



**Education for All – Fast Track Initiative –  
An Embodiment of the Paris Declaration on Aid Effectiveness?**

**Report prepared for  
Global Programs and Partnerships (GPP), World Bank  
as a component of a multi-country study on  
Global-Country Integration of Global Programs**

**Kent Buse, PhD  
k.buse@odi.org.uk  
Overseas Development Institute, London  
February 2007**

## **Table of Contents**

Introduction

Methods

Background on the Fast Track Initiative

Overview of the FTI and Harmonization and Alignment

The FTI and National Ownership

FTI and Alignment

FTI and Harmonization

FTI and Managing for Results

FTI and Financing for Basic Education

Recommendations

Annex A      Terms of Reference

Annex B      Persons Consulted

Annex C      Bibliography

Annex D      DIF Indicators

## **Acknowledgements**

Staff of the FTI Secretariat, particularly Anna Triponel, Desmond Bermingham and Robert Prouty, were tremendously helpful in the conduct of this study – in terms of setting up meetings and in making their time available to me. I would also like to thank the World Bank sector leaders for their time.

## List of Acronyms

|        |   |
|--------|---|
| AAA    | Advisory, Analytic (World Bank)   |
| CF     | Catalytic Fund  |
| DAC    | Development Assistance Committee  |
| DfID   | Department for International Development  |
| DIF    | Donor Indicative Framework  |
| EFA    | Education for All   |
| EPDF   | Education Program Development Fund  |
| FTE    | Full Time Equivalent  |
| FTI    | Fast Track Initiative   |
| GCE    | Global Campaign for Education   |
| GNP    | Gross National Product  |
| GTZ    | Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation) |
| H&A    | Harmonization and Alignment   |
| HLF    | High Level Forum  |
| KfW    | Kreditanstalt für Wiederaufbau (German Development Bank)                                      |
| NGO    | Non-Governmental Organization   |
| ODA    | Official Development Assistance   |
| OECD   | Organization for Economic Cooperation in Development  |
| MoE    | Ministry of Education   |
| MOF    | Ministry of Finance   |
| MTEF   | Medium Term Expenditure Framework   |
| MTRF   | Medium Term Results Framework   |
| NER    | Net Enrolment Rate  |
| NES    | National Education Strategy   |
| PM     | Partnership Meeting   |
| PRSP   | Poverty Reduction Strategy Paper  |
| RNE    | Royal Netherlands Embassy   |
| SC     | Steering Committee  |
| SWAP   | Sector-wide Approach  |
| TA     | Technical Assistance  |
| TOR    | Terms of Reference  |
| TM     | Technical Meeting   |
| TTL    | Task Team Leader (World Bank)   |
| UNDP   | United Nations Development Programme  |
| UNESCO | United Nations Educational, Scientific and Cultural Organization                              |
| UNICEF | United Nations Children's Fund  |
| UK     | United Kingdom  |
| USAID  | United States Agency for International Development  |
| UPC    | Universal Primary School Completion   |

## **Summary**

The Education for All – Fast Track Initiative (EFA-FTI) is a global education partnership which was established in 2002 with the aim of accelerating progress towards quality universal primary education – particularly in low-income countries. Integrated within the Initiative’s aims are the realization of commitments made in respect of the Monterrey Consensus on Development and the Paris Principles of Aid Effectiveness. Consequently, the FTI can rightly be cited as an example of a champion and advocate of improved national ownership, alignment, harmonization, and donor coordination in the context of improved education sector planning and aid management. It is one of the few Global Programs in which the Paris Principles feature so prominently.

The FTI ties donors and partner countries through a set of non-binding reciprocal obligations. Low-income countries commit themselves to elaborating and implementing sound and sustainable policies in basic education (grade 1-6) and scaling up to achieve the MDG of universal primary education completion (UPC) as well as to increase accountability for sector results. Donors commit themselves to supporting national policies with increased and aligned financing and harmonisation of their practices under government leadership.

The World Bank manages two Trust Funds on behalf of the FTI: the Education Program Development Fund (EPDF) provides small grants to countries to develop capacity for improved sector analysis and planning; and the Catalytic Fund (CF) provides relatively short term grants to ‘FTI endorsed’ countries to implement their plans. The FTI has endorsed twenty eight countries as of November 2006. The EPDF has disbursed less than US\$ 5 million to over 60 countries to date while the CF has disbursed US\$ 116.8 million to 14 countries as of October 2006. While finance from both funds is widely and highly valued, its magnitude is marginal in the context of the estimated annual US\$ 500 million financing gap for UPC in the initial 20 endorsed countries. This situation could drastically change if donors deliver on their recent commitments. According to the Secretariat’s 2006 report on the CF, its donors have pledged US\$996 million for the period 2006-08. This is a significant ramping up of donor pledges, amounting to about 10 percent of ODA commitments to basic education in low-income countries in this period future.

The FTI model has evolved in a positive manner over its first four and a half years. It increasingly incorporates a range of activities which aim, in addition to improving policy and planning, public and fiduciary administration, and the quality of data for planning, financing, and monitoring investments in education sector, to support national ownership, alignment, harmonization, and a management-for-results orientation. While attribution is contestable, there exists a mix of empirical and anecdotal evidence which suggests that FTI has contributed to improved aid effectiveness in the sector. However, invariably, it has done so neither evenly nor in all areas. The period witnessed a doubling of aid to basic education. The picture on domestic resource mobilization was mixed but with insufficient overall progress. Regrettably there was no discernable progress on domestic resource mobilization.

The FTI as an exemplary Global Program should be scaled up to assist in the realization of the MDG on education. In so doing, the following recommendations should be considered by its governing bodies and Secretariat.

- The FTI should continue to exercise leadership on the alignment and harmonization agenda to meet the outstanding challenges and dilemmas.
- The evolution of the governance arrangements demonstrates an appropriate direction of travel, in particular as the partnership approved in November 2006 to grant more formal influence to southern and civil society stakeholders in the governance bodies.
- The roles and responsibilities of the lead donor should be clarified, codified in a generic terms of reference, vis-à-vis government and donor responsibilities particularly with respect to the Catalytic Fund and EPDF.
- FTI partners need to do more to inform and educate their staff about the FTI and its principles and ways of working and provide incentives for ‘becoming’ the FTI at the country level.
- The Appraisal Guidelines need to further reinforce and support development partners to promote government leadership, a robust planning environment and government-led donor coordination as determinants of successful alignment.
- The FTI should redouble its efforts to ensure that the Indicative Framework is adapted to the context to which it is (flexibly) applied.
- The Indicative Framework serves as a useful vehicle for promoting frank and transparent dialogue on strategic choices in the development and review of sector strategies, the FTI should now turn its attention to supporting the quality and inclusiveness of dialogue in sector reviews.
- As the FTI reaches out to more difficult environments more investment will have to be made in ensuring the development of capacity for formulation of robust national plans. There is an increasing role for a vastly scaled-up EPDF. FTI partners should consider adopting new governance arrangements to give greater voice to country level recipients and donors in its programming and allowing for non-World Bank execution.
- More robust plans and improved public financial management systems (linking inputs to outputs and outcomes) are required for improved alignment. The FTI needs to identify mechanisms to encourage partners to invest more heavily in this area and the FTI should redouble its efforts through the EDPF as well.
- The FTI should continue to encourage and assess partners on the gradual shift to more flexible and responsive aid modalities – such as sector budget and programme financing.
- The FTI should identify a mechanism through which to strengthen national fiduciary systems so that donors can make increasing use of them. The mechanism might be a designated lead partner or technical agency in with expertise in the area, ad hoc financing through the EFPD, or a new facility specializing in procuring TA for public expenditure management strengthening.
- Improved harmonization has, arguably, been one of the most successful aspects of the FTI, yet improvements could be made in increasing the use of common reporting systems.
- In relation to harmonization, in ‘donor darling’ countries more donors should consider making greater use of ‘silent partnerships’ with other donors so as to reduce the number of donors in bilateral relationships with ministries. . The

proposed 'review feedback mechanism' (below) should report on this trend as well.

- The FTI encourages and supports activities which lead to increased results-oriented management in the sector, yet data remain inadequate to realize the full potential of such an approach and the EPDF resources available to closing the data gap, while important, are relatively marginal. The lack of data and data management systems presents a collective action problem which could be overcome by a larger collective effort through the FTI or another designated lead partner.
- The FTI appraisal largely ignores the broader political economy of reform which will enable or block a country from achieving its set targets as the Initiative's assessment is principally limited to the technical merit and financial viability of the education plans and reforms. This is an area where a joint FTI approach, as opposed to a bilateral one, could make a useful contribution.
- Existing data render it difficult to discern if FTI endorsement has led to increased resource mobilization for basic education or if increasing external support has displaced government spending in this area. This is a question that needs to be explored. Yet ensuring the FTI countries are successful in mobilizing increasing domestic resources will require engagement in the political dimensions of sector reform.
- Data suggests a doubling in commitments and disbursements of external support for basic education between 2002 and 2004. The extent to which this can be attributed to the FTI is debatable but one study suggested that endorsement has not led to greater or faster disbursement of donor support.
- There remains a major financing gap for basic education which dwarfs the present commitments of donor partners to the FTI Catalytic Fund. The CF represents an excellent instrument (as far as Paris criteria are concerned) to handle the scaled up bilateral assistance to achieving the education MDG and it smooths over bilateral donor volatility. It requires some modifications to allow for longer grant periods. The recently approved Expanded Catalytic Fund is designed to govern the pledging and management of the ramped up commitments and provide longer three-year grant terms.
- Some donors are reluctant to channel funds through the FTI CF, yet should be encouraged to significantly increase disbursements in endorsed countries. At present, a stronger form of mutual accountability is required to ensure that this takes place.
- The review feedback mechanism within the FTI needs to be strengthened and institutionalized (including monitoring of alignment and harmonization) along the lines proposed in the DIF study. This needs to be linked to the country-level Joint Annual Reviews.
- Longitudinal monitoring of alignment and harmonization would be useful to enhance donor accountability and to provide a means to understand whether or not investments in harmonization and alignment have led to better educational outcomes.
- There is a need for greater clarity on reporting back to Secretariat. A generic TOR should be developed. This reform needs to be linked to the alignment and harmonization review and feeding information to the Secretariat for reporting to the Partners Meeting.

- There is a need for closer linkage between results (outcomes) and disbursement for both CF and sector as a whole.
- In relation to the CF, the Secretariat should attempt to reduce the reporting burden on the TTLs and Sector managers.

## **Introduction**

The Education for All – Fast Track Initiative (EFA-FTI) is a global education partnership which was established in 2002 with the aim of accelerating progress towards quality universal primary education – particularly in low-income countries. With the Paris Declaration on Aid Effectiveness (2005), the international development community called for a common approach to when and how global and regional initiatives and programs, that fund significant activities at the country level, are introduced into country strategy work and included in country based coordination initiatives and country operations. Global-country alignment is an important issue of both aid effectiveness and aid architecture.

This report explores the efforts and achievements of the EFA-FTI in relation to the alignment and harmonization agenda as established by the Paris Declaration (see Annex A for the Terms of Reference). In recognition that the EFA-FTI, which is in part designed to further the aims of the Paris Declaration, is likely a model of good practice, the consultancy focuses on identifying aspects which appear to foster good global-national linkages, investments that support these linkages, obstacles, and lessons for other partnerships. It is part of a larger study managed by the World Bank on behalf of the OECD-DAC, UNDP and Regional Development Banks concerning the integration of global support into national planning frameworks. It is anticipated the results of the study will be used to compare with other global initiatives, such as the Global Fund to Fight AIDS, TB and Malaria, the Global Environment Facility, and the Consultative Group for International Agricultural Research, as well as feed into best practice principles which are being developed.

The report is structured as follows. The report begins with a short section on methods which is followed by a relatively extensive overview of the Initiative covering its aims, modus operandi and governance and management arrangements – and the implication that these features might have for good global-country level linkages. This is followed by a section which provides an overview of the Initiative's approach to harmonization and alignment. The next sections report on the relationship between the FTI and various aspects of Paris Declaration on Aid Effectiveness, including national ownership, alignment, harmonization, and managing for results. Before presenting a number of recommendations, a short section presents information and analysis on the resource mobilization impact of the Initiative.

## **Methods**

This study involved a limited number of semi-structured interviews with key stakeholders in September 2006 (see Annex B for a list). It is also based on a review of documents. The documents reviewed include an analysis of two studies commissioned by the Initiative. One, an eight country study of early impacts of the FTI, reported on coordination and harmonization (Umansky and Crouch, 2006). The transcripts of interviews upon which the report is based were also reviewed. The other study surveyed the impact of the FTI on alignment and harmonization in four countries (FTI, 2004). Reports on case studies concerning the alignment of global programs in Ghana, Kenya and Nicaragua commissioned as part of the over-arching study were also reviewed as were relevant peer-reviewed publications and reports on EFA-FTI. The present report also draws upon a country-level case study in Yemen, which included discussions with approximately 30 respondents, and for which a



separate and detailed report is available (Buse, 2006). Documents cited are listed in Annex C.

### **Background on the Fast Track Initiative**

The Education for All – Fast Track Initiative (EFA-FTI) emerged from a commitment made at the Dakar World Forum on Education held in 2000. In particular, the Forum communiqué stated that ‘No countries seriously committed to Education for All will be thwarted in their achievement of this goal by a lack of resources.’ The Initiative was launched in 2002 as operational follow-up to the Monterrey Consensus of 2002 wherein finance ministers reiterated their commitment to significantly scaling up Official Development Assistance (ODA) should certain conditions be met in recipient countries. The FTI ties donors and partner countries through a set of non-binding reciprocal obligations. Low-income countries (defined by IDA-eligibility criteria) commit themselves to elaborating and implementing sound and sustainable policies in basic education (grade 1-6) and scaling up to achieve the MDG of universal primary education completion (UPC) as well as to increased accountability for sector results. Donors commit themselves to supporting national policies with increased and aligned financing and harmonisation of their practices under government leadership. The FTI was designed to close four gaps in relation to the MDG education goal:

- Financial - in particular to make good on the Monterrey Consensus in terms of basic education. Despite pledges made by donors, ODA to education declined over the 1990s. Moreover only 21% of bilateral education aid is estimated to have been allocated to basic education between 1997-2000 (al-Samarrai, 2003);
- Policy. To stimulate and provide financing for high quality analysis leading to improved policy;
- Capacity. To provide financing for strengthened planning and management in the sector; and
- Data. To promote the generation and use of data for decision-making and planning and a results-orientation.

The FTI has changed considerably during its first five years through a ‘learning by doing’ approach. Initially the Initiative adopted a top-down or supply-driven model whereby countries (initially ten) were invited to apply for FTI ‘endorsement’ if they met two prerequisites – the preparation of: (1) a Poverty Reduction Strategy Paper (PRSP); and (2) a credible basic education plan which elaborated on three year targets and specified domestic resource mobilization. In 2003, two changes were introduced to the FTI model: (1) endorsement would subsequently be provided exclusively by those donors at the country level which provide support to the education sector; and (2) a World Bank Trust Fund was established to provide grant financing to ‘endorsed’ countries with a limited number of donors.

The Catalytic Fund (CF) provides short-term (2 to 3 year) grant finance to donor orphans – defined as having four or less donors providing less than \$US 1 million each per year to the basic education sector. The CF is country executed and has disbursed US\$ 116.8 million to 14 countries as of October 2006. It is anticipated that the number of endorsed countries will grow to 31 in 2006 (28 existing + 3 expected), with 15 additional endorsements in 2007 and 14 in 2008. The CF has recently been modified to enable countries to receive finance for a three year period of time (the Expanded Catalytic Fund). The increase in the number of endorsed countries and

period of time countries are eligible for support has implications for the either the size of grants recipients will receive through the CF mechanism or the volume at which this Trust Fund needs to be capitalized. More information on the CF is available online.<sup>1</sup> The CF is financed by 13 bilateral donors. Initially, the Fund has proven more popular with the middle and small donors than the big ones as they use it, among other things, to keep administrative and transaction costs of aid down. With Netherlands, UK and now France and Japan as donors, it is now important to include the other major education donors, particularly as more countries become eligible for the CF.

During the early phase of the FTI, countries were invited to submit a proposal for FTI funding – and given the impression that a separate FTI plan was needed. This created a parallel planning process for countries and raised questions about integration of the FTI project support into broader sector plans. The evolved FTI attempts to work within and support existing processes and priorities through, for example, providing support to Sector-wide Approaches (SWAs). New endorsements are provided by donors on country's plans – that is on their National Education Sector Programmes themselves as opposed to 'FTI proposals'.

Since 2005, the FTI has provided guidance to local donors on the revised appraisal and endorsement processes – the Guidelines are available on the Internet.<sup>2</sup> As a global initiative, the FTI supports the utilization of a common framework for in-country review of plans, and consistent and equitable treatment across countries. The Assessment Guidelines and the FTI 'Indicative Framework' (a benchmarking tool which presents the 'average' for some 'successful countries' across a range of variables) provide such a common framework. The indicators and benchmarks of the Indicative Framework are available on line.<sup>3</sup> The appraisal process aims to encourage dialogue on the adequacy of data and knowledge, the strategies for attaining UPC, ownership of the strategy, and absorptive capacity and financial sustainability. The appraisal is meant to lead to recommendations on the volume and composition of resources available to support the programme, key areas for capacity building, support to close prioritized knowledge/data gaps, arrangements for monitoring and evaluation, and donor alignment around one national programme. The 2005 Assessment Guidelines draw attention to more flexible in-country processes than originally set by the Initiative.

The endorsement – initially provided by donor partner agencies at the global level – was intended to stimulate dialogue and lead to more robust plans and thereby trigger greater aid flows through existing bilateral and multilateral channels. Endorsement was also intended to act as a litmus test as to whether individual donors supported the government's plan or did not.

It has been argued that the criteria established by the FTI for country selection which is based on good performance as opposed to need (i.e., the endorsement process) resulted in deliberate 'cherry-picking' of countries (Rose, 2005). Others disagree, arguing that the first phase included Burkina Faso and Guinea which have been

---

<sup>1</sup> <http://www1.worldbank.org/education/efafti/documents/CFoperationalguidelines.pdf>.

<sup>2</sup> <http://www1.worldbank.org/education/efafti/documents/assessmentguidelines.pdf>.

<sup>3</sup> [http://www1.worldbank.org/education/efafti/documents/Indicative\\_framework.pdfcan](http://www1.worldbank.org/education/efafti/documents/Indicative_framework.pdfcan)

described as among the most challenging in Africa. Nonetheless, an analysis by UNESCO in 2002 suggested that the initial FTI countries were, indeed, slightly better off than other low-income countries (UNESCO, 2002).

The evolution of the FTI to a more country-led approach has been uneven. Where insufficient progress has been achieved, it can in part be explained by the time required to communicate ownership and alignment objectives to FTI development partner staff and government counterparts and to see these changes implemented on the ground. In other words for policies to cascade down into practice. Nonetheless, as argued elsewhere in this report, country ownership of the Initiative appears low and fragile in some contexts. In some countries, for example, the Catalytic Fund is viewed by some practitioners as the face of the FTI and as another education project (i.e., as a Global Fund) or as another World Bank project (since the World Bank Task Team Leaders (TTL) manage the CF). Having said that, the CF is also viewed very positively for a number of reasons (for example as a jumpstart for ministries to implement their plans, an opportunity to create a good performance track record, etc).

In 2004, the Education and Program Development Fund (EPDF) was established to provide eligible countries access to grant financing for capacity building (e.g., analytic work for planning and budgeting or training) and to support cross-country learning experiences. In particular, the Fund aims to increase the number of low-income countries with sound education sector programmes, to strengthen country capacity to develop policies and sector programmes through a broad-based consultative process, to improve and share knowledge of what works, to strengthen donor partnerships and harmonization at the country level, and to strengthen partnerships with regional networks and institutions. The EPDF has disbursed US \$ 3.2 million of 24.2 million committed to 59 countries as of October 2006. The World Bank manages, executes, supervises and reports on the EPDF. Until recently, the Fund has been viewed by many as overly dominated by World Bank TTLs and Sector Managers. Again positive reforms are taking place to deal with this perception. For example, since November 2005, regional Advisory Groups have been created for each region which include all stakeholders active in education in that region, which among other things will provide other stakeholders an advisory voice in country allocation decisions and project selection.

The EPDF is highly regarded and valued by World Bank staff and other respondents as it provides critical resources for analytic work and capacity development activities that might otherwise not have been undertaken. One Sector Manager described the EPDF as a non-bureaucratic and flexible instrument which adds at least another 50% to the funds at his disposal for AAA work (it should be stated that Bank staff take pains to ensure that these funds are not used for World Bank projects). There are examples of the EPDF being used to leverage more funds from the World Bank Country Programme budget. For example, in Lao and in the Pacific, the World Bank co-financed with EPDF the preparatory analytical work for the FTI entry process. Another Sector Manager confirmed this, indicating, FTI endorsement will generally result in the Country Director allocating funds from the Bank Budget to FTI related activities that can be used by the TTLs to undertake analytical work. More information on the EPDF can be found in its concept note.<sup>4</sup>

---

<sup>4</sup> [http://www1.worldbank.org/education/efafti/documents/EPDFconceptnote\\_oct05.pdf](http://www1.worldbank.org/education/efafti/documents/EPDFconceptnote_oct05.pdf).

The governance and management arrangements of the FTI were set out in a 'Framework' document in 2004 (FTI, 2004)<sup>5</sup>. The Initiative has adopted what it likes to call a 'light touch' approach. In practice, this has involved a small secretariat, which supports a number of governing and advisory bodies at the global level, no direct country operational presence, and relatively un-institutionalized processes and procedures for decision making. A review of these arrangements in 2005 made a number of recommendations including those aiming to balance the composition of the governing body (so as to include representatives from the South and civil society in decision making) and to clarify decision-rights of the various bodies of the Initiative (Buse, 2005). The FTI Partnership has recently approved a number of decisions aiming at including the representation of developing countries and civil society constituencies within the FTI's governing bodies. An annex to the Framework Document is being finalized by the Steering Committee aimed at clarifying the roles and responsibilities of the partnership's bodies.

The Initiative is supported by a small Secretariat, hosted and (legally) managed by the World Bank, which is financed by a multi-donor trust fund. The Initiative has no operational presence at the country level. Instead a rotating 'lead donor' or 'donor coordinator' is identified during the FTI endorsement process to act as a liaison between the government, the donors and the Secretariat (generic TOR do not appear to exist). World Bank TTLs supervise CF projects and manage EPDF projects in return for which management fees are provided. The Trust Funds are managed by the World Bank and decisions, including allocations to countries, are made by committees composed of those donors which contribute to the Funds. The linkage of the FTI to the World Bank has been somewhat controversial. Apparently, some donors did not want to establish an independent entity to manage the Initiative due to the costs involved, while some did not want UNESCO to assume this role as they felt that the organization lacked sufficient capacity (Rose, 2005). An arrangement in which the World Bank hosts the partnership presents a number of benefits which have been outlined in a recent report (Buse, 2005). These benefits, and the lack of any politically viable alternative, however, do not obviate the fact that there are some pitfalls to the hosting arrangement. One pitfall concerns the World Bank acting as the ambassador and the face of the Initiative in many country contexts. Senior World Bank staff have described some donors as 'suspicious' of the Bank's role in the Initiative, speculating that this might be a function of the Bank's legacy in the sector (e.g., policies on structural adjustment and school fees), or concerns about turf given the Bank's typically better access to Ministries of Planning and Finance. Respondents in both the Nicaraguan and Yemen case studies reported that some stakeholders felt that the Bank dominates the Initiative – although perceptions of one partner dominating is a common feature of partnerships generally and is sometimes due to personalities.

According to the Framework Document, the Partnership Forum is the decision-making body of the Initiative. The Forum provides an annual opportunity to convene all stakeholders and discuss FTI progress and strategic direction.

---

<sup>5</sup> See <http://www1.worldbank.org/education/efafti/documents/FrameworkNOV04.pdf>

The Steering Committee operationalizes the policy and strategy for the FTI within the parameters of the objectives approved by the full partnership. In practice, this Committee is the key decision-making body of the Partnership (de facto). This body presently has eight representatives. Until 2006 this was a donor only group – but one seat each for developing countries and civil society were allocated in 2005. In 2006, it was agreed that additional seats for developing countries and civil society representatives would be allocated in this Committee.

Representatives of many of the thirty bilateral and multilateral donor partners also meet regularly at the global level through a ‘Technical Meeting’ (TM). The TM provides an opportunity for information sharing and to reach a ‘bounded consensus’ on technical approaches. This bounded consensus provides the basis for more harmonized approaches at country level as well as more consistent donor positions in policy dialogue. The TM also highlights donor achievements on harmonization and alignment which may serve as an incentive for action and progress.

It is difficult to discern whether or not the so-called ‘light touch’ governance arrangements have played a role in reinforcing the global-country linkages. On the one hand, the operational presence and weight of the World Bank at the country level may have accelerated the process of FTI appraisal and endorsement. On the other hand, the dominant role of the Bank may in part explain the relatively slow development of a clear role for the lead donor (coordinator) and a poorly defined role for the FTI (as opposed to the Bank) and partners in the post-endorsement phase. It is likely that what accounts for the strong global-country linkages of the FTI is the explicit commitment within the partnership to implement the Paris Declaration principles in practice.

### **Overview of the FTI and Harmonization and Alignment**

FTI is a global program which aims to stimulate country-driven development strategies and promote the global public good of improving aid effectiveness. The FTI has been heralded as improving aid effectiveness in the basic education sector – including increasing national (and donor) ownership of education sector strategies, strengthening results-oriented planning and budgeting, enhancing government-led alignment, improving the predictability of aid flows, encouraging donor harmonization, reducing transaction costs for the management of aid, and championing a managing for results approach. The FTI has been a demonstrable **champion** of aid effectiveness and its members and Secretariat have undertaken a range of activities to promote these aid effectiveness principles and practices.

The FTI aims to be anchored at the country-level and all partner staff are deemed to be part of the FTI (although some may not recognize this). Country-level partners take responsibility for supporting the country to develop a sound sector strategy to scale up efforts to achieve the education MDG, appraising and endorsing the soundness and financial sustainability of the programme, and mobilizing resources to finance it.

The endorsement of the country’s education strategy is seen as critical to the Initiative. Not only does it provide a platform to discuss the plan and reform issues, it also demands all signatory donors an explicit approval (or lack thereof) to a given plan. The appraisal thus focuses discussion on differences among donors (and with government) and brings about resolution because the endorsement requires a

unanimous decision. The endorsement has, consequently, been likened to ‘lancing a boil.’

In June 2004, the FTI piloted a comprehensive survey of alignment and harmonization in four countries to address the issue of donor accountability in the FTI. The FTI Harmonization Working Group developed, together with the Secretariat, an instrument for the survey called the Donor Indicative Framework (DIF). DIF indicators were based on relevant OECD/DAC indicators and the indicators developed by the EC and EU in relation to the Rome Declaration on Harmonization (February 2003) (See annex D). The synthesis report of the pilot, produced by the Working Group, was presented to the FTI Partnership Meeting in Brasilia in November 2004. It recommended rolling out the DIF so as to support further efforts to improve alignment and harmonization and that independent monitoring of the DIF be undertaken. The DIF initiative took place between the Rome and Paris agreements on aid effectiveness. Since the Paris agreement would define aid effectiveness indicators, the FTI decided that it would not be effective for each sector to define its own. Rather, the preference was to integrate the DIF with the OECD DAC and use the comparative advantage of the FTI partnership to help roll out the Paris agreement at the country level, i.e. help to integrate those indicators into country level monitoring of aid effectiveness performance. The FTI was invited to participate in the Paris meeting and in the follow-up working groups on the identification of indicators. Findings from the survey are presented in the relevant sections below. Relevant findings from an eight country study on the early impact of FTI are also presented, but that review was somewhat limited by its methods – including the fact that only three developing country representatives were surveyed (Umansky & Crouch, 2006).

To date, the FTI has promoted and supported the implementation of the Paris agenda in somewhat less demanding circumstances than it will face in its expansion (as it has operated in the better off low-income countries and as the CF has only been operational in donor orphans countries where the challenge of managing donors is by definition less demanding). The Initiative is well positioned to rise to this challenge.

### **The FTI and National Ownership**

The FTI principles include not only respect for national ownership but go further; obliging countries to exercise leadership in developing and implementing national education plans. The Initiative supports national ownership through a number of mechanisms as follows:

- Espousing the principle of country leadership as a core tenant of the Initiative;
- Providing financial support to countries to access technical assistance (TA) or to build capacity to develop robust national education plans through the grant financing provided by the EPDF;
- Drawing explicit attention in the Initiative’s Appraisal Guidelines to the breadth and quality of stakeholder engagement in the development of the education plan;
- Stimulating incentives for robust education planning through the prospects of new and additional resources from the CF or from other donors as a reward for good planning;
- Ensuring the development of one sector plan/strategy (as opposed to the existence of many strategies supported by different donors);

- Highlighting the importance of flexibility to local conditions in the Initiative's Assessment Guidelines and encouraging government and partners to use the FTI Indicative Framework in a flexible manner and to adapt it to the national context;
- Providing support for the translation of national plans into a Medium Term Expenditure Frameworks (MTEF) and budgets. Such translation is not a precondition of endorsement but the appraisal draws attention to it;
- Deepening national ownership in some countries through translation of planning and other analytic documents into the local language (through EPDF support);
- Basing eligibility for endorsement on the existence of a PRSP as a proxy indicator for national ownership of development planning; and
- Providing support to governments for donor coordination. For example, EPDF has been used to hire a donor coordinator in the Ministry of Education (MoE) in one of the endorsed countries.

The FTI has a range of instruments which promote national ownership of the education plan. The Yemen case study for this study found that strong Ministry of Education leadership and articulation of a vision for the sector were reported as the key ingredients that facilitated alignment and harmonization (Buse, 2006). The Nicaraguan case similarly comments on the strong planning environment which facilitates the integration of Funds, such as the FTI. Moreover, the authors of the case study note that in contrast to the Global Environment Facility, the FTI has recognized the Ministry of Education Culture and Sports as the sole implementing agency of FTI executed activities, thereby recognizing it as the key governing body in the sector and reinforcing its leadership and ownership. The Yemen case also found that the EDPF had made valuable contributions in so far as deepening ownership (through capacity building for planning and through translation). Not surprisingly, the four country pilot study on alignment and harmonization (the DIF pilot) concluded that 'the degree of government leadership in the sector dialogue varies' (FTI, 2004).

As the initiative scales up and out and provides more support to Fragile States it may face a number of challenges to the extent to which it can continue to support national ownership. For example, scaling up and out may result in donors and government having differing views on targeting specific or vulnerable groups – particularly traditionally hard to reach groups including nomads, orphans and linguistic or other minorities. In Fragile States, there may be a need for an interim Indicative Framework as the benchmarks need to be different (e.g., lower levels of domestic resource mobilization). Moreover, these contexts also typically lack donor capacity. Consequently, there is the need to identify FTI ambassadors to stimulate the planning and endorsement process in these contexts. UNICEF's agreement to serve as lead donor in a number of countries suggests that it may be willing to play a greater role for the FTI in Fragile States. In these contexts, identifying national leadership with which to work may be problematic.

Support to Fragile States has particular implications for the EPDF. Since the beginning of its operations in early 2005, the EPDF has received a cumulative amount of US\$26 million from donors. The size of the EPDF will have to be ramped up significantly as the Initiative aims to support countries with weaker planning capacity. Also, the rules governing the execution of the Fund (i.e., World Bank execution) may have to change if the Fund is to support activities in countries where the World Bank does not have lending operations (and won't, therefore, have a TTL).

There are, however, dissenting views as to the extent to which the FTI does in fact foster national ownership. Stephen Lewis, for example, the outspoken United Nations Secretary-General's special envoy on HIV/AIDS in Africa and commissioner of the World Health Organization's Commission on the Social Determinants of Health, has advocated that the FTI "should be scrapped" (Lewis, 2005: 105). He reaches this controversial position based on a number of factors, including the issue of national ownership. Lewis describes the FTI as 'the latest form of neo-colonial chic' due to the composition of the Steering Committee, which was until 2005 composed entirely of donors, as well as the composition of the Trust Fund committees which are composed solely of contributing donors. He also draws attention to the fact that donors support (i.e., endorsement) is rather perversely conditional upon donors having harmonious relations in a particular country (i.e., all having to agree on the endorsement). In relation to the latter concern, there is no evidence to suggest that a donor has vetoed an endorsement to date. The Global Campaign for Education (GCE) has also drawn attention to the former problem arguing that "Their [developing country and civil society] lack of power and influence...has not only undermined ownership at the global level, but may also weaken the country assessment and reform process." (GCE, Small Change Report).

Others have questioned the compatibility between the emphasis of the Initiative on benchmarks (of success) and notion of national ownership. If the Indicative Framework criteria<sup>6</sup> were indeed meant to be locally adapted, one would expect to see some degree of variability between the country proposal and plans. Takala (2003) noted that the first seven plans accepted by the FTI reveal a high degree of consistency with the FTI benchmark values. This tendency was also revealed in the early impact study: 'In certain countries, like Burkina Faso, the government and the Ministry of Education, in particular, perceived pressure from donors to move toward certain indicative benchmarks such as those that correspond to domestic funding for education and teacher salary levels.' (Umansky & Crouch, 2006). 'According to donors, Guinea's FTI proposal was largely adapted from existing projects and there was only limited national ownership.' (Umansky & Crouch, 2006). While these countries were those which were endorsed early in the FTI experiment, Rose concludes that despite flexibility stressed in the Assessment Guidelines, "experience to date suggests that the continued inclusion of specific benchmarks is likely to be felt as more of a blueprint than an option." (Rose, 2005) One FTI donor partner respondent to the present research argued that the Framework is still often used in a prescriptive manner. This respondent argued that given the position of governments as applicants – the CF funds are the carrot which the recipients want - the Framework therefore influences the recipients' plans and, hence, 'It is a corrupting process'. King and Rose argue that if the benchmarks are perceived as a form of aid conditionality, the targets are unlikely to be owned and achieved (King and Rose, 2005).

---

<sup>6</sup> It is worth noting that the criteria have themselves been subject to considerable debate. Steven Lewis suggests that the FTI indicators are 'reactionary on teachers' salaries and salary caps', 'confused on student grade repetition rates' 'out to lunch on the impact of AIDS.' Others are concerned that they detract attention from adult literacy, secondary education, skills development and higher education (Rose and King, 2005). Nancy Birdsall (2004) argued on behalf of the Interim Task Force on Primary Education argued that the focus on primary education alone is insufficiently ambitious to generate the hoped for benefits. Still others argue that a number of critical indicators are missing (Foster, 2005) and still others that there are conceptual, data and other problems with the entire exercise (xx)



Others have argued, on the basis of analysis of six years of experience with PRSP formulation, that the existence of a PRSP is a highly imperfect proxy for national ownership of national plans (Booth, 2005).

One FTI donor presented a very different view in its critique, arguing that the FTI has ‘bastardized’ the Monterrey agreement. It was argued that the intention of Monterrey was to reward countries once they had upheld their end of the bargain. Instead, in the FTI model, the funds are provided ex ante on the basis of a government’s commitment to do x, y, or z. As a result, the Initiative undermines the Monterrey Declaration, according to this minority view.

Finally, a concern has been raised that countries can ill afford not to seek endorsement from the FTI as access to additional funding sources could be jeopardized by failing to do so (Rose, 2005).

Despite these concerns, it is undoubtedly also the case that the Indicative Framework and the assessment process provide a very public and transparent platform to debate the merits and problems of specific strategies, approaches and targets. As such it represents an improvement on earlier ‘sovereignty-based’ model of bilateral cooperation (Mundy, 2005). It is also undoubtedly true that the concept of national ownership is a difficult one in that it is very difficult to imagine a homogenous group of national stakeholders (even within government) who all own all elements of a national plan. Consequently, one can argue that the transparency of the appraisal process permits the airing of both technical evidence and interest group claims and thereby possibly increasing the influence of the former and decreasing the influence of the latter.

### **FTI and Alignment**

Alignment is understood to have two components – alignment of donor support with national priorities and plans and donor use of national systems for the management and administration of assistance (e.g., for planning, budgeting, procurement, accounting, auditing, etc).

The FTI explicitly supports donor alignment through a number of mechanisms including:

- The Framework document explicitly encourages partners to:
  - align support around one national education sector strategy and to formalise this through a Memorandum of Understanding or similar document setting out mutual commitments;
  - coordinate support through participation in sector-wide approach or equivalent (support to a SWAP is by definition aligned); and
  - channel funding in flexible manner (included budget support and pooled funding);
- Support through the FTI Catalytic Fund is by definition aligned as it must support a national plan;
- Eligibility for FTI endorsement includes existence of PRSP. Consequently, the FTI could, in principle, encourage the alignment of sector and macro levels and consequently donor support to integration of donor support in the national planning framework;

- The CF is flexible in its use of aid modalities and can be channelled as sector budget, programme or pooled support (which are by definition aligned);
- The CF is intended to be planned and disbursed in synchronicity with government financial cycles;
- The CF may lead to more co-financed or pooled projects which stand a better chance of alignment;
- The CF is not intended to support the use of parallel Project Implementation Units making use instead of national systems;
- World Bank Task Team Leader (TTLs) who manage the CF are appraised, among other things, on the basis of delivering on FTI results – including support to, promotion of, and participation in coordinated and strengthened planning and alignment;
- The support provided by the FTI to countries to develop robust national plans should act as an incentive to other donors to align support – particularly the in-country donor partners who have endorsed the plan (because the appraisal focuses attention on the national plan and because it should lead to a more ‘credible’ plan);
- As noted above, endorsement is meant to encourage donors to provide more sector budget and programme support and to ensure the complementarities of their inputs around the one plan;
- Finally, it was also reported that discussion among partners at the Technical Meeting of progress in specific countries on their efforts and achievement in terms of alignment should also serve to increase alignment (peer pressure).

The FTI is clearly a major champion of alignment and has supported partners to align their support in many countries. The Nicaraguan case study for the global alignment study found that the FTI was mentioned in the National Development Plan and well integrated into the Common Work Program (for the education sector). Indeed the report argued that alignment was possible in the case of education (as opposed to environment, for example), due to the existence of a robust planning framework (Peneda and Cavero, 2006). Interesting the early impact study found that the early top-down approach of the FTI in Nicaragua floundered as the FTI-specific proposal was not widely owned and therefore not implemented. The Ghana study found that ‘the alignment of objectives has been particularly close in the EFA-FTI, due in part to fortuitous timing. Ghana’s Education Strategic Plan (ESP) was finalized by the Ministry of Education, Youth and Sports in May 2003, shortly after the creation of the EFA-FTI in 2002.’ (Zimmerman and Drechsler, 2006). The Kenya case study echoed these sentiments, finding that the activities were well integrated into a national plan which had just been developed (Anees, 2006). The four country DIF study concluded that the FTI has contributed to more credible sector plans and that in FTI countries policy level alignment is in place (FTI 2004). The study also found that despite project-oriented support remaining the dominant aid modality, donors were increasingly providing budget support and programmatic support. The study also found movement towards more project support being provided ‘on budget’ (e.g., in Niger) – but that this process was not yet complete. The early impact study did not report on alignment, but found that in a number of the eight countries the FTI process resulted in improved planning (a more credible plan provides a vehicle for improved alignment of donor support) and in increased pooling of funds which are typically well aligned. Discussions with World Bank Sector Managers confirmed that World

Bank TTLs are appraised in relation to their performance in the delivery of FTI objectives as discussed above.

Yet challenges to alignment remain. The four country DIF study found that while policy level alignment was occurring, it was ‘compromised by donors identifying specific components of plan and providing project support and different operational/technical approaches.’ The Yemen case study found the same phenomenon – particularly of donors lobbying the ministry to adopt different technical approaches. One World Bank Sector Manager indicated while the FTI is promoting a positive evolutionary path with respect to one plan supported by all donors that this will take some time to achieve in practice. In particular, “since local representatives do not have authority to alter priorities and aid modalities but have to accommodate the special interests and corporate priorities of their agencies – so they can find it difficult to be on plan and respond to priorities – so special populations, universities, etc., are still funded despite endorsement. Bank as guilty as other donors in not being wholly consistent with respect to Plan – on going projects will not stop due to new sector plan.” But the sense of direction that is evident in the different studies is toward the FTI principle of one education sector plan and that only those activities enumerated in the document receiving donor support.

Another challenge to alignment revealed by the Yemen case was that its national plan, lacking in specificity, prioritization and a results-orientation, provided too much flexibility for supply driven approaches. More robust plans and improved public financial management systems (linking inputs to outputs and outcomes) are required for improved alignment and FTI should invest more heavily in this area. Indeed a key determinant of scaling up aid, including that to basic education, is the quality of public expenditure and of government planning and budgeting systems (de Renzio, 2006).

The FTI CF has the flexibility to use different aid modalities. It was reported by the FTI Secretariat that only four out of the fourteen CF supported countries receive project based aid from the Initiative (Guyana, Tajikistan, Timor-Leste, Moldova) The choice of aid modality is said to be a function of the governance environment. The Yemen case study found that the CF grant was provided as project aid while the Nicaragua and Ghana studies suggests that the FTI funds are earmarked for specific expenditures within the context of SWAp.

The DIF reported that ‘a lot remains to be done on practical alignment to country procedures (financial management reporting)’. It found that reliance on donor procedures rather than national ones remains the norm and this provides a disincentive from taking action to support the institutional development of partner countries. It advocated both for more capacity building in this regard as well as the acceptance of a certain level of risk. While the CF is not meant to make use Project Implementation Units, the Yemen case study suggested that this is not always the case (but at least in Yemen the unit was also used to manage other World Bank supported projects). In Nicaragua, by contrast, execution and administration of FTI activities are carried out through existing channels and under existing laws (including procurement and hiring) without causing any duplication. Moreover, no separate audit for the FTI is being considered, instead, a single audit for all external grants and loans in the education sector will be carried out in the context of the SWAp. In contrast, the Ghana case

study found that “EFA-FTI activities appear well-harmonized [sic: should be aligned] through co-ordination systems led by the Ministry of Education and the Ghana Education Service. Reporting procedures are aligned well with the Education Sector Annual Review” (Anees, 2006).

Although the endorsement requires a PRSP and the FTI could strengthen alignment between macro and sector levels, as recently as 2004, a World Bank report suggested that “as yet there is no regular process of ensure that the connection is made between a country’s PRPS, its MTEF, its FTI program and its annual budget (World Bank, 2004:17).

The FTI employs a range of tools to promote the principles and practice of alignment. Regrettably, with the exception of the Catalytic Fund, the model lacks the means of enforcement to ensure that alignment occurs, as the FTI does not have any control over the use of the funds of its member partners. So as to increase the traction of Initiative over donors, the DIF study (FTI, 2004) and respondents proposed ‘closing the loop’ on monitoring donor compliance with Paris-type commitments. At present, there is no routine mechanism to monitor progress on alignment in the sector at the country level: the lead donors do not report to the Secretariat on alignment, neither do the countries executing the CF grants, or the TTLs who supervise the CF grants. The DIF study proposed establishing that independent monitoring take place – this could feed back into the joint annual review but critically should be fed back up to the Secretariat so that the Secretariat can have an overview of what progress is being made and what obstacles persist.

### **FTI and Harmonization**

Harmonization concerns activities undertaken by donors to improve coordination among themselves so as to reduce the transaction costs on government of administering development cooperation. The FTI acts as a powerful agent for harmonization and does so in a variety of ways:

- The FTI Framework explicitly encourages donors to:
  - Lower transaction costs for government through improved coordination and harmonization;
  - Work through Sector-Wide Approaches (SWAs) where possible;
  - Use silent partnerships;
  - Use innovative financing modalities including flexible aid modalities (pooled funds which minimize transaction costs) and complementary ones (e.g., the CF);
  - Focus on one limited set of common indicators of progress for the sector;
  - Share information including disclosure of all assistance to other donors;
- The appraisal and endorsement process can reduce the number of individual donor assessment missions and can provide an impetus to coordination (and coordination should stick as all donors have stake in the plan);
- The appraisal process can lead to preparation of pooled funding arrangements (by definition harmonized);
- The FTI CF lead can lead to co-financing of projects which can lead to joint Project Implementation Units (reducing demands on government for duplicated reporting) and to joint supervision missions (potentially reducing the number of individual missions);
- The EPDF represents a tool for joint capacity development and analytic work;

- The FTI encourages joint annual reviews (JARs) which reduce need for bilateral interactions;
- The Technical Meeting can lead to improved harmonization among donors at the global level on technical approaches which can in turn lead to more complementary approaches advocated by donors at the country level.

Improved harmonization has, arguably, been one of the most successful aspects of the FTI. With respect to the last bullet point above, one respondent argued that improved harmonization among agencies at the global level was the principal benefit of the Initiative. The respondent's comments are reported at length as they reflect a key benefit of an FTI type arrangement among donors:

*But the real benefit of the FTI is the platform it provides for the middle level technical officials from the different agencies to come together and arrive at a 'bounded consensus' with which they can all feel comfortable. As such they provide guidance to their officers in the field on the one hand and also inform their political masters and their sherpas of the differences of opinions at the political level.*

This is particularly important given the limited forums available for achieving technical consensus and encouraging the donor community to increasingly speak with one voice as to how to achieve the MDGs.

Yet it is, as implied above, the impact of harmonization at the country level that is of greatest interest. Many of the interviewees for the early impact study comment on improvement to donor coordination and harmonization as a result of the FTI and the authors conclude that the FTI has provided further thrust to harmonization with more pooled funds, silent partnerships, budget support, a variable level of joint analytical work, more joint sector reviews, more use of common indicators for monitoring and evaluation (Umansky & Crouch, 2006).

It was reported that the Catalytic Fund may itself be regarded as a silent partnership. For example, in Rwanda, the Dutch were going to enter into a silent partnership with DFID (i.e., co-financing), but instead decided to channel those funds into the CF and increase the size of the CF grant to Rwanda. It was reported that it was easier to do this than to enter into a partnership with DFID. It was argued that increasing use should be made of the CF to reduce transaction costs for countries – which remain high due to the number of bilateral donors and the demands that they collectively make on some ministries due to poor harmonization. Tanzania has 22 donors in education sector and Mozambique can have as many as 1000 donor missions in the sector each year. Yet the idea that bilateral aid should be coordinated through the CF is a contested one and the stance among many FTI partners, and according to the official FTI line is that the preferred mode of financing remains bilateral.

Despite the apparent progress leveraged, in part, by the FTI to improved harmonization, the authors of the early impact study also noted that these positive shifts 'do not translate into common reporting procedures shared by donors and coordinated by the ministry.' The DIF study found reliance on donor procedures remains that norm and very little evidence of progress in harmonized capacity building or pooling of TA.

Mixed messages are aired concerning whether or not the FTI has changed the scale and distribution of transaction costs. Some argue that costs have been lowered for government as these are reduced in general or passed to donors through the range of activities listed above (joint appraisal, pooled funds, SWAs). Others argue, persuasively, that in the short term, one would expect transaction costs to both government and donors to increase as the FTI demands increased dialogue, information sharing, coordination, adoption of new procedures, and other changes in practices (Bellow, 2005). World Bank staff, both Sector Managers and Task Team Leaders, were very concerned about the administrative and managerial efforts associated with the FTI Trust Funds – while they welcomed the resources they questioned the level of oversight required.

Clearly, more data over the longer term are required to assess trends in harmonization (and hence transaction costs). These data are not currently routinely collected. The challenge of closing the donor accountability loop for harmonization is similar to that concerning alignment. A need remains to institutionalize a routine system of monitoring donor progress on harmonization in the sector. Longitudinal monitoring of alignment and harmonization would be useful to enhance donor accountability and to provide a means to understand whether or not investment in harmonization and alignment have led to better educational outcomes. The DIF called for an annual independent review on a limited number of indicators. Whether yearly or ever second year, or tagged onto the Paris monitoring process, the results should be fed into the Joint Annual Sector reviews) or tagging sector studies onto the Paris monitoring process.

### **FTI and Managing for Results**

The FTI model places great importance on promoting a results orientation in the sector and on increasing accountability for attaining results. The Appraisal process focuses attention on a limited number of common indicators and targets and endorsement requires agreement on these annual targets (for three years). In a number of countries in which the FTI provides support, local donors and government to enter into a Memorandum of Understanding to formalize the mutual accountabilities for achieving the targets – including transparency in an annual review of the implementation of the sector strategy (including the FTI indicators). The FTI, through the EPDF and CF, provides support for further developing the statistical and analytical capacity to support a results-based orientation in the sector. Furthermore, disbursement of FTI CF funding is linked to the receipt of a report of performance in the sector on FTI targets. Finally, the model supports cross-country learning and impact evaluation which has strong externalities and will assist in allocating aid and domestic resources more efficiently – another form of managing for results.

There can be little doubt that the FTI is encouraging the practice of managing for results in the sector. The early impact study does not report on this aspect of the Initiative in any detail simply commenting that it improves accountability for results (Umansky and Crouch, 2006). Nonetheless, despite FTI advocacy and support for a managing for results framework in the sector, challenges remain. For one, the data upon which to measure progress or lack thereof are often not available. Public expenditure management and other data on inputs, outputs and outcomes are weak. Some respondents were also concerned that there is insufficient attention to impact

assessment in the sector – by donors or by the FTI. Thus, perhaps not surprisingly, the DIF study found that “Education donors do not apply performance based disbursements in any of the pilot countries” (FTI 2004). Some informants expressed concern that if disbursement is performance based, respondents (both government officials and the World Bank TTL in the case of the FTI CF) are likely to exaggerate progress – yet this would be obviated with better and more transparent information systems. The issue is that more emphasis needs to be placed on building the capacity for underlying systems for data driven performance assessment. While the FTI attempts to tackle this challenge, the resources at its disposal are likely inadequate to have much of an impact. The lack of data presents a collective action problem which could be overcome by a larger collective effort through the FTI.

There is a further, and perhaps more daunting, challenge pertaining to a results orientation, namely achieving targets given political and stakeholder opposition. While the targets (Indicative Framework) have their benefits, the FTI ignores the broader political economy of reform which will enable or block a country from achieving them as the Appraisal process simply assesses the technical merit and financial viability of the reforms. The early impact analysis revealed that there was considerable reform slippage in all the countries in relation to a number of FTI indicators ‘due to limited ability or will’ of reformers (Umansky and Crouch, 2006). A review of the implementation of FTI proposals for six countries by the investigators revealed that implementation of FTI reforms stood at around 40% (Umansky and Crouch, 2006). Meeting or failing to meet the targets, and hence being rewarded or otherwise, goes beyond improving the systems for planning, managing and measuring interventions, to understanding and engaging with the reform process – and in particular supporting the pro-reformers inside and outside government deal with the oppositional forces. Yet, there appears to be no support from EPDF to analyze the political aspects of the reforms or to support solutions to addressing these. It may be assumed that other donors are supporting such work – but that may not be wise or sufficient. This is an area where a joint FTI approach, as opposed to a bilateral one which could be accused of being impartial, could make a useful contribution.

Before turning to the recommendations with respect to aid management and effectiveness, the following section addresses the extent to which the Initiative has resulted in an increase in domestic resources and aid for basic education as envisioned in the Dakar and Monterrey compacts.

### **FTI and Financing for Basic Education**

The FTI encourages a commitment on the part of all funding partners to make best efforts to increase assistance for primary education in a sustained and predictable manner in endorsed countries. The Initiative was initially intended as a catalyst to leverage increased volumes of aid through existing channels to endorsed countries. The CF was subsequently established when endorsements did not immediately lead to increased external flows.

#### *Country side of the compact regarding domestic resource mobilization*

It was expected and often required that endorsement would lead to increased domestic resource mobilization for basic education – one of the benchmark indicators concerns the primary education share of the education budget, another the share of the education budget of the entire budget, and another public domestically-generated

revenue as a percentage of GDP. On the one hand, more robust education plans, linked to the PRSP, was to appeal to ministries of finance as was the appeal and scrutiny afforded by the linkage to a global initiative. There are limited available data. The eight country study on early impacts presented data on education recurrent expenditure as a percentage of government budget. It found data for four countries for 2003/04 and two countries for 2004/05 (i.e., following endorsement). Of these, three increased very marginally (Guyana, Mauritania, Vietnam) while Guinea decreased substantially. The most recent FTI report provides data on education spending as a percentage of recurrent budget (FTI Progress Report, 2006). Both Gambia and Guinea have decreased, there was no change in Vietnam or Yemen, and increases in Guyana, Mauritania, Nicaragua and Niger. The Umansky and Crouch report concludes that data on the most critical variable, primary education recurrent expenditure (absolute or as a proportion of total education recurrent expenditure) are frequently not available, particularly in low income FTI countries – but that existing data suggest movement away from the FTI benchmark ‘targets.’ Finally, they note that ‘There is no indication that FTI has stimulated countries to increase their government revenue base’ (Umansky & Crouch, 2006). The Ghana case study revealed concerns that the availability of FTI financing for basic education may actually substitute for government expenditure (Anees, 2006). All of this suggests that more emphasis needs to be placed on better data generation and recording.

*Donor side of the compact regarding domestic resource mobilization*

OECD/DAC figures suggest that commitments and disbursements of ODA to basic education more than doubled from 2002 to 2004 (i.e., disbursements increased from US \$ billion 0.4 to 0.9 during that period. There remains a significant difference between commitments and disbursements and in practice aid to basic education represents only 2.7% of all ODA in 2004. The World Bank reports ‘Funding shortfalls, unpredictable funding, and uncertain timing of disbursements will continue to pose chronic difficulties for countries seeking to implement long term plans to achieve their education results.’ (World Bank, 2006). Inadequacy relates to the persisting financing gap in endorsed countries which is estimated at roughly 0.5 billion for the 20 endorsed countries for 2006 (although this is acknowledged to be an underestimate).

While the FTI may have led to increased attention and funding to the sector, the related questions of attribution and additionality (i.e., are the FTI countries getting more than they would have otherwise) remain. The early impact study found that while “Donor coordination has improved throughout, this has not always resulted in faster or more disbursement” [in FTI endorsed countries] (Umanski & Crouch, 2006). Moreover, if one is going to attribute the success for increased disbursements for basic education to low income countries to the FTI, should one similarly attribute the gap in the endorsed countries to it? The Global Campaign for Education argues that ‘the lacklustre performance of donors so far in supporting it [the FTI] means that this innovative initiative of great potential benefit remains at best precarious, at worst, fatally flawed.’ (GCE, 2006) The Campaign’s earlier published alternative progress report on the education Fast Track Initiative (Small Change) argues that the FTI is “beginning to look like a global scam for *avoiding* the Monterrey and Dakar commitments.”



In this context, the CF grants have been, as one World Bank Sector Manager described them, ‘peanuts.’ The Nicaragua case study reported that officials complained of the ‘extremely low’ size of the FTI grant given the scale of the financing gaps (i.e., US\$ 3.5 million annual grant in the context of an annual estimated gap of US\$ 290 million). Yet, there are compelling arguments in favour of scaling up the CF – and doing so dramatically – not least because the CF grants, *ispo facto*, support the Paris Agenda and because, as argued elsewhere in this report, multilateralizing through initiative such as the FTI, is preferable to harmonizing. Moreover, the CF instrument is viewed as shifting transaction costs to donors (which is also positive in terms of aid management) and has been reported to disburse in a predictable and timely manner. For example, the Nicaragua case found that disbursement was as timely and predictable once the budget was approved by the World Bank – the problem was that the 2006 tranche took eight months to negotiate. The Kenya case commented not only on speedy disbursement but also on CF disbursement at a time when other donors (including donors to the FTI) could not disburse due to governance concerns.

Given the advantages of the CF, it is unclear why it has not been a more popular vehicle for donors. One could speculate that many donors continued to support the original view of the FTI – as a catalyst for stepped up bilateral aid to endorsed countries. One can speculate that for some donors, bilateral programmes have advantages (strategic, political, financial) that would be lost through a multilateral approach. One could speculate that World Bank Sector Managers and TTLs push Bank products over the CF – but the Sector Managers and TTLs have incentives to use the CF and were (except for their irritations with the bureaucracy associated with the administration) keen to see an expansion of the CF. One could speculate that donor reluctance was due to concerns about the short term nature of the grants. This drawback of the FTI is, as the Nicaragua case points out, contrary to the Dakar commitments (and not in line with the Paris Declaration), but this shortcoming is in the process of being addressed in the CF and the three year commitments in the Expanded CF are a step in the right direction. One could speculate that some donors have been concerned that the FTI has been insufficiently concerned with the issue of financial sustainability of the real costs of UPC – in particular that countries may exceed their fiscal space by committing themselves to significant recurrent costs. While, these risks are worth further consideration and – including a discussion of donor appetite to subsidize this cost over the longer term as well as discussions over whether or not the shift of resource allocation to primary education is politically sustainable (raised in the Ghana case) – the risks can not account for the failure of the donor community to increase the proportion of aid for basic education flowing through the CF.

Fortunately, some donors, particularly DFID, are committed to increasing the volume of increased commitments through the FTI and this leadership should be followed by other major donors. Recent commitments to the FTI suggest that the tide may have turned as reported above and that the FTI-CF is poised to become a more central financial player in the basic education sector (FTI, 2006).

## **Recommendations**

- At risk of appearing trite, the FTI should continue to exercise leadership on the alignment and harmonization agenda. Few, if any, Global Programs have explicitly incorporated this agenda so centrally in their aims and objectives. The Initiative has learned and evolved in terms of how it has operationalized this agenda and should continue to do so to meet the outstanding alignment and harmonization challenges and dilemmas.
- The governance arrangements of the Initiative have evolved over the past year and should continue to do so to better support the Paris agenda and partnership approach to development. In particular, in particular as the partnership approved in November 2006 to grant more formal influence to southern and civil society stakeholders in the governance bodies.
- The roles and responsibilities of the lead donor should be clarified, codified in a generic terms of references vis-à-vis government responsibility for donor coordination and other education sector donor roles and responsibilities with respect to the Catalytic Fund and EPDF (planning, supervision, reporting).
- Further to the above-mentioned recommendation, FTI partners need to do more to inform and educate their staff about the FTI and its principles and ways of working (although the latter need to be made more explicit) and provide their staff incentives for ‘becoming’ the FTI at the country level (e.g., by incorporating recognition and rewards into performance assessments). The management fee ensures that this takes place within the World Bank, other donors will have to find other means to ensure that this happens.
- The Initiative is a strong supporter of the principle of national ownership. Many of the studies concerning alignment have commented upon the pivotal role of government leadership, a robust planning environment and government-led donor coordination as a determinant of successful alignment. The Appraisal Guidelines need to further reinforce and support development partners to promote these features.
- Notwithstanding the controversy over whether or not the Indicative Framework approach, with its emphasis on benchmarks of success and notion of national ownership are compatible, the FTI should redouble its efforts to ensure that the Framework is adapted to the context to which it is (flexibly) applied.
- Despite concerns over the possibly distorting effects of the Indicative Framework, toward certain issues and targets over others, it serves as a useful vehicle for promoting frank and transparent dialogue on strategic choices in the development and review of sector strategies (and the various interests and positions in these discussions). The FTI should now turn its attention to supporting the quality and inclusiveness of dialogue in sector reviews.
- The next phase of the Initiative, particularly as the FTI reaches out to more difficult environments, including fragile states, more effort and investment will have to be made in ensuring the development of capacity for formulation of robust national plans. As such there is an increasing role for a vastly scaled-up EPDF – an instrument which is highly regarded and valued by ministry officials, the World Bank and other donor partners at the country level. FTI partners should consider adopting new governance arrangements to give greater voice to country level recipients and donors in its programming and allowing for non-World Bank execution – while avoiding bureaucratization and politicization.
- Further to the previous recommendation, more robust plans and improved public financial management systems (linking inputs to outputs and outcomes) are required for improved alignment of external support. The FTI needs to identify

mechanisms to encourage partners to invest more heavily in this area and the FTI should redouble its efforts through the EDPF as well.

- The FTI encourages donors to align all support with national priorities. Partners reported increasingly do so although some partners continue to do so through project-based aid modalities which cherry pick certain line items. This can cause distortions in terms of implementation of national planning frameworks. FTI should continue to encourage and assess partners on the gradual shift to more flexible and responsive aid modalities – such as sector budget and programme financing.
- The FTI encourages donors to use national systems for the administration and management of external resources, yet this remains the exception rather than the norm. The FTI should identify a mechanism through which to strengthen national fiduciary systems so that donors can make increasing use of them. The mechanism might be a designated lead partner or technical agency in with expertise in area, ad hoc financing through the EFPD, or a new facility specializing in procuring TA public expenditure management strengthening.
- Improved harmonization has, arguably, been one of the most successful aspects of the FTI, yet improvements could be made in increasing the use of common reporting systems.
- In relation to harmonization, in ‘donor darling’ countries more donors should make greater use of ‘silent partnerships’. The proposed ‘review feedback mechanism’ (below) should report on this trend as well.
- The FTI encourages and supports activities which lead to increased results-oriented management in the sector, yet data remain inadequate to realize the full potential of such an approach and the EDPF resources, while important, are relatively marginal. The lack of data presents a collective action problem which could be overcome by a larger collective effort through the FTI or another designed lead partner.
- The FTI appraisal ignores the broader political economy of reform which will enable or block a country from achieving its set targets as it assesses the technical merit and financial viability of the reforms. The EDPF does not support analysis the political obstacles to reforms or to support analysis to address them. It may be assumed that other donors are supporting such work. This is an area where a joint FTI approach, as opposed to a bilateral one, could make a useful contribution. This recommendation flows from discussions and research in academic and policy communities on lessons learned from experience with Direct Budget Support as well as at the sector levels, including in health (Buse, 2006) and education (King and Rose, 2005).
- Existing data render it difficult to discern if FTI endorsement has led to increased resource mobilization for basic education or if increasing external support has displaced government spending in this area. The question is beyond the scope of this review; suffice it to say that this is a question worth answering and that the issue of enhanced engagement in the political dimensions of sector reform (referred to in the previous recommendation) are likely pertinent.
- Data suggests a doubling in commitments and disbursements of external support for basic education between 2002 and 2004. The extent to which this can be attributed to the FTI is debatable but one study suggested that endorsement has not led to greater or faster disbursement of donor support.
- There remains a major financing gap for basic education which dwarfs the present commitments of donor partners to the FTI Catalytic Fund. The CF represents an

excellent instrument (as far as Paris criteria are concerned) to handle the scaled up bilateral assistance to achieving the education MDG as it shifts many transaction costs of donors, is well aligned, results oriented, fast disbursing, etc. Moreover, it smooths over bilateral donor volatility. The short term financing needs to be rectified as it has to a certain degree in the Expanded CF.

- Donors need to be encouraged to deliver on their recently vastly increased financial commitments to the FTI.
- For a variety of reasons, some donors have been reluctant to channel funds through the FTI CF, yet should be encouraged to significantly increase disbursements in endorsed countries. At present, a stronger form of mutual accountability is required to ensure that this takes place – the information provided by the Campaign for Global Education makes a good start – yet the accountability should work internally within the Initiative and the feedback loop should be strengthened.
- Following on the previous recommendation, the entire review feedback mechanism within the FTI needs to be strengthened and institutionalized (including monitoring of alignment and harmonization) along the lines proposed in the DIF study. This needs to be linked to the Joint Annual Review.
- Longitudinal monitoring of alignment and harmonization would be useful to enhance donor accountability and to provide a means to understand whether or not investment in harmonization and alignment has led to better educational outcomes.
- Following on the previous recommendations, there is a need for greater clarity on roles of ‘lead donor’ particularly with respect to reporting back to Secretariat. Reporting should be included in the generic TOR proposed above. This reform needs to be linked to the alignment and harmonization review and feeding information up to the Secretariat for reporting to the Partners Meeting.
- There is a need for closer linkage between results (outcomes) and disbursement for both CF and sector as a whole.
- In relation to the CF, the Secretariat should attempt to reduce the reporting burden on the TTLs and Sector managers.