

INEE REFERENCE GUIDE ON

EXTERNAL EDUCATION FINANCING



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INEE

Inter-Agency Network for Education in Emergencies
Réseau Inter-Agences pour l'Éducation en Situations d'Urgence
La Red Interagencial para la Educación en Situaciones de Emergencia
Rede Inter-Institucional para a Educação em Situação de Emergência
الشبكة المشتركة لوكالات التعليم في حالات الطوارى

INEE

The Inter-Agency Network for Education in Emergencies (INEE) is an open global network of practitioners and policymakers working together to ensure all persons the right to quality education and a safe learning environment in emergencies through to recovery.

To learn more please visit www.ineesite.org.

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Acronyms

CAP	Consolidated Appeals Process (of the United Nations Office for Coordination of Humanitarian Affairs)
CERF	Central Emergency Response Fund, United Nations
CF	Catalytic Fund of Education For All Fast Track Initiative
CHAP	Common Humanitarian Action Plan
CHF	Common Humanitarian Fund, United Nations
CSO	civil society organisation
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
EC	European Commission
EFA FTI	Education For All Fast Track Initiative
EPDF	Education Program Development Fund of EFA FTI
ERF	Emergency Response Fund, United Nations
ESP	education sector plan
EU	European Union
GBS	general budget support
HIPC	Heavily Indebted Poor Countries
IASC	Inter-Agency Standing Committee
IMF	International Monetary Fund
INEE	Inter-Agency Network for Education in Emergencies
INGO	international non-governmental organisation
MDG	Millennium Development Goal
MDTF	multi-donor trust fund
MOE	Ministry of Education
NGO	non-governmental organisation
NSP	non-state provider
OCHA	United Nations Office for Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
PAF	performance assessment framework
PIU	project implementation unit
PRSP	Poverty Reduction Strategy Paper
SBs	sector budget support
SWAp	sector-wide approach
TA	technical assistance
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHC	United Nations Humanitarian Coordinator
UNICEF	United Nations Children's Fund

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The Inter-Agency Network for Education in Emergencies (INEE) is an open, global network of representatives from NGOs, UN agencies, donor agencies, governments, academic institutions, schools and affected populations that work together within a humanitarian and development framework to ensure that all people have the right to a safe, quality education in situations of emergency and post-crisis recovery.

This report was developed on behalf of the INEE Working Group on Education and Fragility by Peggy McInerny. The Working Group is an inter-agency mechanism that coordinates diverse initiatives and catalyses collaborative action on education and fragility. Its principal objectives are to strengthen the consensus on how education helps mitigate fragility while ensuring equitable access for all; to support the development of effective quality education programmes in fragile contexts; and to promote the development of alternative mechanisms to support education in fragile contexts during the transition from humanitarian to development assistance. For more information on INEE and the Working Group, visit <http://www.ineesite.org>.

The Reference Guide was developed based on a report entitled “Appropriate and Effective Financing Modalities and Channels for Education in Fragile Situations,” commissioned by the Working Group on Education and Fragility and authored by Anne Thomson and Naureen Karachiwalla, Oxford Policy Management, with guidance provided by Keith Hinchliff. This publication and other key resources on financing can be found at <http://www.ineesite.org/financing>.

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Introduction

Governments—whether at the central, provincial or district level—are the key to the development of strong education systems. Beyond service delivery, national authorities are responsible for developing and implementing education policy, establishing standards and curricula, developing education institutions, setting priorities and objectives, and monitoring progress toward these goals.

A government's objectives and role in the education sector differ depending on its circumstances, which affect both its political will and ability to deliver services. Delivering externally financed education services in situations of crisis, post-crisis or risk of crisis can not only help reduce conflict and assist in peacebuilding, but also enhance social cohesion and economic growth. In addition to restoring a sense of routine after a conflict or natural disaster, education systems can also help build strong, functioning states, thereby reducing fragility.

This Reference Guide was developed by the INEE Working Group on Education and Fragility in response to requests from education specialists for an easily accessible description of the different types of external assistance for education, particularly as recommended by participants at the 2008 INEE Policy Roundtable on Education Finance in States Affected by Fragility. **Its purpose is to enable national decision-makers in low-income countries, including those in fragile situations, to better understand the ways in which donors provide education assistance, how various funding mechanisms work and why donors choose one funding mechanism over another to support education.** In addition, it is hoped that this tool will help increase education policy-makers' awareness of the types of external assistance used to fill gaps in domestic education funding at the field level.

For the purposes of this publication, the term *funding mechanisms* is used to refer to the ways in which donors provide assistance either to multilateral agencies, non-governmental organisations (NGOs)¹ or directly to partner governments. A *donor* is defined as a government agency or an organisation that donates humanitarian and/or development assistance to a given country or region. As used here, the term refers to a broad array of providers of external assistance and is not limited solely to bilateral and multilateral development agencies.

The Reference Guide is written from a donor point of view and sets out to explain existing funding mechanisms. It is not intended to be a “how to” guide that enables governments and their education ministries to more successfully apply for external education assistance or to better negotiate the design of such assistance. Nor is it

¹ Throughout the text, the term NGOs is used to refer to both international NGOs and local NGOs simultaneously.

intended to analyse different funding mechanisms by evaluating their pros and cons in specific situations. Other publications addressing these issues are listed in Annex 2. This publication is intended to help national education policy-makers understand the design, goals and constraints of existing types of donor assistance, thereby helping them better navigate country-donor relationships.

The publication may also be of interest to individuals who work for NGOs and other civil society organisations (CSOs), as well as members of local education (donor) groups and their education development partners, whose increased knowledge of how funding mechanisms work can help them hold governments and donors more accountable.

For the purposes of this publication, *fragile situations* are defined as situations of crisis, post-crisis or the risk of crisis caused by conflict, natural disaster or challenges to a government's legitimacy. In these situations, a government usually has limited resources and lacks either the capacity or will to act, or both. As a result, the government is unable to deliver such core public services as security, health services and education to the majority of its population or to substantial areas of national territory.

This definition includes countries that may have limited institutions and personnel to develop education policy and deliver education services; are living in circumstances in which norms or institutions are no longer respected and/or their authority not accepted; or which are struggling with very poor economic conditions. It also applies to countries

BOX 1.

INEE Working Group on Education and Fragility Member Agencies

- Academy for Educational Development (AED)
- Australian Agency for International Development (AusAID)
- CARE
- Canadian International Development Agency (CIDA)
- The Center for International Education at the University of Massachusetts
- Center for Universal Education at the Brookings Institution
- CfBT Education Trust
- The Netherlands Ministry of Foreign Affairs
- Education Development Center (EDC)
- European Commission (EC)
- Education For All Fast Track Initiative (EFA FTI) Secretariat
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)
- Reach Out to Asia (ROTA), Qatar Foundation
- Save the Children
- UK Department for International Development (DFID)
- UNESCO Center at the University of Ulster
- UNESCO
- UNICEF
- U.S. Agency for International Development (USAID)
- World Bank

For more information on the Working Group, contact educationfragility@ineesite.org and/or visit www.ineesite.org/educationfragility.

that fall into a “pre-conflict” situation in which rapid deterioration of social, economic and political conditions could eventually lead to outright conflict.²

HOW THE REFERENCE GUIDE IS ORGANIZED

The first part of the Reference Guide (“How Donors View Education Funding”) helps readers understand how donors view funding needs in the education sector and the funding mechanisms that they use in different situations. Essentially, donor assistance falls into two categories—humanitarian relief and development assistance. Humanitarian relief is generally used during a crisis, whereas a combination of humanitarian and development assistance is used during the period of recovery and reconstruction that follows a crisis. Part I is designed to help readers better understand how donors use external assistance to support the education sector, the range of different actors³ who actually deliver education assistance and the strategies donors use when choosing how to fund education.

Part II of the Reference Guide (“What Organisations Fund and Deliver Education Services?”) defines the different organisations that fund education (donors) and deliver education services (service providers, such as international and local NGOs). It also provides an overview about how donors work together, both internationally and at the country level.

Part III (“Donor Funding Mechanisms that Support Education”) summarizes the major characteristics of each principal type of funding mechanism for education. Where available, supporting case studies are included. Part II is designed to explain the differences between various funding mechanisms, how they work and why donors choose to use them.

Finally, the annexes provide useful supplemental information for the interested reader and a glossary provides explanations of a number of terms used in the text. Annex 1 provides brief country-based examples on the choice and implementation of funding mechanisms. Annex 2 offers a list of additional readings and resources on external education financing, particularly in fragile situations; Annex 3 provides a list of different organisations (donors and implementing agencies) involved in the funding and delivery of education services in low-income countries. (Please note that the list in Annex 3 is not comprehensive; it is meant to provide an illustrative snapshot of the various stakeholders, including donors and implementing agencies, related to external education financing. INEE regrets any oversight that may have resulted in the unintentional omission of an organisation in this annex).

2 The definition of fragility used by the Organisation for Economic Co-operation and Development’s Development Assistance Committee (OECD-DAC) emphasizes the lack of capacity and willingness of a government to perform key state functions for the benefit of all. According to this definition, fragility goes beyond poor services to include conflict, state collapse, loss of territorial control, extreme political instability, clientelist policies and repression or denial of resources to subgroups of the population. According to the DAC, organized violence, corruption, poverty, exclusion and poor governance are all common conditions and indicators of fragility. See OECD. 2008. “Service Delivery in Fragile Situations: Key Concepts, Findings and Lessons”.

3 Including bilateral and multilateral agencies, international and local NGOs, and private sector foundations.

BOX 2.

Defining “Fragile Situations”

The INEE Working Group on Education and Fragility acknowledges that the terms “fragility,” “fragile states” and “fragile situations” can be contentious. It uses the term “fragile situations” in this publication for two reasons. First, this term is in wide use among donors today. Second, the term covers a broad range of circumstances, including low-income countries with weak states and situations of crisis, post-crisis and the risk of crisis caused by conflict, natural disaster or loss of government legitimacy.

What does this mean? It can mean that a government has lost effective control of its territory or a part of its territory, and/or legitimacy among the population, and/or the ability to provide basic services to the population and/or is at risk of armed conflict or economic collapse—or some combination of these circumstances. In cases of natural disaster, a government can lose its ability to deliver services due to the destruction of roads, ports, bridges, communication systems and government offices. Alternatively, a government may retain a fairly good ability to deliver core services in the wake of a natural disaster, but be overwhelmed by the magnitude of humanitarian services needed in the aftermath of a hurricane, tsunami or earthquake.

Countries and/or regions can move in and out of fragile situations—sometimes quite suddenly—for different reasons. For example, Kenya experienced a long period of stable development, but contested elections in December 2007 suddenly thrust the country into instability and unrest. At the same time, the fragility of countries and/or regions can be affected by a combination of conflict and natural disaster. In Aceh, Indonesia, hostilities between the government and the long-running separatist movement (Free Aceh Movement, or GAM) reached their height between 1989–91 and 2001–03, before the tsunami hit in December 2004. The hostilities took 170,000 lives, displaced 500,000 people and caused an estimated physical damage and loss of around US\$4.9 billion to the province. The United States found itself thrust into a fragile situation when Hurricane Katrina struck in 2005, an event that revealed a surprising lack of government capacity to deal with a crisis caused by a natural hazard.

Fragile situations can also apply only to parts of a country. In Uganda in the 1990s, for example, the southern part of the country was reasonably stable while the northern region was plagued by a war between the government and the Lord’s Resistance Army. Fragile situations can prevail in different regions of a country for different reasons. In Afghanistan, for example, certain regions are fragile due to security challenges associated with the Taliban insurgency, other regions are fragile due to tenuous government capacity and widespread corruption, and still others are vulnerable to natural hazards.

PART I

How Donors View Education Funding

- A. Education: What Needs Funding?
- B. How Do Donors Make Decisions About Education Funding?
- C. What Is “Good Donor Practice” in Education?
- D. What Makes Good Donor Practice Difficult?



A. EDUCATION: WHAT NEEDS FUNDING?

External donors prioritise education as a critical service and seek to ensure that the most urgent education needs of a low-income country are met without losing sight of the long-term goal of helping the partner government build an efficient, effective and equitable national education system. As noted in the introduction, ensuring the continuity of education services can not only help reduce the risk of conflict, it can also assist in peacebuilding and, ultimately, drive economic growth and help build stable states.⁴

Growing awareness of the need to simultaneously deliver education assistance and support state-building processes in low-income countries, regardless of their circumstances, is leading to a new view of education. This view sees education as a means to reduce fragility by developing the wide range of skills, capabilities and systems needed to create self-sustaining, functioning states capable of competing in the global economy.

In addition to basic education, this understanding of education systems implies that they must be prepared to deliver training in skills as diverse as carpentry, masonry, engineering, accounting, auditing and computer technology. In the most fragile situations, education systems must help a generation of youth and adults who have missed out on education opportunities develop the technical and non-technical skills to function in society, indicating a need for support of basic, vocational and higher education in such circumstances.

Education Needs

Education, including in fragile situations, includes a diverse set of services and activities that depend on the state of the education sector—essentially, the ability of a government and its partners to fund and manage a national education system. The education needs in these situations are vast, yet their governments lack the strong institutions and systems needed to deliver education services. Schools that manage to function in these contexts face challenges such as inadequate education facilities, lack of teacher training and poor resource supply, highlighting the need both to improve education quality and expand enrolment (i.e., expand “access” by making education accessible to all children).

⁴ In this view, education is not just a crucial component of development, it is also a “peace dividend.” See Peter Buckland. 2005. *Reshaping the Future: Education and Postconflict Reconstruction*. World Bank.

Donors conduct an initial needs assessment to determine the types of education activities and related expenses required in a given country or fragile situation. As conditions change (e.g., as a country makes the transition from humanitarian relief to development assistance, or from non-formal to formal schooling activities), education needs also change. Periodic reviews—conducted more frequently in rapidly changing crises—are necessary to assess changing conditions and determine how to integrate new services into existing programmes.

Education needs may differ in an acute crisis and an immediate post-conflict situation. In these situations, there is a need to address immediate issues caused by crisis, displacement and conflict and, where necessary, establish temporary schooling opportunities. Supplementary curricula to address the challenges of post-traumatic stress, separation and displacement may be necessary.⁵

Among the education activities that frequently require some kind of external funding are

- formal primary and secondary education
- recreational activities for children to protect their well-being (i.e., places where students can initiate their own activities as well as engage in structured activities supported by adults)
- supplemental curricula to promote psychosocial support and protection or provide life skills training to learners (e.g. mine awareness, reproductive health, peace education)
- early childhood development (ECD) services, typically offered through community-based centres, such as nutrition, health and cognitive and motor stimulus to promote the healthy development of young children and their transition to primary school
- school feeding programmes that provide in-school meals, micronutrient fortification, deworming and/or take-home rations (such rations also have nutritional benefits and can impact school attendance and learning achievement)
- youth activities designed to help students make the transition between primary and secondary school and employment opportunities (e.g., vocational and skills training, literacy classes and leadership development)
- alternative education programmes, such as accelerated learning programmes (which condense traditional curricula into shorter periods of time); bridging programmes (which reintegrate students back into the formal education system); distance-learning programmes and school outreach centres (which enable students to continue their education despite displacement or security concerns)

⁵ Following a sudden emergency, a rapid needs assessment will be conducted by the IASC Education Cluster (see page 38 for a description of this cluster).

- adult literacy programmes that engage community members in life-long learning activities
- school management committees and parent-teacher associations that build community ownership of education and involve local residents in decision-making at local schools
- disaster risk reduction activities that prepare teachers and students for emergencies, including understanding local risks and safety procedures

The recurrent costs and capital costs of a national education system (see Box 3) differ by region and by country, depending on how efficiently countries use their education resources, national rules regarding class size and teacher salaries, and the cost of building materials and labour for classroom construction. Specific needs in low-income countries include reaching the most marginalized primary school-age students, hiring and training sufficient numbers of teachers, building sufficient classrooms and expanding access to lower secondary school for all primary school graduates.

For further information on education needs and activities in emergencies and in long-term conflict situations, readers are referred to the INEE Minimum Standards for Education: Preparedness, Response, Recovery (see Box 5 as well as the INEE website at www.ineesite.org).

BOX 3.

Examples of Education System Costs in Fragile Situations

CAPITAL COSTS

- School rehabilitation and (re)construction involves the building and repair of both temporary and permanent structures, including furniture, latrines and water supply.
- Curriculum reform and/or development may be needed in cases where the education system is out-of-date or inappropriate for the student population.
- The provision of teaching and learning materials for the classroom, including textbooks, teaching guides, blackboards, pencils and paper. These materials may be in short supply and will often need to be resupplied in order to keep kids in school.
- Teacher recruitment and training is often a large capital cost. Both existing and new teachers may need to be identified and trained to (re)focus their teaching in response to an emergency.

RECURRENT COSTS

- Cash transfer programmes can improve young children's ability to attend school by reducing the financial burden on their families.
- Teacher salaries are typically the largest component of any education budget and are essential for motivating teachers. Additional teacher incentives can encourage teachers to work in remote and disadvantaged areas.
- Facilities management and upkeep lengthens the life of schools and education spaces and may reduce the need for more costly rehabilitation.

BOX 4.

How Donors Choose a Funding Mechanism

Whatever the circumstances of a country, a donor must decide 1) what it is going to support (e.g., a project, programme, sectoral or national budget); 2) in what form it will extend support (i.e., funding or in-kind goods and services); 3) the specific funding mechanism that will be used (e.g., project support, programme support, budget support); and 4) how it will coordinate its support with other donors (e.g., via additional mechanisms, such as pooled funding arrangements, including multi-donor trust funds (MDTFs)).

In general, when choosing funding mechanisms to support education in a given country, a donor considers a range of issues, including:

EDUCATION NEEDS

- the status of training and ongoing professional development of teachers
- challenges of teacher recruitment, remuneration and retention
- availability of teaching and learning materials, including textbooks and teachers' guides
- the possible need to revise the format and/or the curriculum of the education system

GOVERNMENT CAPACITY

- ability of the government to deliver a service or set of services, ensure the proper use of funds and report on same
- capacity development needs within government ministries (e.g., ability to formulate policy, ability to design and monitor programmes), including resources needed for the education ministry to develop a national education sector plan and curriculum
- availability of school infrastructure (i.e., classrooms, school furniture, water and sanitation facilities), including the possible need to build, rebuild or enhance such infrastructure

COMMUNITY CAPACITY

- relative capacity and resources of school communities (i.e., the level of activity of community empowerment collectives and parent-teacher associations)
- community experience with school fees

TARGETING

- ensuring that designated funds reach the school level
- determining whether groups with special education needs exist (e.g., girls, ex-combatants, unemployed youth, minority groups, children in remote regions, etc.)

AID EFFECTIVENESS

- coordination with other donors
- alignment with government policy and systems, even if such systems will be developed in the future (e.g., supporting schools run by NSPs, but ensuring that the schools, curricula, and standards conform with government standards or are prepared to accept the eventual authority of the national MOE)

B. HOW DO DONORS MAKE DECISIONS ABOUT EDUCATION FUNDING?

Donor Goals in Education

In many low-income countries, including those in fragile situations, donors are pulled between two primary goals when funding education interventions:

1. ensuring the continuity of education services, and
2. building the government's capacity to deliver these services.

A third major education goal of donors is to

3. support the development of education policy. In countries where this process is virtually nonexistent, a long period of capacity building may be needed, including assistance in building the skills and knowledge of Ministry of Education (MOE) personnel to draft a national education law and national education policy.

To support these goals, donors often fund such activities as:

- salaries for teachers (a short-term strategy to get schools up and running);
- recruitment of and support to teachers;
- government capacity building in the education sector; and
- working with non-state providers (NSPs) that have established school networks in a given country or region.

Donor Strategy: Diversifying Risk

From a donor perspective, uncertainty is the dominant concern in many low-income countries, meaning that it is uncertain whether:

- the government has the political will to achieve specific education goals;
- the government has the skilled staff and administrative systems needed to develop education policy; set standards; deliver funds to ministries, provincial governments, and schools; and manage and track both government and donor funds;
- NSPs —that is, INGOs and local NGOs, private enterprises and foundations—have the personnel and systems in place to deliver education services on the ground; and/or
- there is a risk of instability i.e., that the political situation may descend into conflict.

Given these uncertainties, donors tend to support education in low-income countries, including those in fragile situations, through a variety of funding mechanisms and implementing organisations. This strategy diversifies the risk of donor education portfolios failing to achieve their objectives. The downside of this strategy is that it can increase the costs of intervention because more and different mechanisms have to be managed. Another reason donors mix mechanisms is because they often seek both to deliver education services to the poor and vulnerable and to build government capacity at the same time, using different mechanisms to support each objective.

The basic funding mechanisms that donors use to support education are:

- humanitarian pooled funds
- humanitarian appeals
- project support
- programme support/pooled funds
- multi-donor trust funds (MDTFs)
- sector budget support
- general budget support
- debt relief

These mechanisms are summarized in Table 1 below; detailed descriptions of each mechanism are provided in Part III.

Table 1. Donor Funding Mechanisms that Support Education

TYPE OF FUNDING	FUNDING MECHANISM
Humanitarian assistance	<p>Humanitarian pooled fund: Humanitarian assistance for a given country or region that is donated by multiple bilateral and multilateral donors (and possibly private individuals and companies) to support ongoing emergency, prevention and early recovery activities, as well as to fill funding gaps. This mechanism funds UN agencies and INGOs and local NGOs; in some cases, funding passes through UN agencies to NGOs. It is used to deliver short-term humanitarian assistance.</p>
	<p>Humanitarian appeal: A fundraising mechanism designed to attract contributions from multiple bilateral and multilateral donors for emergency humanitarian assistance in a given country or region. Appeals are used to support humanitarian activities either in the immediate aftermath of an emergency or during longer-term protracted crises. The funds go directly to implementing agencies (UN agencies, INGOs and local NGOs) to support agreed work plans and/or projects. Appeals are used by donors to plan, implement and monitor joint activities for longer-term humanitarian assistance.</p>

Table 1. Donor Funding Mechanisms that Support Education (continued)

TYPE OF FUNDING	FUNDING MECHANISM
Humanitarian assistance (continued)	<p>Project support: Funding for specific projects in a given country or region provided through a humanitarian appeal or humanitarian pooled fund. During a humanitarian crisis, project funding is also frequently provided directly by bilateral donors, multilateral donors or non-state actors (e.g., NGOs, private foundations, faith-based organisations, enterprises, individuals and diaspora populations). These donors manage disbursements and oversee the monitoring and evaluation of funds either directly, through project implementation units (PIUs) or third-party implementers (e.g., NGOs).</p>
Development assistance	<p>Project support: Development assistance provided for specific projects in a given country or region by bilateral, multilateral or non-state actors (e.g., NGOs, private foundations, faith-based organisations, enterprises, individuals and diaspora populations). Project support is the most common form of external assistance to low-income countries, particularly among bilateral donors.</p>
	<p>Programme support: Donor funding that supports a specific sector programme and is often seen as a step towards sector budget support. Programme support can work within a government-led framework or outside of it; it can also include civil society actors.</p> <p>Pooled funding: Funding provided by multiple donors that can be used to support a humanitarian action plan, a project, programme, sector or general government budget.</p> <p>A type of pooled funding arrangement, the <i>Education For All Fast Track Initiative (EFA FTI)</i> is a global education partnership of multilateral and bilateral donors that is led at the country level. It offers support to low-income countries seeking to achieve universal primary completion by 2015, based on the development of an education sector plan endorsed by a local donor group. EFA FTI operates two funding mechanisms: the Education Program Development Fund (EPDF) and the Catalytic Fund (CF). At the end of 2010 both Funds will merge in an EFA Single Fund covering the support to partner countries on capacity development, policies and analysis, and sector plan implementation</p>

Table 1. Donor Funding Mechanisms that Support Education (continued)

TYPE OF FUNDING	FUNDING MECHANISM
Development assistance (continued)	Multi-donor trust funds (MDTFs): A type of pooled fund, a MDTF collects monies from multiple donors and disburses the monies through different channels, including budget support and project funding. MDTFs are often administered by the World Bank, but can also be administered by a UN organisation, a bilateral donor or a private foundation. These funds work directly with the partner government; disbursements are conditioned on fiduciary standards and performance measures.
	Sector budget support (SBS): Bilateral and multilateral donors provide funding to a government's budget—either separately or jointly—by disbursing funds through the national treasury, based on a government-elaborated education sector strategy that is accepted by the donors. Resources are managed by the public financial management system of the partner country.
	General budget support (GBS): Bilateral and multilateral donors—either separately or jointly—provide funding for a government's budget through the national treasury in order to support a national development or reform policy. Resources are managed by the public financial management system of the partner country. Disbursements are typically based on agreed conditions outlined in a performance assessment framework or the country's Poverty Reduction Strategy Paper (PRSP). GBS encourages donors to use government systems and support government-established priorities ("alignment"). When GBS is jointly funded by multiple donors, it encourages them to coordinate their activities with one another.
	Debt relief: Debt relief is intended to free up debtor country resources for development purposes. Donors use debt relief to reallocate government resources to areas they consider a priority, such as meeting the objectives of EFA and the education-related Millennium Development Goals (MDGs).

C. WHAT IS “GOOD DONOR PRACTICE” IN EDUCATION?

Governments—whether at the central, provincial, or district level—are the key to the development of a strong education system. Beyond service delivery, national authorities are responsible for developing and implementing education policy, establishing standards and curricula, developing education institutions, setting priorities and objectives, and monitoring progress toward those goals.

Even when not confronted with crisis situations or capacity issues, many governments of low-income countries must work with NSPs, the private sector, local communities and even households to meet the ambitious objectives of EFA and the education-related MDGs. This means that in many low-income countries, the government’s role in the education sector includes setting standards, defining requirements and managing diverse state and non-state providers of education services.

In order to deliver international education assistance that is both efficient and effective, donors must ultimately provide assistance that responds to the priorities of a partner government and deliver it through the partner government’s ministries and agencies. At the same time, donors must coordinate their work with one another to avoid duplication of efforts and overloading a partner government with reporting requirements. Donors commonly refer to these two processes as alignment and harmonization. Alignment and harmonization are two key principles of the Paris Declaration on Aid Effectiveness of 2005 and the Accra Agenda for Action of 2008 (see Box 6).

A government’s objectives and role in the education sector will differ depending on its political will and ability to deliver services. In ideal circumstances, donors and partner governments agree on priorities in the education sector and external assistance is channelled through the education ministry, lower-level government education offices and education institutions, including teacher training institutes and schools.

Yet in many low-income countries, especially those in fragile situations, a government may be unable to deliver education services to parts of the country or to the majority of the population. In these circumstances, aid effectiveness requires that donors both coordinate their efforts to deliver education services and build the capacity of the partner government to deliver these services over time. Often the two goals must be sequenced,

particularly in immediate post-crisis situations, when donors frequently deliver key services directly and/or through multilateral development agencies and international NGOs. The INEE Minimum Standards for Education can guide donor education funding in fragile situations (see Box 5). The principles of good humanitarian donorship are outlined in Box 7.

In general, the more complex the aid architecture in a country, the more difficult it is for a government—which should be at the apex of any coordination mechanism(s)—to keep track of the totality of aid coming into a given sector, much less the country as a whole. This can be especially true in complex post-crisis situations where the scale of needed external assistance is extremely large in both the short and medium term. The partner government faces enormous challenges in rebuilding its authority and its administrative offices, and security conditions remain precarious.⁶

In order for a partner government to access longer-term and more comprehensive external funding for education, it must build ever greater capacity. That is, it must develop the skills, infrastructure and processes to collect taxes, manage financial disbursements and track expenditures (i.e., a financial management system); develop a national education policy and plan, including the adoption of standards and regulations; fund and staff ministries of education and finance; establish regular channels of communication between central and district education authorities; and fund and operate functioning schools. Ultimately, aid effectiveness requires donors to use funding mechanisms that build the institutions, personnel and infrastructure of a partner government to develop and implement national education policy and services. The timing of when such mechanisms are used effectively varies from country to country and situation to situation.

⁶ In Afghanistan, for example, the sheer number of donors working in the country, the scale of assistance provided and the need to deliver services as quickly as possible has made it impossible for the government to track all external assistance. As a result, it is unclear how nearly one-third of all aid provided since 2001 has been spent (Waldman, M. 2008. "Falling Short: Aid Effectiveness in Afghanistan." ACBAR Advocacy Series).

BOX 5. Good Donor Practice in Education

The “Minimum Standards for Education: Preparedness, Response, Recovery” provide guidance on good practice in education provision and can be used by donors and partner governments as the basis for policy, planning and financing. The Minimum Standards are organised in five domains:

FOUNDATIONAL STANDARDS

> COMMUNITY PARTICIPATION

Participation: Community members participate actively, transparently and without discrimination in analysis, planning, design, implementation, monitoring and evaluation of education responses.

Resources: Community resources are identified, mobilised and used to implement age-appropriate learning opportunities.

> COORDINATION

Coordination: Coordination mechanisms for education are in place and support stakeholders working to ensure access to and continuity of quality education.

> ANALYSIS

Initial Assessment: Timely education assessments of the emergency situation are conducted in a holistic, transparent and participatory manner.

Responsive strategy: Inclusive education response strategies are developed and include a clear description of the context, barriers to the right to education and strategies to overcome those barriers.

Monitoring: Regularly monitoring of education response activities and the evolving learning needs of the affected population is carried out.

Evaluation: Systematic and impartial evaluations improve education response activities and enhance accountability.

ACCESS AND LEARNING ENVIRONMENT

Equal Access: All individuals have access to quality and relevant education opportunities.

Protection and Well-being: Learning environments are secure and safe, and promote the protection and the psychosocial well-being of learners, teachers and other education personnel.

Facilities and Services: Education facilities promote the safety and well-being of learners, teachers and other education personnel and are linked to health, nutrition, psychosocial and protection services.

TEACHING AND LEARNING

Curricula: Culturally, socially and linguistically relevant curricula are used to provide formal and non-formal education, appropriate to the particular context and needs of learners.

Training, Professional Development and Support: Teachers and other education personnel receive periodic, relevant and structured training according to needs and circumstances.

Instruction and Learning Processes: Instruction and learning processes are learner-centred, participatory and inclusive.

Assessment of Learning Outcomes: Appropriate methods are used to evaluate and validate learning outcomes.

TEACHERS AND OTHER EDUCATION PERSONNEL

Recruitment and Selection: A sufficient number of appropriately qualified teachers and other education personnel are recruited through a participatory and transparent process, based on selection criteria reflecting diversity and equity.

Conditions of Work: Teachers and other education personnel have clearly defined conditions of work and are appropriately compensated.

Support and Supervision: Support and supervision mechanisms for teachers and other education personnel function effectively.

EDUCATION POLICY

Law and Policy Formulation: Education authorities prioritise continuity and recovery of quality education, including free and inclusive access to schooling.

Planning and Implementation: Education activities respect relevant human rights and take into account international and national education policies, laws, standards and plans and the learning needs of affected populations.

Source: INEE. 2010. “Minimum Standards for Education: Preparedness, Response, Recovery.”

BOX 6.

Aid Effectiveness: The Paris Declaration and Accra Agenda for Action

Since 2000, a number of significant developments in the international aid architecture have affected how development assistance flows to low-income countries and the context within which it is offered and received. The OECD-DAC spearheaded a dialogue to improve the effectiveness of aid flows, which resulted in the Paris Declaration on Aid Effectiveness of 2005 and the Accra Agenda for Action of 2008.

The Paris Declaration identified five principles that development partners and recipient countries should strive to incorporate into donor-funded development interventions:

- **country ownership:** involve the partner government in the design, administration and monitoring of any donor-funded project or programme
- **alignment with government priorities and systems:** donor-funded projects should, to the furthest extent possible, support a partner government's priorities; use its administrative systems, such as its ministries and fiscal management systems; and, in education, adhere to national education standards and practices
- **harmonization of donor efforts:** donors should avoid duplication, work together to shape a joint strategy and develop common reporting requirements for the partner government
- **management for results:** donors and partner governments should track the progress of funded projects to ensure that they fulfil their stated goals
- **mutual accountability:** the roles of donors and the partner government should be clearly defined, with both held accountable for their respective responsibilities

Three years later, the Third High Level Forum on Aid Effectiveness in Accra, Ghana reaffirmed the Paris Declaration and pledged to deepen donor engagement. The Accra Agenda for Action of 2008 consequently committed donors to achieving the following goals when providing development assistance:

- **predictability:** donors should ensure that aid pledged for a specific sector or programme will continue to be provided over time
- **use of country systems:** donors should make every attempt to channel funding and implementation through partner government ministries, as well as adhere to national education system standards and practices
- **conditionality based on a country's development objectives:** conditions for releasing donor funds should be based on the fulfilment of the partner government's development and poverty-reduction goals, as agreed with donors
- **untying assistance:** donors should lift requirements that their funding be spent on goods, technical assistance and services from a donor's country

The Accra Agenda for Action also acknowledged the diversity of development partners now working in low-income countries and the need to work with them in closer partnership. The Agenda also draws on the OECD-DAC “Principles for Good International Engagement in Fragile States and Situations,” which encourage donors to:

- **take context as the starting point for interventions in fragile situations:**
design interventions based on a sound political analysis of the specific conditions of fragility in a given country
- **ensure that donor activities “do no harm”:** do not fund interventions that could create negative consequences, such as create divisions within a society or worsen corruption
- **focus on state-building as the central objective:** donors should seek both to hold a government accountable to its people and build the skills of the staff, organisations and institutions needed to run an effective government
- **prioritise prevention:** donors should take rapid action to reduce the risk of conflict and/or deterioration of social and security conditions and avoid “quick fixes” by addressing the root causes of fragility
- **recognize the links between political, security and development objectives:**
donors must recognize the multi-dimensional challenges of fragile situations and be prepared for trade-offs between political, security and development goals in the short term
- **promote non-discrimination as the basis for inclusive and stable societies:**
donors should include measures to promote the participation of women, youth and minorities in the delivery of needed services
- **align with local priorities in different ways in different contexts:** donors need to involve the partner government at whatever level it can engage with donor projects, all the while building its ability to govern; in the absence of a working government, donors should consult a wide range of communities, organisations and social and economic groups when designing projects
- **agree on practical coordination mechanisms between international actors:**
donors should work together and with national actors to develop shared analysis of challenges and priorities
- **act fast. . . but stay engaged long enough to give success a chance:** donors must be flexible enough to take advantage of windows of opportunity and respond to changing situations but stay engaged long enough to build capacity
- **avoid creating pockets of exclusion:** don’t create a situation where specific groups or regions are excluded from state or donor-funded services

BOX 7.

Principles and Good Practice for Humanitarian Donorship

A meeting held in Stockholm in June 2003 brought together donor countries, UN agencies, NGOs and the International Red Cross and Red Crescent Movement to endorse the following principles and good practices of humanitarian donorship. For more information, see the Good Humanitarian Donorship website at <http://www.goodhumanitariandonorship.org/background.asp>.

OBJECTIVES AND DEFINITION OF HUMANITARIAN ACTION

1. The objectives of humanitarian action are to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.
2. Humanitarian action should be guided by the humanitarian principles of humanity, meaning the centrality of saving human lives and alleviating suffering wherever it is found; impartiality, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations; neutrality, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and independence, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.
3. Humanitarian action includes the protection of civilians and those no longer taking part in hostilities, and the provision of food, water and sanitation, shelter, health services and other items of assistance, undertaken for the benefit of affected people and to facilitate the return to normal lives and livelihoods.

GENERAL PRINCIPLES

4. Respect and promote the implementation of international humanitarian law, refugee law and human rights.
5. While reaffirming the primary responsibility of states for the victims of humanitarian emergencies within their own borders, strive to ensure flexible and timely funding, on the basis of the collective obligation of striving to meet humanitarian needs.
6. Allocate humanitarian funding in proportion to needs and on the basis of needs assessments.
7. Request implementing humanitarian organisations to ensure, to the greatest possible extent, adequate involvement of beneficiaries in the design, implementation, monitoring and evaluation of humanitarian response.
8. Strengthen the capacity of affected countries and local communities to prevent, prepare for, mitigate and respond to humanitarian crises, with the goal of ensuring that governments and local communities are better able to meet their responsibilities and coordinate effectively with humanitarian partners.
9. Provide humanitarian assistance in ways that are supportive of recovery and long-term development, striving to ensure support, where appropriate, to the maintenance and return of sustainable livelihoods and transitions from humanitarian relief to recovery and development activities.
10. Support and promote the central and unique role of the UN in providing leadership and co-ordination of international humanitarian action, the special role of the International Committee of the Red Cross, and the vital role of the UN, the International Red Cross and Red Crescent Movement and NGOs in implementing humanitarian action.

GOOD PRACTICES IN DONOR FINANCING, MANAGEMENT AND ACCOUNTABILITY

(a) Funding

11. Strive to ensure that funding of humanitarian action in new crises does not adversely affect the meeting of needs in ongoing crises.
12. Recognising the necessity of dynamic and flexible response to changing needs in humanitarian crises, strive to ensure predictability and flexibility in funding to UN agencies, funds and programmes and to other key humanitarian organisations
13. While stressing the importance of transparent and strategic priority-setting and financial planning by implementing organisations, explore the possibility of reducing, or enhancing the flexibility of, earmarking, and of introducing longer-term funding arrangements.
14. Contribute responsibly, and on the basis of burden-sharing, to UN Consolidated Inter-Agency Appeals and to International Red Cross and Red Crescent Movement appeals, and actively support the formulation of Common Humanitarian Action Plans (CHAP) as the primary instrument for strategic planning, prioritisation and co-ordination in complex emergencies.

(b) Promoting standards and enhancing implementation

15. Request that implementing humanitarian organisations fully adhere to good practice and are committed to promoting accountability, efficiency and effectiveness in implementing humanitarian action.
16. Promote the use of Inter-Agency Standing Committee guidelines and principles on humanitarian activities, the Guiding Principles on Internal Displacement and the 1994 Code of Conduct for the International Red Cross and Red Crescent Movement and NGOs (NGOs) in Disaster Relief.
17. Maintain readiness to offer support to the implementation of humanitarian action, including the facilitation of safe humanitarian access.
18. Support mechanisms for contingency planning by humanitarian organisations, including, as appropriate, allocation of funding, to strengthen capacities for response.
19. Affirm the primary position of civilian organisations in implementing humanitarian action, particularly in areas affected by armed conflict. In situations where military capacity and assets are used to support the implementation of humanitarian action, ensure that such use is in conformity with international humanitarian law and humanitarian principles, and recognises the leading role of humanitarian organisations.
20. Support the implementation of the 1994 Guidelines on the Use of Military and Civil Defence Assets in Disaster Relief and the 2003 Guidelines on the Use of Military and Civil Defence Assets to Support UN Humanitarian Activities in Complex Emergencies.

(c) Learning and accountability

21. Support learning and accountability initiatives for the effective and efficient implementation of humanitarian action.
22. Encourage regular evaluations of international responses to humanitarian crises, including assessments of donor performance.
23. Ensure a high degree of accuracy, timeliness and transparency in donor reporting on official humanitarian assistance spending, and encourage the development of standardised formats for such reporting.

D. WHAT MAKES GOOD DONOR PRACTICE DIFFICULT?

Although donors strive to meet the standards of good practice outlined in the previous section, they face challenges on both sides of the funding equation: the side of the partner government and the donor side.

Partner Government Challenges

Capacity issues. Challenges on the side of partner governments generally have to do with what donors call “capacity”—the ability of a government to effectively run its own education system. Many governments in low-income countries, including those in fragile situations, lack functioning ministries and trained staff (especially education and finance ministry staff) that can develop education policy, manage and track the use of government and donor funds, and manage NGOs that provide education services. Governments also frequently lack sufficient income to cover the state budget (particularly civil servant salaries), including education sector budgets sufficient to achieve the education-related MDGs.

The sheer challenge of delivering essential services in a setting where government infrastructure and institutions no longer exist, or are severely damaged, can make it impossible to channel assistance through government systems in the short term. This means that education funding may flow outside of government structures altogether when those structures are still in disarray. Funding may, for example, go straight to NGOs that run non-state schools in fragile areas of a given country.

Donors can impair the ability of a partner government to take charge of its own education policy and system by ignoring the need for state-building and channelling education assistance to NGOs over a prolonged period.⁷ A number of the negative consequences of using NSPs can be avoided by ensuring that NSPs follow, to the extent possible, the standards and practices of the education system during crisis and post-crisis situations. Among donors, this process is called “shadow alignment.” This requirement makes it far easier to transition non-state schools to government authority and standards at a later time.

⁷ In late 2009, the OECD-DAC addressed these issues and made recommendations on donor financing procedures and mechanisms in fragile situations. See International Network on Conflict and Fragility (INCAF), 2009, “RD4: OECD-DAC Framing Paper on Transition Financing Procedures and Mechanisms,” Draft (December), Financing and Aid Architecture Task Team Meeting, December 15–16, 2009, OECD, Paris, 4–5 and 9.

Donor Challenges

Limitations on available funding mechanisms. Donors can be limited in their choice of funding mechanisms, either because of their mandate or relevant national legislation.

Political factors. Diplomatic relationships can affect the way that aid is provided and may make the volume of donor aid quite unpredictable, particularly aid that is tied to the delivery of goods, technical assistance and services from a donor's own country. The preferred mechanism for aid delivery may change, for example, as a result of political developments. In certain cases, donors may disagree with specific policies of a given government or seek to accomplish a goal that the government does not consider a priority, such as providing access to education to minorities and girls.

Donors may also avoid certain mechanisms in order not to be seen as supporting a government that lacks legitimacy or that cannot guarantee the proper use of funds, or because they disagree with how the government prioritises its education programmes (e.g., stressing investment in higher education over primary school enrolment and completion). Alternatively, donors often choose to extend bilateral aid, such as sector budget support, in order to visibly support the way in which a government is prioritising and managing its education system.

Accountability for use of funds. Humanitarian and development donors are also constrained in their choices because they are accountable to their own stakeholders—whether citizens, or in the case of the private sector, shareholders—for the use of funds. As a result, they often prefer to channel their funding through implementing agencies—such as PIUs or INGOs—that can, at a minimum, keep records and account for financial assistance and that may also be amenable to hosting independent evaluators. One reason donors are attracted to MDTFs is the tight control that this type of funding mechanism exerts over financial resources.

Where projects and programmes are implemented using government systems, donors are concerned about the facilitation of procurement processes, reporting mechanisms and proper use of funds.

Multiple donor reporting requirements. Unfortunately, it is still the case in many countries that ministries have to report to each donor separately using different formats—creating high “transaction costs” for ministries without sufficient capacity.

Difficulties in providing transition funding. During the transition away from humanitarian relief efforts, a partner government begins to assume oversight and/or management of education activities that were previously provided outside of government channels. During this period, partner governments and donors must address such challenges as:

- incorporating non-state schools into the state system while keeping teachers and other service providers on board (e.g., problems frequently arise when teachers undergo a fall in salary and employment conditions when they become state employees);⁸
- ensuring that the curriculum and standards of non-state schools are comparable to those of state schools; and
- maintaining regular financing of all schools.

Donors, however, typically find it difficult to coordinate funding for education during the transition from a post-crisis situation (or a situation where a government has limited ability to manage its education system) to a situation where the government has recovered sufficient resources and systems to assume responsibility for the education system. For donors, some of the key challenges of this transition are:

- rigid compartments for “humanitarian” and “development” aid, each of which are governed by different rules and often managed by different departments of the same donor agency;
- lack of clear responsibility and accountability for funding in transition situations
- inability to provide the kind of assistance that corresponds to reality on the ground during transition, where simultaneous and coordinated funding for humanitarian, transition (including security) and development activities is required;
- the tendency of humanitarian assistance to bypass government structures, while development aid is usually predicated on working with and through governments; and
- the tendency of donors to fund identical activities using both types of funding for political reasons, for example, supplying “neutral” humanitarian relief instead of development assistance to avoid endorsing an “unacceptable” regime.⁹

When the structures and processes to fund and manage a national education system become stronger, donors often prefer longer-term funding mechanisms, such as pooled funding or sector or general budget support. As this publication will make clear, there are no clear-cut rules as to when sector and general budget support are used. These mechanisms have, for example, been used in fragile situations, depending on the priorities and capacities of the various donors and education stakeholders in a given country, as in Rwanda and Sierra Leone. In both stable and fragile contexts, however, the use of either mechanism requires strong and reliable financial management systems.

8 See the INEE Guidance Notes on Teacher Compensation at <http://www.ineesite.org/index.php/post/teachercomp/>.

9 INCAF 2009. “RD4: OECD-DAC Framing Paper.” pp. 4–5 and 9.

BOX 8.

Technical Assistance and Capacity Building in Education

Technical assistance (TA) is the provision of “know how” and “services” to a government by a bilateral or multilateral donor, often through a PIU or an implementing partner, such as an INGO or a private consultant. TA is financed by virtually all types of funding mechanisms.

In the education sector, TA is most often used for capacity building: strengthening the administrative institutions of a country’s education system (i.e., MOE, provincial and district education offices); building the skills of government education specialists (e.g., in policy, planning, fiscal management, monitoring and, evaluation, and school-based management); and improving the training and pedagogy of teachers. TA can take the form of personnel who provide policy and technical advice, training and learning opportunities for government workers and teachers, or direct services (e.g., developing a computer-based education management information system).

One of the dilemmas of providing TA is to avoid “gap-filling,” i.e. fulfilling an immediate need without building the capacity of the partner government. An example would be using external consultants to design an education project rather than developing the skills of MOE staff to do the same. A recent ETF/INEE/GTZ publication recommends that capacity building for education systems in fragile situations focus on developing the broad organisational and institutional aspects of a country’s education system—building cohesion and trust in the system as a whole. TA would thus be directed at developing greater regulation and efficiency in ministries of education, institutional cultures supportive of efficient education systems and training ministry staff in generic skills such as report writing, computer use, accounting and financial management, and methods for implementing decentralized systems.^a

^a Davies, L. 2009. “Capacity Development for Education Systems in Fragile Contexts” European Training Foundation(ETF)/INEE/GTZ.

BOX 9.

The Spectrum between Humanitarian Relief and Development Assistance

Many professionals in international development argue for ending the distinction between “humanitarian” and “development” assistance because the goal of building a functioning state is an overriding priority, irrespective of the conditions of a given country. However, the fact remains that these two broad categories govern how most external donors extend assistance to low-income countries.

Situations of acute crisis, be they caused by natural disasters or the sudden onset of conflict, typically call for humanitarian assistance or short-term relief, which generally last from three months to a year. However, longer-term humanitarian assistance is no longer uncommon; this type of aid is sometimes extended for multiple years, as in the cases of Afghanistan and the West Bank and Gaza. Funding for education in acute situations typically comes from humanitarian assistance. At this point in a crisis situation, getting education services up and running re-establishes a sense of routine and stability in a community. It also minimizes interruptions in children’s schooling and provides a location (in schools and temporary learning places) where children can benefit from other important services, such as shelter, food, water, sanitation facilities and the distribution of supplies.

Historically, the challenge of humanitarian assistance mechanisms has been that they have not prioritised education as a life-saving activity. This tendency is now changing, however, with education increasingly identified as a priority in the critical needs assessments conducted for humanitarian appeals and pooled funds (see pp. 38 for information on the IASC Education Cluster). In countries where longer-term funding mechanisms were in place before a crisis struck, it may be possible to convene existing donor groups and seek ways to use these mechanisms to temporarily assist the education sector. However, it is more likely that with the onset of a sudden shock, such funding mechanisms will be temporarily frozen.

In many cases during a recovery phase, a partner government may not have sufficient resources to financially support all schools that were previously directly funded by external sources. This challenge is also present in numerous low-income countries where education NSPs, such as churches and private providers, have a significant presence. During periods of reconstruction, moreover, donors often look for opportunities to rebuild better schools, utilizing existing good systems and practices and adding best practices from international experience, such as school-based management. In such cases, education authorities must monitor and/or administer different types of schools as well.

Whether donor agencies and countries focus on humanitarian relief or long-term development, it is increasingly clear that they need to adopt a medium- to long-term funding perspective, yet retain the flexibility to address changes in the short to medium term. Funding arrangements with significant contingency elements are needed so that donors may reallocate resources to address changing needs as fragile situations move, often in zigzag fashion, towards recovery, reconstruction and development. A few donors have developed special approaches to better manage this transition, such as the European Commission’s “Linking Relief and Rehabilitation to Development.” However, in the education sector, the more common practice is to use a mixture of humanitarian assistance and longer-term development mechanisms in the early recovery period.

PART II

What Organisations Fund and Deliver Education Services?

Overview

- A. Bilateral Donors
- B. Multilateral Donors
- C. Global Education Initiatives
- E. Private Sector Donors
- F. International and Local NGOs
- G. How Donors Work Together



OVERVIEW

A wide variety of organisations fund and deliver education services in low-income countries, including those in fragile situations. Some are simply donors that provide funding. Others are both donors and service providers, providing funding *and* delivering services in-country. Still others are only service providers; those in this latter group are sometimes called implementing partners or agents. Organisations may play different roles in different contexts.

The following describes these organisations from a donor perspective. The array of institutions includes:

- first and foremost, the national and local governments of a given country (see section C of Part I for a description of the role of partner governments)
- bilateral donors (i.e., individual countries and/or their international development agencies)
- multilateral donors including multilateral development agencies such as the United Nations (UN) and its related agencies, especially UNICEF and UNESCO; the European Union; and development banks such as the World Bank
- global education initiatives, such as the EFAFTI and the Education Cluster of the Inter-Agency Standing Committee
- private sector donors, including global foundations, faith-based organisations, local firms and individuals, and diaspora populations
- international NGOs (INGOs), including those that specialize in humanitarian assistance
- local NGOs or other, community-based civil society organisations

See Annex 3 for an illustrative list of these stakeholders.

A. BILATERAL DONORS

Bilateral donors are individual countries that provide funding through a ministry, an embassy, a bilateral development agency or authorized implementation agency or agencies. Such donors either provide funding directly to partner governments, which then manage the associated programmes and projects, or indirectly through management/

implementation agents (e.g., project management units, multilateral agencies, private sector or not-for-profit companies, NGOs). During the immediate aftermath of an emergency, most bilateral donors will provide humanitarian assistance through a known international mechanism—typically a campaign by a UN agency or an established INGO.

In non-emergency situations, bilateral donors typically play a more direct role in managing funds and, in some circumstances, providing technical assistance. If donors have an embassy or a development agency office in-country, most likely a project manager will be allocated to individual projects, each of whom will have responsibility for ensuring that reporting takes place as required by the respective project agreements; the project manager may also play a technical backstopping role (i.e., providing technical support to those involved in the project). In other cases, technical support may be provided by a head office. Development staff in local donor embassies frequently take an active role in formulating in-country support and programming, as well as conducting assessments. When donors extend funding directly to governments, this staff may work closely with their counterparts in government ministries.

In addition to aid effectiveness, the priorities of bilateral donors are often guided by specific foreign policy concerns, priorities and strategies, including supporting global initiatives such as the MDGs and EFA FTI. Bilateral donors also often target their aid to specifically defined areas (e.g., girls' literacy or skills-building programmes for young unemployed workers). Such targeted areas of support, together with relevant recipient requirements, may be influenced by the bilateral donor itself, its designated implementing agency or the government branch that funds the agency.

B. MULTILATERAL DONORS

Multilateral donors are created and funded by multiple countries in order to collectively support humanitarian and/or development objectives. Their governing boards include representatives of funding governments and/or "member" states in which they fund development activities. These agencies have considerable influence at the global and country level due to their technical expertise, well-established country offices, transparent fiduciary management and long track records in working with individual countries and regions.

The multilateral agencies that play the most prominent role in low-income countries—including those in fragile situations—are the UN organisations, the European Commission and the development banks.¹⁰

¹⁰ These banks include the World Bank, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank and the Islamic Development Bank.

The UN and, to a lesser extent, the European Union, are the lead actors in humanitarian relief operations. In such situations, they typically deliver services outside of the partner government, both directly and through NGOs and CSOs. The executive body of the EU, the

BOX 10.

The Roles of the UN and the World Bank

The **UN** has a wider mandate and a stronger political role in low-income countries than the World Bank. It is able to support interventions along the full spectrum of possible situations, from conflict prevention to conflict situations, to peacebuilding, to fragile situations, to stability and long-term development. Instead of focusing solely on an emergency situation, UN country programmes take a strategic view of how a sector needs to grow after a crisis.

The UN generally manages humanitarian appeals in situations of crisis through the UN Office for Coordination of Humanitarian Affairs' (OCHA) Consolidated Appeals Process (CAP), which is typically funded through the UN Central Emergency Response Fund (CERF).^a In a crisis, the UN system will often coordinate responses in-country and appoint a UN Emergency Relief Coordinator. At the country level, UN activities are headed by a Resident Coordinator, who is funded and managed by the UNDP, which engages in development projects worldwide in multiple sectors.

The **World Bank** plays a significant strategic policy role in its work in individual low-income countries, concentrating on development assistance. The World Bank is comprised of two institutions that are owned by 186 member countries: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).^b The IBRD was created to work in immediate reconstruction periods and extends loans and credits to partner governments. It seeks to reduce poverty in middle-income and creditworthy poorer countries, with a focus on a broad swathe of development activities across all sectors. By contrast, the IDA extends development assistance to the world's poorest countries.

^a The UN also manages a Trust Fund for Human Security, funded by the Government of Japan, which supports a range of projects for improving the security and options of people in vulnerable situations.

^b The World Bank Group also includes the Multilateral Investment Guarantee Association, which provides political risk insurance to promote direct foreign investment in low-income countries, and the International Finance Corporation, which provides investments and advisory services to build the private sector of low-income countries.

European Commission (EC), is both a development donor and a coordinator of aid delivery at the country level. Through its Directorate-General for EC Humanitarian Aid (ECHO), the EC provides humanitarian assistance to extremely vulnerable countries and countries that have experienced humanitarian crises.¹¹

Development banks, particularly the World Bank but also regional banks, take the lead in providing development assistance and work directly with partner governments; they generally do not directly fund NGOs or the private sector.

The division between humanitarian and development specializations among multilateral agencies is not simple. For example, UNDP provides extensive development assistance to low-income countries worldwide and the World Bank is very active in pre-crisis, crisis and post-crisis situations in its member countries.

Within the UN, UNICEF is often the preferred education partner in countries where there is no functioning central government, given its experience in working in both crisis and post-crisis situations. UNICEF focuses in particular on increasing children's access to quality education and gender equality in education. It is committed to supporting education in emergencies and has developed a special strategy for education during periods of reconstruction in the aftermath of a crisis or natural disaster. Among its activities in fragile situations are capacity building for Ministries of Education, supporting the development of education policy and coordination of the education sector. UNESCO also supports education in post-crisis situations, focusing on education sector coordination and support to ministries of education. UNESCO's International Institute for Educational Planning (IIEP) supports education planning efforts in low-income countries including fragile situations.

With respect to fragile situations, the World Bank in particular has taken a fairly substantive role in the management of MDTFs.¹² The UN has also acted as an administrator of MDTFs in fragile situations, which allows it to combine its peacekeeping and development roles. However, most MDTFs are managed by the World Bank, partly because of its reputation in financial and risk management. As opposed to MDTFs managed by the World Bank, UNDP-administered MDTFs are not generally included in the budgets of partner governments and allow for engagement with civil society organisations.

11 See the EC Policy Communication, "Towards an EU Response to Situations of Fragility—Engaging in Difficult Environments for Sustainable Development, Stability and Peace," COM2007/ 643, EC, Brussels.

12 A Scanteam review of MDTFs concluded that the World Bank has good capacity to support government policy making and system development, although it may have difficulty deploying experienced staff. The World Bank also has a specific State and Peace-building Fund, which is a consolidation of two previous funds that are being wound down: the Post-Conflict Fund and the Low-Income Countries Under Stress (LICUS) Trust Fund. This is a useful vehicle for assisting countries that have fallen into arrears in servicing World Bank loans as a result of conflict and fragility.

C. GLOBAL EDUCATION INITIATIVES

Education For All Fast Track Initiative. The EFA FTI was developed as a flexible and evolving partnership to support low-income countries to reach universal primary school completion by 2015. Grounded in the principles of country ownership and donor cooperation, EFA FTI was created in 2002 and currently involves 20 donors, 40 partner (or recipient) countries, a number of UN agencies, the World Bank, the EU, INGOs and CSOs, and the private sector.

Whereas most global initiatives operate from a global base, EFA FTI is led at the country level. The initiative encourages in-country increases in domestic, bilateral and multilateral support for the development of a comprehensive, well-costed education sector plan endorsed by the local donor group. Of note, the plan must identify funding gaps in existing donor commitments and government resources. This requirement is more tenuous in fragile contexts, where up-to-date and accurate data is difficult to access and donor efforts are less likely to be coordinated. In contexts where the development of a comprehensive education sector plan is not an option because of weak institutional capacity, countries can instead develop an interim education plan. Countries with an endorsed interim education plan also have the opportunity to seek funding from EFA FTI.

EFA FTI operates two funding mechanisms: the Education Program Development Fund (EPDF) and the Catalytic Fund (CF). The Education Program Development Fund supports countries to build the capacity to develop an education sector plan or interim education plan; the Catalytic Fund supports implementation of such plans. The local education group must agree on the funding mechanisms to be used to support a sector plan, comprehensive or interim, as well as the agency that will supervise grants from the Catalytic Fund. The latter funding is usually three years in duration, with the possibility for a country to re-apply for another three years, based on good progress and a documented need for continued support.

The EFA FTI fund architecture is currently being streamlined as a result of a mid-term evaluation. By the end of 2010 both funds will merge into an EFA Single Fund providing support to partner countries on capacity development, policies and analysis, and sector plan implementation.

The World Bank is the Trustee, or administrator, of both funds and hosts the EFA FTI Secretariat. Over time, however, the EFA FTI Secretariat has taken measures to distance itself both structurally and conceptually from the World Bank, which is no longer the default supervising entity for Catalytic Fund grants at the country level. Alternative models are currently being implemented in Zambia and Madagascar, where the Government of The Netherlands and UNICEF are serving as supervising entities of Catalytic Fund grants, respectively.

An important sign of a partner government's commitment to an education sector plan is its readiness and ability to finance the plan appropriately. In addition to endorsement by donors at the country level, the plan must also have the full support of the government, including the Office of the President and the Ministry of Finance. The Catalytic Fund is generally used to help countries expand students' access to quality education via increased primary school enrolment, completion rates and learning outcomes. All low-income countries are potentially eligible to access EFA FTI funds with some limited exceptions.

Inter-Agency Standing Committee (IASC) Education Cluster.¹³ The UN spearheaded the creation of the IASC to better coordinate humanitarian relief operations. A unique forum that involves key UN and non-UN humanitarian partners (including multilateral agencies and INGOs), the IASC has created 11 "clusters" in specific sectors: agriculture; camp coordination/management; early recovery; education; emergency shelter; emergency telecommunications; health; logistics; nutrition; protection; and water, sanitation and hygiene.¹⁴ At the country level, the clusters name a lead agency or agencies to coordinate all humanitarian assistance and activities in a given sector.

Jointly managed by Save the Children (an INGO) and UNICEF, the aim of the IASC Education Cluster is to strengthen humanitarian responses in the education sector by all donors and implementing agencies—at the global level and in specific emergency and early recovery situations. The Education Cluster maps gaps and capacities at the global and country level; trains humanitarian aid personnel and government authorities to plan and manage quality education programmes in emergencies; and documents and evaluates education responses in selected countries. At the country level, the Country Director of Save the Children and the UN Representative are together responsible for ensuring that relevant education activities by all donors and implementing partners are carried out effectively.

E. PRIVATE SECTOR DONORS

Private sector donors are civil society organisations (including private enterprises) and individuals that directly fund activities in low-income countries, including those in fragile situations. These stakeholders include international and national private philanthropic foundations; faith-based organisations, including churches; for-profit corporations; and diaspora populations.

13 See the Education Cluster website at <http://www.humanitarianreform.org/humanitarianreform/Default.aspx?tabid=115>.

14 See IASC. 2007. "Operational Guidance on Designating Sector/Cluster Leads in Major New Emergencies." IASC Task Team on Cluster Approach, Geneva. The website for the IASC cluster approach including links to all 11 development clusters is <http://www.humanitarianreform.org/>.

Although INGOs and local NGOs are technically private sector donors, they are described in a separate subsection below due to their important role in the delivery of development assistance. Many large multinational corporations, such as CitiBank, also fund NGOs as part of their corporate responsibility programmes. Private firms (national and local), as well as private individuals and diaspora populations, tend to fund community-based projects that directly benefit sections of the population with whom they are familiar.

Private sector donors generally seek to fund activities consistent with their individual concerns or corporate ethos; they may also often like to receive some public credit for these activities.¹⁵ Global foundations, such as the Aga Kahn Development Network and the Clinton Foundation, generally have a strong results-based approach. They tend to fund projects that are short- to medium-term, with a possible exit strategy, rather than lock themselves into longer-term capacity building projects. This preference may change as the monitoring systems that they employ become more sophisticated at identifying positive outcomes. Private foundations also usually avoid working with governments, preferring to fund the activities of international or regional NGOs through open calls for proposals. One relevant exception is the Open Society Institute, working closely with partner governments in countries like Liberia and Zimbabwe.

BOX 11.

NGOs and the Delivery of Education Services

If a donor channels education funding through INGOs and local NGOs, this strategy may adversely impact the ability of a partner government and its MOE to plan activities and funding for the sector. Because INGOs and local NGOs are funded outside of the government budget, the government may be unaware of their activities in the sector unless it has a formal process for tracking these organisations. Local NGOs also often launch disparate education projects that operate independently of both local and national education authorities. To complicate matters, governments are often wary of local NGOs due to their perceived political agendas.

Partner governments can counter the tendency of NGOs to support diverse education interventions by creating a national framework that registers INGOs and local NGOs, sets rules for their behaviour and allocates them specific regional areas of responsibility. Such a policy can ensure that NGOs operate across a country, rather than only in specific areas, and that they coordinate their activities with government systems. In cases where NGOs provide education services in areas where the government cannot operate, strict quality benchmarks and progress timelines can be established, together with clear agreements on transferring responsibility for education programming back to the government as soon as feasible.

¹⁵ This objective is more likely the case with local subsidiaries of large multinationals than of certain private foundations with a more global profile.

F. INTERNATIONAL AND LOCAL NGOS

INGOs and local NGOs are nonprofit, civil society organisations that support varied projects and programmes, including development projects in countries worldwide. Both types of organisations initiate projects from their own sources of funding, but also implement projects for development partners—including bilateral, multilateral and even private sector partners. The majority of NGO funding comes from other development partners, who often use them as implementing agents to deliver aid.

INGOs frequently precede other donors on the ground in crisis situations, often operating when no other donors are present. These organisations frequently have solid, long-standing relationships with governments and/or local NGO partners. They are typically active at the policy level, often co-chair donor groups and clusters, and may coordinate donor activities when UN agencies are either absent or unable to do so. INGOs in particular are preferred by external donors when there is a requirement for service delivery either in addition to or outside of government channels.

INGOs are generally perceived as apolitical by donors, although less so by governments because they advocate for particular cases and policies. They are valued for their ability to forge partnerships on the ground with local NGOs and other CSOs, quickly deploy funds and staff to emerging fragile situations, and support capacity building of the local NGO sector. These organisations tend to have professional operational procedures—including the ability to implement appropriate monitoring and evaluation systems—preferred by donors. Often the long-term strategy of INGOs is to build the capacity of local NGOs or the government to take over responsibility for education programmes initiated by the INGOs, thus assuring that their interventions are sustainable.

Local NGOs typically deliver services on the front lines, particularly in areas where there is little or no effective government control or capacity, making them attractive partners in crisis situations. These NGOs have a particular advantage in working at the community level because they generally hire local residents to run their operations, making their interventions acceptable in conditions when anything associated with the government might arouse suspicion. Local NGOs also often work closely with INGOs and other local CSOs, sometimes funding the latter directly, thus supporting civil society when a poor relationship exists between civil society and the state. However, local NGOs can be highly politicised, which often makes governments wary of them.

G. HOW DONORS WORK TOGETHER

Donors work together through strategic, operational and funding mechanisms. Ideally, these mechanisms directly support a given country's development plans and strategies (i.e., alignment). Strategically, donor coordination is framed by a common national policy and common institutional frameworks. Operationally, donors may agree on a systematic division of labour based on their comparative advantages and types of aid, as well as on a common monitoring framework based on national education objectives. Financially, donors can harmonize resources through the different funding mechanisms discussed in this report, including pooled funds, MDTFs, sector budget support and general budget support.

At the country level, donors use specific mechanisms for coordination, including local donor or multi-agency boards or committees, memorandums of understanding that spell out coordination procedures, common plans and monitoring systems and pooled funding mechanisms, among others. At the global level, aid coordination bodies are created to focus on specific education development issues, such as EFA FTI. Donors also convene from time to time to agree on specific declarations, such as the World Conference on EFA in Jomtien, Thailand (1990), the World Education Forum in Dakar, Senegal (2000) or the Paris Declaration on Aid Effectiveness (2005).

For donor coordination to be effective, strong national leadership is needed. A government's own mechanisms for coordinating donor support are important, including public expenditure plans, strategies to manage external funding and specific instruments, such as donor mapping, aid modules within management information systems and common monitoring and evaluation frameworks. To improve the harmonization of donor aid and align this aid to a given country's priorities, donors accordingly commit to increasing a government's capacity for medium- and long-term development planning; public financial, procurement, and contract management systems; and monitoring and evaluation.

For example, sector-wide approaches (SWAps) for channelling international aid require a sound institutional foundation based on national and strategic sector plans, results frameworks and fiduciary systems. The expectation of SWAps is to channel pooled aid resources not to a particular project or programme, but to accomplish broad sector objectives that are clearly identified in a medium- or long-term strategic plan, spelled out in multi-annual investment plans and monitored by means of clear objectives and indicators. SWAps also rely on the ability of the partner government to effectively manage financial and procurement processes for the sector.

PART III

Funding Mechanisms that Support Education

Introduction: Defining Funding Mechanisms

Figure 1. Overview of External Funding Mechanisms

- A. Humanitarian Assistance–Pooled Funds
- B. Humanitarian Assistance–UN Appeals
- C. Project Support
- D. Programme Support/Pooled Funds
- E. Multi-Donor Trust Funds
- F. Sector Budget Support
- G. General Budget Support
- H. Debt Relief



INTRODUCTION: DEFINING FUNDING MECHANISMS

This part of the Reference Guide offers descriptions of a core set of funding mechanisms that donors use most frequently to support education activities in low-income countries. It bears repeating that Part III does not aim to compare and contrast the pros and cons of different funding mechanisms. Rather, it seeks to create better understanding of individual mechanisms, as they were designed and intended to be used by donors. The information reflects multiple inputs from the INEE Working Group on Education and Fragility, as well as from the many reviewers of earlier drafts of the Reference Guide. The information presented is accurate to the best of the knowledge of the INEE Working Group on Education and Fragility but is, of course, subject to change.

Given the way in which international assistance is both targeted and delivered, it can be very difficult to categorize assistance in ways that do not mix the function, organisation and process of various mechanisms. For example, it is challenging to separate: (1) the process by which external assistance is mobilized; (2) the funding instrument through which assistance is provided; (3) the delivery agent (e.g., partner government, bilateral agency, PIU, UN agency, NGO); (4) the type of funding “modality” (e.g., financial, technical assistance, in-kind); and (5) the ways in which donors cooperate to jointly fund and manage assistance (e.g., pooled funds, MDTFs, etc.).

Humanitarian appeals are really planning and resource mobilization processes, not actual funding mechanisms.

Humanitarian assistance, for example, primarily concerns resource mobilization in response to a crisis. This type of assistance has a quicker response time and has more flexible conditions compared to development assistance. Whereas the former is short- (or shorter-) term and directed mostly to multilateral agencies and NGOs, the latter is mostly directed to governments, longer in term, and requires considerably more time to develop and design (e.g., sector and general budget support both involve long negotiations and detailed agreements on how to monitor the use of assistance).

Humanitarian appeals are really planning and resource mobilization processes, not actual funding mechanisms. Yet appeals are the mechanism used to deliver humanitarian

assistance to organisations on the ground during emergencies. The actual external assistance delivered by appeals is pledged by individual donors against an agreed work plan; the monies go directly to UN agencies and, usually through these agencies, to INGOs and local NGOs to support specific activities in a work plan. In some cases, however, INGOs conduct their own fundraising appeals for a specific humanitarian disaster; they can also be awarded funding mobilized by a UN-driven appeal. Different kinds of activities (e.g., service delivery, capacity building, technical assistance) are often funded by the same mechanism.

To cite another challenge, pooled funding and MDTFs better describe ways in which donors choose to work with one another rather than specific mechanisms. Pooled funding from multiple donors, for example, can be used to support a specific project or a specific government programme, or take the form of sector budget support or general budget support. However, an individual bilateral donor can also provide sector or general budget support directly to a government.

It should also be noted that the two categories of “humanitarian relief” and “development assistance” do not have hard boundaries. Multi-donor trust funds and budget support, for example, are typically used during a recovery and reconstruction period. Yet MDTFs have also been used in difficult post-crisis situations where donors have chosen the mechanism to help coordinate their activities and support specific reconstruction priorities at the same time (for example, in Afghanistan). In the same way, general budget support has been used in the reconstruction period following difficult crises in Ethiopia and Sierra Leone, specifically with the intention of state-building.

The tables in Part III offer specific data about each funding mechanisms, as shown on the following page.

It should also be noted that the two categories of “humanitarian relief” and “development assistance” do not have hard boundaries.

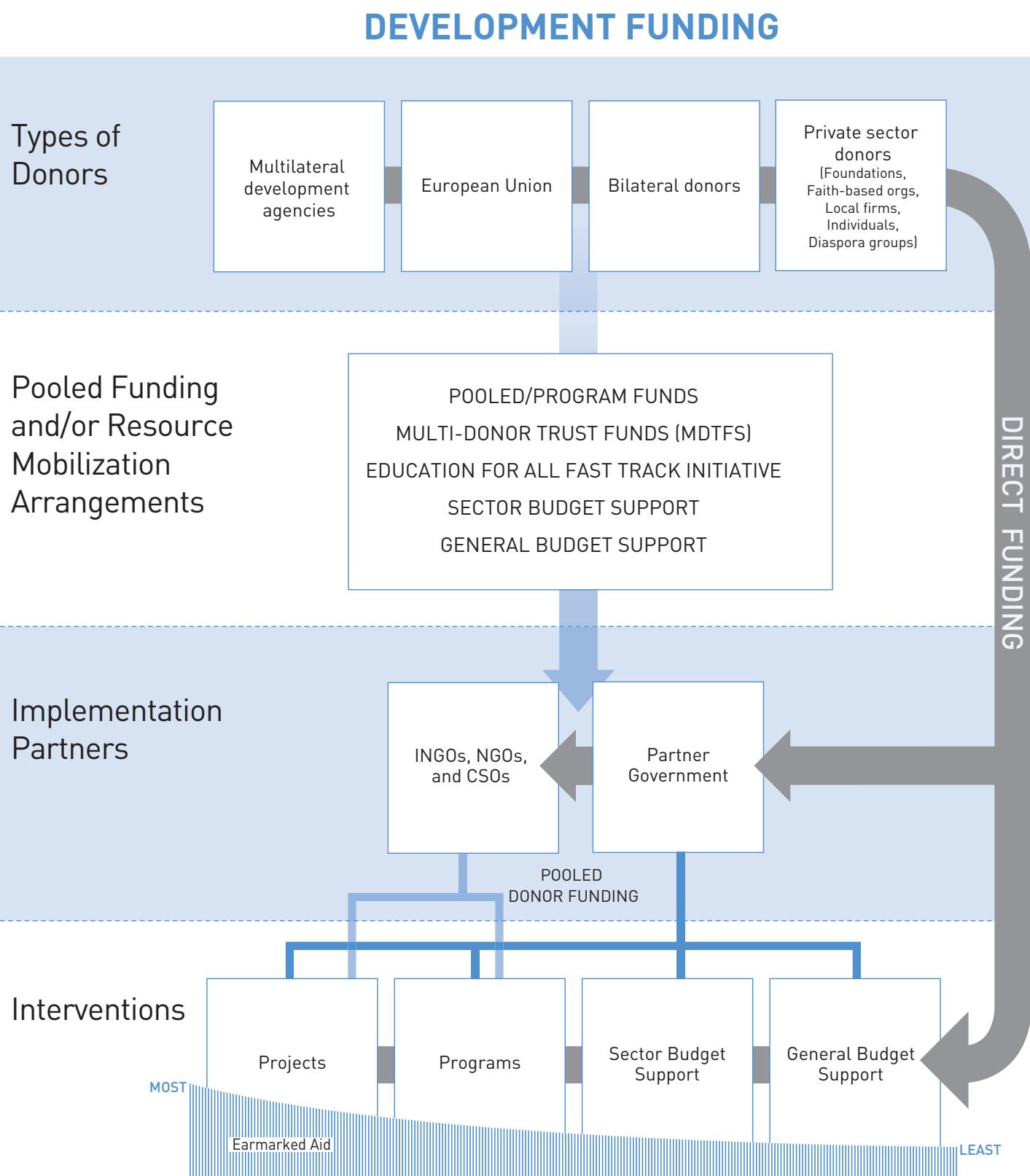
Title of Funding Mechanism

DEFINITION	Briefly highlights what the funding mechanism is and how it works.
AIM	Describes the funding need addressed by the mechanism.
CONTEXT	Reviews the environment in which the funding mechanism is usually applied.
IMPLICATIONS FOR GOOD DONOR PRACTICE	Notes whether the funding mechanism contributes to efficient cooperation among donors and avoids duplication of efforts (donor coordination), as well as whether it reduces the reporting burden on a partner government (harmonization). This section also notes to what degree the mechanism contributes to building the capacity of the partner government, supports its priorities and uses its administrative systems (alignment).
TARGETING CAPACITY	Identifies whether or not the mechanism can be used to direct funds to specific regions or groups of people, such as rural areas, girls or minority populations.
GOVERNANCE	Highlights how the mechanism is administered by donors and, as relevant, partner governments.
TRANSACTION COSTS AND CHALLENGES	Details the principal costs and challenges of the funding mechanism to donors and a partner government in terms of the money, time, resources and capacity needed to administer or access the funding.
ANTICIPATED RESULTS	Defines the results that a donor seeks to achieve with the mechanism.

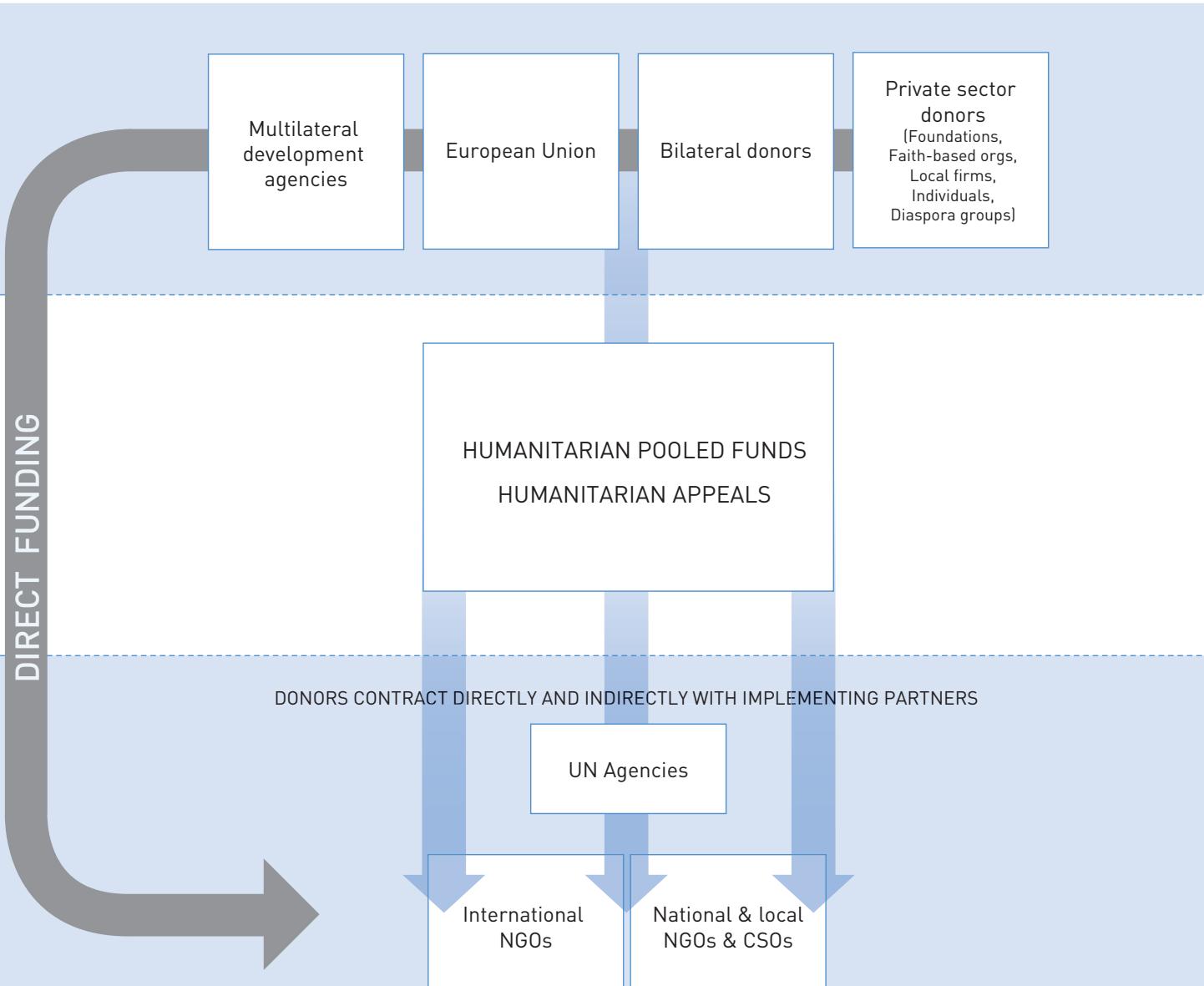
Note: The terms “earmarked” and “earmarking” are used throughout the tables that follow. *Earmarking* is an important concept in budgeting which means that money is guaranteed for a given sector or a given set of activities. Another concept, *fungibility*, means the opposite: that a government can choose to use the funds given to it for any purposes, provided that certain progress indicators are met at a national or sector level.

Figure 1

Overview of External Donor Funding Mechanisms



HUMANITARIAN FUNDING



A. HUMANITARIAN ASSISTANCE-POOLED FUNDS

Definition: Pooled funds are humanitarian assistance for a given country or region that are donated by multiple bilateral and multilateral donors and managed by the UN. Pooled funds may also accept funds from nontraditional donors, such as private individuals and private companies. In terms of function, pooled funds are both a donor coordination mechanism and a resource mobilization process.

There are three types of pooled funds: the Central Emergency Fund (CERF), Emergency Response Funds (ERFs) and Common Humanitarian Funds (CHFs). Funding duration depends on the type of fund—some funds support longer-term humanitarian crises, others are designed to meet financing gaps and are therefore context-specific. Recurrent costs, such as teacher salaries, tend not to be covered.

Aim: Delivery of humanitarian aid to meet critical needs. Pooled funds tend to be smaller than humanitarian appeals and are developed to support ongoing emergencies, prevention and early recovery activities, as well as to fill funding gaps. This type of mechanism encourages early donor contributions and is accessible largely by UN agencies and, through them (in the case of the CERF), INGOs and local NGOs. (ERFs and CHFs provide funding to INGOs and local NGOs directly.) Education is funded when it is prioritised within an action plan or included in child protection activities.

Context: The basis of most, but not all, pooled UN funding is an action or work plan that outlines the strategic and operational plan for the UN and its implementation partners. The action plan is often developed in consultation with national, provincial and local authorities. It consists of sector plans with objectives, priorities, strategies, indicative projects and monitoring and evaluation indicators. Participating INGOs and local NGOs must have the capacity to deliver emergency assistance in a timely manner and the fiduciary arrangements to manage the funds. (Note that INGOs and local NGOs are not eligible for direct funding through the CERF, which channels funding to these organisations through UN agencies).

Implications for good donor practice: Aligning assistance with national priorities and coordination among all stakeholders is an integral part of humanitarian pooled funds and follows the principles of Good Humanitarian Donorship (see Box 7).

Targeting capacity: Because ERFs and CHFs are available to implementation partners such as INGOs and local NGOs, the funds can be targeted at the most critical needs and respond quickly to unanticipated needs. Channelling funds through a UN agency, as with the CERF, can slow response speed.

Governance: The UN Humanitarian Coordinator is responsible for the overall management and oversight of humanitarian pooled funds. Day-to-day management is performed by OCHA. Financial administration is undertaken by different bodies depending on the specific type of fund. For example, UNDP is often responsible for the financial administration of CHFs. All humanitarian assistance pooled funds have a great deal of flexibility and tend to be country- and/or context-specific, ensuring that funds are available for rapid responses to unforeseen circumstances. Different funds have slightly different structures.

Transaction costs and challenges:

Transaction costs: In some cases, transaction costs to bilateral and multilateral donors are reduced because UN agencies manage pooled funds via known, transparent fiduciary arrangements. The reporting requirements of these funds pertain to the recipient organisation(s) and may be consolidated. Under Good Humanitarian Donorship principles, harmonized reporting, planning and other joint activities allow for the reduction of transaction costs.

Challenges: While often consulted on action plans, governments in some cases have little input into implementation activities on the ground.

Anticipated results: Delivery of most-needed or unforeseen humanitarian services, or provision of funding for gaps in existing humanitarian appeals for ongoing emergencies and early recovery activities.

BOX 12.

Central Emergency Response Fund

The Central Emergency Response Fund (CERF) was established by the UN for humanitarian assistance to countries affected by natural disasters and/or armed conflicts. The fund has been used to increase access to education and increase the equity of education funding in underfunded emergencies. Bilateral donors, private organisations and individuals can contribute to the fund. CERF directly funds UN agencies; INGOs and local NGOs must apply for funds through such agencies. The CERF is managed by the UN Emergency Relief Coordinator (ERC), who heads OCHA. The ERC is supported in his/her role by the CERF Secretariat. A CERF Advisory Board also exists; the members include government officials from countries that have contributed to or have received funding from the CERF, representatives of humanitarian INGOs and local NGOs, and academic experts.

The CERF usually provides initial funding for the most urgent life-saving projects in a Flash Appeal (see Part III, B), covering the time gap between issuance of the appeal and receipt of donor commitments and funds. Grants are made for two

general purposes: (1) as a rapid response to either sudden-onset emergencies or rapidly deteriorating conditions in an existing emergency or (2) to support an existing humanitarian response to underfunded emergencies. The fund also has a loan component. CERF funds must be committed within 3 months. Recurrent costs (e.g., salaries, maintenance) are not covered. Most funding for specific activities is funded directly by bilateral donors, not the CERF itself.

In the education sector, CERF supports interventions that aim to restore education and recreational activities for children and adolescents. Specifically, it provides funds for school tents and other education materials, emergency repair of primary education facilities, initial teacher training and essential life-saving skills (e.g., information on sexual and gender-based violence, mine risks, HIV/AIDS, health and hygiene).

For more information, see the CERF website at <http://cerf.un.org>.

BOX 13.

Emergency Response Funds

Emergency Response Funds (ERFs) (sometimes called Humanitarian Response Funds) are usually established by the UN to meet unforeseen needs in a given country or region that was not included in a Consolidated Appeals Process (CAP) (see Part III, B) or other, similar coordination mechanisms. ERFs are generally extended after an immediate post-crisis period. Bilateral donors, private foundations, private companies and individuals can contribute to an ERF. The funds are often administered by the UN Humanitarian Coordinator's office, with a technical review board assisting in proposal review and an advisory board assisting in policy issues and setting the strategic direction of the ERF. Membership on these boards is usually chosen from among the UN and NGO communities on the ground.

ERFs provide short-term, rapid, flexible funding to in-country actors (mainly NGOs) to address unforeseen humanitarian needs, particularly in areas where security or political constraints create access challenges. The needs targeted by an ERF must be in line with the objectives and identified priorities of the relevant Common Humanitarian Action Plan (CHAP).

ERFs are operational in Afghanistan, Angola, Colombia, Democratic Republic of Congo (DRC), Ethiopia, Haiti, Indonesia, Iraq, Kenya, Myanmar, Nepal, occupied Palestinian territory (OPT), Somalia, Sudan, Uganda, Zimbabwe and Yemen. Education is a funded activity in two of these countries: Angola and DRC. Evaluations have shown ERFs to be effective in the middle phase of a humanitarian crisis. However, in some situations, more than one fund has been created, which can cause confusion.

For more information, see <http://ochaonline.un.org/OchaLinkClick.aspx?link=ocha&docId=1161988> for a factsheet entitled "Basic Facts about Country Based Humanitarian Pooled Funds."

See also "Review of OCHA Emergency Response Funds (ERFs)" at [http://www.reliefweb.int/rw/lib.nsf/db900sid/EGUA-6Y7TH8/\\$file/ocha-erf-jan07.pdf?openelement](http://www.reliefweb.int/rw/lib.nsf/db900sid/EGUA-6Y7TH8/$file/ocha-erf-jan07.pdf?openelement).

BOX 14.

Common Humanitarian Funds

A Common Humanitarian Fund (CHF) is a humanitarian assistance fund established by the UN to support a comprehensive work plan, developed in coordination with all potential stakeholders working in a given country or region. A CHF aims to fill funding gaps found in UN appeals processes. It gives the UN Humanitarian Coordinator greater ability to target funds to the most critical humanitarian needs in a given situation, encourages early donor contributions and enables a rapid response to unforeseen circumstances. CHFs are typically used in complex emergency situations and disbursed twice a year. They have been used to fund projects in Consolidated Appeals Processes (CAPs) and in certain cases (e.g., Central African Republic) were created from an Emergency Response Fund (ERF).

Most CHF funding goes to priority, underfunded projects in the work plan. Preparing the plan and then submitting the application for CHF is a lengthy process, one that can take almost a year. UNDP is administratively responsible for financial management of a CHF, but the Humanitarian Coordinator has the final say over how funds are distributed. The complex process by which funds are allocated to UN agencies and NGOs involves regional, sectoral and thematic allocations, proposals from the sector groups and a final decision by the UN Humanitarian Coordinator, as advised by the CHF Advisory Group. Only a few CHFs have been created to date—in the Democratic Republic of the Congo, Sudan, the Central African Republic and Somalia.

For more information, see: <http://ochaonline.un.org/OchaLinkClick.aspx?link=ocha&docId=1161988> for a factsheet entitled “Basic Facts about Country Based Humanitarian Pooled Funds.”

See also “Evaluation of Common/Pooled Humanitarian Funds in DRC and Sudan” at http://www.unsudanig.org/workplan/chf/management/docs/2007_Sudan_DRC_CHF%20evaluation_report.pdf.

B. HUMANITARIAN ASSISTANCE-UN APPEALS

Definition: Appeals are fundraising mechanisms designed to attract contributions from multiple bilateral and multilateral donors for emergency humanitarian assistance in a given country or region. Although driven by the UN, appeals involve numerous development partners. Appeals processes are much more, however, than an appeal for money. They are a tool used by aid organisations to plan, implement and monitor joint activities. The funds raised by an appeal go directly to implementing agencies to support work plans and/or projects drawn up at the field level and included in the appeal.

Flash appeals are used for acute crisis management and support coordinated humanitarian response activities in the immediate aftermath of an emergency. Such appeals are launched within 7 days of the onset of an acute crisis and generally have a duration of three to six months, though they are expected to have longer duration for large-scale disasters such as the Haitian earthquake.

Consolidated Appeals Processes (CAPs) support humanitarian activities in longer term, protracted crises (humanitarian pooled funds cover financing gaps in such longer-term crises). A CAP appeal is made once a year and can be revised if a critical juncture arises.

Both CAPs and Flash Appeals are planning and prioritisation tools that are coordinated by the UN, but also include NGOs.

Aim: Service delivery and reconstruction.

Context: *Flash appeals*: an intensification or deterioration of an existing emergency or the sudden onset of an armed conflict and/or natural disaster. *CAPs*: (1) humanitarian need(s) caused by a conflict or a natural disaster over the long term; (2) a government is unable or unwilling to address the need(s) of its population; and (3) a single aid agency is unable to cover the need(s).

Implications for good donor practice: Most bilateral donors adhere to the principles of Good Humanitarian Donorship, which advocate coordination, alignment and working with existing government priorities. Donors use appeals processes to ensure that funds are spent strategically, efficiently and with greater accountability.

Targeting capacity: Appeals are flexible and context specific, as they are based on work plans developed at the country level. Humanitarian crises prioritise critical needs such as food, water, shelter and urgent health care. Education is always included in CAPs and almost always in Flash Appeals.

Governance: CAPs and Flash Appeals are overseen by the CAP section of OCHA, which endeavours to ensure that funding is tracked and that an accurate picture of outstanding needs is presented. Donors directly fund implementing partners/agencies in an appeal. The latter organisations—generally UN agencies and INGOs and local NGOs—are responsible for meeting any reporting requirements, both narrative and financial, that are laid out in their contracts with donors. With both CAPs and Flash Appeals, recipients report directly to donors. In addition, CAPs conduct a mid-year review process that scrutinizes progress against targets and can realign priorities to meet remaining needs.

Transaction costs and challenges:

Transaction costs: Governments are ineligible for CAPs or Flash Appeals, so there is no reporting burden on them.

Challenges: Unstable situations can shift priorities and result in inconsistent programme delivery. Local governments typically do not have appeals oversight, though this depends on the situation. In the education sector, there is a need to ensure coordination between implementing agencies and the MOE from the outset, particularly with respect to curriculum issues, school rebuilding and teacher training and management.

Anticipated results: One of the main results of CAPs and Flash Appeals has been to raise the profile of education as an emergency intervention. If appeals are adequately funded for education, they can improve the continuity of education in emergencies through school reconstruction and the provision of temporary schooling. Often appeals for lesser-known or long-term crises are not fully funded due to donor fatigue and other issues. As a humanitarian crisis wanes, development funding mechanisms take over.

BOX 15.

Flash Appeals

Flash Appeals are a tool for structuring a coordinated humanitarian response during the first three to six months of an emergency. However, such appeals are expected to endure far longer in response to events of similar scale to the Haitian earthquake disaster. Flash Appeals are issued within one week of an emergency and cover week two to month six. (A Consolidated Appeal can be issued after the duration of a Flash Appeal has ended.) A Flash Appeal provides funds for immediate delivery of life-saving services and may include recovery projects that can be implemented within the time frame of the appeal. Appeals include a needs assessment and a Common Humanitarian Action Plan as well as specific sectoral response plans and projects.

The UN Humanitarian Coordinator triggers a Flash Appeal in consultation with all donors and implementing partners. Donors fund implementing agencies directly in response to projects in appeals—the appeal itself does not manage funds. The Flash Appeal process allows organisations to avoid the fragmentation and competing proposal problems that plagues humanitarian assistance. Uniting proposals in one appeal makes donors' performance clearer, gives humanitarian organisations more leverage and increases aid harmonization.

Flash Appeals can ensure access to temporary education services and supplies, as well as funds for school reconstruction (or at the very least, coordination and planning for reconstruction), psychosocial support for teachers and from teachers to learners, and immediate support to ministries of education, as well as for needs assessments and analysis to inform medium- to longer-term planning.

BOX 16.

The Consolidated Appeals Process

A Consolidated Appeals Process (CAP) is a tool used by aid organisations to plan, coordinate, fund, implement and monitor large-scale, sustained humanitarian action in a given country or region. A Consolidated Appeal is issued on a yearly basis and consists of a Common Humanitarian Action Plan (CHAP) and a set of projects necessary to implement the plan; the CHAP is both the framework and the detailed work plan for the appeal. Partner governments use the appeals process to ensure that humanitarian funds are received in a timely manner, as well as to assist them to deal with a crisis or disaster.

The UN Humanitarian Coordinator (HC) leads a CAP at the country level; the UN Emergency Relief Coordinator is responsible for the CAP at the headquarters level. Each year, the HC triggers an inter-agency appeal and leads the process in collaboration with the Inter-Agency Standing Committee (IASC) Country Team or other relevant coordination mechanism. IASC “clusters” and their respective lead in-country organisations are responsible for working with all donors and implementing partners in a given sector to assess needs, determine priorities, and develop a strategic plan. (See description of IASC clusters on pp. 38.)

Donors fund implementing agencies directly in response to projects included in appeals—the appeal does not collect and distribute funds. Although the projects included in a CHAP specify who (i.e., which implementing agency) does what where flexible funding from contributing donors that is not tied to a single project is preferred. (Sometimes a pooled fund is created for faster and more balanced funding.) CAP funds are generally delivered within 6 months of an emergency; funding lasts as long as necessary.

If adequately funded, a consolidated appeal can improve the continuity of education during an emergency through school reconstruction and the provision of temporary schooling. CAP funds are typically used for activities such as food-for-work projects (e.g., for school construction or teaching), school construction, materials supply, teacher training and support, temporary learning facilities and peace education.

For more information on UN appeals, see the UN Office for the Coordination of Humanitarian Affairs website at <http://ochaonline.un.org/HUMANITARIANAPPEAL/webpage.asp?Site=2010&Lang=en>

For a current listing of appeals—whether generated by a private or institutional donor—see the ReliefWeb Financial Tracking Services website at <http://ocha.unog.ch/fts/pageloader.aspx>.

C. PROJECT SUPPORT

Definition: Earmarked funding for a specific project in a given country or region. Project support is the most common form of external assistance in low-income countries, including in the education sector. It can be short- or long-term and is best coordinated through a government sector plan and budget.

Project support is common in both humanitarian and development contexts. Bilateral and multilateral donors can provide project funding unilaterally or as part of a donor coordination mechanism (e.g., humanitarian appeal, humanitarian pooled fund, MDTF, programme support).

Non-state actors also provide direct project support. These organisations include INGOs and local NGOs, other CSOs, private foundations, faith-based organisations, enterprises, individuals and diaspora populations. Alternatively, non-state actors may be third-party implementers of bilateral and multilateral project funding.

Bilateral and multilateral donors can manage project disbursements and oversee monitoring and evaluation directly, through PIUs or through a partner government agency. In many situations, these donors channel project support through INGOs or local NGOs. (Local NGOs can work directly with local communities, making interventions acceptable in conditions where anything associated with a government might arouse suspicion.)

Aim: Primarily service delivery; can be capacity development. Donors can use project funding to:

- ensure service delivery in high-risk areas and situations, often areas not controlled by the partner government
- avoid direct support of a government that has weak capacity or cannot assure proper use of funds
- circumvent constraints of government systems
- fund areas or groups that are not government priorities or marginalized by a government
- diversify funding in situations of high risk
- test innovative approaches
- deliver goods, technical assistance and other services from their own country (“tied” aid)

Context: The most-used donor funding mechanism worldwide, regardless of a country's situation. Some bilateral agencies can *only* provide project support; their political mandates do not allow them to support other funding mechanisms. Frequently preferred in situations where a government has weak organisational and management capabilities.

Implications for good donor practice: In principle, project support can lead to faster delivery and targeting of external financing. However, project support may have more limited flexibility in allocation of funds (as opposed to, for example, programme support), perhaps hindering efficient delivery. Government budget reviews often find that expenditure against donor project commitments is far lower than expenditure against donor budget support commitments.

Project support can fragment external aid and make it difficult for donors to align their funding and activities with government priorities. However, these problems can be minimized by the use of donor coordination mechanisms and/or consultation with partner governments.

Project support can also result in gaps in coverage in the education sector. If, for example, project support helps create schools managed by NSPs, there can be problems when such schools are later integrated into the education system, at which point teachers become state employees and undergo a fall in employment conditions. A government may also not have sufficient resources to finance such schools, since they were not previously included in the state budget and its medium-term fiscal framework.

Targeting capacity: Effective for delivering support to targeted areas and/or marginalized groups.

Governance: Where projects are not funded within government systems, governance is by a bilateral or multilateral donor, a PIU or an NGO, with accountability to the donor (not the partner government) for results.

Transaction costs and challenges:

Transaction costs: High transaction costs for individual donors, as they may have to track numerous individual projects; costs can be reduced if project management is contracted out and PIUs are established. Earmarking of funds for specific projects can mean that they are not used in the most effective manner. If a government is the implementing party, project support can encourage multiple reporting formats for multiple donors.

Challenges: For governments, the principal risk is disempowerment—project aid often operates outside of a government budget and can undermine (and duplicate) government authority and programmes. Other risks to governments are uncertainty of funding, as donors may not disburse their commitments and there are no guarantees of continued support; eventual dependency on outside service provision in high-risk areas where INGOs and local NGOs are active, and a corresponding disinclination to allocate government funds for education in such areas.

Where projects support capital investments, such as the construction of schools, there is also a risk of eventual unfunded obligations (e.g., future government budgets must fund the recurrent costs of new schools). Finally, project support can hinder state-building by looking outside the government for more qualified personnel and drawing talented personnel out of government service into INGOs due to the higher salaries paid by the latter. Alternatively, technical assistance projects embedded within government institutions can build state capacity.

For private sector donors, including foundations and enterprises, the risk is that project support generally does not impact the development of national standards (including such components as curricula, examinations and teacher training). For INGOs and local NGOs, conducting operations in high-risk areas can threaten the lives of their staffs.

For donors, the risk is ineffective aid, especially in sector capacity building, and a government's inability to sustain service delivery. If there is limited coordination among INGOs and local NGOs in a given country, project support may also result in efficiency losses due to "rent seeking" (i.e. seeking to capture financial gains through manipulation or exploitation) by beneficiary organisations.

Anticipated results: Project support can be useful for immediate needs, rapid results and innovative pilots. As a result of established links with local communities, NGOs serving as implementing agents for project support are often well placed to increase enrolment and improve the quality of education in areas of conflict and rural and remote regions. They are also able to increase the enrolment of targeted groups, such as ethnic minorities and girls, and are effective in implementing innovative responses to education needs. Project support can also contribute to the reconstruction of critical education infrastructure.

D. PROGRAMME SUPPORT/POOLED FUNDS

Definition: Programme support and pooled funds are different names for an arrangement that combines the funding of multiple donors to support an education sector programme; however, programme support can consist of pooled funds or be provided directly by an individual bilateral or multilateral donor. Common in both humanitarian and development contexts, programme support is often seen as a step towards sector budget support. It allows for the participation of donors who cannot or will not give budget support but wish to support a given sector plan via some form of earmarked funding. Disbursements are made against agreed work plans, completion of agreed actions or agreed triggers (e.g., development of scholarships for girls). Funding is usually for three to five years.

Aim: Service delivery and capacity building.

Context: Programme support and pooled funds can work within a government-led framework or outside of it; they can also include civil society actors. For example, the Yemen Social Fund for Development was initially managed and led by donors, a responsibility that was later assumed by the government. Bilateral and multilateral donors often use programme support to avoid providing direct assistance to a government (e.g., due to lack of pro-poor policies or inability to assure proper use of funds); to respond to emergency conditions; to fund areas that are not government priorities; or to respond quickly and flexibly to capacity development needs.

Implications for good donor practice: These mechanisms may or may not fund activities in line with partner government priorities. Programme-based aid of a bilateral donor, for example, may not be coordinated with other donors or align with partner government priorities. Depending on the government role, pooled funds may finance activities that are difficult to align with partner government processes at a later date.

Targeting capacity: Useful for targeting groups and/or regions that are not government priorities.

Governance: Programme support and pooled funds are usually managed by a lead donor, often in close dialogue with the national MOE. Recently, however, pooled funds have been used in fragile situations to help build government capacity in the education sector. Flexibility depends on the donors involved and the set of common procedures that they agree to follow. When pooled funds are launched outside of a government, the governance entity may still be headed and/or chaired by a government leader.

Transaction costs and challenges:

Transaction costs: Variable, as a mix of funding mechanisms can initially increase costs. All pooled funding has high start-up costs. If programme support is managed by an INGO, costs should be lower. However, programme support and pooled funding with a broader sectoral focus can potentially impose a high burden of reporting on the government, as multiple funding instruments may result in multiple reporting formats.

Challenges: Donors may use programme support to pursue their own agendas outside of a government, with a high degree of earmarked aid.

Anticipated results: Can build the capacity of education systems, particularly the fiduciary and general management skills of central, provincial and district-level education authorities.

E. MULTI-DONOR TRUST FUNDS

Definition: A type of pooled arrangement that pulls together funding from multiple donors and disburses them through different channels, including budget support and project funding. MDTFs can be established with or outside of a partner government. Disbursements are conditioned on fiduciary standards and performance measures. These funds usually provide long-term funding; this funding mechanism generally increases resource mobilization over all alternatives.

Aim: Service delivery and state-building. If used to provide direct budget support, MDTFs can enhance state capacity and promote efficient allocation of resources with low transaction costs to the government. If managed outside the government, an MDTF has very limited impact on state-building.

Context: Post-crisis situations in which a government has little capacity to manage large volumes of donor funds. MDTFs work best when the government has the will to set policy, participate in fund governance and monitor disbursements. For donors, in-country technical capacity is preferred so that they can effectively participate in fund management.

Implications for good donor practice: Because it coordinates funding through one funding mechanism rather than many, even if donor contributions tend to be earmarked, MDTFs promote donor coordination. Ideally such funds reduce the number of donor interventions in a country and lower the risk of aid fragmentation and/or duplication of effort.

An MDTF can be aligned with government priorities, particularly if the government takes the lead in setting policy. It then serves as one source of information for the government to track multiple donor contributions, rather than monitoring contributions from multiple individual donors. However, it can be difficult for a partner government to manage its MDTF monitoring tasks.

Targeting capacity: Most MDTFs support one consistent programme with one disbursement arrangement. In complex post-crisis situations such as Afghanistan, an MDTF may use multiple disbursement channels to reach areas affected by different kinds of fragility in the same country, or to reach specific localities, populations and/or community organisations.

Governance: MDTFs are often administered by the World Bank, but can also be administered by a UN organisation, a bilateral donor or a private foundation. A single management structure, such as a management committee or other governing body, reviews progress and makes key management decisions, including approval of investment projects. A steering committee may also be formed.

Transaction costs and challenges:

Transaction costs: High start-up costs; ideally the mechanism reduces both the need for information coordination and the administrative costs of individual donors. MDTFs should also have a comparative advantage in reducing the expense of high-cost programmes due to their size.

MDTFs are very time-consuming to manage, which can lessen their utility, particularly when they are intended to fund activities quickly. Parallel co-financing, where donors follow the same plan with a government but do not use the same funding mechanism, is an alternative that can produce good results, provided that good communication and good will exists among donors.

Challenges: Targeted and/or earmarked disbursements can hamper strategic government planning for the education sector and weaken the effectiveness of the education ministry (e.g., schools are built for which the ministry has no teachers). This is particularly true when an MDTF becomes the dominant source of funding for education and this funding is earmarked for specific expenditures. For donors, an MDTF has low fiduciary risk. However, because it is not an exclusive financing mechanism, in some contexts (e.g., Afghanistan, where two-thirds of donor funding is provided outside of the Afghanistan Reconstruction Trust Fund), the potential of an MDTF to support aid effectiveness can be undermined.

Anticipated results: When large proportions of overall donor funds are channelled through an MDTF, donor contributions are not earmarked for specific expenditures and the fund is managed using government systems, it can enable more regular payment of public servants and potentially contribute to efficient allocation of resources. MDTFs also have the potential to ease the transition of donor-funded interventions to government control once the state has gained sufficient ability to fund, manage and coordinate the education system.

F. SECTOR BUDGET SUPPORT

Definition: Bilateral and multilateral donors provide funding to a partner government's budget by disbursing funds through the national treasury, based on a government-authored education sector strategy or plan accepted by the donors. Funds are usually provided for three to five years, with disbursements conditioned on progress made towards agreed performance targets of the sector, which are outlined in the strategy. Donors can provide SBS individually, but coherence is increased when there is joint engagement and a pooling of funds.

Aim: Service delivery and capacity building. Builds state capacity in policy elaboration and implementation and supports service delivery at the school level.

Context: General eligibility for budget support is linked to an assessment of a country's macroeconomic situation and the fiduciary risks associated with managing support through a partner government's public financial management systems. The government's ability to develop, monitor and evaluate an education sector policy and strategy is also a pre-condition, together with the acceptance of its policy and strategy by donors. In-country donor technical capacity is required in order to participate in review processes.

Implications for good donor practice: Encourages greater donor cooperation and the provision of assistance in line with partner government priorities in the sector as a whole, particularly dialogue on processes and results, including with donors that do not contribute to SBS. Joint review mechanisms can be extended to include NGOs and civil society to achieve wider buy-in to government plans. Aid is aligned with partner government priorities because it is based on a government-authored sector strategy/plan.

Targeting capacity: Given that SBS is blended with partner government domestic resources, the ability to earmark funding is limited to the broad priorities outlined in a country's education sector strategy/plan. However, the release of funding can be conditioned on specific priority expenditures. The mechanism can help the government lobby for additional resources and increase the fiscal resources available to education. As a funding mechanism, it can also contribute to identifying gaps in management and accountability.

Governance: SBS has a single management structure for both multilateral and bilateral funding. Encourages partner government ownership of sectoral policy, strategy and plans. However, if donors are perceived as overly influential in the policy/planning process, a partner government may escape accountability.

Transaction costs and challenges:

Transaction costs: Should be low for individual donors and partner governments over the long term but may be high in the early stages. Agreeing on triggers and/or conditions for release of funds, discussion of safeguards following a fiduciary assessment and defining agreed performance targets can be a lengthy process. Often there is an annual joint review.

Using partner government systems can help reduce donor transaction costs and the government's reporting burden. However, in some cases the joint donor process leads to an agreement on conditions that represent the sum total of all individual donor preferences rather than a compromise between them on a few key targets. This in turn can overload the partner government's capacity to deliver.

Challenges: Donors incur fiduciary risk if the partner government has weak capacity in fund management. SBS can also distort overall partner government priorities, as well as those within the education sector. Certain areas, for example, can be "orphaned" if an education sector strategy/plan does not specifically address or prioritise them.

Anticipated results: Significant support for state-building. Lack of effective coordination of technical assistance, however, can lead to mixed results in capacity development.

G. GENERAL BUDGET SUPPORT

Definition: Bilateral and multilateral donors provide funding to a partner government's budget through the national treasury to support a national development or reform policy. Resources are managed by the public financial management system of the partner government. Disbursements are typically based on agreed conditions outlined in a performance assessment framework (PAF) or a country's PRSP; for example, improving public financial management, stability-oriented macroeconomic policy or the existence of a national development or reform policy.

Funds are usually disbursed annually against PAF or PRSP targets. PAFs are a matrix of process actions to be implemented during the fiscal year, targets to be achieved by the end of each fiscal year, and/or triggers for releases. Targets are agreed goals, whereas triggers carry financial consequences (i.e., release of funding tranches based on performance). Duration is usually three to five years, although longer commitments are possible.

Releases of GBS funds can also be linked to performance of particular sectors in conformance with a national development strategy (**not** a sector strategy). If it is linked to performance in a specific sector, it is commonly labelled SBS. In some countries, GBS is linked to progress in multiple sectors (including education), which influences the level of future contributions.

Aim: Service delivery and state-building. Budget support means negotiating a common plan and budget and then jointly funding and monitoring it. If a country is not very dependent on external aid, it may prefer project support, thus avoiding lengthy negotiations and interference costs.

Context: Theoretically, GBS is intended for a partner government that has established reliable systems and processes, both in the various sectors (including the education sector) and in financial management. However, in recent years the funding mechanism has been used frequently in fragile situations. GBS is useful when a partner government has the political will to implement its policy agenda and takes the lead in policy making. GBS requires that the partner government has sufficient capacity in financial management (which ensures an acceptable level of fiduciary risk), the ability to negotiate and monitor a PAF (negotiations can be lengthy) and good monitoring systems. The funding mechanism has the potential to disburse quickly in order to raise the level of public finances required to meet emerging expenditures. However, donors need time and the capacity to negotiate multi-donor budget support with other donors and the government. Only rarely do partner governments in a fragile situation have the financial management capacity to ensure an acceptable level of fiduciary risk.

Implications for good donor practice: Supports principles of aid effectiveness, particularly alignment with partner government systems and policies. GBS is, in fact, the most aligned funding mechanism available to donors. Requires intensive negotiations with the government and among donors.

Targeting capacity: Releases of GBS can be conditioned on the use of block grants to provinces or districts, which the latter can use at their own discretion. (In many countries, such as Ethiopia, primary education is a local government responsibility and the central government may be unable to determine either the level or the allocation of the education budget.) If disaggregated geographically, indicators can show where a budget is being spent overall.

Governance: GBS requires joint management arrangements. An extensive PAF, even if dependent on a PRSP, may be considered donor-imposed, allowing the partner government to escape accountability for education priorities. Using partner government systems strengthens public financial management and increases government accountability and flexibility in the allocation of resources.

Transaction costs and challenges:

Transaction costs: Theoretically reduces donor costs and the burden of partner government monitoring and reporting to donors. In practice, however, initial costs have sometimes been high due to the review process (for both policies and results). Moreover, if the number of PAF criteria becomes quite large, administrative costs may be significant.

Challenges: For partner governments, GBS involves the ongoing risk of abrupt discontinuation of all or part of this funding, should PAF targets not be met. If GBS constitutes the main source of external funding, it can potentially be of high risk because when some triggers are not met, resources for all sectors will be affected—even sectors that are performing in accordance with PAF conditions.

Before accepting external financing for recurrent costs, a partner government needs to assess how many years are required before local revenue growth can replace donor funding. It then needs to secure assurances that donor partners will maintain their funding for a sufficiently long period. For example, a partner government has to avoid recruiting teachers on the basis of a five-year commitment when there is no realistic prospect of the government funding new teachers from domestic sources within that period.

For donors, GBS may prove fungible, that is, that a partner government may direct funding to other purposes or fail to implement disbursements against the budget. Donor funding may also fail to reach targeted populations and/or regions. If a partner government does not control the entire country, funding may also not reach areas experiencing fragile situations.

Fiduciary risk is a key donor concern that can be managed directly (e.g., by strengthening the compliance of internal institutions with financial regulations, such as those regarding supervision, auditing and follow-up; or by reducing discretion in favour of more transparent and formulaic allocations) and indirectly (e.g., by strengthening the voice of citizens and government accountability to civil society and local communities by using conditional cash grants to parents to fund education).

Anticipated results: Significant support for state-building. GBS can promote reforms in public sector (financial) management, fiscal decentralization and the prioritisation of budget allocations.

GBS gives a partner government greater discretion in the use of donor funds and enables regular payment of teachers, thus increasing education access on the part of students. It can contribute additional resources to the partner government budget, which can potentially increase resources for recurrent education expenses (e.g., teacher salaries, employment of new teachers, greater school-level resources for non-wage spending) as well as capital expenditures (in order to expand enrolment). Eventually, however, partner government income will be needed to cover recurrent expenses such as salaries.

GBS can prevent sudden disruptions in funding of partner government programmes: a reduction in aid will lead to budget cuts across a partner government budget but not the sudden, total loss of funding for an aspect of the budget (as in the case of donor project support).

H. DEBT RELIEF

Definition: Essentially a budget reallocation mechanism, debt relief is intended to free up debtor country resources. It is conditioned, meaning that the monies that a government “saves” by not repaying debt are instead redirected toward poverty-reducing expenditures, such as education service delivery (particularly to achieve the MDGs). Debt relief can be provided under the joint International Monetary Fund (IMF)—World Bank Heavily Indebted Poor Countries (HIPC) initiative or by bilateral donors.

Aim: Service delivery. Encourages governments to allocate more funds to education. Debt relief can also encourage government institutional reform; the monies “saved” can be applied to promote policy reforms.

Context: When debt relief is conditioned on reform, individual donors must be prepared to negotiate the conditions and triggers for relief. Countries eligible for the HIPC initiative—currently open to 40 members of the International Development Association (IDA) with high levels of poverty and debt—must demonstrate stable macroeconomic management and a Poverty Reduction Strategy.^a For debt relief with conditions linked to partner government budgetary allocations, “savings” should be identified as an additional allocation to priority sectors like education, but in reality this is difficult to assess.

Implications for good donor practice: Donor priorities for the reallocation of funds may not coincide with those of the partner government. Usually, debt relief earmarking for specific budget expenditures is nominal. With few exceptions, this type of aid is fungible, meaning that a government may spend exactly what it had planned to spend on education, but report some of that spending as debt relief spending.

Targeting capacity: Used by donors to promote additional partner government allocation of resources to priority areas, particularly for service delivery to poor and marginalized groups.

Governance: Debt relief is negotiated between a bilateral donor and a government or as part of a multilateral debt relief process of several creditor countries through a joint process.^b Multilateral debt relief through the HIPC is negotiated by the World Bank, the IMF and a partner government.

Transaction costs and challenges:

Transaction costs: Generally low transaction costs; however, the cost level is linked to the level of earmarking imposed on the savings achieved.

Challenges: A partner government may not be able to easily coordinate the reallocation process; in many cases, a partner government may not have sufficient capacity to update work plans for the education sector to make maximum use of additional funds.

Anticipated results: Reduces a partner government's cost of servicing debt, improves its macroeconomic indicators and can result in more government funding for education. These results depend on the conditions the partner government must fulfill and the extent to which savings result in additional fiscal resources and hence, more education sector spending in the short to medium term.

a These countries are eligible for special assistance from the IMF and the World Bank.

b The Paris Club (*Club de Paris* in French) is an informal group of financial officials from 19 of the world's richest countries that provides financial services, such as debt restructuring, debt relief and debt cancellation to indebted countries and their creditors. Debtors are often recommended by the IMF after alternative solutions have failed.

Annexes



Country Examples

Building Capacity: The Limitations of Non-state Providers in Pakistan

In many low-income countries, including Pakistan, the government alone cannot meet the demand for education services. Pakistan's Education Sector Reform programme of 2001 recognized public-private partnerships as a promising approach to reducing disparities in education attainment on the basis of income, region and rural/urban divide. The MOE pledged to create an enabling environment for such partnerships, particularly school initiatives run by NGOs and the private sector.

A number of different models were developed. For example, the Punjab Education Foundation has focused on working with the private sector while the Sindh Education Foundation focused on working with NGOs. One model established by the latter is *Adopt a School*, in which an NGO takes responsibility for a government school for a certain period of time. The NGO can focus on infrastructure, improving teacher training or school management.

Even in partnership with provincial governments, NSPs in Pakistan have shown limited ability to address the capacity limitations that the government seeks to resolve. For example, the Sindh Education Foundation is one of the biggest partners in this area, but has adopted only 165 out of 28,854 primary schools in the province. NGOs also depend mainly on external donor funds, thus limiting the number of schools they can adopt and the sustainability of the programme. There are also concerns that the schools being adopted or upgraded are the better schools, particularly where the private sector is the main implementer.

Although the government saw public-private partnerships as a way of increasing the resources going to the education sector, it did not set up processes whereby NGOs and private sector providers could become active partners in improving the quality of the education that they provided.

*Source: Bano, M. 2008. "Pakistan Country Case Study," country profile prepared for UNESCO. 2008. *EFA Global Monitoring Report*.*

Providing Technical Assistance for Education in Somalia

Capacity development has become a direct target of assistance to the education sector in Somalia by the European Commission (EC). Following years of project-based assistance, capacity development has moved to the core of programme design, driven by both recognition of the importance of partner-driven development and greater alignment with government needs and priorities. At the federal level, the focus of EC capacity development support has been providing Somalian ministries technical assistance, basic infrastructure, equipment, training and support for operational costs and civil servant training. Efforts have been made to avoid the creation of PIUs.

At the regional level, EC technical and financial assistance has been used to develop executive and parliamentary oversight capacity. Support to the MOE consists of equipment and training to improve knowledge of modern curricula principles and subsector policy development in education. Measures that target staff at the ministerial, regional and local levels have been complemented by capacity building measures

in all major education subsectors (i.e., basic education, secondary education, technical and vocational education and, to some extent, higher education). Teacher training has also been a critical component of EC technical assistance, with the aim of improving the quality of education at different levels. Through the Strengthening Capacity of Teacher Training (SCOTT) Programme, 3,338 teachers have enrolled in training programmes in both Somaliland and Puntland; some 2,767 of these teachers completed the training course in 2008.

Source: EC, External Cooperation Programmes, n.d., "Reforming Technical Cooperation," EC, Brussels, <http://capacity4dev.ec.europa.eu/topic/2029> (accessed January 2010).

The Difficulties of Good Donor Practice: Cambodia and the Fragmentation of External Education Financing

Because Cambodia had not established clear education policy reform priorities when it began to receive development assistance, project and programme funding became the primary funding mechanisms in the sector. These mechanisms mostly require separate performance reviews, time schedules and reports, and use parallel systems that do not correspond with government systems and processes.

After recognizing the limited development impact of the US\$30–40 million per annum donated to the education sector between 1994 and 1999, the government attempted a sector-wide approach (SWAp). In 2001, it established a five-year Education Strategic Plan (ESP), an Education Sector Support Programme (ESSP) and an Education Sector Working Group (ESWG), which is the formal mechanism for donor coordination. The ESSP integrated support to both recurrent and capital costs. Budget systems for recurrent costs were developed for rapid, protected delivery of funding to priority activities and programmes (called Priority Action Plans).



The first phase of ESSP (2002–2006) was projected to cost around US\$725 million, with an anticipated government contribution of two-thirds of that amount and an expected donor contribution of one-third. With intensive support from the ESWG, Cambodia was also approved for a grant from the EFA FTI Catalytic Fund. However, due to the considerable fiduciary risks, the grant was allocated as project funding.

At the onset of the SWAp, there were hopes of an easy transition out of project funding in the education sector, as many projects were at the end of their implementation cycles. However, the transition never materialized. Lack of a concrete division of labour among development partners by subsector or subcomponent of the ESSP continues to undermine joint programming efforts. As a result, the education sector remains one of the most fragmented sectors in Cambodia. An estimated 250 education projects are currently in operation, supported by 80 different NGOs; 22 bilateral and multilateral partners are supporting 91 different projects and programmes. To date, no major co-financing schemes, such as pooled funds or an MDTF, have been implemented in the education sector.

Sources: Hattori, H. 2009, "Enhancing Aid Effectiveness in Education through a Sector-wide Approach in Cambodia," UNESCO; and Forsber, G. and M. Ratcliffe 2003, "Education Sectorwide Approach: Cambodia Education Case Study," paper presented at the UNESCO International Institute for Educational Planning (IIEP-UNESCO) Conference on Sector-wide Approaches in Education, Paris.

NGOs and the Delivery of Education Services in Afghanistan

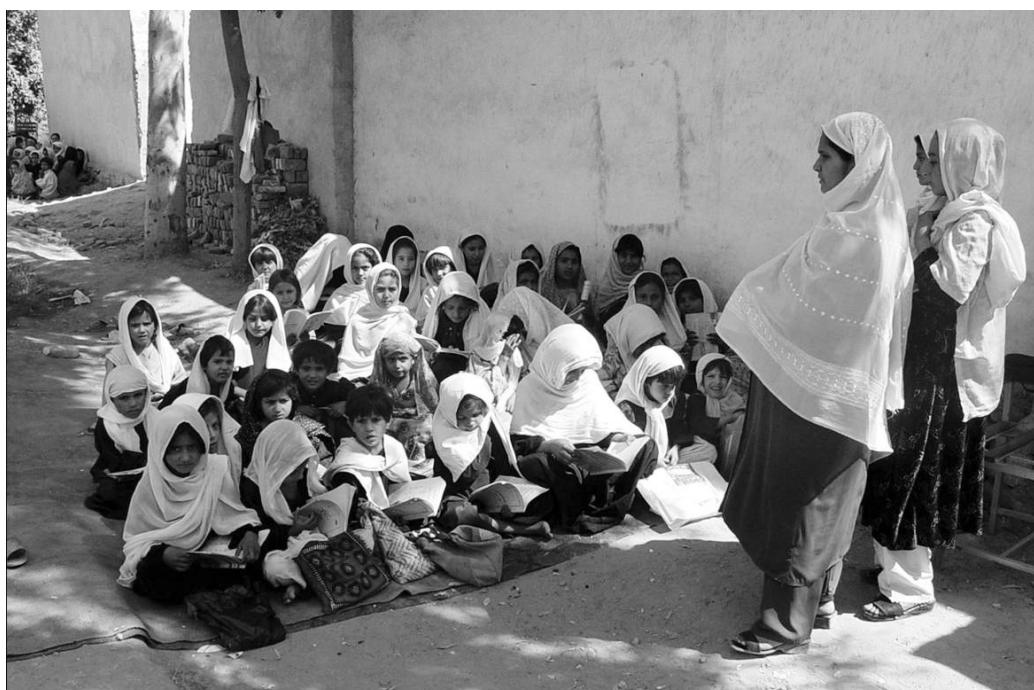
To varying degrees, NGOs have been the primary avenue for service delivery in low-security areas in Afghanistan, depending on their experience in a region and the internal rules that govern staff security. They have been instrumental in increasing enrolment, especially of girls in remote provinces. Many NGOs hire members of local communities, as they are both less visible and less prone to attack. In very low-security regions, this strategy has proven to be a more effective way of providing education service delivery, as evidenced by the community-based education programmes of the Partnership for Advancing Community Education in Afghanistan (PACE-A). When there is a very large NGO presence in the education sector, however, coordination and harmonization can be an issue. The NGOs that make up PACE-A are an example of successful coordination; yet countless NGOs are not involved in such arrangements. The government of Afghanistan has recently set up a body to coordinate NGOs and their work in the education sector, and now regulates them.

Source: Thomson, A. and N. Karachiwalla. 2009, "Appropriate and Effective Financing Modalities and Channels for Education in Fragile Situations." INEE, World Bank and Oxford Policy Management.

Sudan's Experience with a Common Humanitarian Fund

Following the end of a 20-year war between the government and various groups in the south, Sudan became the first country to benefit from a Common Humanitarian Fund (CHF) in 2005. The fund was created largely at the urging of the UK Department for International Development (DFID) as part of a global initiative to improve the coordination and management of humanitarian aid. Managed by the UN, the fund's main objective was to provide early, predictable funding, as well as support the timely allocation and disbursement of donor resources to Sudan's most critical humanitarian needs.

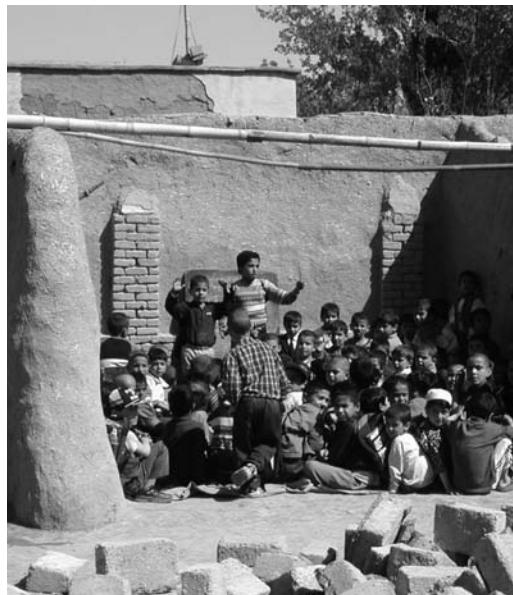
A DFID Country Programme Evaluation in 2009 found that the funding mechanism did not focus on critical humanitarian needs; it imposed high management costs, provided unpredictable, short-term funding too slowly and often too late in the year; and suffered from poor quality control and weak monitoring and evaluation. Among the many issues raised was that the CHF channelled short-term resources to the same service providers year after year, but subjected them to a time-consuming and unpredictable allocation process twice a year. Given the complex nature of the emergency



situation, it was likely to be protracted, implying that use of multi-year funding commitments would lower transaction costs and improve the efficiency of assistance. The evaluation concluded that CHF objectives remained relevant but its procedures needed reform.

For more information, see the work plan for Sudan website: <http://www.unsudanig.org/workplan/chf/index.php>.

See also "Evaluation of Common/Pooled Humanitarian Funds in DRC and Sudan" at http://www.unsudanig.org/workplan/chf/management/docs/2007_Sudan_DRC_CHF%20_evaluation_report.pdf.



World Bank Project Support in Baluchistan, Pakistan

The Baluchistan Education Support Project, funded by the World Bank, will provide \$22 million over a period of five years (2006–2011) to community schools, supporting both the private sector and capacity building with the Baluchistan Education Foundation. The Baluchistan Education Foundation is an autonomous body tasked with strengthening private sector provision of education in the province. The World Bank decided not to work with the government of Baluchistan after encountering governance and capacity constraints in previous projects.

Diaspora Support of NGOs in Somalia

In Somalia, public finances are weak or non-existent. However, groups of Somali expatriates sending remittances back home have partnered with local NGOs to build schools, support teacher salaries and rehabilitate schools. Some of these schools have since been transferred to the MOE and are now managed by the government.

When schools are supported by a Somali diaspora that gives donations in kind, the origin of support will determine what the students learn. For example, British Somalis send British textbooks. In Somalia, unlike in less-conflicted areas, where support is often sent to rural areas, such transfers are often concentrated in urban centers and do not cater to the needs of the rural poor.

Pooled Funds for Education in Sierra Leone

The 11-year civil war in Sierra Leone, which officially ended in 2002, had a devastating impact on the country's education system at all levels. In September 2007, the Ministry of Education, Youth and Sports (MEYS) was created and the Sierra Leone Education Sector Plan (ESP) for 2007–2015 was finalized. The ESP is a strategic document based on the government's Country Status Report of 2006 and PRSP of December 2004.

The process of developing the national education sector plan was led and coordinated by UNICEF, with the participation of an education sector group made up of in-country development partners. The main incentive for developing the ESP was to obtain funding from the Catalytic Fund of the EFA FTI. Following endorsement of the ESP by 16 development partners, Sierra Leone was awarded US\$13.9 million from the Catalytic Fund in April 2007. The country thus became one of the first low-income countries in a fragile situation to receive EFA FTI support.

Because of its weak national financial systems, a pooled fund was selected to deliver education funding to Sierra Leone—it pooled

both the EFA FTI allocation and funding from additional donors willing to support the ESP. The Education Sector Support Fund (ESSF) was launched in January 2008 to support the ESP's three-year action plan. The fund is managed by the MEYS under the oversight of the Ministry of Finance and Economic Development, with supervisory support provided by the World Bank.

UNICEF and DFID were the first donors to contribute funds through the ESSF, followed by the Swedish International Development Cooperation Agency (SIDA). Both UNICEF and DFID plan to provide additional resources through the ESSF in 2010, once the activities they initially supported have been implemented. Unfortunately, finalization of the FTI grant agreement was delayed until September 2008, largely due to the introduction of revised Catalytic Fund Processing Guidelines, with the first FTI tranche (about 21 percent of the total allocation) transferred to the ESSF only in the fourth quarter of 2009.^b

a World Bank.2008. "Education For All Fast Track Initiative: Potentials and Challenges for Effective Aid to Basic Education in Sierra Leone." FTI Country Process Report, 2005-2008.

b Save the Children. 2010. "Report on Education Financing, Governance, and Accountability in Sierra Leone."

Pooled Funds for Education in Liberia

In 2003, the Comprehensive Peace Agreement (CPA) ended 14 years of intermittent conflict in Liberia. An estimated 75 to 80 percent of the country's schools were destroyed or damaged during the conflict and nearly two-thirds of teachers were unqualified. The signing of the CPA in 2003 marked a turning point for many donors, which then returned to the country to provide humanitarian aid to support disarmament, the return of the refugees and displaced populations and peacekeeping efforts.

In response to EFA FTI endorsement of a pooled fund for the education sector—and following the country's unsuccessful application to the EFA FTI Catalytic Fund—UNICEF created an

Education Pooled Fund (EPF) in 2008. UNICEF sought to use the EPF to build the capacity of the government to handle larger financial flows into the education sector at a time when humanitarian funding was being reduced and regular development funding was still largely absent. The EPF aims to provide reliable, predictable and coordinated financing for the education sector in Liberia, with the ultimate goal of providing direct budget support.

The EPF was launched with initial funding of US\$15 million from UNICEF (of which US\$12 million was a contribution of the Dutch government) and US\$5 million from the Open Society Institute (OSI). The Fund is managed by the government's Project Management Financial Unit, which spans the Ministry of Finance and the MOE, and uses government financial management and procurement procedures. It is hoped that EPF use of government systems will strengthen public financial management processes.

The EPF has focused on financing unfunded components of the Liberia Primary Education Recovery Programme (LPERP). Between July 2008 and May 2009, it funded three major interventions in the areas of teacher development, instructional materials and curriculum development, and infrastructure expansion and improvement. These programmes absorbed more than 75 percent of available funds. Successful implementation of the EPF has raised hopes that additional donors will contribute to it and that the EPF will provide a model for successful transitional funding for other fragile situations.

[Note: The EFA FTI approved a Catalytic Fund grant of US\$40 million to Liberia in May 2010.]

Sources: Schmidt, C. 2009. "The Education Pooled Fund in the Republic of Liberia." UNICEF Liberia; Braennelly, L, S. Ndaruutse, and C. Rigaud. 2009. "Donor's Engagement. Supporting Education in Fragile and Conflict-affected States." IIEP-UNESCO and CfBT Education Trust.

Afghanistan Reconstruction Trust Fund

The most prominent funding mechanism in Afghanistan is the Afghanistan Reconstruction Trust Fund (ARTF), which began in 2002 and is managed by the World Bank. By March 2008, the ARTF had received US\$2.4 billion and was the main source of funding (one-third) of the government's recurrent budget. The two main components of the ARTF are support for recurrent costs (for wages, operations and management) and support for investment costs (for government priority programmes). A total of 27 donors contribute to the fund, however, five donors (USA, UK, EC, The Netherlands and Canada) provide 80 percent of the funds. Most ARTF donors also provide considerable support through other channels, including bilateral support, sector budget support and support through NGOs.^a Earmarking of funds is not permitted in the ARTF but donors are allowed to express preferences of where they would like the funds allocated (for up to 50 percent of their annual contributions).

The recurrent support is used to finance the government's operating budget, particularly the salaries of teachers and health personnel. The MOE is the top-line ministry receiving funds from the ARTF; approximately 30 to 40 percent of the recurrent budget finances teacher salaries and other operating expenditures of the MOE each year. Working through the ARTF has increased the regularity of salary payments. The investment support is used to fund capital investments in basic education. However, the Education Quality Improvement Program (EQUIP), which offers school grants for quality enhancements and infrastructure development, receives only 4 percent of the funds.^b ARTF funding used to be predominantly outside the government budget and was disbursed mainly using donor procedures, but has evolved to become closer to budget support.^c

Funds reach the local level through various channels. The ARTF's National Solidarity Programme is one channel; it provides support and facilitation to introduce democratically

elected Community Development Committees (CDCs). Another avenue for ARTF funding is the EQUIP programme, which began in 2005 and is active in all 34 provinces.^d Finally, ARTF funding also flows through Provincial Reconstruction Teams (PRTs), which are essentially military teams, operating in areas where the Taliban is still in control. However, the PRTs do not cooperate with the MOE or other delivery mechanisms, and there have been cases of schools built without provision for teachers to be recruited.

a M. Foster. 2008. "Aid Instruments in Fragile and Post-Conflict States: A Desk Review for DFID Nepal." Mick Foster Economics Ltd.

b Scanteam/Norway. 2008. "Afghanistan Reconstruction Trust Fund: External Evaluation." report commissioned by the World Bank.

c M. Foster. 2008. "Aid Instruments in Fragile and Post-Conflict States: A Desk Review for DFID Nepal." Mick Foster Economics Ltd

d Scanteam/Norway. 2008. "Afghanistan Reconstruction Trust Fund: External Evaluation." report commissioned by the World Bank.

Sector Budget Support in Rwanda

SBS for education in Rwanda supports a sector-wide approach (SWAp). This support began as the Joint Education Sector Support Programme (JESS) in 2006. JESS funding is for the period 2006–2010 and includes multi-annual commitments on the part of a number of donors—including DFID, Belgium, the African Development Bank and The Netherlands—over the five-year period. Catalytic Funding of the EFA FTI is channeled through the SBS mechanism, but only for a period of three years. JESS is reviewed annually through a joint review of the education sector.

SBS helps fund the education sector strategic plan of Rwanda, in particular, teacher salaries, construction, textbooks and capitation grants for basic education. A separate pooled fund for education sector capacity building is funded by DFID and UNICEF. This latter fund is meant to be integrated into SBS after a three-year period. JESS has strengthened the donor position in Rwanda because of the inclusion of the EFA FTI, which requires local

donor endorsement of plans and reports as a condition of further disbursements. Focus has now shifted from an emphasis on good government sector plans to more emphasis on results and impact.

Source: Uttersprot, I. 2008. "Financing Education in Developing Countries: New Modalities, New Approaches—Examples from Rwanda." paper presented at "Directions in Educational Planning: Symposium to Honor the Work of Françoise Caillods," July 3–4, 2008, organized by IIEP-UNESCO, Paris.

General Budget Support in Sierra Leone

Donors have provided (GBS) to Sierra Leone for almost ten years now. The European Commission (EC) committed GBS in 1999, an unusual occurrence for a country still in conflict. DFID committed to GBS in 2001; the World Bank and the African Development Bank also provided support under a Poverty Reduction Support Credit (PRSC). Until 2006, GBS was provided on a bilateral basis, but since that time multi-donor budget support with a joint performance assessment framework (PAF) has been negotiated between donors and the government. GBS has consistently provided more than 26 percent of discretionary recurrent and capital expenditure; this funding has been important in covering, for example, teachers' salaries. Lack of domestic revenue after the war, plus the need to pay public sector workers so that they could begin to deliver basic services, was an important element in the decision to provide GBS.

Although GBS is not earmarked for education, the 2007 PAF included seven agreed actions and indicators for the education sector, including indicators of examination passes, evidence of funds going to schools and increases in the availability of core textbooks. Reasonable performance on these indicators is necessary to release future tranches of

funding. The PAF is strongly linked to the PRSP in Sierra Leone, which is seen as the basic policy framework around which GBS is provided.

There are risks to the government if it fails to meet performance benchmarks; this happened in 2007, when disbursements were delayed. When delays occur, the government has to delay other expenditures in order to meet public sector wages. Such interruptions can also undermine the quality of service delivery.

Source: Thomson, A. and N. Karachiwalla. 2009. "Appropriate and Effective Financing Modalities and Channels for Education in Fragile Situations." INEE, World Bank and Oxford Policy Management.

Debt Relief in Pakistan

Debt relief has benefited Pakistan at the federal level because it has reduced the cost of servicing debt—an ongoing burden on the federal budget. However, depending on the exact form of a debt relief or debt swap agreement, the government may have to match part or all of the savings with earmarked funding at the provincial level, which is responsible for service delivery. A German debt relief agreement with Pakistan required that half the total amount of the savings be spent in Punjab and the North West Frontier Province (NWFP) on projects for elementary education that are approved by German authorities. A later debt relief agreement focused on reconstruction of schools and other infrastructure in the NWFP after the earthquake. A secretariat has accordingly been set up in the Ministry of Finance to ensure that the appropriate budget appropriations are made centrally and passed on to provincial finance departments.

Source: Thomson, A. and N. Karachiwalla. 2009. "Appropriate and Effective Financing Modalities and Channels for Education in Fragile Situations." INEE, World Bank and Oxford Policy Management.

ANNEX 2

Readings and Resources on External Education Financing

Note: All URLs were accessed in May 2010.

ActionAid and Education International. 2009. "Toolkit on Education Financing." ActionAid, Johannesburg, South Africa, and Education International, Brussels, Belgium.

► This toolkit, addressed to national coalitions, teacher unions, NGOs and others, focuses on helping agencies build a strong campaign for education financing adapted to each unique national context.

http://www.actionaid.org/docs/ei-aa-gce_toolkit.pdf

Browne, S. 2010. "Aid to Fragile States: Do Donors Help or Hinder?" (ed.) G. Mavrotas, *Foreign Aid for Development: Issues, Challenges, and the New Agenda*. Oxford: Oxford University Press, pp. 152–78.

► This paper examines aid relationships in three fragile situations: Burma, Rwanda, and Zambia. A previous version (2007) of this publication is available here:

http://www.wider.unu.edu/publications/working-papers/discussion-papers/2007/en_GB/dp2007-01/

Berry, C. 2009. "A Framework for Assessing the Effectiveness of the Delivery of Education Aid in Fragile States." *Journal of Education for International Development* Vol. 4, No.1

► This paper analyses how four approaches to delivering education aid (sector-wide approaches, trust funds, social funds and UN-led approaches) have impacted education sector outcomes, particularly in the context of fragile states, and identifies what can be learnt about the effective delivery of education aid from each of these examples.

<http://www.equip123.net/jeid/articles/8/Berry-FrameworkAssessingtheEffectivenessDeliveryEducationAidFragileStates.pdf>

Brannelly, L., and Ndaruhutse, S. 2008.

"INEE Framing Paper: Education Finance in States Affected by Fragility." INEE and CfBT Education Trust.

► This framing paper for the 2008 INEE Policy Roundtable seeks to address questions about the current level of donor funding for education in fragile situations, whether existing funding mechanisms respond appropriately to needs in such contexts and how funding mechanisms contribute to state-building, harmonization and alignment.

http://www.ineesite.org/uploads/documents/store/INEE_PolicyRoundtable_Framing_Paper-1.pdf

Brannelly, L., S. Ndaruhutse, and C. Rigaud. 2009. *Donors' Engagement: Supporting Education in Fragile and Conflict-affected States*. International Institute for Educational Planning and CfBT Education Trust.

► This book examines the changing nature of how donors support education in fragile and conflict-affected states and outlines lessons learnt and emerging good practices.

http://www.iiep.unesco.org/fileadmin/user_upload/Info_Services_Publications/pdf/2009/Donors_Engagement.pdf

Brannelly, L., S. Ndaruhutse, and C. Rigaud.

2009. "Donors' Engagement: Supporting Education in Fragile and Conflict-affected States." Policy Brief. International Institute for Educational Planning and CfBT Education Trust.

► A brief policy note based on the above-cited book:
http://www.cfbt.com/evidenceforeducation/pdf/20.%20DonorsEngagement_FINAL.pdf

Cambridge Education, Mokoro Ltd. and Oxford Policy Management. 2009. "Mid-Term Evaluation of the EFA Fast Track Initiative." Draft Synthesis Report (final version forthcoming).

► The evaluation report looks at how effective the FTI has been in facilitating progress towards achievement of universal primary education and makes a series of recommendations to further improve future partnership programming and effectiveness.

[http://www.educationfasttrack.org/media/library/Evaluation-2009/02_SR_Draft\(v10z\)19Nov2009.pdf](http://www.educationfasttrack.org/media/library/Evaluation-2009/02_SR_Draft(v10z)19Nov2009.pdf)

Dom, C. 2009. "FTI and Fragile States and Fragile Partnerships: Mid-Term Evaluation of the EFA Fast Track Initiative." Working Paper 6. Draft. Cambridge Education, Mokoro Ltd. and Oxford Policy Management.

► This paper, part of the Mid-Term Evaluation of the EFA FTI, reviews the education and fragility discourse that has developed and examines FTI's engagement with these issues. http://www.camb-ed.com/fasttrackinitiative/download/WP6-FTI_FragileStates_9Jan09.pdf

EFAFast Track Initiative. 2008. "The EFA-FTI Modality Guidelines."

► The purpose of this guide is to assist local education groups in deciding how to choose the most suitable funding modality to support education sector plan objectives in a given country, as well as to support the decision-making process regarding the choice of supervising entity for the funding.

http://www.educationfasttrack.org/media/library/EFA-FTI_FINAL_Modality_Guide_November_2008.pdf

IIEP-UNESCO (International Institute for Educational Planning). 2006. "Budget and Financial Management." Chapter 35, Section 6 ("Management Capacity"), *Guidebook for Planning Education in Emergencies and Reconstruction*. IIEP-UNESCO, Paris.

► Chapter 35 of the IIEP *Guidebook for Planning Education in Emergencies and Reconstruction* provides basic strategies for budget and financial management for education in emergencies. (An updated version of the Guidebook is forthcoming in 2010.) http://www.iiep.unesco.org/fileadmin/user_upload/Research_Highlights_Emergencies/Chapter35.pdf

INEE. 2009. "INEE Guidance Notes on Teacher Compensation in Fragile States."

► These guidance notes were developed to address the critical challenge of teacher compensation in quality education and provide a suggested framework for such compensation.

http://www.ineesite.org/uploads/documents/store/INEE_teachers_r3.pdf

Kizilbash Agha, Z., and T. Williamson. 2008. "Common Funds for Sector Support." ODI Briefing Paper 36. Overseas Development Institute (ODI).

► This briefing paper presents evidence of the effectiveness of different aid modalities, investigating in particular the effect of "transitional" modalities on a country's systems and capacities.

<http://www.odi.org.uk/resources/download/403.pdf>

Harvey, P., K. Haver, J. Hoffmann, and B. Murphy. 2010. "Delivering Money: Cash Transfer Mechanisms in Emergencies." Save the Children UK (for the Cash Learning Partnership).

► This report documents lessons learnt from previous experience and provides guidance for project managers who need to make choices about how best to deliver cash to people in need.

http://www.savethechildren.org.uk/en/docs/Delivering_Money_low_res.pdf

Leader, N., and P. Colenso. 2005. "Aid Instruments in Fragile States." PRDE (Poverty Reduction in Difficult Environments) Working Paper 5, UK Department for International Development.

► This paper describes the limitations of the current approach to selecting aid instruments for fragile situations and the emerging understanding about the use of such instruments in these contexts.

http://ineesite.org/uploads/documents/store/doc_1_Aid_Instruments_in_Fragile_States.pdf

Macrae, J., and A. Harmer. 2005. Re-thinking Aid Policy in Protracted Crises." *ODI Opinions*, no. 58.

► This short article captures the shift in thinking over the past decade regarding the relationship between relief and development.

<http://www.odi.org.uk/resources/download/462.pdf>

ODI. 2009. "Mutual Accountability at the Country Level: A Concept and Emerging Good Practice Paper." ▶This background paper explores the issue of mutual accountability as seen in emerging good practices in 19 countries, with a special focus on Rwanda, Mozambique, and Vietnam. <http://www.oecd.org/dataoecd/58/32/43235053.pdf>

ODI. 2007. "Education Aid in Fragile States: Delivering it Effectively." Briefing Paper. ▶This paper develops a framework for assessing the effectiveness of education aid in fragile states and uses it to evaluate examples of education support across a range of fragile contexts. <http://www.odi.org.uk/resources/download/4072.pdf>

OECD. 2009. "International Good Practice Principles for Country-led Division of Labour and Complementarity." ▶These eight good practice principles apply to in-country division of labour between partner countries and donors to streamline and coordinate donor assistance in ways that are effective, tailored and country-specific. <http://www.oecd.org/dataoecd/32/21/43408412.pdf>

OECD. 2007. "Principles for Good International Engagement in Fragile States and Situations." ▶These principles are intended to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in stronger-performing countries. <http://www.oecd.org/dataoecd/28/5/43463433.pdf>

OECD. 2005. "The Paris Declaration on Aid Effectiveness." ▶The Paris Declaration on Aid Effectiveness is an agreement to improve the quality of aid, signed in 2005 by more than 100 donors, developing countries and NGOs. <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

Pan American Health Organisation (PAHO). 2009. "Be a Better Donor: Practical Recommendations for Humanitarian Aid." ▶This guide presents a summary of recommendations for three essential actors: donors, national disaster response and risk management organizations and the communications media, with the aim of bringing to light behaviors and myths which hinder or harm the process of donations and the efficient use of these donations to alleviate the consequences of disaster. [http://www.re liefweb.int/rw/lib.nsf/db900sid/MUMA7V99W7/\\$file/PAHO-Jul2009.pdf?openelement](http://www.re liefweb.int/rw/lib.nsf/db900sid/MUMA7V99W7/$file/PAHO-Jul2009.pdf?openelement)

Save the Children. 2009. "Last in Line, Last in School 2009: Donor Trends in Meeting Education Needs in Countries Affected by Conflict and Emergencies." ▶The annual "Last in Line, Last in School" report by Save the Children identifies key areas of policy and practice to be reformed in order to ensure that children in conflict-affected and fragile states get an education. http://www.savethechildren.org.uk/en/docs/Last_in_Line_2009.pdf

Save the Children. 2007. "Last in Line, Last in School: How Donors are Failing Children in Conflict-affected Fragile States." ▶http://www.savethechildren.org/publications/rewrite-the-future/RTF_Last_in_Line_Last_in_School_report_FINAL.pdf

Save the Children. 2008. "Last in Line, Last in School 2008: How Donors can Support Education for Children Affected by Conflict and Emergencies." ▶<http://www.savethechildren.org/publications/rewrite-the-future/RTF-last-in-line-donors-can-support.pdf>

Steer, L, and G. Baudienville. 2010. "What Drives Donor Financing of Basic Education?" ODI Project Briefing, no. 39 (February). ▶This project briefing finds that few donors have delivered on their collective promise to support national education programmes with increased and more effective financial support. <http://www.odi.org.uk/resources/download/4755.pdf>

Stoddard, A. 2008. "International Humanitarian Financing: Review and comparative assessment of instruments." Final Report. Office of US Foreign Disaster Assistance. ▶This study was commissioned by the Office of US Foreign Disaster Assistance for the Good Humanitarian Donorship initiative. It provides an overview of the humanitarian financing landscape, comparing the array of mechanisms currently available to donors, and identifies important considerations for donors and their partners as they develop their future funding strategies. <http://www.humanitarianoutcomes.org/resources/HumanitarianFinancingReview2008.pdf>

Third High Level Forum on Aid Effectiveness. 2008. "Accra Agenda for Action."

► The Accra Agenda for Action was endorsed by donors and partner governments to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2005). <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>

Thomson, A., and N. Karachiwalla. 2009. "Appropriate and Effective Financing Modalities and Channels for Education in Fragile Situations." INEE, World Bank and Oxford Policy Management.

► This paper, based on six country case studies (Afghanistan, Ethiopia, Nepal, Pakistan, Sierra Leone and Somalia), examines how different financing modalities respond to different aspects of fragility, the objectives of different stakeholders, the preconditions for accessing different types of financing modalities and the implications of modality choice for governments, development partners and service providers. http://www.ineesite.org/uploads/documents/store/Modalities_Report_publish_pdf1.pdf

UNESCO. 2010. *EFA Global Monitoring Report 2010: Reaching the Marginalized*.

► The 2010 *Global Monitoring Report* (GMR) explores the factors that perpetuate marginalisation in education, along with the success — or failure — of public policy responses, focusing on two core areas: (i) access to schooling and learning opportunities and (ii) teaching, learning processes and achievements. <http://unesdoc.unesco.org/images/0018/001866/186606E.pdf>

Wathne, C., and E. Hedger. 2010. "What Does an Effective Multilateral Donor Look Like?" ODI Policy Briefing, no. 40.

► This project briefing summarizes research findings on the perceptions of recipient stakeholders regarding multilateral donor effectiveness. [http://www.reliefweb.int/rw/lib.nsf/db900sid/SNAA-84A8WX/\\$file/ODI%20Project%20Briefing%2040.pdf?openelement](http://www.reliefweb.int/rw/lib.nsf/db900sid/SNAA-84A8WX/$file/ODI%20Project%20Briefing%2040.pdf?openelement)

Winthrop, R., S. Ndaruhutse, J. Dolan, and A. Adams. 2010. "Education's Hardest Test: Scaling up Aid in Fragile and Conflict-Affected States." Policy Outlook. Center for Universal Education, Brookings Institution and CfBT Education Trust.

► This policy outlook outlines challenges that need to be addressed and provides recommendations for donors and the international community to support education in fragile and conflict-affected states. <http://www.cfbt.com/evidenceforeducation/pdf/2010-01%20final.pdf>

Winthrop, R., S. Ndaruhutse, J. Dolan, and A. Adams. 2010. "Financing for All: How to Include Fragile and Conflict-affected States in the Education FTI." Policy Outlook. Center for Universal Education, Brookings Institution and CfBT Education Trust.

► This policy outlook outlines seven ways that the EFA FTI needs to evolve so that it can more effectively and consistently address the education needs of fragile and conflict-affected states. <http://www.cfbt.com/evidenceforeducation/pdf/2010-02%20final.pdf>

External Education Financing— Donors and Implementing Agencies

BILATERAL DONORS

Abu Dhabi

Abu Dhabi Fund for Development
<http://www.adfd.ae/pages/default.aspx>

Australia

Australian Agency for International Development (AusAID)
<http://www.ausaid.gov.au>

Austria

The Austrian Development Cooperation (ADC)
<http://www.ada.gv.at>

Belgium

Development Cooperation (DGDC)
<http://www.dgdc.be>

Technical Cooperation (BTC)
<http://www.btcctb.org>

Canada

Canadian International Development Agency (CIDA)
<http://www.acdi-cida.gc.ca>

Denmark

Ministry of Foreign Affairs
<http://www.um.dk>

Finland

Ministry of Foreign Affairs
<http://formin.finland.fi>

France

Ministry of Foreign Affairs
<http://www.diplomatie.gouv.fr>

Groupe Agence Française de Développement
<http://www.afd.fr>

Germany

Federal Ministry for Economic Cooperation and Development (BMZ)
<http://www.bmz.de/en/index.html>

KfW Development Bank

<http://www.kfw.de>

German Technical Cooperation (GTZ)
<http://www.gtz.de>

Greece

Ministry of Foreign Affairs/ Hellenic Republic Development Cooperation program
<http://www.hellenicaid.gr>

Ireland

Irish Aid
<http://www.irishaid.gov.ie>

Italy

Ministry of Foreign Affairs
<http://www.cooperazioneallosviluppo.esteri.it>

Japan

Ministry of Foreign Affairs of Japan
<http://www.mofa.go.jp>

Japan International Cooperation Agency (JICA)
<http://www.jica.go.jp>

Luxembourg

Luxembourg Agency for Development Cooperation
<http://www.lux-development.lu>

Netherlands

Ministry of Foreign Affairs
<http://www.minbuza.nl>

New Zealand

New Zealand's International Aid & Development Agency (NZAID)
<http://www.nzaid.govt.nz>

Norway

Norwegian Agency for Development Cooperation (Norad)
<http://www.norad.no/en>

Portugal

Ministry of Foreign Affairs
<http://www.mne.gov.pt/mne/en>

Portuguese Institute for Development Support (IPAD)
<http://www.ipad.mne.gov.pt>

Qatar

Ministry of Foreign Affairs
<http://english.mofa.gov.qa/index.cfm>

Romania

Ministry of Foreign Affairs
<http://www.mae.ro>

Russia

Ministry of Foreign Affairs
<http://www.mid.ru>

Spain

Spanish Agency for International Development (AECID)
<http://www.aecid.es>

Directorate General for Development Planning and Policy Evaluation
<http://www.maec.es>

Sweden

Swedish International Development Cooperation Agency (SIDA)
<http://www.sida.se>

Switzerland

Swiss Agency of Development and Cooperation (SDC)
<http://www.deza.ch>

State Secretariat for Economic Affairs (SECO)
<http://www.seco.admin.ch>

United Kingdom of Great Britain

Department for International Development (DFID)
<http://www.dfid.gov.uk>

United States of America

United States Agency for International Development (USAID)
<http://www.usaid.gov>

Millennium Challenge Corporation (MCC)
<http://www.mcc.gov>

MULTILATERAL DONORS

African Development Bank Group
<http://www.afdb.org>

Arab Bank for Economic Development in Africa (BADEA)
<http://www.badea.org/index.html>

Arab Fund for Economic and Social Development (AFESD)
<http://www.arabfund.org>

Asian Development Bank (ADB)
<http://www.adb.org>

Caribbean Development Bank (CDB)
<http://www.caribank.org>

Central American Bank for Economic Integration (CABEI)
<http://www.bcie.org/english/index.php>

Commonwealth Secretariat
<http://www.thecommonwealth.org>

Corporación Andina de Fomento (CAF)
<http://www.caf.com>

Council of Europe and Council of Europe Development Bank (CEB)
<http://www.coe.int/>

East African Development Bank (EADB)
<http://www.eadb.org>

European Bank for Reconstruction and Development (EBRD) http://www.ebrd.com	Aga Khan Development Network http://www.akdn.org/education.asp
European Commission/Europe Aid http://ec.europa.eu/europeaid/index_en.htm	Brookings Institution, Center for Universal Education (CUE) http://www.brookings.edu/universal-education.aspx
European Commission/ Humanitarian Office (ECHO) http://ec.europa.eu/echo/index_en.htm	CARE http://www.care.org
Inter-American Development Bank (IDB) http://www.iadb.org	CfBT Education Trust www.cfbt.com
International Monetary Fund (IMF) http://www.imf.org	Dubai Cares Foundation http://www.dubaicares.ae
Organisation of American States (OAS) http://www.oas.org/en/default.asp	Educate Girls Globally http://www.educategirls.org/index.htm
United Nations Relief and Works Agency (UNRWA) http://www.un.org/unrwa	Education Development Center www.edc.org
United Nations Children's Fund (UNICEF) http://www.unicef.org	Hewlett Foundation http://www.hewlett.org/programs/global-development-program/quality-education-in-developing-countries
United Nations Development Programme (UNDP) http://www.undp.org	Intel Corporation http://www.intel.com/intel/education/index.htm?iid=intel_corp+body_education
United Nations Educational, Scientific and Cultural Organization (UNESCO) http://www.unesco.org	International Rescue Committee (IRC) http://theirc.org
West African Development Bank (BOAD) http://www.boad.org	Kellogg Foundation http://www.wkkf.org
World Bank http://www.worldbank.org	Nike Foundation http://www.nikefoundation.org
OTHER ORGANIZATIONS	
ActionAid http://www.actionaid.org	Open Society Institute and Soros Foundation http://www.soros.org
Academy for Educational Development (AED) http://www.aed.org	Oxfam http://www.oxfam.org
	Plan International http://plan-international.org

Qatar Foundation

<http://www.qf.org.qa>

Save the Children

<http://www.savethechildren.org>

Universal Education Foundation

<http://www.uef-eba.org>

World Economic Forum**Global Education Initiative**

Corporate partners include:

- AMD www.amd.com
- Cisco www.cisco.com
- Deloitte www.deloitte.com/global
- Edelman <http://www.edelman.com>
- EMC <http://www.emc.com>
- Heidrick and Struggles www.heicrick.com
- Microsoft www.microsoft.com
- SAS <http://www.sas.com>
- SK Corporation <http://www.sk.co.kr>
- Strategic Real Estate providers
<http://www.stratreal.com>

Glossary

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ANNEXES

Accountability is an explanation of the meaning and reasons for actions and decisions that consider the needs, concerns and capacities and circumstances of affected parties. Accountability is about the transparency of management processes including the use of financial resources. It is about the right to be heard and the duty to respond. In education, accountability means holding education providers responsible for the quality of their service delivery in terms of student knowledge, skills and attitudes; teacher behaviour; and school or system performance.

Aid effectiveness refers to improving the management, delivery, and complementarity of development cooperation activities in order to ensure the highest development impact.

Alignment refers to the donor practice of following partner country policies, strategies, priorities—and using its public financial management and administrative systems—as a guide for their own interventions, with the objective of building capacity and ownership.

Capacity is a combination of the strengths, attributes and resources available within an individual, community, society or organisation that can be used to achieve agreed goals.

Capacity building or capacity development is an ongoing process through which individuals, groups, organisations, and societies enhance their ability to identify and meet development challenges.(These terms are used interchangeably in this publication.)

Civil society organisations refer to the spectrum of non-governmental and not-for-profit organisations—including community groups, labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and

charitable foundations—that have a presence in public life and express the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations.

Development banks are financial institutions dedicated to funding new and upcoming businesses and economic development projects in developing countries by providing equity and/or loan capital.

Diaspora populations refers to any group that has been dispersed outside its traditional homeland.

Early childhood development is the processes through which young children, aged 0–8 years, develop their optimal physical health, mental alertness, emotional confidence, social competence and readiness to learn. These processes are supported by social and financial policies and comprehensive programming that integrate health, nutrition, water, sanitation, hygiene, education and child protection services. All children and families benefit from high-quality programmes, but disadvantaged groups benefit the most.

Early recovery means recovery that begins early in a humanitarian setting. Recovery is a multi-dimensional process, guided by development principles, that seeks to build on humanitarian programmes and catalyse sustainable development opportunities. Early recovery aims to generate, to the extent possible, self-sustaining nationally owned and resilient processes for post-crisis recovery.

Education in emergencies is quality learning opportunities for all ages in situations of crisis, including early childhood development, primary, secondary, non-formal, technical, vocational, tertiary and adult education.

Education in emergencies provides physical, psychosocial and cognitive protection that can sustain and save lives.

Formal education refers to learning opportunities provided in a system of schools, colleges, universities and other education institutions. It usually involves full-time education for children and young people, beginning at between five and seven years and continuing to 20 or 25 years old. It is normally developed by national ministries of education, but in emergency situations may be supported by other education stakeholders.

Fragility or fragile situations have no internationally agreed definition. However, most development agencies have converged around the OECD-DAC's definition: "States are fragile when state structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development, and to safeguard the security and human rights of their population." (OECD, 2007, "Principles for Good International Engagement in Fragile States and Situations," OECD, Paris).

Harmonization refers to common arrangements between different donors that lead to the adoption of a set of rationalized procedures, greater openness, and increased information sharing regarding aid interventions in a given country or sector within a country.

Humanitarian relief or assistance is action to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations. Humanitarian action should be guided by the humanitarian principles of *humanity*, meaning the centrality of saving human lives and alleviating suffering wherever it is found; *impartiality*, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations; *neutrality*, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and *independence*, meaning the autonomy of humanitarian

objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented. (Principles and Good Practice of Humanitarian Donorship)

The **Millennium Development Goals (MDGs)** are eight goals adopted by 189 nations in 2000 to be achieved by 2015. These goals respond to the world's main development challenges; they seek to end hunger and achieve universal education, gender equity, child health, maternal health, combat HIV/AIDS, and achieve environmental sustainability and global partnership.

Monitoring is the regular observation and recording of activities taking place in a project or programme. It is a process of routinely gathering information on all aspects of the project and often involves the tracking of pre-established indicators against baseline measurements.

A **needs assessment** is a systematic process for determining and addressing the needs of a target population or community. It is normally used to provide the justification of the design and implementation of a project or programme.

Non-formal education refers to education activities that do not correspond to the definition of formal education (see separate entry). Non-formal education takes place both within and outside education institutions and caters to people of all ages. It does not always lead to certification. Non-formal education programmes are characterised by their variety, flexibility and ability to respond quickly to new education needs of children or adults. They are often designed for specific groups of learners such as those who are too old for their grade level, those who do not attend formal school, or adults. Curricula may be based on formal education or on new approaches. Examples include accelerated 'catch-up' learning, after-school programmes, literacy and numeracy. Non-formal education may lead to late entry into formal education programmes. This is sometimes called 'second-chance education'.

A **non-governmental organisation (NGO)** is a voluntary, non-profit-making organisation existing either for the benefits of its members (a grassroots organisation) or for others. Usually NGOs contribute to or participate in cooperation projects, education, training, or other humanitarian, progressive, or monitoring activities. NGOs are normally considered part of civil society. International NGOs are those who work in a range of countries and/or regions worldwide; local NGOs focus their work in the countries in which they are based.

Non-state providers (NSPs) refer to the broad range of civil society and private sector organisations (either for-profit or not-for-profit) that are independent of government and provide basic services.

Official **development assistance (ODA)** is defined as flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries ("bilateral ODA") and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. Lending by export credit agencies—with the pure purpose of export promotion—is excluded. (OECD Glossary of Statistical Terms) Development assistance as referred to in this publication is not limited to flows from bilateral donors but from a broad range of potential donors.

Participation refers to being involved in and influencing processes, decisions and activities. Participation is a right for all and is the basis for working with communities and developing programmes. Participation varies according to evolving capacities. All groups including adults, children, youth, persons with disabilities and members of vulnerable groups can participate in different ways from the earliest age. No group of people should be denied opportunities for participation because they are hard to

reach or difficult to work with. Participation is voluntary. People are invited and encouraged to participate, not coerced or manipulated. Participation may include a range of activities and approaches. Passive roles include using services, contributing material resources, accepting decisions made by others and being consulted in a minimal way. Examples of active participation include contributing time, being involved directly in decision-making and planning and implementing education activities.

Peacebuilding is action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict (Boutros Boutros Ghali. 1992 "An Agenda for Peace: Preventive diplomacy, peacemaking and peace-keeping." UN Doc. A/47/277—S/24111 (17 June 1992).)

A **Performance Assessment Framework (PAF)** is part of general budget support and provides the basis for joint monitoring and management of funding according to a set of predefined common principles; disbursements are nevertheless subject to individual donor decisions.

A **Poverty Reduction Strategy Paper (PRSP)** outlines the current state of economic and social affairs in a country and gives a costed national strategy for reducing poverty and sustaining economic growth over the medium term, outlining macroeconomic, structural, and social policies and programmes.

Project implementation units (PIUs) refer to all special staffing and arrangements made in donor agencies to manage and implement projects.

Public-private partnerships can be defined as partnerships between the public sector and the private sector for the purposes of designing, planning, financing, constructing and/or operating projects which would be regarded traditionally as falling within the remit of the public sector.

Quality education is affordable, accessible, gender-sensitive and responds to diversity. It includes: 1) a safe and inclusive learner friendly environment; 2) competent and well-trained teachers who are knowledgeable in the subject matter and pedagogy; 3) an appropriate context-specific curriculum that is comprehensible and culturally, linguistically and socially relevant for the learners; 4) adequate and relevant materials for teaching and learning; 5) participatory methods of instruction that respect the dignity of the learner; 6) appropriate class sizes and teacher-student ratios; and 7) an emphasis on recreation, play, sport and creative activities in addition to areas such as literacy, numeracy and life skills.

Recovery is the restoration and improvement of facilities, livelihoods, living conditions or psychosocial well-being of affected communities, including efforts to reduce disaster risk factors.

Relevant education refers to learning opportunities that are appropriate for learners. Relevant education takes into account local traditions and institutions, positive cultural practices, belief systems and the needs of the community. It prepares children for a positive future in society in the national and international context. Relevant education is an element of education quality and refers to what is learned, how it is learned and how effective the learning is.

A **stakeholder** is a person, group or institution with interests in a project or program.

State-building refers to action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between state and societal groups. (OECD DAC, Concepts and Dilemmas of State-building in Fragile Situations: from Fragility to Resilience. Off-print of the Journal on Development 2008, Volume 9, No. 3.)



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