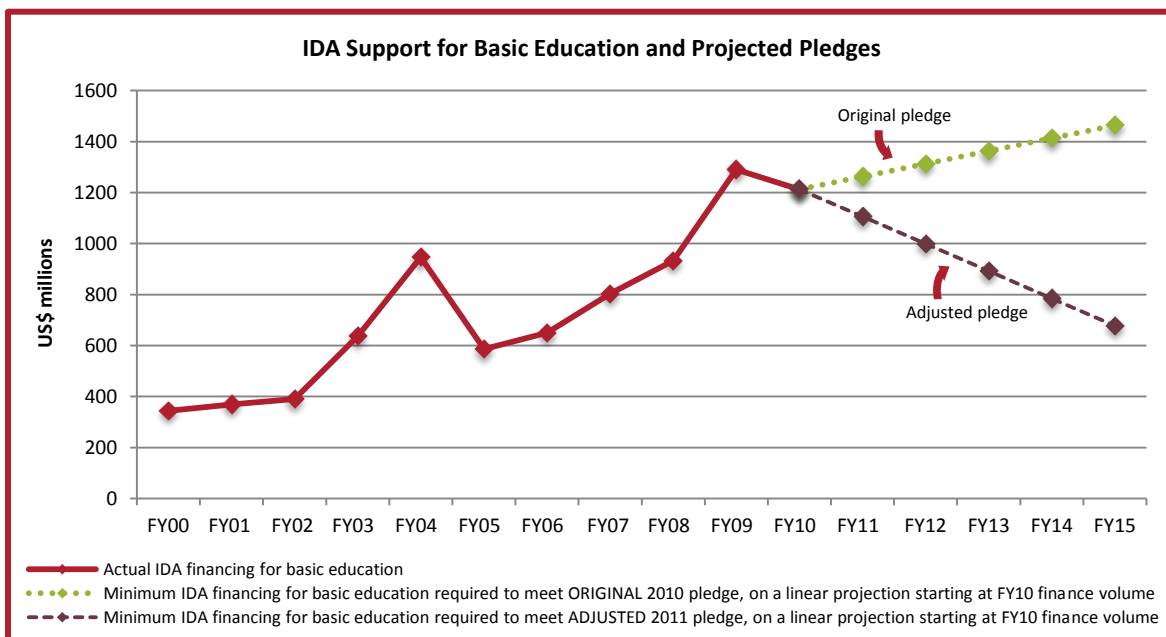
Association (IDA), to help the poorest countries accelerate progress toward the 2015 Millennium Development Goals (MDGs) for Education. In November 2011, the Bank reaffirmed this commitment at the Global Partnership for Education pledging conference in Copenhagen.

Average IDA support for basic education was \$742 million per year during 2000-2010. Our projections are for a sharp rise in IDA support for basic education in the current fiscal year (FY2012) to about \$1.2 billion. If this is realized, the Bank will meet its pledge by 2015 by sustaining support for basic education around \$1 billion per year over the next 3 years. This is priority for our dialogue with countries, particularly in Africa, on how to effectively utilize their IDA resources. We are closely monitoring progress on our pledge and will be providing quarterly updates on this site."

This statement clarifies that the pledge will be recalibrated by making explicit reference to an 11-year baseline. Particularly because lending in the early 2000s was in the range of \$400 million annually, including these years in the estimation of average lending lowers the \$1.2 billion baseline to \$742 million:



What does this mean for IDA’s pledge to basic education?—Far less money will be provided than originally promised. Instead of \$6.8 billion to be supplied over the 2011-2015 period, now \$4.5 billion is the target, \$2.3 billion less than initially promised. However, it is more than just a lowered promise: it is actually a promise to *decrease* support to basic education. If FY10 lending volumes were to simply remain constant, without an increase of \$750 million, \$6 billion would be provided for basic education. Now, with the promise to “increase” basic education lending by \$750 million to reach \$4.5 billion over the 2011-2015 period, the World Bank is actually aiming to provide basic education support well below the 2010 level:



The pledge that the Bank is currently tracking (and publishing on its webpage entitled “Accelerating Progress toward the Education MDGs”) is clearly a different matter from what was originally pledged in 2010. In fact, if former President Zoellick and former Senior Managing Director Okonjo-Iweala would have pledged this adjusted commitment in 2010, they would have been pledging to spend *less* on basic education over the next five years than what had been delivered during the preceding five years. \$4.9 billion went towards basic education from FY06 to FY10; now the Bank is aiming to support basic education with only \$4.5 from FY11 to FY15.

Recommendations

Clearly this was not the intention of the original pledge. This is not merely a subtle recalculation of a promise resulting in a lowered commitment—it is a promise to decrease support to basic education. The quiet renegotiation of this promise is a blow against the Bank’s credibility in the education community and an injustice against the ultimate stakeholders—the world’s children most in need. **The World Bank must return to aspiring towards its original 2010 pledge and provide \$1.6 billion annually between FY13 and FY15 to make good on its promise.**

IDA/GPE Substitution

Global Partnership for Education

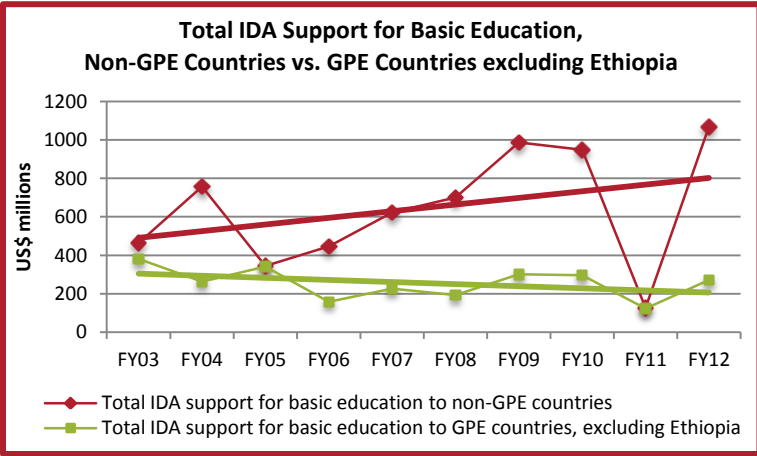
Originally established as the Education for All – Fast Track Initiative in 2002, the Global Partnership for Education (GPE) is comprised of developing country governments, multilateral agencies, civil society organizations, private sector foundations, and donor country governments. Currently active in 48 developing countries, the GPE holds a unique—and important—position in the global education aid landscape as it is the only multilateral partnership devoted expressly to providing quality universal basic education to children worldwide. As it was initially established as an additional catalytic fund for basic education in countries in the most need, the GPE intends to complement other mechanisms of international aid to foster the global development of basic education.

IDA and GPE

Despite being designed to be a complementary, not solitary, education aid mechanism, the GPE, in some cases, is being left alone to fill the education financing gap in the countries in which it operates. In the case of IDA, there is an emerging trend of substitution as IDA funds for basic education are decreasing in the presence of GPE agreements.

By and large, surface trends demonstrate increases in IDA basic education financing. Total IDA support for basic education worldwide is increasing. On average, IDA lending for basic education has been growing by \$38 million per year, creating a 55 percent increase in support to basic education from what it was 10 years ago.

However, when GPE countries are examined in specific, a different picture emerges: IDA support for basic education in non-GPE countries is increasing while that of GPE countries is decreasing. Over the last 10 years, IDA support for basic education in non-GPE countries has increased on average doubled while that of GPE countries has decreased by 11 percent. When Ethiopia is removed as an extreme outlier (as it has received 11 times more the average basic education IDA support than other GPE countries), IDA financing for basic education for GPE countries over the last 10 years drops even further to a 32 percent decrease:



The majority of GPE countries are not receiving joint support from both IDA and GPE for their basic education programs. Only 15 out of the then 47 (32%) total GPE countries had IDA financing for basic education in FY12:

GPE countries and IDA status					
IDA support for basic education in FY12		No IDA support for basic education in FY12			
Benin	Nicaragua	Afghanistan	Georgia	Lao PDR	Niger
Cote d'Ivoire	Rwanda	Albania	Ghana	Lesotho	Papua New Guinea
Djibouti	Sierra Leone	Bhutan	Guinea	Liberia	Sao Tome and Principe
The Gambia	Togo	Burkina Faso	Guinea-Bissau	Madagascar	Senegal
Haiti	Uganda	Cambodia	Guyana	Malawi	Sudan
Moldova	Vietnam	Cameroon	Honduras	Mali	Tajikistan
Mozambique	Yemen	Central African Republic	Kenya	Mauritania	Timor-Leste
Nepal		Ethiopia	Kyrgyz Republic	Mongolia	Zambia

Instead of benefiting from the co-existence of IDA and GPE, many GPE member countries are experiencing a decline in IDA funding for basic education while their non-GPE counterparts are receiving more. More and more frequently, GPE funds are being treated as a substitute for IDA. GPE by itself cannot meet the demand of global education financing, and not addressing these emerging trends will strand some of the nations in the greatest need, defeating the purposes of both GPE and IDA.

These trends are even more alarming considering that GPE member countries not only have some of the greatest need for basic education support but also have some of the greatest capacity to absorb that support. GPE countries have Local Education Groups comprised of representatives from the government, bilateral and multilateral agencies, and civil society organizations that coordinate around endorsed national education plans. Though these governance structures improve aid effectiveness and warrant increased support, many GPE countries are receiving a declining share of IDA funds.

Recommendations

To rectify this situation, the following actions must be taken:

- ➔ **World Bank Leadership:** The World Bank must exhibit leadership in its support for basic education in GPE countries. The awareness of these trends must be impetus to act. The Bank must not look at GPE as a substitute for its own basic education lending, and it must ensure borrowing countries do not do so as well. Advising on financing basic education and providing additional options to do so are not intrusive measures but the duties of a responsible lender.
- ➔ **IDA/GPE Trigger:** The World Bank should structure a trigger to deliver IDA funds in conjunction with the GPE allocation mechanism. As such, countries receiving an allocation from the GPE which is lower than the estimated financing needs for endorsed sector plans should receive a “top-up” from the Bank to meet this demand for external financing.
- ➔ **IDA/GPE Buy-Downs:** The World Bank should consider allowing a GPE (or other third party) buy-down of IDA lending for basic education. In this arrangement, a portion of GPE funds could be used to cover all service and commitment charges associated with the loan, effectively converting it into a grant. This would act as an incentive for developing countries to access IDA funds while increasing their total finance portfolios for basic education.

¹ Financing for “basic education” is defined as 100% of “pre-primary education” funds, 100% of “primary education” funds, 50% of “secondary education” funds, 75% of “general education” funds, and 75% of “public administration – education” funds. All data is based on the World Bank Project Database as of August 6th, 2012 and the World Bank webpage [Accelerating Progress toward the Education MDGs](#).

