

## EDUCATION AND THE MDGS: REALIZING THE MILLENNIUM COMPACT

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In September 2000, heads of all 191 member states of the United Nations committed themselves to meet a set of quantifiable targets for combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by the year 2015. These targets, called the Millennium Development Goals (MDGs), represent a global compact between developed and developing countries to increase the living standards of the world's poorest citizens.

Explicit in the MDG compact is a clear division of labor between rich and poor countries. Developing countries pledge to improve their policies, provide for more transparent and representative governance, and increase accountability to their citizens. In exchange for improvements in domestic practices, developed countries pledge to provide greater financial resources to poor countries and reform their own policies in important areas such as development assistance, debt relief and international trade.

One of the MDG education goals, Goal 2, stipulates that the world should achieve universal primary education for boys and girls by 2015.<sup>1</sup> In 2002, donors began working with developing country officials to set up a coordinated approach to address this Goal. For those low-income countries with credible education plans, rich countries would provide the necessary external financing to assist in the implementation of these plans. The resultant blueprint, the "Fast Track Initiative" (FTI), represents a new approach for donor financing. Donors are to combine resources to directly finance a portion of the recipient governments' education budgets, instead of each financing many separate, sometimes small "projects." Recipient countries are, in turn, required to commit to plans, which in many cases require difficult political and financial reforms.

By rewarding ambitious country-level plans with equally ambitious increases in donor assistance, the FTI could be the world's best chance for making rapid progress towards universal primary education in the poorest countries.

*Birdsall and Vaishnav***Table 1:** Try, try again. Notable international agreements on educational goals.

Goal year	Approved	Forum
—	1934	International Conference on Public Education, Geneva
—	1948	UN Universal Declaration on Human Rights, New York
—	1951	International Conference on Public Education, Geneva
—	1952-54	UNESCO Regional Conferences on Free and Compulsory Education; Bombay, Cairo, and Lima
1980	1960	UNESCO Meeting of Representatives of Asian Member States on Primary and Compulsory Education, Karachi (“Karachi Plan”)
1980	1961	UNESCO Conference of African States on the Development of Education in Africa, Addis Ababa (“Addis Ababa Plan”)
1980	1962	UNESCO Conference of Ministers of Education and Ministers Responsible for Economic Planning, Santiago (“Santiago Plan”)
1980	1966	UNESCO Conference of Ministers of Education and Ministers Responsible for Economic Planning in the Arab States, Tripoli
1980	1970	International Development Strategy for the Second UN Development Decade, New York
2000	1979	UNESCO Conference of Ministers of Education and Ministers Responsible for Economic Planning of Member States in Latin America and the Caribbean, Mexico City
2000	1980	International Development Strategy for the Third UN Development Decade, New York
2000	1990	World Conference on Education for All, Jomtien (“Jomtien Declaration”)
2000	1993	Education for All Summit of Nine High-Population Countries, Delhi (“Delhi Declaration”)
2015	1995	Fourth World Conference on Women, Beijing (“Beijing Declaration and Platform for Action”)
2015	1996	Shaping the 21 <sup>st</sup> Century, OECD Development Assistance Committee
2015	2000	World Education Forum, Dakar (“Dakar Declaration”)
2015	2000	Millennium Summit, New York (“Millennium Declaration”)
2015	2001	Road Map Towards the Implementation of the United Nations Millennium Declaration

Source: Clemens (2004).

Thus far, the FTI has succeeded in donor coordination and facilitating significantly greater country ownership for recipient countries. But unfortunately the FTI has not delivered for those poor countries who have demonstrated a willingness to reform. Despite agreement on the logic of future financing, donors have held back from making firm commitments, so there is no transparent, unambiguous timetable for disbursements.

In September 2005, heads of state will assemble at the United Nations in New York to assess the progress that has been achieved in reaching the MDGs. The way forward for the education Goal is to give new life to the FTI. That will require that

donor nations move quickly on their part of the FTI compact. To do so, we propose a straightforward plan where donor financing would be based on recipient countries' progress on a series of pre-determined, transparent benchmarks. Under this plan, both donors and recipients would be focused on a shared end goal: tangible results.

## DÉJÀ VU ALL OVER AGAIN

The practice of setting goals for universal primary education is not a new phenomenon. When the largest-ever gathering of heads of state attached their names—and implicitly, the full support of their respective governments—to the MDGs in 2000, they were the latest in a long line of dignitaries to pledge their support for universal primary education and gender equity in education (see Table 1).

Beginning in 1934 with the International Conference on Public Education in Geneva, developed and developing countries have repeatedly pledged to “leave no child behind” by promising that boys and girls the world round would be given the opportunity to enjoy the privilege of basic education. MDG 2, “Achieve universal primary education,” is clear in this respect: “Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.”

Unfortunately, the history of goal setting in the education arena is not encouraging. While the process of setting ambitious goals can generate donor support, mobilize greater external financing for education projects and programs, and spur recipient governments to take action on domestic education reform, past attempts at goal setting have all failed to meet their stated quantitative targets.<sup>2</sup>

The report of the Millennium Project Task Force on Education and Gender Equality (2005) notes several problems with the education Goal. There is an imperfect link between rhetoric at the political level and the realities at the technical level. The feasibility of the goals was not established prior to their being adopted by heads of state. The indicators used to assess the progress are not ideal. Completion of the primary cycle would be better than enrollment; and even completion may not reflect actual “learning” and skills. And there is the question of whether the Goals apply to the “world” or separately to each country. There is also a tremendous degree of variation across countries and regions. For instance, the world is likely to meet the MDG of halving poverty by 2015, but much of that will be due to progress in two countries: India and China. Finally, there is no enforcement mechanism to ensure that once heads of state agree to far-reaching goals at a global forum, they will return home and hold up their end of the bargain.<sup>3</sup>

While primary-school completion rates have improved globally since the early 1990s, many countries remain offtrack for achieving universal primary education by

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*Birdsall and Vaishnav*

2015. According to data cited by the Millennium Project, 81 percent of children in the developing world completed primary school in 2000, up from 73 percent in 1990.

## Donors suffer “governance” problems of their own.

But Sub-Saharan Africa posted completion rates of only 51 percent in 2000 (East Asia and Europe, including Central Asia, have achieved near-universal achievement with 97 and 93 percent, respectively). There is also considerable variation between boys and girls. In 1990, the average primary completion rate was 65 percent for girls, and 79 percent for boys. In ten years, girls have narrowed the gap to within ten percentage points, at 76 percent compared to boys’ 85 percent, but a significant differential still remains. In Africa and South and Central Asia, girls remain behind boys, but there are signs of catch-up.

### FROM FAST-TRACK TO OFF-TRACK

Even in the case of countries with a fighting chance to achieve universal primary education by 2015, success requires changes in existing practices. Many recipient countries need to address deep problems in the way their education systems function—including poor incentives for rural teachers (who, as a result, are often absent) and insufficient spending on primary education relative to universities (which paralyzes the poor compared to the privileged). In some countries, local/elite capture, chronic teacher absenteeism, public expenditure “leakage,” and bribery and corruption adversely affect education systems.<sup>4</sup>

Donors suffer from “governance” problems of their own. Birdsall documents what she terms the “seven deadly sins” or failings of donor performance, including several clearly relevant to education assistance: impatience with long-term institution-building; unwillingness to halt disbursements in the face of overwhelming evidence that recipient performance, political will or both are absent; lack of independent and, thus, truly credible and useful evaluation; coordination failure among donors; and unreliable or unpredictable aid transfers.<sup>5</sup> The unpredictable flows of donor financing to support the education sector mean it makes no sense for a country to train new teachers, since it cannot be sure it can pay their salaries. At the recent High-Level Forum on Harmonization and Alignment for Aid Effectiveness in Paris, the Rwandan Finance Minister Donald Kaberuka remarked that foreign aid has become so unreliable that some African governments are now hesitant to accept it. “There’s nothing like drawing up a budget in which 40 percent of resources are from outside your country,” Kaberuka was quoted as saying.<sup>6</sup> “You increase primary school education, you increase access to health, and suddenly for some reason, after three years, those resources are not available.” The situation has deteriorated to the point that developing countries have coined a new term for fickle donor behavior: “aid shock.”<sup>7</sup>

Cognizant of the shortcomings on both their side and that of recipient countries,

*Education and the MDGs*

donors and developing country officials agreed in 2002 on the FTI. The initiative was hailed as a breakthrough because for the first time, donors forged a sector-wide accord under which they agreed to collectively support locally driven national education strategies, dramatically reducing transaction costs for recipient governments and markedly improving donor coordination.

As of January 2005, 13 countries have been endorsed for donor financing under the FTI: Burkina Faso, Ethiopia, Gambia, Ghana, Guinea, Guyana, Honduras, Mauritania, Mozambique, Nicaragua, Niger, Vietnam and Yemen.<sup>8</sup> Each of these countries has prepared an education sector plan, but a true compact has not yet taken shape. Although the resources necessary to plug the financing gap for the FTI countries as a whole are tiny, the donors have not yet put the necessary resources on the table. As a result, the FTI has gotten off to a less-than-stellar start. In the words of one recent analysis:

“The global compact [FTI] needs a high-level and visible commitment from major donors to provide confidence that funds are available for those who rise to the occasion, and to offer broad incentives for reform. Without that level of commitment—both in terms of providing contingent resources and clarifying the structure of the compact—there is a limited amount that the FTI, no matter how well designed, can accomplish.”<sup>9</sup>

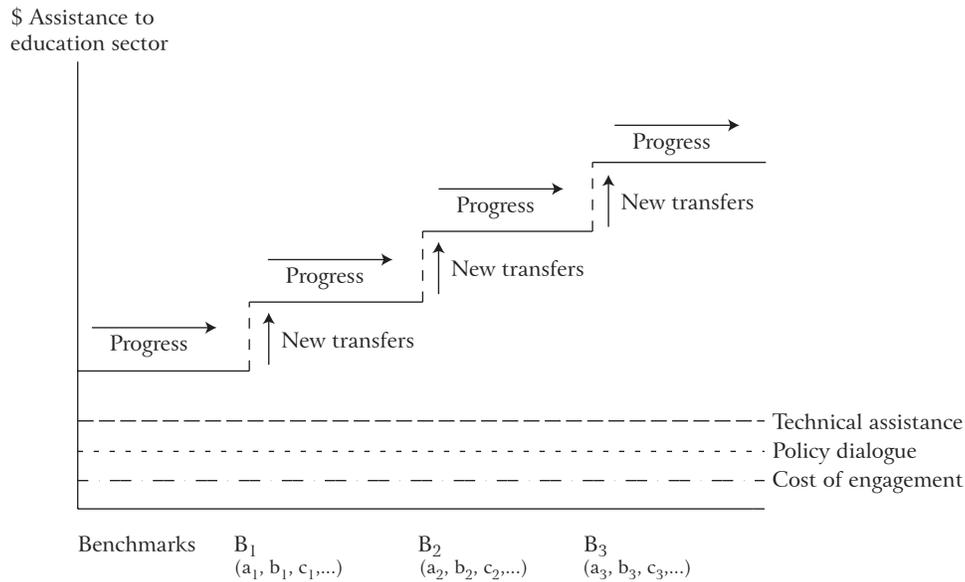
In the absence of long-term, predictable financing, developing country leaders are deprived of the assurance that they will receive sustained support should they choose to take on difficult education reforms. There is no pretense that external financing alone, as necessary as it is in these selected poor countries, is sufficient. But predictable financing, premised on specific reforms, would allow FTI countries to make the long-term, catalytic investments in human resources, training and management, textbooks, and subsidy programs that encourage poor households to keep their children in school. These are all things that are needed to achieve ambitious Goal 2.

**REALIZING THE COMPACT**

In order to realize the significant potential of the FTI, we propose a simple way forward. It would require donors to step up to the plate with a multi-year commitment to finance country education plans in a way that would be predictable and guaranteed. Donors would link future spending (beyond just one year) to progress against a set of pre-negotiated benchmarks that are transparent, public and can be relatively easily monitored over time.<sup>10</sup>

Agreement on these benchmarks would represent a marked change from current convention. It would not be “conditionality,” which is traditionally tied to policies, —such as the requirement that a certain percent of GDP be spent on education, or that tuition or other fees be charged. Countries would have the flexibility to develop and implement local solutions to local education problems and constraints.

*Birdsall and Vaishnav*



**Figure 1:** Benchmarking progress in the education sector.

Donors would concentrate not on *how*, but on *what*, countries deliver in terms of educational impacts (teachers trained), intermediate outcomes (increased enrollment) and actual impact (children’s skills and learning).<sup>11</sup>

Figure 1 illustrates how this new system of benchmarking would work. The “X” axis represents donor assistance to the education sectors of FTI-endorsed countries. The “Y” axis represents “education progress”—denoted by a series of pre-negotiated, mutually agreed upon, transparent performance benchmarks. An initial donor transfer would help a country meet its first benchmark (B<sub>1</sub>), consisting of a bundle of educational inputs and outcomes. Once B<sub>1</sub> was reached, donors would be responsible for a second, pre-determined transfer. If a country demonstrated further progress—defined as meeting benchmarks B<sub>2</sub> and B<sub>3</sub>—then, as Figure 1 shows, donor transfers would follow.

When countries fall behind on promised reforms and fail to make anticipated progress, donors often find themselves in a quandary: Should they continue to lend despite sub-optimal performance, or halt future disbursements altogether? Experience tells us that the default choice is to continue disbursing, with the hope that promised reforms will materialize during the next quarter or the next year. Under the proposed system of benchmarking, when progress slows or comes to a standstill, donors would suspend financing (i.e., stop the major flow of aid transfers) while continuing to engage with country counterparts through policy dialogue, technical assistance or advisory services. This approach is detailed by the three horizontal lines that represent cost of basic engagement, policy dialogue and technical assistance. Whether or not a country receives financing for its education sector, donors should be able to rely on non-lending activities to maintain engagement. At present,

**Table 2:** Select educational indicators for Nicaragua.

	2001 (baseline)	2015 (target)
Net enrollment boys	83.4%	100%
Net enrollment girls	82.6%	100%
First grade repetition rate	25%	6%
Number of primary school students	906,000	1.16 million
Number of teachers	23,510	33,200
Number of classrooms	29,733	40,000
Recurrent public spending on education as percent of recurrent discretionary spending	14%	20%

Source: Nicaragua Education for All-Fast Track Initiative Country Proposal (2002).

donors simply lack flexible modes of long-term financing. They must update their toolkit to allow for more “accordion-like” financing instruments that expand during periods of good performance and contract during times of underperformance.<sup>12</sup>

Under such a system, continued disbursement without evidence of performance would not be the default. Instead, inadequate progress would lead to a “suspension” (hopefully temporary) of donor transfers. Suspension would not be construed as punishment or a negative judgment, but as a natural response to signs that lack of past progress on the agreed benchmarks, despite prior financing that was adequate, implies financing is not the critical constraint, and new spending would probably not achieve results. And, of course, other forms of engagement could continue to assist the government in meeting the next benchmark.

An example is the simulated case of Nicaragua, one of the 13 FTI-endorsed countries.<sup>13</sup> Under the proposed system, Nicaragua would enter into an agreement with FTI donors around a set of benchmarks that could be monitored by the recipient government as well as the donors. Some basic facts about Nicaragua’s education system are listed in Table 2, along with notional targets for 2015—the target year for achieving the MDGs.

Nicaragua’s first set of benchmarks to be met by 2005 (B1) might, for example, consist of progress based on selected indicators, such as achieving 90 percent boys’ and girls’ school enrollment; reducing first grade repetition rate to 18 percent; and increasing the number of primary school students to 950,000. If Nicaragua met B1, donors would automatically make the next pre-agreed appropriate transfer of resources to its education budget. Its set of benchmarks to be met by 2007 (B2), might include a greater number of indicators, such as building more classrooms or increasing the percentage of discretionary spending devoted to education. If Nicaragua failed to meet B1, donors would remain engaged and, through technical assistance and policy dialogue, work with the government and the Education Ministry to meet B1. To take into account mid-course corrections, future benchmarks would be adjusted or, at the least, simply moved to a later date.

*Birdsall and Vaishnav*

## CONCLUSION

In the two years since the development of the FTI framework, a great deal of ambiguity has surrounded donor expectations of recipient performance. This ambiguity has been compounded by the absence of genuine donor commitment, perhaps as a result of insufficient political will, inflexible aid budgets, lack of confidence about the credibility of reforms or a combination of all three. Meanwhile, leaders in the poorest countries interested in transforming their education systems have been undermined. Without predictable financing and guaranteed support, committed leaders have trouble sustaining the fragile support for difficult changes in their own parliaments and cabinet meeting rooms.

By matching firm commitments of financing with bold reforms at the country level, the FTI has the potential to end this ambiguity, and to create a meaningful incentive for countries that exercise leadership and political will to transform their educational systems. With mixed progress over the past five years, and the target year of 2015 rapidly approaching, this is perhaps the only way to ensure that at least some of the world's poorest countries meet the education MDGs. 

## NOTES

- <sup>1</sup> The other education Goal, Goal 3, calls for gender equity in education.
- <sup>2</sup> Michael A. Clemens, "The Long Walk to School: International Education Goals in Historical Perspective," Center for Global Development Working Paper no. 37(March 2004).
- <sup>3</sup> United Nations Millennium Project Task Force on Education and Gender Equality, *Toward Universal Primary Education: Investments, Incentives, and Institutions*, (United Nations Development Programme, 2005).
- <sup>4</sup> Maureen Lewis, "Decentralizing Education: Do Communities and Parents Matter?" Center for Global Development (2004).
- <sup>5</sup> Nancy Birdsall, "Seven Deadly Sins: Reflections on Donor Failings," Center for Global Development Working Paper no. 50 (December 13, 2004).
- <sup>6</sup> "Unreliable Aid 'harms poor countries'," *Associated Press*, March 3, 2005.
- <sup>7</sup> For a recent paper on "aid shock," see Aleš Bulí and A. Javier Hamann, "Volatility of Development Aid: From the Frying Pan into the Fire?" prepared for the IMF Seminar on Foreign Aid and Macroeconomic Management, March 14-15, 2005, Mozambique.
- <sup>8</sup> Five other countries have been invited to prepare proposals for FTI financing: Albania, Bolivia, Tanzania, Uganda and Zambia.
- <sup>9</sup> Gene Sperling, "Donor Reactions to the Education for All Fast-Track Initiative," Prepared for the Millennium Project Task Force on Education and Gender Equality (July 2003).
- <sup>10</sup> The authors would like to thank Owen Barder of the Center for Global Development for his creative thinking on "benchmarks."
- <sup>11</sup> Note that this approach does not require that recipient governments link improved outcomes to specific policy choices.
- <sup>12</sup> Birdsall, 10.
- <sup>13</sup> This example is merely illustrative and does not reflect what is actually happening in the case of Nicaragua. Data from Nicaragua are taken from its 2002 Fast Track Initiative proposal and used here only to add specifics to a hypothetical example.