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REPORTS BY THE DIRECTOR-GENERAL ON EDUCATION FOR ALL

PART I

REPORT ON THE ROLE FOR UNESCO AS GLOBAL COORDINATOR AND LEADER OF EDUCATION FOR ALL (EFA)

SUMMARY

In accordance with 186 EX/Decision 40, the Director-General informs the Executive Board of the new architecture of the global EFA coordination mechanism, highlighting the role of UNESCO as global coordinator and leader of EFA.

This report is based on consultations with EFA partners, including its Member States, the EFA convening agencies, civil society organizations (CSOs) and the private sector, taking into consideration document 186 EX/INF.23 and the debate thereon at the 186th session of the Executive Board.

The financial and administrative implications of the activities fall within the parameters of document 35 C/5.

Action expected of the Executive Board: decision in paragraph 18.

UNESCO's role as global coordinator and leader of Education for All (EFA)

1. EFA is a global partnership that calls for commitments and efforts by all the Member States, international organizations, bilateral agencies, civil society and the private sector. The Dakar Framework for Action adopted at the World Education Forum (Senegal, 26 – 28 April 2000) mandated UNESCO to co-ordinate this collective momentum while serving as the Secretariat, and its Director-General to convene annually a small and flexible group to monitor progress and mobilize additional support. To fulfil this role, UNESCO has established the High-Level Group (HLG) on EFA, Working Group (WG) on EFA and International Advisory Panel (IAP) on EFA, and has convened regular meetings of these entities to review EFA progress based on the EFA Global Monitoring Report (GMR).

2. UNESCO's role as the EFA global coordinator has evolved since 2000, influenced by changes in the global context surrounding the EFA movement. During the upcoming two years, as stated in the Draft Programme and Budget for 2012-2013 (Draft 36 C/5), UNESCO envisages carrying out this task by: (1) facilitating policy dialogue and knowledge sharing; (2) monitoring progress towards the six EFA goals; (3) mobilizing financial support; and (4) undertaking advocacy.

3. Less than four years remain until the 2015 target date, and although the world has witnessed impressive progress in some countries, the prospects for achieving the EFA goals are failing. Urgent and strategic actions are needed to meet the six EFA goals, in particular mobilizing stronger political and financial commitment at the country, regional and global levels. In light of this, UNESCO has critically reviewed the EFA coordination mechanism in collaboration with its EFA partners. The following areas of the current EFA coordination architecture have been identified as requiring improvement:

- lack of evidence-based advocacy outside the education sector;
- insufficient linkages between the coordination at national, regional and global levels;
- uneven involvement of the five EFA convening agencies;[1]
- absence of clear lines of accountability with regard to the Member States' representation and participation at meetings of the HLG, WG and IAP as well as their follow-up of commitments made at the 2000 World Education Forum and EFA-related meetings;
- difficulty in capturing and reflecting all aspects of the EFA movement only through the annual EFA Global Monitoring Report (GMR); and
- insufficient knowledge-sharing.

The new global EFA coordination mechanism

4. Building on the above-mentioned review, UNESCO led the process of putting in place a revised global EFA coordination mechanism. This new mechanism, set out below and illustrated in attached annex, is designed to offer a strategic platform to revitalize the EFA movement by increasing support to EFA and to enable UNESCO to fulfil its mandate as the global EFA coordinator. Under the new mechanism, UNESCO's priority areas are:

- creating better synergies between national, regional and global EFA coordination;
- monitoring closely the delivery of commitments made by EFA constituencies;
- providing more strategic direction to the global EFA movement;

[1] UNDP, UNESCO, UNFPA, UNICEF, and the World Bank.

- strengthening knowledge-base and further promoting knowledge-sharing; and
- scaling up advocacy at the global, regional and national levels.[2]

A. Enhancing collaboration with regional EFA coordination mechanisms

5. Stronger linkages will be developed between the national and regional EFA activities and global EFA coordination. To this end, a systematic communication mechanism will be created between the regional and global coordination mechanisms. UNESCO, through its regional bureaux and with the other EFA convening agencies and various EFA initiatives and flagships such as the Fast Track Initiative (EFA-FTI), will further promote sharing of knowledge, good policies and practices on EFA across the regions. More advocacy targeting regional and subregional entities will be undertaken in addition to strong and strategic advocacy at the global level.

B. Reformatting the global EFA meetings

6. To mobilize high-level political support for EFA beyond the education community, an EFA High-Level Forum (HLF) will be held annually. It will correspond to the original vision of this event as stated in the Dakar Framework for Action, i.e. “a high-level, small and flexible group” which will serve as “a lever for political commitment and technical and financial resource mobilization”. A few world leaders and champions of education will be invited to the Forum. Convened by the Director-General of UNESCO in conjunction with a major Heads of State or Government meeting such as the United Nations General Assembly, the HLF will thus contribute to raising the profile of education on the international development agenda.

7. There will be a single annual Global EFA Meeting (GEM), merging the present HLG and WG. The main purpose of the GEM will be to critically assess progress towards EFA based on the Global Monitoring Report and regional and national reports, and to agree on tangible actions for follow-up. The outcomes of the GEM will guide the agenda of the HLF. To ensure substantive discussions, the GEM will last three to four days and consist of: (1) a technical segment for senior officials; and (2) a ministerial/high-level segment for Ministers, Vice-Ministers and heads of other EFA constituencies.

8. A participatory process for selecting Member States’ representatives will be introduced to increase countries’ ownership. Specifically, each UNESCO regional electoral group will be invited to select eight countries to represent their region at the GEM on a biennium rotational basis. Eight countries from each electoral group is the maximum number that can be invited to ensure a participatory and interactive discussion. It should be underlined that these countries represent not only their countries, but rather their region, and should therefore undertake adequate consultation with all countries within their region before and after the GEM.

9. Representatives will also be invited from the EFA convening agencies, bilateral agencies, United Nations and regional organizations, civil society organizations (CSOs), the private sector, research institutes and foundations.

10. Whenever possible, upcoming GEM meetings will be held in conjunction with major education-related global events to take advantage of the presence of participants.

C. Strategically guiding the global EFA movement

11. An EFA Steering Committee (SC) will provide strategic guidance on all aspects of EFA, i.e. monitoring, research, global advocacy, knowledge-sharing and partnerships for specific issues such as financing. Composed of representatives from the Member States, the EFA convening

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[2] In accordance 186 EX/Decision 40 para.13, the Director-General will present a coherent and strategic vision and plan for UNESCO’s advocacy efforts for EFA at the global, regional and subregional levels to the 189th session of the Executive Board.

agencies and the EFA-FTI, civil society and the private sector, the SC will be a driving force for the global EFA movement. The SC will also advise on issues such as recommending the themes of the future editions of the GMR as well as preparing and following up the EFA High-Level Forum and the Global EFA Meeting. The SC will meet regularly and its membership will be as follows:

- one Member State representative from each UNESCO regional electoral group designated by their respective regions on biennium rotational basis (six members);
- one representative from each EFA convening agency and the EFA-FTI as permanent members (six members); and
- four representatives from the civil society and the private sector, on biennium rotational basis (four members).

12. The size of the SC has been carefully considered in order to enable in-depth discussion and consensus-building to provide strategic guidance. It should be noted that countries participate in the SC on behalf of their region, not as national members. It is therefore the responsibility of the Member States to ensure appropriate designation and sufficient communication within their regions.

13. While the most urgent priority is to scale up our efforts to achieve the EFA goals by 2015, we must recognize that challenges that we face today will persist in some countries beyond 2015. In light of this, there is broad consensus on the need to initiate the work on EFA beyond 2015. A major task of the SC will be to bring this discussion forward.

D. Strengthening the knowledge base and promoting knowledge-sharing

14. The GMR will remain as the key EFA monitoring tool. To better communicate developments at the field level, regional reports will be prepared each year through UNESCO Regional Bureaux in collaboration with countries. On an experimental basis, regional reports providing an overview of progress over the last two decades and identifying major challenges in every region were prepared and presented at the 2011 WG. Based on these reports, a synthesis report was developed for the 2011 HLG. These reports and presentations added value and depth to the discussion at the meetings and were welcomed by all participants while they also informed EFA discussions and work at the regional level.

15. At the 2011 HLG, the Ministers and Vice-Ministers of Education made a strong request for more information and knowledge sharing. In particular, a critical need was recognized for evidence-based good policies and practices. UNESCO will further promote knowledge and information sharing through different means.

Post-2015 preparation

16. With a view to preparing for 2015, a review process of the progress towards the EFA goals during the 2000-2015 period is being initiated by UNESCO, with strong involvement from Regional Bureaux. Building on the EFA Mid-Decade Assessment and EFA Mid-Term Reviews undertaken in the different regions, and the capacities built in many countries, this work is meant to take stock of progress since 2000 and inform decisions on how to take the EFA agenda beyond 2015.

Strategic division of labour between EFA convening agencies

17. UNESCO has started a dialogue with the other EFA convening agencies in order to clarify the division of labour. At the country level, it is clear that the One United Nations process has been constructive in this regard. At the global level, there is a need for clarification to avoid competition and overlapping between agencies. In this regard, it is important to build on each organization’s mandate and comparative advantage. Information sharing and dialogue between staff of the agencies seems to be critical in operationalizing the cooperation. At the country level, the EFA-FTI

has also proven to be a good platform for this dialogue, ensuring that the agencies align their support to the countries' education sector plan.

Action expected of the Executive Board

18. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

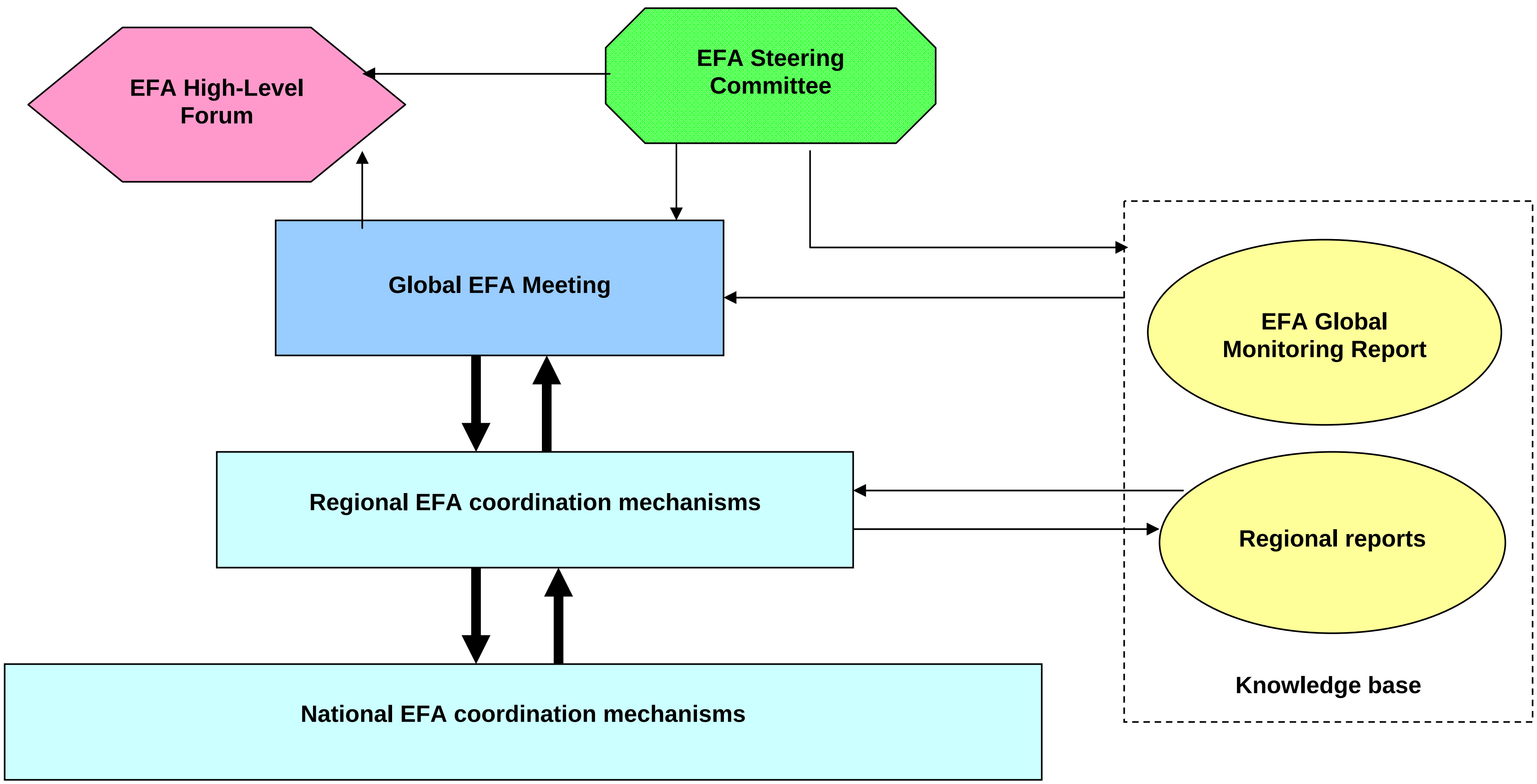
1. Recalling 186 EX/Decision 40 and 186 EX/INF.23,

2. Having examined document 187 EX/8 Part I, containing the new global EFA coordination mechanism,

3. Urges the Director-General to put the new mechanism in place by the end of 2011.

ANNEX

DIAGRAM – NEW GLOBAL EFA COORDINATION ARCHITECTURE



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REPORTS BY THE DIRECTOR-GENERAL ON EDUCATION FOR ALL

PART II

REPORT OF THE ADVISORY PANEL OF EXPERTS ON DEBT SWAPS AND INNOVATIVE APPROACHES TO EDUCATION FINANCING

SUMMARY

Pursuant to 35 C/Resolution 12 and 186 EX/Decision 6 Part II, the Director-General submits the reports of the Advisory Panel of Experts on Debt Swaps and Innovative Approaches to Education Financing, which has examined how to advance knowledge on debt swaps and innovative financing; and the status of the Special Account to carry out the necessary follow-up activities and secure appropriate expertise on debt swaps for education and innovative approaches to education financing and the activities carried out with the funds from the Special Account.

The financial and administrative implications of the activities fall within the parameters of document 35 C/5.

Action expected of the Executive Board: decision in paragraph 15.

1. Despite impressive progress in some countries, the world is not on track to achieve the Millennium Development Goals (MDGs) and Education for All (EFA) goals by 2015. The current global financial crisis threatens to undermine progress in the education sector. Investment in human resources is crucial to combat the crisis and spur economic recovery. In this context, UNESCO and Member States are in search of innovative approaches to secure financial support to strengthen education systems in developing countries and to close the EFA financing gap.

Background on innovative financing for education

2. Over the last years, UNESCO has been an active partner in the field of innovative financing for education. In 2006, the Director-General established the Working Group on Debt Swaps for Education, in line with 33 C/Resolution 16. Chaired by Mr Daniel Filmus, former Minister of Education, Science and Technology of Argentina, the committee successfully achieved its purpose of creating a debate and putting the issue of debt swaps for education on the agenda through exchange of information and experiences.

3. In early 2010, the Leading Group on Innovative Financing for Development, an important platform for sharing information and promoting innovative financing mechanisms, established a Task Force on Innovative Financing for Education. UNESCO is an active member of this group, having served on the Writing Committee of the Task Force's report. The report was presented at the 2010 MDG Summit (New York, 20-22 September, 2010) in a side event moderated by UNESCO's Director-General, proposing nine innovative financing mechanisms with a potential to raise funds and the profile of education financing. A number of these proposed mechanisms are being developed further at a technical level. UNESCO was given the responsibility for exploring the potential of debt swaps for education.

4. The Advisory Panel of Experts on Debt Swaps and Innovative Approaches to Education Financing was established in 2010, pursuant to 34 C/Resolution 12. The Advisory Panel consists of 14 experts, with balanced representation in the area of debt swaps and/or innovative financing for development or education. The Panel's goal has been to examine how to advance knowledge on debt swaps and innovative financing for education for the benefit of Member States and EFA partners, in addition to examining the role UNESCO may play in the initiative. UNESCO organized two meetings (2 September 2010 and 19-20 May 2011), two audio conferences and continuous electronic communication to discuss progress on the work programme of the Panel. The first meeting was financed with funds from UNESCO's regular programme. The second meeting and the preparation of the Panel's Report was funded by the Open Society Institute (OSI).

5. A key deliverable of the Panel is a study on mapping current creditor and debtor country policies and the debt situation worldwide and exploring how to create synergies between debt swaps and other financial instruments. The Panel decided that Affinity MacroFinance (AMF), a financial guarantee insurance company, in collaboration with the University of Antwerp, should undertake this study. As part of the research, AMF has executed missions to two debtor countries, El Salvador and Cameroon, in addition to holding discussions with a broad spectrum of partners, including members of the Panel and other key experts and officials in the area of innovative financing. The Report proposes an innovative strategy of using Debt Conversion Development Bonds (DCDBs) at the country level to increase funding to education. The following is a short summary of the Report.

"Debt Swaps and Debt Conversion Development Bonds for Education" Report[1]

6. Debt swaps, also referred to as debt conversions, are an increasingly popular instrument of debt relief. Debt swaps can be defined as the cancellation of external debt in exchange for the debtor government's commitment to mobilize domestic resources to be used for specific development purposes. The swap of debt in exchange for various commitments has been actively practiced since the late 1980s.

7. Assessing how much debt is still available and eligible for swaps is a difficult task, mainly because of the lack of high-quality, detailed data on debt figures as well as creditor and debtor countries' legal rules on debt relief. However, some rough estimates can be made. The initiation of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996 and its later enhancements resulted, or will result, in much of the debt of the 40 low income countries (LICs) that qualified being forgiven. For these countries, the debts that may still be available for swaps are to be found with

1 The full report can be found at http://unesdoc.unesco.org/images/0021/002111/211162E.pdf.

non-Paris Club[2] bilateral creditors and commercial banks who have not yet contributed to the HIPC Initiative. Rough estimates suggest that there may be US $5.7 billion of non-Paris Club bilateral debt and an additional US $9.5 billion of debt within the commercial bank sphere available for swaps. With respect to the small group of other, non-HIPC low income countries and the larger group of lower middle income countries, it is likely that only official bilateral debt would be available for swaps, as most countries would probably not accept relief on commercial debt for fear of losing financial market creditworthiness. There may be US $15.4 billion for non-HIPC LICs and US $207.3 billion for lower middle and middle income countries. All together, for the 96 countries classified by the World Bank as low income or lower middle income, estimates suggest there may be as much as US $236 billion in debt available for swaps.

8. To secure a successful debt swap mechanism, a framework should be in place which should not be seen as exhaustive, neither as a one-size-fits-all blueprint. The debt swaps should rather be the outcome of a bargaining process between debtor countries and their creditors, where all stakeholders engage in a dialogue on equal footing. The framework recommends targeting non-concessional debt titles that are due in a relatively short period of time and which carry near market interest rates and that would have been likely to be serviced without the swap intervention. Further, for debt swaps to be truly beneficial to the recipient country they must create additional "fiscal space".[3] This could be secured by respecting original debt service schedules and entailing larger discount rates to account for the possibility of non-repayment of the original debt, if applicable. To increase overall transparency, a debt swap should be negotiated between debtor and creditor countries on the basis of present value estimates rather than nominal figures. Debt swaps for education can only be properly judged on their own merits if there is full additionality from a creditor and a debtor perspective, with freed-up funds coming on top of other aid interventions and budgetary resources that had already been reserved by the recipient government. The debt swaps should further be policy-aligned with the debtor country's own national and education sector development plans to ensure country ownership. They should also be system-aligned, by utilizing existing debtor country systems in the education sector to the maximum extent possible, to reduce transaction costs and build long-term capacity.

9. A main focus of the Report is to identify how other sources of new funding might be mobilized through debt swaps. Domestic savings of developing countries themselves have stood out as potentially the most substantial and sustainable sources of additional funding for development. Perhaps most relevant from the perspective of development are the assets held by pension fund and insurance companies, because these funds need to be invested on a long-term basis. There is more than US $3 trillion in assets being held by such institutional investors in the developing countries and these assets are growing rapidly.

10. Such formalized domestic savings can be mobilized for social and economic development needs through the issuance of long-term local currency bonds. Bonds should be issued only when it is clear that there will be a future revenue stream available to pledge to their repayment in accordance with the contractual terms of the bonds. Most developing country governments are already issuing bonds. However, the ability of governments to issue bonds is often severely constrained by the lack of adequate "fiscal space" to ensure the repayment of additional bonds.[4] Debt swaps release each year relatively modest annual amounts of funds for additional domestic development spending. Where there is a need for substantial immediate funding for capital

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[2] The Paris Club is an informal, voluntary forum, set up in 1956, geared towards finding debt restructuring solutions between debtors and their official bilateral creditors. There are 19 permanent members. There is no multicreditor fora for restructuring debt outside the Paris Club. The non-Paris Club creditors generally set far fewer conditions for executing debt restructuring agreements than what is done within the Paris Club.

[3] The term "fiscal space" refers to the difference between a country's sustainable domestic debt level and its current debt. Debt swaps, by reducing the amount of government's revenue needed to service external debt, can allow a recipient government to increase domestic debt without an increase in its overall debt service burden.

[4] Some governments may have sufficient fiscal space to issue bonds for social programs such as education without the added support of debt swaps. Having additional fiscal space created by debt swaps would then be a form of credit enhancement, which in a well functioning financial market would translate into lowering the cost of bond funding.

expenditures, debt swaps can be used by the recipient government to increase “fiscal space” and to issue domestic bonds to meet these needs. This would not add to the fiscal burden of debtor governments since the funds for the future debt service payments would come from not having to make future payments on the converted foreign debt.

11. The domestic bonds issued on the basis of savings achieved through debt conversions would be called Debt Conversion Development Bonds (DCDBs). As one or more creditors agree to forgive specific debts in exchange for a commitment from the debtor country’s government to periodically place the local currency saved into a Debt Conversion Account (DCA), a special account at their Central Bank, the government could issue DCDBs. Proceeds from the issuance of each DCDB would be deposited into the DCA. As development projects are approved and implemented, they would be funded by disbursements from the DCA. The developing country governments would have full ownership of the DCA and they would be fully responsible for all payments on the DCDBs.

12. In conclusion, the Panel recommends a broad development approach to the debt conversion instrument, and not necessarily making it sector specific. Potential use of resources from debt swaps and DCDBs should be decided by countries themselves with advice from the local donor group according to actual needs on the ground. If it is to be constrained to the education sector, the Panel advised on prioritizing quality education as the main focus of proceeds.

The role of UNESCO

13. UNESCO can be a facilitator for bilateral debt swaps through advocacy and knowledge sharing activities at the global level. But unless there is a strong will both from the creditor and debtor to undertake a debt swap, there is little UNESCO can do to make this happen. The Panel recommends that a pilot feasibility programme be undertaken to test the DCDBs in one country, which potentially could be replicated at a broader scale in more countries. UNESCO is asked to work with other key partners to execute and scale up this innovative pilot and to lead advocacy efforts to attract commitment from potential donors and South-South Cooperation partners.

Status of the Special Account

14. As requested by the 35th session of the General Conference of UNESCO, the Director-General has set up a Special Account to attract extrabudgetary resources in order to carry out the follow-up activities proposed by the Advisory Panel, and to secure appropriate expertise on debt swaps for education and innovative approaches to education financing to strengthen professional capacity and advisory services in this area. The Director-General sent out letters on 17 June 2011 to Member States to contribute to the Special Account, stressing the urgency to provide resources into the Account to continue the important work on innovative financing for education.[5] To date, no contribution has been received.

Action expected of the Executive Board

15. The Executive Board may wish to adopt the following draft decision:

The Executive Board,

1. Recalling 35 C/Resolution 12 and 186 EX/Dec. 6 II,

2. Having examined document 187 EX/8 Part II,

3. Bearing in mind that a number of international high-level initiatives and conferences such as the Ibero-American Conferences of Ministers of Education and the Leading

[5] This account has not been set up at an earlier stage, as there were extrabudgetary resources received from OSI to finance the study and the organization of the second meeting of the Advisory Panel.

Group on Innovative Financing for Development and High-Level Group on Education for All (EFA), raised the importance of exploring innovative financing for education mechanisms,

4. Taking into account the recommendations of the Advisory Panel of Experts on Debt Swaps and Innovative Approaches to Education Financing,

5. Recommends that UNESCO continue playing an active role in innovative financing for education initiatives, including leading advocacy efforts, knowledge sharing and executing a country pilot programme on Debt Conversion Development Bonds to benefit education, provided that there is extrabudgetary funding, and based on results of the pilot, explore the possibility of scaling up such programmes;

6. Invites Member States to demonstrate their support to innovative financing for education by contributing to the Special Account;

7. Requests the Director-General to report on the status of the Special Account and activities carried out with funds from the Special Account to the General Conference at its 37th session.