



Knowledge hub - Collection of best practices

Summary of the best practice

1. Title of the best practice (e.g. name of policy, programme, project, etc.) *

International Finance Facility for Education

2. Country or countries where the practice is implemented *

Geographical coverage: Africa, Asia and Pacific, Latin America and the Caribbean.

3. Please select the **most relevant** Action Track(s) the best practice applies to *

- Action Track 1. Inclusive, equitable, safe, and healthy schools
- Action Track 2. Learning and skills for life, work, and sustainable development
- Action Track 3. Teachers, teaching and the teaching profession
- Action Track 4. Digital learning and transformation
- Action Track 5. Financing of education

4. Implementation lead/partner organization(s) *

International donor countries – the likes of the UK, Netherlands, Germany, the U.S. – supply guarantees, which are then used by multinational development banks (MDBs) to raise finance on the international money markets.

5. Key words (5-15 words): Please add key descriptive words around aims, modalities, target groups etc. *

global education; education quality; education funding; low and middle income countries; marginalised individuals

6. What makes it a best practice? *

What makes this a best practice is that it is innovative financing mechanism that aims to unlock at least US\$10 billion of new funding by 2030, making it possible to get every child into school. Is it designed to encourage middle-income countries to borrow for education from multilateral banks.

Description of the best practice

7. Introduction (350-400 words)

This section should ideally provide the context of, and justification for, the practice and address the following issues:

- i) Which population was affected?
- ii) What was the problem that needed to be addressed?
- iii) Which approach was taken and what objectives were achieved? *

The International Finance Facility for Education is a bold plan that would make it possible for countries and the international community to collectively achieve the largest education investment in history. This innovation in global finance will multiply donor funding so it can go further, creating a new stream of finance for countries committed to reform and investment. Working hand-in-hand with efforts to expand tax revenue in the medium-term and increase domestic investments in education, the Facility will play a crucial role in bridging the financing gap in countries on the road to universal education.

The Facility will complement, not replace or duplicate, current initiatives in education finance. It will enhance World Bank and regional development bank financing for low-income and lower middle-income countries, and work alongside international actors such as the Global Partnership for Education; the Education Cannot Wait fund; UN agencies such as UNICEF, UNESCO, UNHCR, and UNRWA; bilateral donors; and thousands of charities worldwide.

8. Implementation (350-450 words)

Please describe the implementation modalities or processes, where possible in relation to:

- i) What are the main activities carried out?
- ii) When and where the activities were carried out (including the start date and whether it is ongoing)?
- iii) Who were the key implementation actors and collaborators? (civil society organizations, private sector, foundations, coalitions, networks etc.)?
- iv) What were the resources needed (budget and sources) for the implementation?

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The Facility will create opportunities for more than 20 million children to attend quality schools in its initial period. It will help girls complete both primary and secondary school, support programs to get at-risk children into school, provide longer-term finance for refugees or displaced children, allow for new innovations in the delivery of education, assist countries as they build comprehensive early childhood development programs, and provide support for initiatives to bring children with disabilities into education.

9. Results – outputs and outcomes (250-350 words)

To the extent possible, please reply to the questions below:

- i) How was the practice identified as transformative? (e.g., impact on policies, impact on management processes, impact on delivery arrangements or education monitoring, impact on teachers, learners and beneficiary communities etc.);
- ii) What were the concrete results achieved with regard to outputs and outcomes?
- iii) Has an assessment of the practice been carried out? If yes, what were the results? *

Projected outcomes include that low-income countries (LICs) have new means to finance education. While low-income countries (LICs) – the poorest of the poor – have traditionally faced some of the greatest barriers to education, recent developments have made it easier for them to get financing. Low-cost financing has grown thanks in part to the World Bank's \$75 billion replenishment of its financing available to low-income countries which allows for a 50 percent increase in financing for LICs through grants and favorable lending terms. In addition, many donors are giving greater priority to the poorest countries in their foreign aid portfolios, and more grant resources have been mobilized through the successful Global Partnership for Education (GPE) replenishment and the recent establishment of the Education Cannot Wait fund (ECW). Efforts to make World Bank financing even more affordable through subsidies for interest rates could double the financing available to these countries. All these resources create a pathway forward for LICs that want to make progress on education.

10. Lessons learnt (300 words)

To the extent possible, please reply to the following questions:

- i) What were the key triggers for transformation?
- ii) What worked really well – what facilitated this?
- iii) What did not work – why did it not work? *

The Facility specifically targets the education financing needs of lower-middle-income countries (LMICs). These countries often face a structural problem – a “missing middle” dilemma – that prevents them from getting adequate education funding. Much of the world’s education burden has shifted to LMICs. These countries are home to 700 million girls and boys of school age, more than three times the number in LICs. Sixty percent of all children and young people not on track to have basic skills by 2030 reside in LMICs, as do half of all refugee and displaced youth. By 2030, 80 percent of the total global education financing needs will be in LMICs.

Many LMICs have gained economic ground and do not qualify for grants, low-interest, or interest-free loans to finance education. At the same time, the tax receipts of these countries have not increased quickly enough to finance the expansion and upgrades that their education systems desperately need. This leaves many LMICs stuck in a “missing middle” conundrum – they’re too wealthy to get external funding at favorable rates but not wealthy enough to finance education on their own. These countries are eager to make progress on education, but their precarious economic success hangs in the balance.

A learned lesson here would be to increase education financing for the “missing middle”
The central purpose of the Facility is to provide these LMICs with a new stream of affordable funding for education. The Facility will increase the capacity of the MDBs to do more for education in countries committed to investment, reform, and results. Using guarantees provided by donor countries, the Facility will allow MDBs to mobilize more financing in capital markets and use this additional funding for education. The Facility will also use grants to soften the financing terms to make them more attractive for education investments.
The Facility’s model makes it the most cost-effective way of utilizing aid money in global education.

11. Conclusions (250 words)

Please describe why may this intervention be considered a “best practice”. What recommendations can be made for those intending to adopt the documented “best practice” or how can it help people working on the same issue(s)? *

In its initial phase, the Facility will unlock \$10 billion in new funding for education from the international community. When matched by an additional \$100 billion in domestic investment by recipient countries that reach increased domestic targets as proposed by the Education Commission, the Facility could make it possible to provide an additional 200 million years of quality schooling for millions of children – offering them the opportunity for a better future. In the first round of funding, donor countries will provide the Facility with about \$2 billion in guarantees, which will then be leveraged to create up to about \$8 billion in new financing. By blending this financing with \$2 billion of grant funding, IFFEd would help mobilize a total of more than \$10 billion in affordable financing for education. It takes time for the education of children to affect national economies, but if we can realize the Learning Generation, GDP per capita in low-income countries will be almost 70 percent higher by 2050 than if current trends continued. Extreme poverty rates will be reduced by one-third due to education alone. By 2050, the mortality reductions from education improvements, measured in years of life gained, will be nearly equivalent to if the world eradicated HIV and malaria deaths today. Most importantly, young people will be prepared for the job market of the future, ready to become the next generation of innovators, teachers, and leaders – and able to realize and contribute all their talents.

12. Further reading

Please provide a list and URLs of key reference documents for additional information on the “best practice” for those who may be interested in knowing how the results benefited the beneficiary group/s. *

<https://sustainabledevelopment.un.org/partnership/?p=33981>

<https://theirworld.org/wp-content/uploads/2021/04/The-Education-Finance-Playbook.pdf>

<https://theirworld.org/resources/the-international-finance-facility-for-education/>