

**REFORMING THE GLOBAL AID
ARCHITECTURE FOR EDUCATION:**

**Lessons Learned from the Global Fund
to Fight AIDS, Tuberculosis and Malaria**

Tal Sagorsky

The global aid architecture for education in developing countries has been subject to criticism, generally as a result of the Mid-Term Evaluation of the Education for All - Fast Track Initiative (the “FTI”),¹ the most important global partnership that is dedicated solely to supporting education in developing countries. The Mid-Term Evaluation pointed to weaknesses in the FTI’s model and structures on many levels; as a result, some advocates have pushed for a major reform of the FTI along the lines of the model used by the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “GFATM”) and other international global health funds.² It is interesting to note that many of the papers written in support of such reform do not fully acknowledge or elucidate on the weaknesses in the GFATM’s model and the steps being taken to address such weaknesses. It is important when we speak of the “lessons learned” from the health global funds that both the negative and the positive aspects of those funds be considered.

In this paper, I will examine some of the suggestions made about reforming the FTI and its operating model and whether becoming more like the GFATM is an optimal solution given its current position in the global health architecture. The suggestions for reform of the FTI include: (1) becoming a more robust funding organization; (2) replacing the “gold standard” of the Indicative Framework used to assess and endorse education sector plans (ESPs) to a standard that is appropriate for each country; (3) using independent technical reviews for funding decisions; (4) developing a more robust results-based funding modality; and (5) involving implementing partner countries (including both government and civil society representatives) in both global and in-country governance mechanisms as a means to ensure that education programs are “country-led” rather than “donor-designed”.

A More Robust Funding Organization

When comparing the FTI with the GFATM, it is important to note that the FTI was deliberately not designed as a “global fund”. On the heels of the Paris Declaration, where harmonization and alignment principles were declared, the FTI was established as a global partnership for education sector planning in developing countries with a shared process for bilateral financial assistance rather than an additional source of funding. The GFATM, on the other hand, was always meant to be a source of funding, additional to the resources being spent domestically and bilaterally on the three diseases, which, at that time of its establishment in 2002, was very modest.

As a result, initially, the FTI had no common funding mechanism. Nonetheless, after a few years of operation, it was quickly acknowledged that bilateral donors were not able or willing to commit additional funds for the ESPs that were being endorsed by the

¹ See <http://www.educationfasttrack.org/newsroom/focus-on/mid-term-evaluation-of-the-efa-fast-track-initiative/#evaluation>

² Gene Sperling, “A Global Education Fund: Toward a True Global Compact on Universal Education”, a CUE Working Paper (Council on Foreign Relations, 2009), <http://www.cfr.org/publications/18051>; Desmond Bermingham, Reviving the Global Education Compact: Four Options for Global Education Funding (Center for Global Development, 2010, <http://www.cgdev.org/content/publications/detail/1423802>); Katie Malouf, “Resourcing Global Education: How reform of the Fast Track Initiative should lead to a Global Fund for Education” (Oxfam, 2010) <http://www.oxfam.org/sites/www.oxfam.org/files/resourcing-global-education.pdf>

partnership. There was a need for the commitment of additional funds, in particular for countries perceived as most in need due to the lack of bilateral investment (known colloquially as “donor orphans”).³ The FTI therefore created the Catalytic Fund in 2005, initially, only for the “orphans”, which was later expanded to IDA-eligible countries as well as small-island economies. There are currently discussions about possibly expanding eligibility for the Catalytic Fund even further to include “blended” countries that are also eligible for funding from the International Bank for Reconstruction and Development which have large populations.

Care should be taken when advocating blankly that the FTI should be more like the GFATM as a robust funding mechanism. While the GFATM has certainly been successful in raising and disbursing funds, the GFATM’s 5-year evaluation shows that its operating model as solely a financing instrument has limited the impact that it has had on the fight against the three diseases. This is perhaps due to the somewhat naive perception at the time of the GFATM’s establishment that the main barrier to fighting the three diseases was a lack of financing. Once such financing was provided, it was assumed that the in-country and international partners (UN bodies, international and local non-government organizations and bilateral donors) would provide developing countries with the necessary technical and management assistance to ensure the success of the programs, including providing basic improvements to the very weak health systems that existed in those countries. This would include the strengthening of financial and program management and governance, procurement of goods and services, logistics and other health delivery systems.

The GFATM has struggled to ensure that the necessary technical assistance (TA) is actually provided to implement the programs that it funds. However, many of the programs lack a realistic and sustainable TA component, despite the funding available to pay for such assistance. This is mainly due to the resistance of developing country governments to request funding for TA, as they perceive the acknowledgement of the need for such assistance as a weakness that would prevent their proposals from being recommended for funding; in addition, there is a resistance to using grant funds to compensate international experts to provide such TA. For their part, UN organizations have stated that providing assistance to programs funded by the GFATM is an “unfunded mandate”.

At the same time, those advocating for better coordination between the various aid agencies involved in health have criticized the GFATM for “going it alone”. Its model has been difficult to align with bilateral aid, especially on a pooled basis, due to the GFATM’s high standards for fiduciary arrangements, its use of performance target setting as a basis for disbursement of funds and also because such pools are usually directed at the health sector as a whole rather than just for the three diseases. As a result, , programs funded by the GFATM have been criticized for being “vertical”; the vast amounts of funds going to AIDS, in particular, is blamed for distorting the health systems in developing countries.

To address these issues, the GFATM Board has recently approved a “Partnership Strategy” with the endorsement of its main partners (WHO, UNAIDS, etc.); the Secretariat has also begun signing Memoranda of Understanding with several of their main UN and other partners (UNAIDS, Stop TB, Roll Back Malaria, etc.) with accountability

³ Mid-Term Evaluation Draft Synthesis Report, page iv.

frameworks. The GFATM has resisted, thus far, to directly funding its partners and has maintained its position that its funds are disbursed to and managed by the local principal recipients designated by their in-country governance mechanism, the Country Coordinating Mechanism.

The GFATM has also piloted a “national strategy application” (NSA) system, which, if approved by the Board, would replace the proposal and grant specific system. This new system is meant to enable countries to submit a disease fighting or even a health sector strategy for endorsement by an international panel (to be managed by the International Health Partnership), which would be fundable by the GFATM, other international donors and bilateral donors in a coordinated manner. The GFATM will be launching a second round of the pilot during 2011.

The NSA system is not unlike the system currently used by the FTI; there are certainly lessons to be learned on both sides. However, the FTI should ensure that as it increases its funding role, it does so with a real and implementable “global compact”: one that ensures that education donor partners are committed to assist countries in designing and implementing their Education Sector Plans—with or without additional funding. Notably, the FTI has also recently begun designing an accountability matrix for all local and international actors working in education, although it is still somewhat unclear whether FTI’s trust funds can be used to directly compensate international and bilateral partners for their roles.

The Indicative Framework

One of the main criticisms of the model of the FTI is its use of the Indicative Framework, which is described as “a limited set of education policy, service delivery and financing benchmarks, drawn from empirical analyses of a set of low-income countries.” These benchmarks are meant to be adapted to local circumstances.⁴ Nonetheless, the Indicative Framework is perceived as being too rigid and a “gold standard” which does not take into account local realities in many of the countries seeking endorsement from the FTI. This is particularly true in “fragile states” that have very weak (or non-existent) governments and/or are in post-conflict situations.⁵ A Progressive Framework was presented (in draft form) in May 2008 to enable countries in fragile situations to develop interim strategies for endorsement. While the Progressive Framework has never been finalized, some states considered to be “fragile” have recently received FTI endorsement.

The health funds, including the GFATM and GAVI do not have particular policies for dealing with “fragile states”. The GFATM’s current criteria for eligibility for funding do not take into account a country’s political situation. However, the GFATM does recognize that countries in such situations would have difficulty in assembling the necessary broad stakeholder participation for a Country Coordinating Mechanism (CCM) required to submit a proposal. Therefore, the GFATM accepts “non-CCM” proposals from countries that: (i) are in conflict, facing a national disaster or in a complex emergency

⁴ See FTI Framework, 2004.

⁵ See Klees, Winthrop, Adams, “Many Paths to Universal Primary Education: Time to Replace the Indicative Framework with a Real Country-Driven Approach” (The Brookings Institution, 2010)

situation; (ii) suppress, or have not established partnerships with civil society and non-governmental organizations; or (iii) have no national government and are not being administered by a recognized interim administration.

Proposals from “fragile states” such as Somalia, Sudan, Iraq and Myanmar have been approved for funding by the GFATM, due to the fact each proposal is assessed on its technical soundness, including feasibility for implementation rather than on any “gold standard”. It should be noted that these grants are managed under the GFATM’s “additional safeguards” policy which requires the Secretariat to place limitations on whom can receive and manage funds in certain “high risk” countries. UN entities are usually used as a fiduciary flow through in such situations. GAVI also uses UN entities as financial intermediaries in countries assessed to be high-risk.

The flexibility that is inherent in the GFATM model for funding is a good example for possible changes to the FTI’s Indicative Framework. However, one should keep in mind the desire of donors to show results quickly to ensure that the aid they are providing is a good investment.

Independent Quality and Technical Assessments

In addition to the suggested changes to or replacement of the Indicative Framework, many advocates have suggested an overhaul of the process for decision-making for allocations of funding from the Catalytic Fund. While endorsement of an ESP by the Local Education Group is a current precursor for allocations, the funding decisions are made currently by the Catalytic Fund Committee in a manner that has been described as “opaque”.⁶ Ignoring for a moment the donor-only composition of the Catalytic Fund committee, it is indeed noticeable that the basis for decision-making by the Catalytic Fund is lacking in transparency.

Contrast this to the decision-making process for the funding of grants used by the GFATM. The GFATM Board makes decisions on the basis of the recommendations of its independent Technical Review Panel, a body which currently comprises 34 members who are appointed by the Board after a competitive process for recruitment. The Panel includes international experts in programming for the three diseases who each donate their time on a pro-bono basis (although they are provided a small honorarium). The TRP meets on an as-needed basis, depending on the deadlines set by the Board for a call for proposals. At the end of each “round”, it provides each CCM with a written assessment of the proposal and also provides to the Board a report on the current trends of strengths and weaknesses in the proposals they have reviewed. This report then becomes a public document so that all stakeholders, including implementing governments, donors, multilateral organizations and civil society groups can potentially address such weaknesses in the next round.

The system generally works well; appeals from TRP decisions are in most-cases rejected and it is relatively low-cost. However, there are ongoing criticisms regarding the level of expertise in the group on issues such as gender and other cross-cutting “health systems” issues. In addition, the system as it is currently designed is only able to function

⁶ Malouf, *ibid.*, page 23.

because of the infrequency in which the TRP needs to meet. As the GFATM is put under pressure to accept proposals when countries are ready to submit them in accordance with their own planning purposes, rather than based on the GFATM's imposed deadlines, there may be a need to have a more formal standing TRP, which will lead to higher running costs.

In the end, the real added value of having an independent technical or quality review is that it brings credibility and transparency to the decisions made by the Board regarding funding. The Board votes on funding based on the entirety of TRP recommendations, rather than on each individual country proposal—although this is based on practice rather than any written rule. The system generally prevents Board members, both from the donor and the implementing countries from imposing their political views or desires on the funding decisions, mitigating against real or perceived conflicts of interest. While the FTI employs a technical review process for all education sector plans, such reviews are not fully independent and the Catalytic Fund committee does not use such reviews as the sole basis for its funding allocation. FTI's Board should do so in order to provide much more transparency to the current system.

A Results-Based Funding Modality

The FTI is plagued by a lack of information about the programs that it funds. Once an ESP is approved and funding provided through the Catalytic Fund, the Mid-Term Review has shown that there is very little, if any, monitoring on progress of implementation of the results⁷. While it is recognized that true impact from education funding is by nature long-term, the FTI and its partners have not been able to measure even the level of outputs from the initiative or the funding provided. This is seen as a major weakness, as donors are not able to see the added value of the funding provided through the Catalytic Fund.

The GFATM has worked under a “performance based” funding model since inception and has continually tried to improve it. It includes in each of its grant agreements time-bound performance targets and, more recently even impact targets, including reductions in morbidity and mortality rates. Disbursement of funds is based on the country's progress towards reaching those targets. In addition, the GFATM undertakes mid-term reviews of each of its grants and issues a publically available “score card” to enable the Board to make informed decisions about continued funding. In some cases the GFATM has made decisions to discontinue the funding of programs that were not achieving its goals or had severe management issues, although these have been rare.

Despite these efforts, the GFATM's implementation of performance-based funding has been subjected to very strong criticism in its Five Year Evaluation. The evaluation noted that there was very little evidence (and in some cases contra-evidence) that investments by the GFATM have made any impact on the diseases in-country. This was blamed in many cases on very weak monitoring and evaluation systems in the health sector of developing countries.

In addition, it was pointed out that the performance based funding system as its designed, being grant-based, has led to fragmentation of information and systems. Many

⁷ See Mid-term Evaluation Executive Summary page 10.

countries have several grants over several rounds to several principal recipients each with their own performance framework. In many cases there is very little analysis of how they all work together — a “project style” rather than a “program-style” approach. The GFATM is working on many measures to ensure the robustness of their performance-based funding system, the first of which is to simplify its funding architecture by consolidating different grants and requiring reporting on national statistics rather than by grant so that overall impact can be measured. It is intended that decisions on extensions to funding will be made on a more “holistic” basis.

Therefore, when calling for redesigning the FTI to become “more like the GFATM”, all stakeholders should be particularly careful to endeavour to create a simple system with measurable and realistic targets for the investments being made. This is particularly important for the education sector where true impact results on learning outcomes will not and cannot result in the short term.

A More Inclusive Governance Structure

The TI has been criticized by many advocates for the limited voice of implementing countries and civil society in its governance structures. Although governance changes have been made recently, including reforming its Steering Committee to a Board of Directors, appointing an independent chair and increasing the number of partner country seats, many have pointed out that the number of donor seats has also increased; the lack of parity means that the FTI continues to be perceived as a donor-dominated entity. Moreover, decisions on Catalytic Fund allocations are made by a committee which only includes the donors that contributed to the fund. The FTI is currently working on reforms of its governance structure and have recently approved the principle of parity between donors and partner countries on their Board, the use of a constituency model for the Board and moving the decisions on funding from the Catalytic Fund committee to the Board itself.

The FTI’s in-country governance mechanism the Local Education Groups have also been criticized for their lack of transparency and the limited voices of civil society within them. Issues have also been raised regarding the World Bank’s dominance in the LEG processes and the lack of monitoring of implementation of ESPs by the LEGs.

This is contrasted to the GFATM and GAVI, both of which include civil society on their Board. The GFATM in particular has a unique Board structure. The Board is divided between a “donor voting group” (comprised of 8 donor seats, a private foundations seat and a seat for the private sector) and an “implementing voting group” (comprised of seven regional partner country seats, one seat for each of NGOs from the north and from the south and one seat for people living with and affected by the diseases). Recognizing the need for multi-stakeholder engagement, all 20 seats have an equal vote, despite the fact that the private foundations and the private sector do not contribute a comparable share of the funds. International multilateral partners have non-voting seats. While the Board makes all effort to make decisions by consensus, if a vote is necessary, a decision must be supported by a 2/3 majority of each of the voting groups. GAVI’s structure includes private sector membership from the vaccine industry both in the north and the south and has a permanent seat for the Gates Foundation.

Consensus-building on these Boards can be challenging because of the involvement of the differing stakeholders. Moreover, there are challenges surrounding whether Board members can or do represent the interests of their constituencies. All Board members struggle with the volume and complexity of material required to prepare for committee and Board meetings. But there are unique issues of participation from developing countries — both from governments and civil society — who need to consult widely among their constituencies who are both geographically and linguistically diverse. The GFATM Board has recently passed a decision providing funding to these constituencies, to enable the employment of “focal points”, technological assistance and translations. However, it is recognized by all that funding is not the only issue — nor is it the only solution. The lesson here is that the FTI, while it engages in restructuring its governance structures, should be mindful to ensure that there is support in place to ensure the representativeness of their Board members.

The GFATM’s Country Coordinating Mechanisms are even more of a challenge. Initially, CCMs were meant to build on prior existing mechanisms in-country, like National AIDS Committees and other similar structures. However, experience revealed that the majority of such mechanisms are government-dominated and do not adequately address the inputs of civil society. The Board, in 2005 passed a decision placing certain requirements on the composition of and processes for CCMs in order to address these disparities. As a result, CCMs have become separate mechanisms from existing mechanisms in country, and in some cases at odds with them. This has led to tensions both in-country and within the Board regarding issues of harmonization and alignment with in-country systems vs. genuine involvement and empowerment of civil society.

Moreover, various studies, including the comprehensive five-year evaluation of the GFATM have revealed that CCMs lack the capacity to fulfill their duties to oversee the implementation of the programs in-country. This is both due to a lack of expertise and inherent conflicts of interest in CCMs that are often dominated by those entities who are the principal recipients of the funds and implementers of the programs. The GFATM is working on improving its guidelines for CCMs, including those related to conflicts of interest and has recently approved a decision to increase and improve its financial support to CCMs. The results of those efforts are yet to be seen.

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There is no question that in order to reach the education Millennium Development Goals, the FTI will need to reform its structure and also provide more funding to governments to improve access and quality in their education systems. The global health funds provide a good source of lessons learned — both as to what has worked and what has been less than successful. It should also be kept in mind that some of the lessons learned may be transferable to education, but due to the differences in the sector including the differing stakeholders and methods of intervention, not all will be useful. Those working on the FTI’s reform should do what’s right for education, with a sound understanding of the needs of the ultimate beneficiaries — the more than 70 million out of school children in developing countries.