GLOBAL CAMPAIGN FOR
EDUCATION
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Debt instead of aid?
The Global Campaign for Education Position on the International Finance Facility for Education

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The Global Campaign for Education (GCE) has advocated for improved and increased international cooperation and domestic financing that can secure the right to education for all and has thoroughly engaged in debates and the implementation of key elements of the current international financing architecture. With respect to the International Finance Facility for Education (IFFEd), GCE has already expressed a number of concerns, four of which we now reiterate, in the context of the 2019 United Nations General Assembly and as a new design document for IFFEd is soon to be published:

1. **Avoiding increased debt and debt vulnerability**. There is a rising debt crisis which represents one of the major threats to domestic financing for education; for example, last year, Ghana spent 42% of its budget in debt-servicing. As such, we are concerned about the consequences that the use of loans to finance education can have and we believe it would be irresponsible for IFFEd to consider lending to any country in moderate or high risk of debt distress. Many civil society organisations have engaged in discussions around the development of IFFEd and raised similar concerns and constructive feedback, including Save the Children's Policy Brief on IFFEd and that of Education International. We highlight that even low interest multilateral debt can contribute to debt crisis as a result of exchange rate shocks – because debts are owed in foreign currencies, so when exchange rates depreciate, the relative size of the debt increases. There is a good analysis of this done by Jubilee Debt that shows some calculations made about the real interest rates on World Bank loans.

We would like to receive clarity from IFFEd about the following issues:

a) Will IFFEd commit to not lending to countries in moderate or high risk of debt distress?

b) In what ways will IFFEd ensure a strong commitment to impede the development of new debt crises and reduce the risk of debt repayments contributing to diminished revenue for public education?

2. **Alignment in international education financing**. The international community has spent many years building a harmonised global architecture on education financing, through the Global Partnership for Education (GPE). We are worried that recent efforts to develop new financing mechanisms and initiatives can risk undermining this harmonisation, increasing confusion and burdens on developing country governments. In order to not duplicate existing efforts IFFEd should align with and use GPE country-level processes and systems, in order to minimize the creation of parallel architectures. We believe that IFFEd should support system strengthening. More efforts are needed to improve, reinforce and fully align with the existing architecture (including the Education 2030 Steering Committee and GPE) which have clearly mandated roles and representative structures.

3. **Challenge the multilateral development banks**. GCE stands on the assumption that banks should not be the ones driving education policy reform. We are concerned of IFFEd further empowering the World Bank and other Multilateral Development Banks in this regard, especially in the absence of independent reviews and evaluations of their education programs

and of their past track record: lacking transparency, effective targeting (to countries most in need), a focus on basic education and support for public education systems. Too often they have been champions of education marketisation and public-private partnerships, despite the evidence that these often undermine equity and inclusion. We are not convinced that these institutions are the best to be making decisions about systems investments in education and which results to be sought. We therefore suggest that IFFEd challenge the banks of their past track record and take a clear and unequivocal stand to support a strengthening of public education systems - without imposing their own ideology or conditions. GCE hopes that IFFEd will take this into account.

4. **Raising domestic resources**. For GCE it is evident that the most pressing challenge in financing education is about increasing sustainable domestic resource mobilization. Not enough efforts are being made to support countries to expand their tax bases in a progressive way, increase the share of budgets going to education or the sensitivity and scrutiny of budget allocations. Simultaneously, there is a need for strong commitments from the international community to fight capital flight and tax evasion. Predictable financing for public education systems will come from governments committing their own resources and being held accountable by their own citizens.

We therefore strongly encourage the IFFEd to follow GPE's policy of conditioning support on increased domestic investments in education. If LMICs have large populations of children out of school, it will in many cases be a sign that the share of the budget going towards education is too low and that it is unequitable spent and benefiting the most advantaged. To incentivize sustainability and progress towards Leaving No-One Behind, IFFEd should incentivize equitable spending of education budgets and progress towards broadening tax base and in other ways increasing domestic revenue mobilisation.