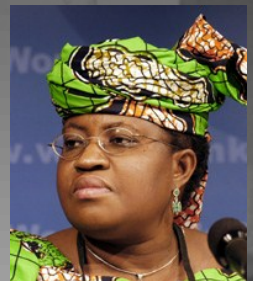


STAYING THE COURSE?

The World Bank's 2010 Pledge to Basic Education



RESULTS
the power to end poverty

Acknowledgements

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RESULTS Educational Fund

RESULTS Educational Fund (REF) is a 501(c)3 non-profit citizen's advocacy organization based in Washington, D.C., that is committed to educating the public, the media, and government leaders about issues related to poverty and hunger in the United States and abroad. It organizes public forums, trains citizens in being active participants in democracy, holds media conference calls to share the latest information, and conducts oversight research to determine the effectiveness of programs meant to address poverty and inequity. REF combines its advocacy efforts with its sister organization, RESULTS, Inc. (a 501(c)4 organization), and international affiliates in Australia, Canada, Japan, Mexico, and the United Kingdom for greater impact worldwide.

Analysis, writing, and design: Tony Baker

Cover photos:

Mbalagane Primary School, Tanzania (background). Photograph: Tony Baker

Dr. Jim Yong Kim, President of the World Bank Group (subset, top). Photograph: Dartmouth College as in Hurlburt, 2012

Ngozi Okonjo-Iweala, former Senior Managing Director of the World Bank (subset, middle). Photograph: World Bank Group, 2012c

Robert Zoellick, former President of the World Bank Group (subset, bottom). Photograph: Ryan Rayburn as in World Bank Group, 2012a

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INTRODUCTION

The benefits of education are unquestionable. The power that literacy, numeracy, and life skills have on individuals, communities, and nations is transformational. Basic education is intrinsically tied to health, financial security, and national economic growth. In short, a basic education is essential to breaking the cycle of poverty.

Despite basic education being a foundational component to the development of individuals, communities, and nations, evidence in 2010 pointed toward trends in international aid that threatened progress. In response, the World Bank made a pledge to increase support to basic education by \$750 million over the next five years, 2011 to 2015. Since then, the Bank has changed the terms of this pledge in such way that it can actually decrease financial assistance to basic education while still claiming to have increased it by \$750 million.

RESULTS, its international affiliates, and its volunteers across the globe have been working with the World Bank in 2012 to rectify this situation. RESULTS and its partners are now calling for the Bank's new president, Dr. Jim Yong Kim, to intervene to ensure that a total of \$6.8 billion is provided to basic education over the 2011-2015 period in accordance with the pledge the Bank made in 2010.

This report takes an in-depth look at how this pledge was renegotiated, the implications of the pledge as it is today, and what can be done to alleviate the issues the pledge was originally supposed to address. Before diving into the story, it would be helpful to identify a few of the key actors.

The World Bank

Established in 1944 and currently consisting of 188 member countries, the World Bank provides financial and technical support to developing countries worldwide. With the goal of reducing poverty, the World Bank delivers this assistance across all sectors of development, including health, agriculture, infrastructure, communications, and education. Project support is negotiated with national governments, particularly Ministries of Finance, together with other actors including regional development banks and the International Monetary Fund (IMF).

Alongside country strategies and sector strategies, the World Bank's poverty reduction work is also guided by the Millennium Development Goals (MDGs). The MDGs are a

set of eight international development goals established by the United Nations (UN) that are to be achieved by 2015. They include targets around poverty, hunger, health, education, gender, and the environment. Two of these goals deal specifically with education:

Goal 2: Achieve universal primary education.

Target 2A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women.

Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

The World Bank is an important focal point for education development analysis as it is the largest multilateral financier of education. As of April 2012, it was managing an education portfolio of \$11 billion with projects in 78 countries (World Bank Group, 2011).

International Development Association

The World Bank is comprised of two lending institutions. One is the International Bank for Reconstruction and Development (IBRD), the Bank's lending arm providing loans to middle-income countries. The other is the International Development Association (IDA), which provides concessional loans (low- or zero-interest loans with longer repayment schedules) and grants to low-income developing countries. This report exclusively deals with IDA as it is the Bank's support arm to the countries most off-track from achieving the education Millennium Development Goals.

Popularly known as the World Bank's Fund for the Poorest, IDA currently assists the world's 81 poorest countries, about half of which (39) are in Africa. IDA allocates funds to recipient countries based on their income levels and ability to manage their economies and IDA projects. Recipient countries determine uses for IDA funds with guidance from the World Bank. In fiscal year 2012, IDA support to the poorest developing countries totaled \$15 billion (World Bank Group, 2012d; unless otherwise noted, all IDA financial figures come from this source).

The Global Partnership for Education

Originally established as the Education for All – Fast Track Initiative (EFA-FTI) in 2002, the Global Partnership for Education (GPE) is the only multilateral institution devoted expressly to providing quality universal basic education to children worldwide. The GPE is a consortium of developing country governments, multilateral agencies, civil society organizations, private sector foundations, and donor country governments that are combining their financial and technical assistance to support the educational advancement of 48 developing countries. Initially established as an additional catalytic fund for basic education in countries in the most need, the GPE is designed to complement other mechanisms of international aid to foster the global development of

education. In November 2011, the GPE held its first-ever pledging conference, securing country pledges totaling \$1.5 billion to fund its work from 2011 to 2014 (Global Partnership for Education, 2011).

The GPE implements projects by channeling funds through existing multilateral and bilateral mechanisms and institutions, which the GPE calls Supervising Entities. The way in which the GPE and the World Bank collectively support educational development merits attention as the World Bank is the GPE's largest Supervising Entity and in fact houses the GPE Secretariat. Ideally, the closeness of this relationship should lead to more coordinated and increased financing of basic education between IDA and the GPE.

WHAT WAS HAPPENING IN 2010?

Overall support to basic education was increasing, but decreasing in most of sub-Saharan Africa

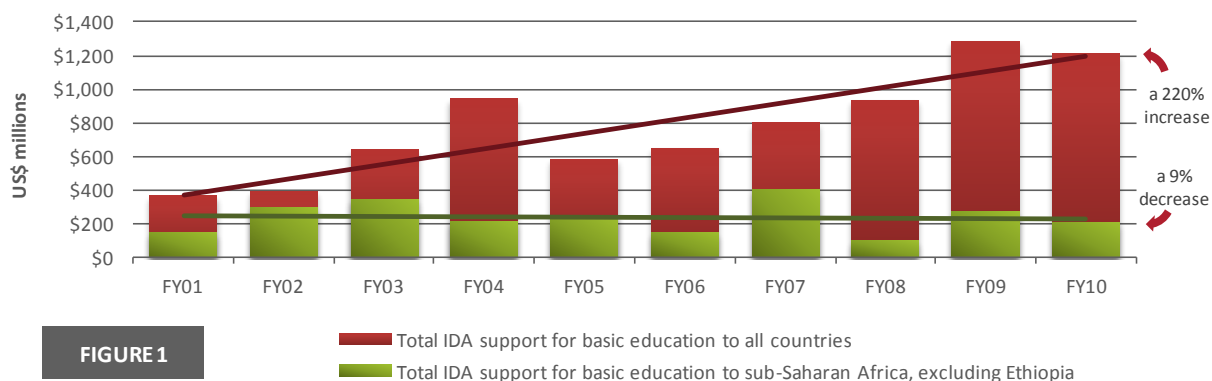
In 2010, IDA as a whole was increasing, and that increase was reflected in its basic education work. During the preceding ten years (2001-2010), IDA more than doubled concessional loans and grants to the world's poorest countries, and the portion of its lending going towards basic education had tripled.

This overall increase in basic education funds, however, was not translating into increased basic education funding in sub-Saharan Africa. While IDA basic education financing in total

had tripled over the preceding ten years, that of sub-Saharan Africa increased by just 43 percent. When Ethiopia (which alone received nearly a fifth of IDA basic education lending to the region from 2001 to 2010) is removed as an extreme outlier, the remaining sub-Saharan countries experienced a nine percent decrease in basic education support (see Figure 1).

This wasn't out of lack of need: the estimated global financing gap to meet the Education for All goals (six global goals to improve education) in the 46 low-income countries covered by UNESCO's 2010 Global Monitoring Report was \$16 billion per year. At the time, international aid for basic education in these countries, including that from the World Bank, totaled \$2.7 billion.

IDA Support for Basic Education to Sub-Saharan Africa as Part of Total, Excluding Ethiopia, 2001-2010



Total IDA Support for Basic Education to GPE Countries, 2001-2010

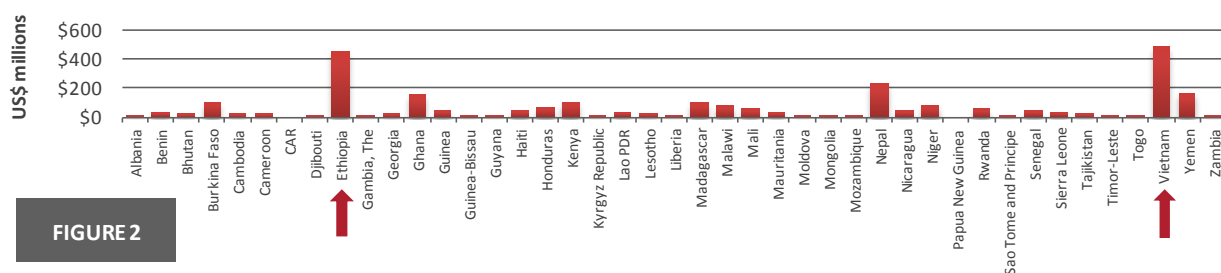


FIGURE 2

Most GPE countries were not benefiting from this overall increase

Despite being in unique need of additional education financing assistance, member countries of the GPE were not particular benefactors of the overall increase in IDA support to basic education. From 2001 to 2010, IDA lending for basic education in GPE countries doubled (up 106 percent), but that of countries not in the GPE more than quadrupled (up 353 percent).

Again however, Ethiopia and Vietnam may be restricted from factoring into this trend as they received a total of \$450 million and \$478 million in basic education lending from IDA from 2001 to 2010, respectively, 11 times the average \$42 million provided to the rest of the GPE countries (see Figure 2 above). Ethiopia and Vietnam seem to solely represent the overall increased basic education IDA support to GPE countries because when they are excluded, the rest of GPE countries benefited from a mere one percent average increase in basic education support from IDA. Meanwhile, IDA support to non-GPE countries had more than quadrupled (see Figure 3 below).

Support to basic education in sub-Saharan GPE countries was actually decreasing

As basic education loans and grants from IDA were decreasing for most of sub-Saharan Africa and GPE countries worldwide, the combination of these two trends was proving devastating: IDA support to basic education in sub-Saharan GPE countries was particularly lacking. While IDA was struggling in the entire region, it was actually delivering more basic education grants and loans to non-GPE countries than GPE countries, again excluding Ethiopia. And at the time, the region was evenly divided between the number of countries which were partnering with the GPE and which were not. From FY01 to FY10, sub-Saharan nations not part of the GPE experienced a two percent decrease in basic education support from IDA while those that were GPE members felt an 18 percent cut (see Figure 4 below).

IDA Support for Basic Education: Non-GPE Countries vs. GPE Countries vs. GPE Countries excluding Ethiopia and Vietnam

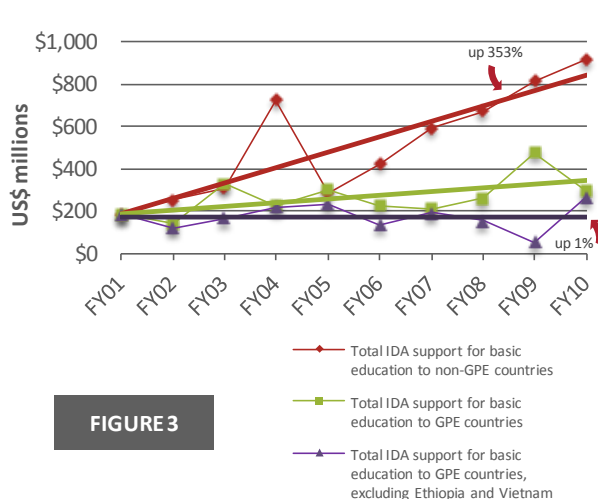


FIGURE 3

IDA Support for Basic Education: Sub-Saharan African Non-GPE Countries vs. GPE Countries, excluding Ethiopia

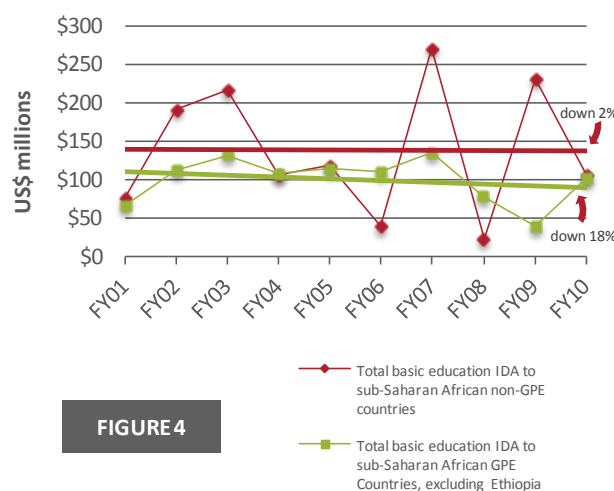


FIGURE 4

Former World Bank President Robert Zoellick and former World Bank Senior Managing Director Ngozi Okonjo-Iweala announced the World Bank's pledge to increase support to basic education at the United Nations Millennium Development Goals Summit in New York on September 20, 2010. (Photo credit: IISD, 2010)



ENTER THE 2010 PLEDGE

In efforts to address the issues outlined above, in 2010 the World Bank made a pledge to increase support to basic education. At the United Nations Millennium Development Goals Summit in New York, former President Robert Zoellick and former Senior Managing Director Ngozi Okonjo-Iweala announced that the World Bank would increase financing for basic education in countries most off-track from achieving the Millennium Development Goals in education.

First announced in a World Bank press release one week before the summit (World Bank, 2010), the pledge was officially declared by former President Robert Zoellick in his opening remarks of the MDG Summit on September 20, 2010:

"To help countries achieve the education MDGs, the World Bank commits to increasing its zero-interest investment in basic education by an additional \$750 million. These investments will focus on the countries — particularly in Sub-Saharan Africa — that are not on track to reach the education MDGs by 2015."

— Robert Zoellick,
former President of the World Bank,
New York, September 20, 2010

Later that day, at a high-level education event co-organized by the Global Campaign for Education and the then EFA – FTI (now GPE), former Senior Managing Director Ngozi Okonjo-Iweala had the opportunity to more fully explicate the Bank's new pledge to basic education:

"[T]oday I am proud to announce that the Bank's International Development Association (IDA), our Fund for the Poorest, will increase grants and zero interest loans for basic education by an additional \$750 million over the next five years to 2015. This represents about a 40 percent increase in our basic education lending over the past five years for the poorest countries. These additional resources will be targeted toward countries that are off-track to reach

the education MDGs by 2015, especially in sub-Saharan Africa and South Asia. In order to yield the highest impact, the Bank will seek to leverage these additional IDA funds to support low-income countries that receive financing from the Education for All Fast Track Initiative."

— Ngozi Okonjo-Iweala,
former Senior Managing Director of the World Bank,
New York, September 20, 2010

Note the precise components this pledge outlines:

"an additional \$750 million over the next five years to 2015": Firstly and most popularly, the pledge commits more money to basic education. IDA is to increase its grants and loans to basic education by \$750 million over the 2011-2015 period.

"a 40 percent increase in our basic education lending over the past five years": This additional \$750 million would make IDA basic education lending from 2011 to 2015 be about 40 percent more than that of the 2006-2010 period.

"especially in sub-Saharan Africa and South Asia": These additional funds are to be specifically directed towards the sub-Saharan Africa and South Asia regions as they consist of some of the countries furthest from achieving the education MDGs.

"that receive financing from the Education for All Fast Track Initiative": Likewise, this increase in basic education lending is to help IDA more effectively complement education development financing provided by the Fast Track Initiative, now the Global Partnership for Education.

With a pledge committing increased resources for basic education in sub-Saharan Africa and GPE countries, the World Bank had successfully positioned itself to address some of the most threatening trends in basic education financing.

THE MEANING OF THE PLEDGE

While the pledge clearly states a number of intentions, a basic question remains: How much money will IDA provide to basic education from 2011 to 2015?

Although it wasn't directly verbalized at the time the pledge was made, the math behind the pledge makes it perfectly clear. IDA lending for basic education during the preceding five years (FY06-FY10) totaled almost \$4.9 billion, so a 40 percent increase meant that a total of \$6.8 billion would be provided for basic education over the next five years (FY11-FY15), or an average of \$1.36 billion per year.

This annual average is inclusive of the additional \$750 million pledged (or an average of \$150 million per year), placing the annual baseline firmly at \$1.2 billion (see box below). This also happened to be the IDA lending volume for

basic education in FY10. So in other words, the pledge amounted to extending the FY10 volume out five years and adding \$750 million.

The 2010 pledge was a bold commitment of resources to support basic education worldwide and in some of the most educationally underdeveloped countries in particular. Because of this, it was celebrated across the globe.

Robert Zoellick's abbreviated pledge statement declaring the \$750 million increase for sub-Saharan Africa was widely publicized. An article by the Associated Press (Lederer, 2010) documented Ngozi Okonjo-Iweala's fuller statement outlining the 40 percent increase in basic education support and was reprinted by media outlets worldwide.

The Math Behind the Pledge

"[T]oday I am proud to announce that the Bank's International Development Association (IDA), our Fund for the Poorest, will increase grants and zero interest loans for basic education by an additional \$750 million over the next five years to 2015. This represents about a 40 percent increase in our basic education lending over the past five years for the poorest countries."

— Ngozi Okonjo-Iweala, New York, September 20, 2010

Question

Given basic education lending over the previous five years (2006-2010) for the poorest countries (IDA countries) was \$4,891 million, what is the annual baseline for the pledge to increase grants and zero interest loans for basic education by an additional \$750 million from 2011-2015?

Answer

Part 1

"This [pledge] represents about a 40 percent increase in our basic education lending over the past five years for the poorest countries." In mathematical terms:

Pledge = a 40% increase of \$4,891 million
 Pledge = \$4,891mil + (40% x \$4,891mil)
 Pledge = \$4,891mil + (0.4 x \$4,891mil)
 Pledge = \$4,891mil + \$1,956.4mil
 Pledge = \$6,847.4 million
 Pledge ≈ \$6.8 billion

Part 2

"[T]oday I am proud to announce that the Bank's International Development Association (IDA), our Fund for the Poorest, will increase grants and zero interest loans for basic education by an additional \$750 million over the next five years to 2015."

Pledge = (annual baseline x 5 years) + \$750 million

Put Part 1 and 2 together

If: Pledge = (annual baseline x 5 years) + \$750 million
 And: Pledge ≈ \$6.8 billion
 Then:

(annual baseline x 5 years) + \$750 million ≈ \$6.8 billion
 (annual baseline x 5 years) + \$750 million ≈ \$6,800 million
 (annual baseline x 5 years) ≈ \$6,050 million
 annual baseline ≈ \$1,210 million
 Annual baseline ≈ \$1.2 billion

WHAT HAPPENED A YEAR LATER?

Almost a year later in June 2011 at a follow-up meeting on the Millennium Development Goals in Tokyo, the Bank brought good news of the "substantial progress" it had made on its pledge to mobilize increased funds for basic education (World Bank Group, 2011c).

A few weeks later, IDA's FY11 support to basic education closed at \$403 million, far short of the annual pledge target of \$1.36 billion and actually the lowest it had been in nine years. The Bank would now need to make up for that \$1 billion shortfall in the remaining four years of the pledge.

Thus, by the end of the first year of the pledge, the commitment to provide an additional \$750 million over five years would now require the delivery an additional \$1.7 billion over four years.

In November 2011 at the pledging conference for the Global Partnership for Education in Copenhagen, the Bank again reiterated its commitment to increase basic education support by \$750 million over the 2011-2015 period.

Only this time, the pledge changed.

The GPE pledging conference was held on November 8, 2011 to secure commitments to the GPE for the 2011-2014 period. Fifty-two countries attended, and 60 pledges from governments, civil society organizations, the private sector, private foundations, and multilateral agencies were presented.

Nine representatives of the World Bank attended the conference, and somehow a closed conversation was

reopened — that of the pledge’s annual baseline. As outlined on page 6, the recorded and publicized pledge statements by Ngozi Okonjo-Iweala in September 2010 can only indicate a \$1.2 billion annual baseline, yet somehow by the fall of 2011 the Bank had significantly reduced this to a \$742 million annual baseline. Whereas the pledge originally used FY10’s basic education spending as the baseline (or \$1.2 billion), the newly adjusted pledge was to use an 11-year average of basic education support from FY00 to FY10 as the baseline. Due to low lending volumes in the earlier years of that period, this new annual baseline would be \$742 million (see Figure 5).

Shortly thereafter, a World Bank website entitled “Accelerating Progress toward the Education MDGs” appeared (World Bank Group, 2011a), tracking the Bank’s progress on its \$750 million pledge using the \$742 million baseline. The Bank continues to use this baseline at the time of writing this report.

IDA Support to Basic Education and Pledge Baselines

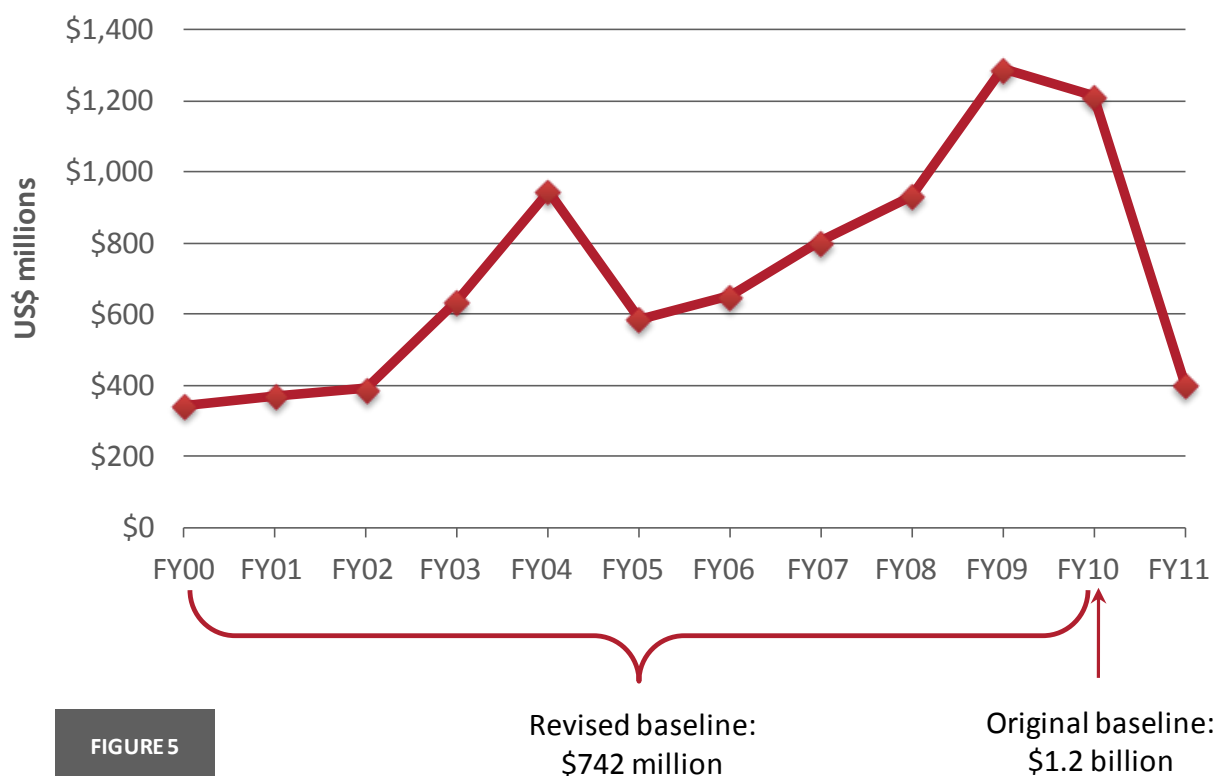


FIGURE 5

WHAT'S THE DIFFERENCE?

The baseline has changed but the World Bank is still aiming to increase support to basic education by \$750 million over the 2011-2015 period, so it's really all the same, right? Wrong. The pledge the Bank is implementing today is a complete 180-degree turn away from the original pledge made in 2010.

\$2.3 billion cut

The original \$1.2 billion annual baseline plus the additional \$750 million would mean that \$6.8 billion would be provided to basic education over five years (2011 to 2015). The revised \$742 million annual baseline plus the \$750 million means the pledge is now only promising a total of about \$4.5 billion from 2011 to 2015. **The recalculated pledge is a \$2.3 billion cut to basic education.** To put this amount of money in perspective, the 2011 GPE pledging conference secured commitments totaling \$1.5 billion for basic education.

Financially speaking, by recalculating its pledge to cut \$2.3 billion, what the World Bank actually did at the GPE pledging conference was to more than cancel out the GPE's work.

Nine percent decrease

IDA lending for basic education from FY06 to FY10 totaled almost \$4.9 billion, as described above. The revised pledge is now aiming to generate less than \$4.5 billion from FY11 to FY15. **This means the current pledge does not represent a 40 percent increase in basic education lending from the preceding five years but actually a nine percent decrease.**

\$107 million per year decrease

With the pledge adjusted down to a \$742 million annual baseline, a \$750 million increase spread over five years (or

The Meaning of the 2010 Pledge?

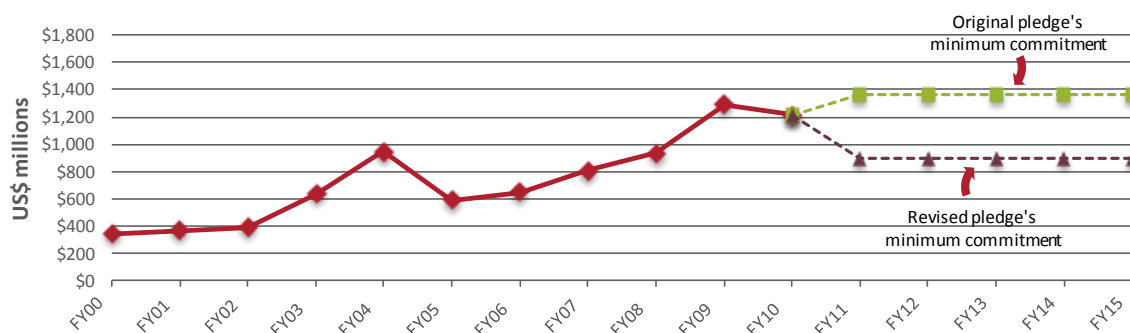


FIGURE 6

FLAT VS. GRADUATED IMPLEMENTATION,
SAME TOTAL PLEDGE AMOUNTS OF EACH PLEDGE

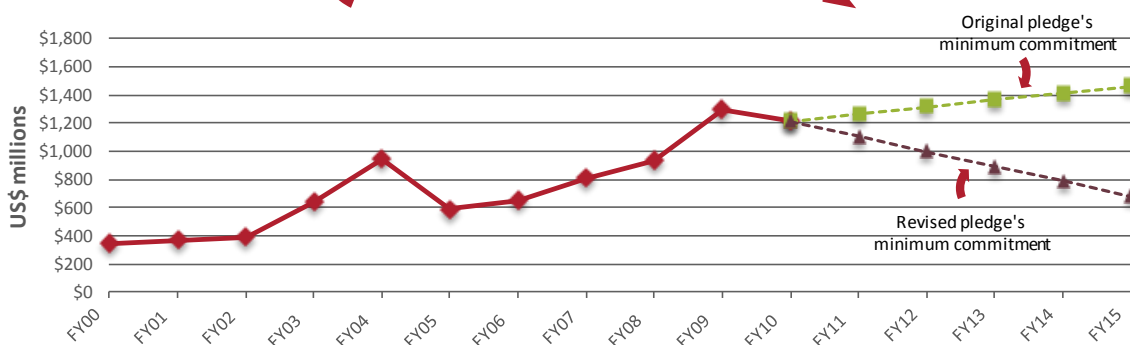


FIGURE 7

—◆— Actual IDA financing for basic education
 - - - ■ - - - Minimum IDA financing for basic education required to meet ORIGINAL 2010 pledge
 - - - ▲ - - - Minimum IDA financing for basic education required to meet REVISED 2010 pledge as adjusted in 2011

\$150 million per year) results in an average annual lending of \$892 million for basic education (see Figure 6). Starting at the basic education funding level at the time the pledge was made (FY10), the World Bank could slash basic education lending by \$107 million every year starting in FY11 and still meet its revised pledge. This scenario is illustrated in Figure 7.

Both Figures 6 and 7 demonstrate minimum lending scenarios in which the Bank would successfully meet its 2010 pledge in the terms it is currently using to measure it. It is plainly problematic if these scenarios can exist under the

successful fulfillment of the Bank's pledge to basic education, yet the Bank continues to track the pledge on these terms.

Early completion

On its pledge-monitoring webpage (World Bank Group, 2011a), the Bank is already anticipating the fulfillment of the pledge by FY13. Completion of a five-year pledge in three years, *especially when one of those years (FY11) was the lowest in nearly a decade*, is a red flag that something is not right.

A Cause for Celebration?

In September of 2010, the World Bank announced a pledge to basic education amounting to \$1.2 billion per year for the next five years, plus an additional \$750 million. This indeed represented a bold commitment of resources to basic education, and RESULTS celebrated this declaration with its grassroots volunteers in its fall/winter 2010 newsletter (RESULTS, 2010; image at bottom right). A year later the World Bank began to insist that the annual baseline of the pledge was not \$1.2 billion, but \$742 million — cutting the pledge by a third. Bank staff maintain that the 11-year average, \$742 million baseline was the pledge's original intention, even when their own website (World Bank Group, 2012b) still bears news coverage of the 40 percent increase that can only mean a \$1.2 billion baseline.

The World Bank's 2010 pledge — with elements of both the \$750 million and the 40 percent increase — was advertised and praised in the media worldwide. From the Associated Press to African media outlets to a GPE press release to blog posts, coverage abounded citing figures that locked the pledge into a \$1.2 billion annual baseline:

"World Bank Managing Director Ngozi Okonjo-Iweala announced that its arm that gives grants and soft credits to the world's 79 poorest countries is pledging an additional \$750 million over the next five years, a 40 percent increase in the bank's basic education spending over the last five years directed at the poorest countries." (Lederer, 2010 [AP] as in: Fox News, 2010; Pan-African News Wire, 2010; and Afrik-News, 2010)

"The World Bank's managing director, Ngozi Okonjo-Iweala, echoed this at an event co-organized by the Global Campaign for Education (GCE) and the Education for All – Fast-Track Initiative (EFA–FTI). She said the additional \$750 million would be used to improve access to good quality schools, for scholarships for girls, conditional cash transfers, and for school grants. ... The board of directors of the EFA–FTI said the additional funding represented about a 40 percent increase in the bank's basic education lending over the past five years." (Oloruntoba, 2010)

"The Board of Directors of the Education for All – Fast Track Initiative (EFA – FTI) welcomes today's announcement that the World Bank will increase grants and zero interest loans for basic education by an additional \$750 million over the next five years. The grants and credits will be targeted towards developing countries in Sub-Saharan Africa and South Asia endorsed by the EFA – FTI. The new funds represent about a 40 percent increase in the World Bank's basic education lending over the past five years." (Global Partnership for Education, 2010)

"On behalf of the World Bank, Okonjo-Iweala pledged \$750 million for education in low income countries over the next five years. She said that the funding represented a 40 percent increase in the World Bank's basic education spending over the past five years and would be directed toward countries who have had their national education plans supported by the Education for All-Fast Track Initiative, but are off-track in meeting MDG 2." (Coghlan, 2010)

"AP writes that '...World Bank Managing Director Ngozi Okonjo-Iweala announced that [the Bank]...is pledging an additional \$750 million over the next five years, a 40 percent increase in the World Bank's basic education spending over the last five years directed at the poorest countries....'" (World Bank Group, 2012b)

"The big announcement: the World Bank's International Development Association will increase grants and zero-interest loans for basic education by \$750 million over the next five years. This funding represents about a 40 percent increase in its basic education lending for the poorest countries." (RESULTS, 2010)



WHAT'S HAPPENING IN 2012?

With the pledge today being completely different from what it was when it was made in 2010, it is naturally failing to rectify the issues it was created to address in the first place.

Support to basic education in most of sub-Saharan Africa is decreasing

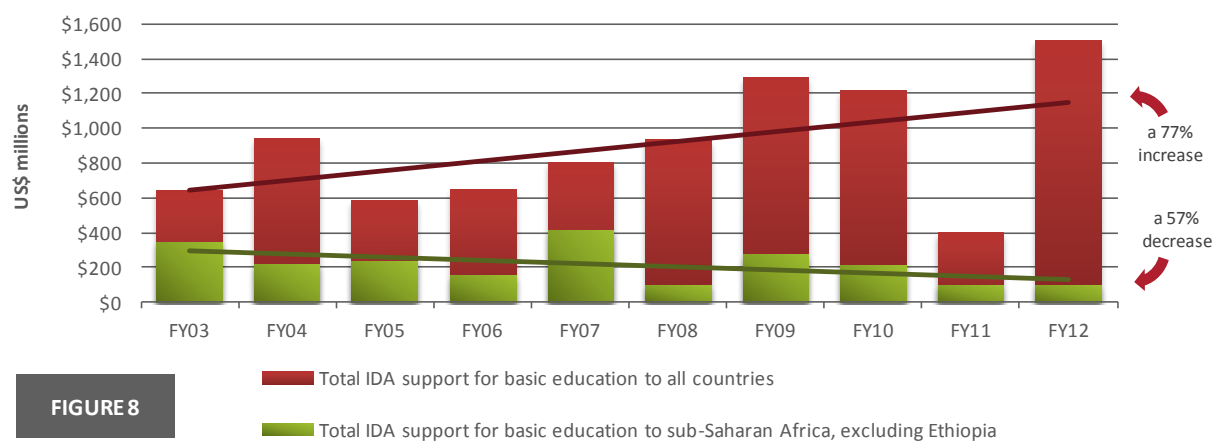
Sub-Saharan Africa is not experiencing a boost in basic education support from IDA. Sub-Saharan Africa appears to have at least been protected from IDA's FY11 basic education underperformance as two-thirds of that year's basic education lending went to the region (but nearly two-thirds of the sub-Saharan Africa share went to Ethiopia). The sum of basic education IDA grants and loans taken up by sub-Saharan Africa (including Ethiopia) in FY11 (\$266 million) was greater than that of FY10 (\$208 million), suggesting that despite frontloading IDA in FY09 and FY10, sub-Saharan Africa was still desiring IDA for basic education. South Asia, not sub-Saharan Africa, is the region in which IDA lending for basic education dropped most radically.

In FY12, overall IDA lending for basic education nearly quadrupled, returning to a volume more in line with preceding years. Despite vastly greater support for basic education in FY12 over FY11, less of those grants and loans went to sub-Saharan Africa. Whereas IDA supplied sub-Saharan Africa (including Ethiopia) with \$266 million in basic education support in FY11, it managed to only provide the region with \$98 million in FY12.

In the first year (FY11) of upholding its pledge, the World Bank had a nine-year low in the total support it delivered to basic education, and in the second year (FY12), it provided less financial assistance for basic education in sub-Saharan Africa than it had in over a decade.

When Ethiopia is excluded, another picture emerges for IDA basic education trends in sub-Saharan Africa. Whereas the FY01-FY10 period demonstrated a nine percent decrease in basic education support from IDA to sub-Saharan Africa, excluding Ethiopia, FY03-FY12 showed a 57 percent drop (see Figure 8).

IDA Support for Basic Education to Sub-Saharan Africa as Part of Total, excluding Ethiopia, FY03-FY12



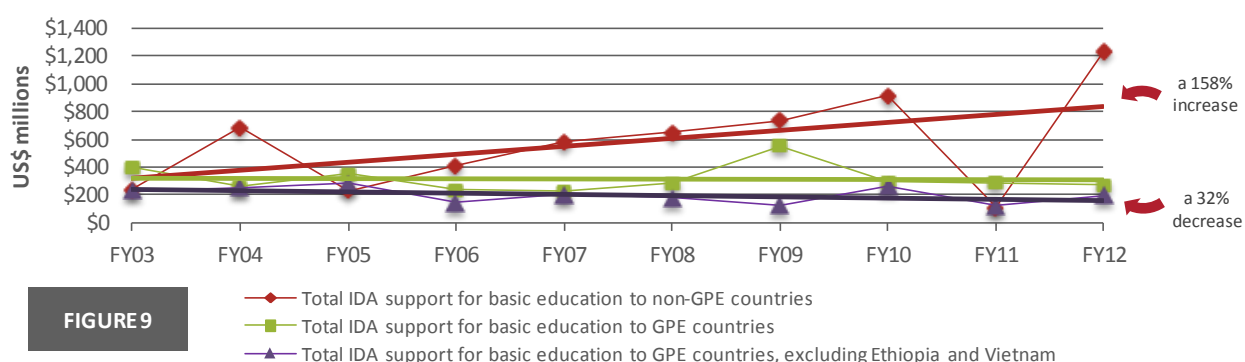
Support to basic education in most GPE countries is decreasing

Before the pledge had been made, the ten-year (FY01-FY10) trend demonstrated a quadrupling in IDA basic education support to non-GPE countries, a doubling for GPE countries in total, and only an average increase of one percent for GPE

countries when Ethiopia and Vietnam were excluded as extreme outliers.

Now, two years after the pledge, the ten-year (FY03-FY12) trend of IDA basic education support to non-GPE countries has dropped but is still more than doubling, which could suggest more IDA loans and grants for basic education are

IDA Support for Basic Education: Non-GPE Countries vs. GPE Countries vs. GPE Countries excluding Ethiopia and Vietnam



going to GPE partner countries. However, GPE countries have not been experiencing increased basic education support from IDA. Both FY11 and FY12 demonstrated IDA basic education lending volumes to GPE countries that were lower than the FY01-FY10 ten-year average. The FY01-FY10 annual average was \$298 million while FY11 and FY12 basic education lending levels were only \$291 million and \$272 million, respectively. These lower volumes actually flatten the ten-year trend from the 106 percent increase that had happened from FY01-FY10 to an 11 percent decrease over the FY03-FY12 period.

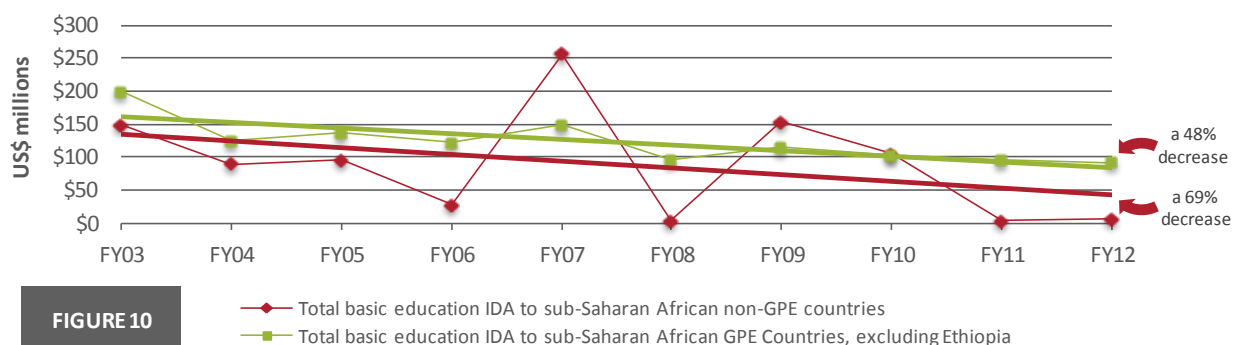
Over the FY03-FY12 period, IDA basic education lending to Ethiopia and Vietnam was 14 times and 11 times that of the average of other GPE countries, respectively. When these are again removed as extreme outliers, IDA support to basic education in GPE partner countries drops further from an 11 percent decrease to a 32 percent decrease (see Figure 9 above).

Two years after the pledge, IDA support for basic education in most GPE countries has become significantly worse than before the pledge.

Support to basic education in sub-Saharan GPE countries is decreasing

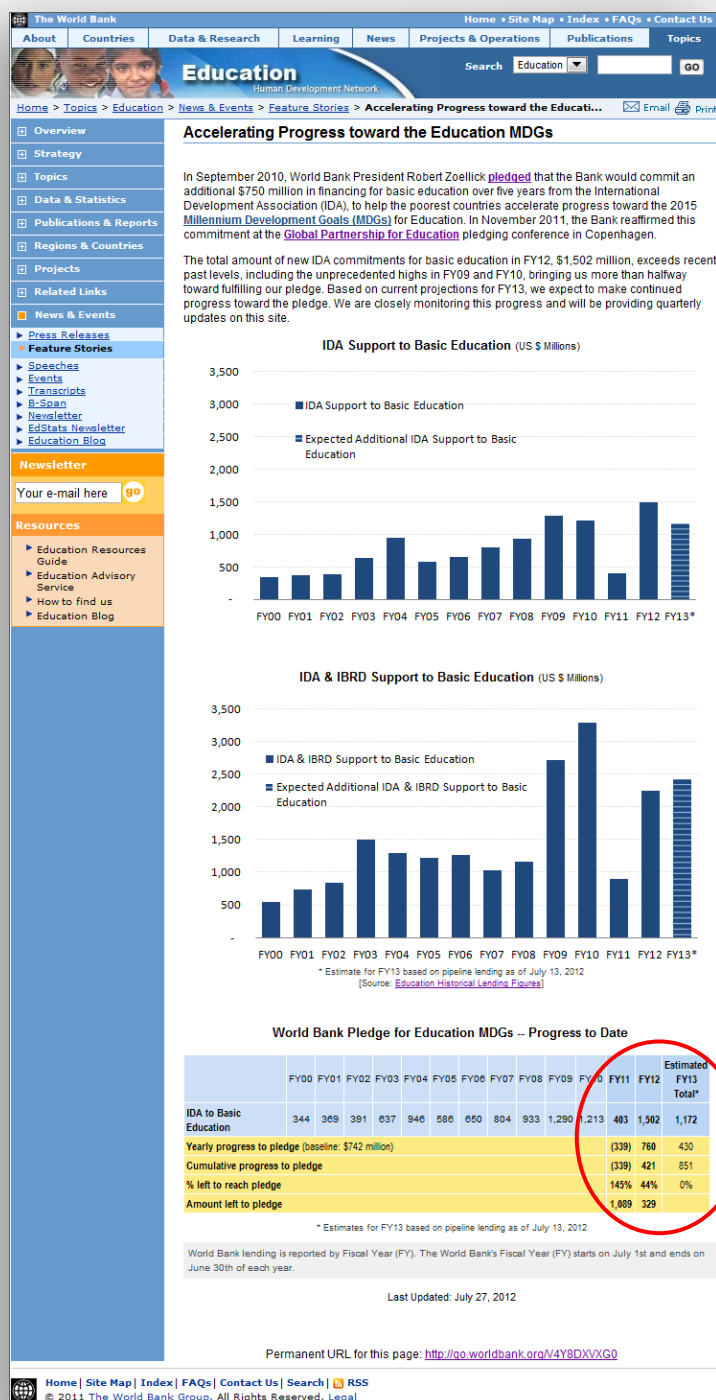
Before the pledge was made, the ten-year (FY01-FY10) trend in IDA basic education support to sub-Saharan nations not part of the GPE was -2 percent while that of sub-Saharan GPE countries was -18 percent. Given IDA has delivered less basic education grants and loans to sub-Saharan Africa and most GPE countries globally since the pledge was made, sub-Saharan GPE countries remain affected, but now it seems non-GPE countries in the region are suffering just as much. Though basic education support from IDA to sub-Saharan Africa was particularly low in FY11 and FY12, GPE countries were the ones which took up almost all of these grants and loans. While now the rate of IDA basic education support to sub-Saharan GPE countries is decreasing less than that of non-GPE members in the region, it is hardly cause to celebrate: With such IDA underperformance in the last two years, the ten-year (FY03-FY12) trend now demonstrates a 48 percent decrease in basic education lending in sub-Saharan GPE nations and a devastating 69 percent decrease in non-GPE sub-Saharan countries (see Figure 10 below).

IDA Support for Basic Education: Sub-Saharan African Non-GPE Countries vs. GPE Countries, excluding Ethiopia



How to Turn a \$6.8 Billion Pledge into a \$4.5 Billion Pledge into a \$3.1 Billion Pledge

As demonstrated earlier, the World Bank has already changed the baseline of its 2010 pledge, reducing a five-year, \$6.8 billion target to a \$4.5 billion target, resulting in a \$2.3 billion cut in support to basic education worldwide. As if that number game isn't devastating enough, the Bank is on its way to cutting the \$4.5 billion down to \$3.1 billion — all while claiming pledge victory.



To the left is the World Bank's basic education pledge tracking webpage (World Bank Group, 2011a), bearing the misnomer "Accelerating Progress toward the Education MDGs." The Bank updates the site quarterly to monitor progress on fulfilling its pledge to increase IDA support to basic education by \$750 million from 2011 to 2015.

Focus your attention to the table at the bottom that tracks the yearly/cumulative progress on the pledge and amount/percent left to reach the pledge. Note the second blue row that demonstrates that IDA lending to basic education in FY11 and FY12 was \$403 million and \$1,502 million, respectively, and that in FY13 it is estimated to be \$1,172 million. Given the funding levels of these three years, the World Bank anticipates to complete the pledge by the end of FY13, as the last column illustrates "0% left to reach pledge."

These three years total \$3,077 million, or about \$3.1 billion. But a \$742 million annual baseline multiplied by five years (2011-2015) plus the additional \$750 million totals \$4,460 million, or about \$4.5 billion.

How can the World Bank fulfill an already deflated \$4.5 billion pledge with only \$3.1 billion? — by terminating the pledge as soon as anything over the baseline cumulatively reaches \$750 million. Any annual figures over \$742 million are categorized as pledge progress, until they total \$750 million. This sounds logical enough, but it's not when the full implications are considered. Take the extreme example: Imagine if in FY11 IDA lending for basic education had totaled \$1.5 billion. In this case, there would have been \$758 million over the \$742 million baseline — the pledge would have been met in the first year with just \$1.5 billion! This is the extreme example, but the Bank is on its way to committing exactly this kind of sleight of hand by preparing to claim that \$3.1 billion will have successfully fulfilled an already lowered \$4.5 billion pledge.

Of course the Bank won't stop basic education funding if the pledge is 'met' early, but it will be off the hook from meeting the annual baselines remaining in the pledge period. That's the problem with the way in which the Bank is tracking pledge progress — it doesn't account for the full five years. Recent history proves that providing less than \$742 million for basic education in a given year is entirely possible. If the Bank advertises successful fulfillment of its pledge in 2013, will it issue corrections to the public if the average levels of FY14 and FY15 drop below \$742 million?

DR. KIM CAN SET THE RECORD STRAIGHT

The World Bank's 2010 pledge to basic education has been broken. More accurately, and worse yet, the World Bank has failed to uphold a pledge and is on its way to turning this failure into a publicly advertised success. The broken pledge has allowed troubling trends in IDA funding for basic education to go unchecked. Dr. Jim Yong Kim, the new President of the World Bank Group, has an opportunity to step in to set the record straight.

The recalculation of the pledge's baseline is not only harmful to the Bank's credibility in the international education community but also to the ultimate stakeholders — the 132 million children denied access to primary and secondary

education. **Dr. Kim should restore the Bank's credibility — and increase the impact of the Bank's investment in basic education — by restoring the 2010 pledge to its original intent: a \$750 million increase to a \$1.2 billion annual baseline, totaling \$6.8 billion over the 2011-2015 period.**

With IDA basic education commitments having totaled \$1.5 billion in FY12, upholding the original pledge is not out of reach: if \$1.6 billion is supplied to basic education annually from 2013 to 2015, the Bank will fulfill its pledge based on its original terms. The Bank must take this important step towards reestablishing its credibility with the international education community and keeping its promise to children across the globe.

WHAT NEXT?

While recommitting to the original terms of the pledge is the first step to rectifying the trends in question, the solutions to the issues affecting IDA's impact on basic education in sub-Saharan Africa and GPE countries are beyond just setting goals for financial assistance. The challenges around take-up of IDA for basic education in sub-Saharan Africa and lack of IDA basic education support in the presence of GPE grants require more comprehensive interventions to be successfully addressed. While Bank staff have reported too little demand from countries to use their IDA resources for basic education, the Bank must not to allow this to be self-fulfilling prophecy. Fulfillment of the Bank's pledge and its mission to alleviate poverty require a proactive strategy.

Recognizing this, alongside advocating that the Bank recommit to the pledge's original baseline, RESULTS and its international affiliates have proposed several mechanisms to incentivize IDA take-up for basic education and better coordinate IDA and GPE funding. These include:

Written guidance: Formal guidance can be put in place to ensure that Bank country directors are coordinating effectively with staff responsible for the development of GPE grants and national education plans to identify unfunded areas of national education plans that IDA could support. This information should, in turn, be fed into the highest level negotiations with Ministries of Finance around IDA requests.

Automatic offers of IDA financing: The Bank could structure a trigger to offer IDA funds in conjunction with the GPE allocation mechanism. Countries receiving an allocation from the GPE which is lower than the estimated financing needs for endorsed sector plans would receive an automatic offer from the Bank to meet this demand for external financing.

IDA buy-downs: IDA buy-downs currently exist for health projects in various countries. In such arrangements, third party funding covers all service and commitment charges associated with IDA loans, effectively turning them into grants. Such a mechanism could allow a portion of GPE funds to buy down IDA loans for basic education, leveraging greater total funds.

More than anything else however, this is a question of leadership. The World Bank must exhibit leadership in its support for basic education in sub-Saharan Africa and GPE countries. The awareness of these trends must be impetus to act. Advising on financing basic education and providing additional options to do so are not intrusive measures but the duties of a responsible lender.

While these are part of the "how," the World Bank must first start with the "what." And the "what" is delivering \$6.8 billion in grants and zero-interest loans over the 2011-2015 period in accordance with the pledge it made in 2010.

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