



**Consortium for Research on  
Educational Access,  
Transitions and Equity**

**Expanding Support for Education in Fragile States:  
What Role for the Education for All – Fast Track Initiative?**

**Victoria Turrent**

**CREATE PATHWAYS TO ACCESS  
Research Monograph No. 30**

**September 2009**



**Leading education  
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Consortium for Research on  
Educational Access, Transitions & Equity  
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Address for correspondence:

CREATE,

Centre for International Education, Sussex School of Education & Social Work,  
University of Sussex, Falmer, Brighton BN1 9QQ,

United Kingdom

Tel: + 44 (0) 1273 877984

Fax: + 44 (0) 1273 877534

Author email: [victoria.turrent@yahoo.co.uk](mailto:victoria.turrent@yahoo.co.uk)

Website: <http://www.create-rpc.org>

Email: [create@sussex.ac.uk](mailto:create@sussex.ac.uk)

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## List of Acronyms

CF	Catalytic Fund
CPIA	Country Policy and Institution Assessment
CREATE	Consortium for Research on Educational Access, Transitions and Equity
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
ETF	Education Transition Fund
EFA-FTI	Education for All-Fast Track Initiative
EPDF	Education Program Development Fund
FSTT	Fragile States Task Team
GTZ	Gesellschaft für Technische Zusammenarbeit (Germany)
IDA	International Development Association
IIEP	International Institute for Educational Planning
IMF	International Monetary Fund
LDG	Local Donor Group
LICUS	Low-Income Countries Under Stress
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development

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## **Preface**

I am delighted that Victoria Turrent has written this CREATE monograph which brings her current research on the role of the Education for All Fast Track funding Initiative (EFA-FTI) in fragile states to bear on CREATE's objective of improving access to meaningful education. Those who seek to implement the FTI in fragile states, variously defined, face a dilemma. While fragile states need all the financial support they can muster, their very fragility impedes their ability to produce the policies and credible plans necessary for the release of those funds. In this monograph Victoria explores the workings of current EFA-FTI partnership arrangements, the critical factors for effective engagement in the education sector in fragile states, the opportunities and challenges to scaling-up EFA-FTI support in fragile states and the ways in which the EFA-FTI could add value to education financing in fragile states. She does this through a judicious blend of evidence from documentary sources and interviews with members of the EFA-FTI Fragile States Task Team (FSTT), an expert inter-agency team comprised of bilateral and multilateral donors, UN organisations and civil society representatives.

Professor Angela W. Little  
CREATE Partner Institute Convenor  
Institute of Education  
University of London



## Summary

The new international aid architecture was established to improve the efficiency and effectiveness of development aid by emphasising country ownership, alignment with national priorities and the harmonisation of donor processes. These features are evident in the Education for All-Fast Track Initiative, a global partnership between donor and developing countries launched to ensure accelerated progress towards universal primary education. Despite the move to ‘fast-track’ progress toward Education for All, only a few ‘fragile’ states (countries demonstrating weak governance and home to around a third of the out-of-school primary population), have been able to access EFA-FTI funding facilities, with serious consequences for widening participation in education. For most fragile states, the absence of a credible education sector plan has meant that they are not eligible for endorsement to receive financial resources via the EFA-FTI mechanism. Even where financing can be made available, the low credibility of institutions at the sectoral and financial management levels, as well as weak systems and low capacity, make fragile states a high-risk proposition for donor investment. One of the major challenges has therefore been to find a suitable financing and management channel for education aid. This monograph explores EFA-FTI efforts to expand the partnership model to incorporate fragile states. It analyses the critical factors, procedures and governance issues that have been addressed in the development of a framework for financing education in such contexts, and identifies key lessons for future education resourcing initiatives in fragile states.



# Expanding Support for Education in Fragile States: What Role for the Education for All - Fast Track Initiative?

## 1. Introduction

The Education for All (EFA) campaign and the Millennium Development Goals (MDGs) have focused the world's attention on ensuring that no child is excluded from receiving a primary education. However, despite global efforts to promote universal primary education, there are still 75 million children out of school worldwide (UNESCO, 2008). The greatest absolute numbers of out-of-school children are found in Africa and South Asia; with many of these children living in countries deemed to be 'fragile'<sup>1</sup>. Progress toward education goals in the majority of fragile states, defined by the lack of capacity and/or will to provide basic services to their citizens, has been stagnant or even in decline. As a group, fragile states are far from achieving the education MDGs (see Table 1). It is estimated that between one-third and one-half of the total out-of-school population reside in these countries (Branchflower, 2004; UNESCO, 2008; Save the Children, 2009).

**Table 1: Progress toward education MDGs<sup>2</sup>**

	Fragile States	Other Low-Income
MDG 2: net primary education enrolment	67.8%	71.2%
MDG 3: primary education female:male enrolment ratio	0.87	0.91

Based on data from UNESCO Institute for Statistics (2005); UNESCO (2007)

The major education access issues in fragile states lie in entry to primary education and to primary completion (Lewin, 2007). The Consortium for Research on Educational Access, Transitions and Equity (CREATE) identifies children that remain outside the remit of the education system as belonging to 'zones of exclusion'<sup>3</sup>. These include those children who have never been to school (zone one) and those who drop out before completing the primary cycle (zone two)<sup>4</sup>. Although it is unlikely that an expansion of conventional schooling will be

<sup>1</sup> There is no consensus as to what constitutes a 'fragile' state. For the purposes of this monograph, the World Bank definition that assumes common characteristics of weak governance and vulnerability to conflict, together with fragile situations of prolonged crisis; post-conflict or political transition; and deteriorating governance is used (World Bank, 2005). Where specific countries are identified as fragile states, this has been done according to the World Bank's Low Income Countries Under Stress (LICUS) criteria: per capita income within the threshold of International Development Association eligibility, and performance of 3.0 or less on both the overall Country Policy and Institutional Assessment (CPIA) rating and on the CPIA rating for Public Sector Management and Institutions. Depending on the income level and CPIA rating, a LICUS country is classified in one of three subgroups: *severe*, *core*, or *marginal*. 'Severe' LICUS have a CPIA rating of 2.5 or less; 'core' LICUS have a CPIA of 2.6–3.0; and 'marginal' LICUS have a CPIA of 3.2. As 'marginal' states score on the edge of what is considered LICUS, they are identified by the World Bank for monitoring purposes only (therefore LICUS refers to those states classified as core and severe, rather than marginal). Fragile states include: Afghanistan, Burundi, Cambodia, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Eritrea, The Gambia, Guinea, Guinea-Bissau, Haiti, Lao PDR, Liberia, Mauritania, Myanmar, Nigeria, Papua New Guinea, São Tomé and Príncipe, Sierra Leone, Solomon Islands, Somalia, Sudan, Timor-Leste, Togo, Uzbekistan and Zimbabwe.

<sup>2</sup> For a number of fragile states - Haiti, Myanmar, Sudan, Somalia, and Zimbabwe in particular – there is little internationally comparable data available on specific education indicators. It is likely that enrolment rates and enrolment ratios in these fragile states are significantly lower than in other low-income countries. For this reason the indicators presented in Table 1 may represent over-estimations of progress towards MDGs 2 and 3 in the fragile states grouping.

<sup>3</sup> See: [www.create-rpc.org](http://www.create-rpc.org) for more information on this.

<sup>4</sup> This monograph concentrates on access to and completion of primary schooling as accelerating progress towards universal primary completion is the mandate of the Education for All – Fast Track Initiative.

able to enrol all out-of-school children by 2015, it has been suggested that the best solution to meet the needs of children that have never gained access to the education system would be to extend the reach of the existing formal education system, employing other methods of provision in the short term (Lewin, 2007). For those children living in fragile states that have failed to enrol in and/or complete the primary cycle, there would be a range of factors to also address including demobilisation, child labour and household poverty.

Addressing such issues in fragile states is particularly problematic as governments may be unable to deliver education services for their citizens due to a lack of capacity or regional instability (e.g. Afghanistan, Democratic Republic of the Congo), or because they are unwilling to do so (e.g. Myanmar, Zimbabwe). Tried and tested practices for expanding access may not be appropriate to these complex development environments where weak governance poses concern for the international development community. Improving access to education in fragile states will need to address both governance concerns and the lack of resources, both technical and financial, available to develop and implement comprehensive educational reform. Insufficient funds and the lack of technical capacity evident in many fragile contexts mean that exclusion from primary education will continue to pervade the EFA agenda for decades to come, and detract from gains made elsewhere.

The plight of the most marginalised groups of children living in fragile states has until recently merited little debate as the broader challenges of initial enrolment, repetition, early dropout and wider issues impeding access to primary schooling have defined the universal primary education (UPE) agenda. However, as the 2015 deadline approaches, addressing the pressing situation posed by countries demonstrating weak governance and lacking the basic infrastructure necessary to implement wider educational reform, has become a priority issue for a number of bilateral donors and international NGOs, most notably from Canada, the Netherlands, the United Kingdom, and Save the Children. Strengthening aid frameworks and impact in fragile states has also become an area of concern for the Education for All-Fast Track Initiative (EFA-FTI), a global partnership between donors and developing countries launched to accelerate progress toward UPE. The focus of the EFA-FTI since its inception in 2002 has been on expanding primary enrolments, increasing completion rates and reducing gender disparities. Since 2007 the efforts of many recipient countries – referred to by the EFA-FTI as ‘partner’ countries - have shifted the focus from access alone to incorporate learning aims. Initiatives are now underway to improve assessment and teaching in more than 21 countries (EFA-FTI Secretariat, 2008d).

Partner countries take a lead in designing and implementing education programmes through broad-based consultation. Priorities for education sector plans are determined at the national level, with an emphasis on promoting faster progress in quality primary education for all children. Plans are assessed by the EFA-FTI on the basis that they adequately and concretely addresses key issues of access, equity, quality and learning achievement (EFA-FTI Secretariat, 2009). If they are found to do so, they are endorsed and additional resources are made available directly via bilateral and multilateral partners. Where there are too few donors operating in-country, the EFA-FTI provides transitional support from one of its two multi-donor trust funds: the Catalytic Fund (CF) and the Education Program Development Fund (EPDF).

In line with the Monterrey Consensus on Financing for Development, the EFA-FTI explicitly links increased donor support for primary education to recipient countries’ policy performance and accountability for results. As such, only a few countries classified as

'fragile' have been able to access EFA-FTI funding facilities. This is due to a tendency to select partner countries based primarily on their good performance rather than an assessment of 'need' (Rose, 2005). For most fragile states, the typical absence of a credible sector plan has meant that they are unlikely to be eligible for endorsement to receive financial resources via the Catalytic Fund. Even where financing could be made available, the low credibility of institutions at the sectoral and financial management levels, as well as weak systems and low capacity, have made fragile states a high-risk proposition for bilateral donor investment. Donors are understandably concerned by the potential for the misuse of funds and/or the proposition of inadequate returns on their investments.

Acknowledging the need to address the lack of progress toward UPE made by many fragile states, the EFA-FTI established an inter-agency task team in 2005 to determine how the partnership model could be expanded to incorporate countries with weak financial and management capacity that do not meet the 'regular' EFA-FTI compact criteria. The EFA-FTI recognises that fragile states face chronic challenges requiring support over a longer timeframe in order to develop institutions and scale up service delivery while they are working toward a fully comprehensive approach to the education sector. As has been highlighted by the EFA-FTI Secretariat (2008d: 12):

This means creating a framework that mitigates the sources of fragility and supports transition toward a more stable system capable of developing and implementing a credible education sector plan. This longer-term perspective goes well beyond what the EPDF can support, and yet these countries have difficulty presenting a strong case for support through the CF because of the lack of overall capacity.

The aim of the EFA-FTI is now to establish a financing mechanism specifically for fragile states - facilitating access to predictable funding that can be disbursed quickly, and is flexible enough to address urgent and rapidly changing needs in-country.

Enabling countries to access and make appropriate use of resources to assist them in increasing access to primary education and helping children to escape 'zones of exclusion', are central tenets of the CREATE research agenda. Building on Lewin's (2007) suggestion that the EFA agenda and MDGs will only be achieved if access to educational opportunities is provided for even the most marginalised children, this monograph explores the role of the EFA-FTI in improving the delivery of external resources for education in fragile states. Based on interviews conducted with members of the EFA-FTI fragile states task team, it analyses the critical factors, procedures and governance issues that the EFA-FTI has sought to address in the development of a framework and financing mechanism for fragile states.

The monograph considers the role of the EFA-FTI in improving the delivery of external financing in fragile states by exploring the critical factors for effective engagement in the education sector in fragile states; the opportunities and challenges to scaling up support for education in these countries; and the added value of EFA-FTI financing in fragile states. The research fills a gap in the aid effectiveness literature by offering a donor perspective on the practical implications of implementing the new aid architecture in fragile states. It also gives an insight into the complexities of balancing constituent concerns over ensuring the effective use of aid in complex development environments, with the push to have all children of primary age complete a cycle of primary education by 2015. The monograph starts with a review of the literature on state fragility and development assistance, followed by an overview of the research design and analysis of the research findings. It concludes by

identifying key lessons for the provision of development assistance in fragile state environments.

## **2. Literature Review**

The literature review explores three dominant themes in the literature on fragile states: (i) the definition and nature of state fragility; (ii) trends in the international aid architecture; and (iii) frameworks for international engagement in fragile states. It starts by framing the theoretical position adopted by the research within which the literature below is critiqued and upon which analysis of the research findings is based.

### **2.1 Theoretical Framework**

Combined with sound macroeconomic policies, education is fundamental for the construction of democratic societies and globally competitive economies (Bruns, Mingat and Rakotomala, 2003). It is also central to creating, applying and spreading new ideas and technologies which in turn increase labour productivity (Schultz, 1961; Becker, 1964; Lucas, 1988; Romer, 1990; McMahon, 1999). Indeed, education is now almost universally recognised as a form of investment in human capital that yields economic benefits and contributes to a country's future wealth by increasing the productive capacity of its people (Woodhall, 2004).

There are two basic reasons for expecting to find a causal link between education and economic growth. Firstly, at the most general level, there appears to be a link between scientific advance and the way in which education has facilitated the development of knowledge. Education indirectly affects economic growth by leading to the creation of knowledge, ideas and technological innovation, either through the process of acquiring education itself or because education is a key input into the development of a research sector that produces new knowledge and ideas (Stevens and Weale, 2003). Secondly, at a more specific level, a range of econometric studies indicate that the incomes individuals can command depend on their level of education, directly affecting economic growth by making individual workers more productive.

The modern conception of economic growth began with the work of Adam Smith and the publication of his magnum opus *The Wealth of Nations* in 1776; but it was not until the 1950s and 1960s, that the first theories of economic growth were formalised (see Smith, 1904). In particular, education was singled out as a contributing factor of 'human capital' as knowledge and skills were deemed to have an economic value of their own (Hansen, 1977). Human capital, referring to the stock of productive skills and technical knowledge embodied in labour, became recognised as a determinant of economic growth (Schultz, 1961; Becker, 1975). The assumption that individuals maximise their well-being as they accumulate human capital subsequently set the framework for the formulation of government policies through a justification of rapid expansion in education (Little, 2003).

Human capital's domination of the economics of education has had a powerful influence on the assessment of labour markets and wage determination. Its principles lie in the assertion that it is possible to measure the profitability of investment in human capital using the same techniques of cost-benefit analysis and investment appraisal that have traditionally been applied to physical capital (Woodhall, 1997). A number of economists have based their work on the theory: measuring the rates of return to education (Mincer, 1958; Becker, 1964; Psacharopoulos, 1994); examining the effects of education on economic growth using a growth accounting framework (Solow, 1956; Samuelson and Swamy, 1974; Dougherty and Jorgenson, 1997); considering educated labour as a factor of production (Mankiw, Romer and

Weil, 1992); and as means for measuring endogenous growth (Lucas, 1988; Romer 1990; Barro and Lee, 1993).

Despite the dominance of human capital theory, it is clear that the theory is limited to the notion that education is a primary *means* of development, and not an *end* in itself. Viewing the role of education within the conceptual framework of human development theory, education may also be understood as an intrinsic part of development, one of its primary ends. Indeed, education as well as being a development goal in itself, is also a powerful driver of progress toward the other MDGs including poverty reduction, faster economic growth, improved health outcomes and better natural resource management.

As a primary end of development, education may be understood as part of a broader social justice that embodies the way different kinds of rights, opportunities, and entitlements contribute to the expansion of human freedom in general. As Sen (1999: 37) rightly argues:

this relates not merely to the obvious connection that expansion of freedom of each kind must contribute to development since development itself can be seen as a process of enlargement of human freedom in general...The effectiveness of freedom as an instrument lies in the fact that different types of freedom interrelate with one another, and freedom of one type may greatly help in advancing freedom of other types.

As the primary means of economic development, the case for investing in education in fragile states in accordance with the precepts of human capital theory is weak. Human capital theory presumes an increase in productivity which may not be met where countries do not have the macroeconomic policies or sufficient institutional capacity and political will to nurture this growth, thus the goal of economic development is disrupted. However, when viewing education as the primary end of development in the context of human development theory, where education is recognised as an indicator of human development<sup>5</sup> and a determinant of social justice, there is a strong case for investing in education in fragile states in order to achieve UPE and meet the other MDGs as part of a broader case for inducing poverty reduction.

Since many fragile states lack capacity for autonomous recovery, external engagement is crucial in this scenario as weak institutions and governance may otherwise condemn these countries to a vicious cycle of diminishing international engagement, economic decline, poverty, and dependence upon primary commodities – all major risks for state breakdown. Ultimately, in fragile states education has the power to build ‘human capabilities’ (Sen, 1999). Moreover, it is one of the most powerful instruments known for reducing poverty and inequality and for laying the basis for strong governance, effective institutions and sustained economic growth (McMahon, 1999).

## **2.2 Defining State ‘Fragility’**

In recent years there has been a growing concern over the impact of weak or ineffective states and a heightened academic and foreign policy interest in conceptualising the notion of ‘fragile’ or ‘failed’ countries (Di John, 2008). Nation states exist to deliver political goods – security, education, health services, economic opportunity, a legal framework and judicial system, as well as fundamental infrastructure requirements – to their citizens (Rotberg, 2002).

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<sup>5</sup> See annual UNDP Human Development Report containing disaggregated Human Development Index rankings



The security and international relations communities have been inclined to refer to states that fail to meet these minimal standards as ‘weak’, ‘fragile’, or ‘failing’ (Dorff, 2002; Rice, 2003); whilst the international development literature has tended to characterise such states as ‘poorly performing’ and ‘difficult partners’ due to their lack of progress in terms of development outcomes and the difficulty of establishing and maintaining effective aid relations (OECD, 2001; DFID, 2005). More extreme cases have been labelled ‘failed’ or ‘collapsed’ (Rotberg, 2004).

The proliferation of labels – ranging from ‘crisis states’ to ‘countries at risk of instability’ and ‘countries under stress’ – reflects the range of ways in which the core problem has been conceived (Moreno Torres and Anderson, 2004). There has been much debate over terminology and analytical frameworks, with different organisations using different parameters to judge fragility. In general organisations tend to combine aspects of the capacity and accountability of institutions with indicators related to conflict risks. Some of the most commonly cited definitions are outlined below:

### **2.2.1 Fragile, Failed or Crisis States**

These definitions are based on the assessment of a state’s strength around issues of capabilities, sovereignty and conflict (Dorff, 2002; Rice, 2003; Moreno Torres and Anderson, 2004). DFID (2005:7) has defined ‘fragile states’ as, ‘those countries where the government cannot or will not deliver core functions to the majority of its people, including the poor’ and highlights the importance of territorial control, safety and security, capacity to manage public resources and deliver services, and ability to protect the poorest. USAID (2005) uses the term fragile state to refer generally to a broad range of failing, failed, and recovering states. However, it states that the distinction among them is not always clear in practice, as fragile states rarely travel a predictable path of failure and recovery, and so recognises that the labels may mask sub-state and regional conditions that may be important factors in conflict and fragility.

‘Failed’ is a criticised term as it implies a final state rather than a temporary situation. All of these terms have been criticised for being pejorative and for reflecting unclear assumptions as to what being a ‘successful’ state entails, as well as failing to differentiate between the different causes and unique problems of individual states<sup>6</sup>. The terms are often confusingly applied to countries that are not weak or fragile in terms of capacity, but are unresponsive to their citizens and to international pressure for policy reform. Moreover, the terms do not recognise that whilst a state may have a fragile formal state system, it may have very strong informal governance systems.

### **2.2.2 Poorly Performing Countries**

Most of the international financial institutions focus their approach to ineffective states around how well a country performs in terms of development outcomes, taking into account the quality of governance and policy choices. The World Bank’s Low Income Country Under Stress (LICUS) is perhaps the best-known initiative which defines these countries as being characterised by very weak policies, institutions and governance. Aid is deemed not to work

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<sup>6</sup> See the Governance and Social Development Resource Centre: <http://gsdrc.ids.ac.uk/go/topic-guides/fragile-states/terms-and-definitions>

well in these environments because governments lack the capacity or inclination to use finance effectively for poverty reduction (World Bank, 2006).

The LICUS definition recognises the range of different causes and unique problems of states through its four categories: countries experiencing prolonged political crisis; countries in fragile transition; countries with weak governance/slow progress and countries with deteriorating governance. The literature describes a LICUS continuum in recognition that states are constantly changing. Fragility is therefore not a permanent label as over the medium to long term there is significant movement in and out of the LICUS category.

Whilst the poorly performing country concept is popular, it has been criticised for being ambiguous, pejorative and donor-centric as it is based on assumptions about 'good performance' that reflect Western ideas of statehood (Kartas, 2007). The approach has also been criticised for arbitrarily placing states on the continuum and in artificial categories.

### **2.2.3 Difficult Partnerships**

In the 'difficult partnerships' approach, the emphasis is placed on the poor aid relationships between donors and recipient states, due to a combination of a lack of political interest in poverty reduction, and weak state and non-state institutional capacity to implement policy. This means that the usual partnership model does not work, and results in poor aid relationships between donors and recipient states (Moreno Torres and Anderson, 2004).

The OECD Development Assistance Committee approach explains difficult partnerships as arising when development objectives are sidelined by elites with a concern to prolong their power. A common set of characteristics include: poor governance; lack of political commitment to pursue poverty reduction; lack of capacity to develop and implement policies; and poor working relationships with donors. The main advantage of the approach is its emphasis on partnerships and incentives for better aid (Moreno Torres and Anderson, 2004); although it excludes states that may have good relationships with donors but are still internally weak. Its distinct disadvantage is a lack of objectively measurable criteria.

Other terms commonly associated with state weakness include Warlord States, Shadow States, Neo-Patrimonial States, Quasi-States, and Collapsed States<sup>7</sup>. While there is no single agreed definition of fragile states, development partners have been converging around an approach that recognises common characteristics of weak governance and vulnerability to conflict, together with fragile situations of prolonged crisis; post-conflict or political transition; and deteriorating governance (Moreno Torres and Anderson, 2004; World Bank, 2006; OECD, 2007). Fragile states are seen to be unable or unwilling to provide essential public services, which include fostering equitable and sustainable economic growth, governing legitimately, ensuring physical security, and delivering basic services (Rice and Patrick, 2008). Although these countries are highly heterogeneous, most of them are 'aid orphans' – countries in receipt of relatively little development assistance - and few are able to attract private financing on a sustainable basis (Levin and Dollar, 2005). They face a common set of challenges, including high security risks and threats to development which require, beyond the current ad hoc aid delivery treatments, an early, tailored, and harmonised response by donors (Leader and Colenso, 2005; Fayolle, 2006; Sperling, 2006; OECD, 2007).

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<sup>7</sup> For further details refer to the Governance and Social Development Resource Centre: <http://gsdrc.ids.ac.uk/go/topic-guides/fragile-states/terms-and-definitions>

## **2.3 Fragile States and Trends in the International Aid Architecture**

Overall donor assistance to fragile states declined steeply after the mid-1990s, but began to recover in 1999, driven mainly by debt relief and emergency assistance. Assistance for core development programmes has shown an upward trend since 1999, but is still far below the peak reached in the mid-1990s (IDA, 2007). Despite the overall increase in aid flows, empirical evidence shows that fragile states as a group, receive lower overall aid in relation to their level of performance and poverty (Levin and Dollar, 2005; World Bank, 2006). This may be attributed to the fact that in recent years a dominant paradigm has evolved on how aid should be allocated to developing countries, based on the widely accepted premise that not only is aid effective in promoting growth, but that it is more effective in countries with better policies and institutional settings (Dollar and Pritchett, 1998; Burnside and Dollar, 2000; Collier and Dollar, 2002).

Literature on the subject of aid allocation may be divided into three categories. The first of these is the study of aid effectiveness, emphasising a strong policy and institutional environment in aid-receiving countries as being necessary for converting aid income into economic growth and poverty reduction (Burnside and Dollar, 2000; Collier and Dollar, 2002). The second is the more recent work on absorptive capacities, which indicates that some countries may have a higher 'saturation point' than countries limited by their institutional capacities (Heller and Gupta, 2002; Clemens and Radelet, 2003; Killick, 2004). The third is the literature on aid volatility, which suggests that the beneficial effects of aid can be offset by high volatility and unpredictability, dependent on the degree of aid dependency of the recipient country (Edwards and van Wijnbergen, 1989; Gemmel and McGillivray, 1998; Bulíř and Hamman, 2003; Levin and Dollar, 2005). These are explored below.

### **2.3.1 Aid Effectiveness**

The existing literature on aid effectiveness, largely focused on the impact of aid flows on growth rates in recipient countries, is on the whole consistent in finding positive evidence that aid increases growth, and consequently impacts on poverty levels. A more controversial finding is that aid's impact on growth depends on the quality of the recipient country's institutions and policies. Burnside and Dollar (2000) found that aid works better in countries with better policy regimes.

There is an acceptance among researchers that better policies result in more effective aid. Other studies find evidence of a number of alternative contingencies, which have clear implications for aid allocation. They suggest that if global poverty-reduction is to be maximised effectively, aid should primarily be allocated to countries in which it has the greatest impact. The Collier and Dollar (2002) aid selectivity model is built on this principle. It should be acknowledged, though, that the Collier-Dollar model would channel aid to many more poor countries than donors support in practice. The model also gives a higher weighting to aid in populous poor countries than those that score highly in policy and institutional assessments. Regarding the growth relationships underpinning the model, McGillivray (2005) argues that the link between aid effectiveness, defined in terms of its impact upon growth, and policy might not be as systematic or consistent across countries at the bottom end of the policy scale as has been suggested. Aid might still be reasonably effective in some of them, and the case for reducing or giving less aid than would otherwise be the case to all of these countries is weakened.

On the basis of the aid effectiveness literature, donor emphasis has been on financing countries with effective governments and stable macroeconomic policies - leading to the neglect of many fragile states. The selectivity approach, giving preference to countries that can use external resources more effectively in allocating aid, is one that donors are embracing to such an extent that it has become the dominant paradigm in international aid policy and practice. It is felt that aid can lead to higher growth in these countries and hence to greater reduction in poverty and quicker progress towards achieving the MDGs (Radelet, 2004).

Donors therefore generally link aid allocation to assessments of the quality of recipient country policies and institutions, in the belief that aid works better in countries that do better in terms of these assessments. This paradigm has drawbacks, especially for those countries that are poor and in great need of assistance. These countries are penalised with less aid in a purely selective regime (McGillivray, 2005). Whilst many bilateral donors' allocation decisions are influenced by criteria other than poverty reduction (Browne, 2006), the move towards greater selectivity has meant that donors concentrate aid on just a few good performers.

### **2.3.2 Absorptive Capacity**

Research carried out by Clemens and Radelet (2004) has shown that particular types of 'short-impact aid' - including budget support and sector budget support - have a much stronger impact on growth than aid taken as a whole. This result, contrary to the selectivity arguments, does not depend on levels of income, strength of institutions or quality of policies. There are, however, clear indications that aid, like other investments, has diminishing returns and most studies indicate that an aid saturation point could be reached anywhere between 15% and 45% of GDP, beyond which the marginal benefits of additional aid flows become negative (ODI, 2005).

The notion of an aid saturation point has been interpreted as indicating limited absorptive capacity, with recipient governments being limited in the amounts of aid that they can use effectively (Clemens and Radelet, 2003). This finding poses important questions about the provision of significant additional aid to fragile states, many of which are already defined by their limited institutional capacities. The factors that are considered to be possible causes of diminishing returns are related to macroeconomic, institutional and donor behaviour constraints.

Macroeconomic constraints may be induced by large and sudden increases in aid that cause an appreciation of the exchange rate, therefore harming the export sector (IMF, 2004). When aid flows are in the form of loans, they can also raise concerns about debt sustainability. Moreover, aid flows are often unpredictable and volatile and can therefore negatively influence macroeconomic stability (ODI, 2005).

In terms of institutional and policy constraints more capacity is needed in fragile states to generate credible strategies, policies and programmes to transform higher levels of aid into positive development outcomes. The transparency and efficiency of public expenditure and accountability systems to hold governments responsible are a few examples of institutional and policy factors that can determine a country's performance in generating positive development outcomes. In some fragile states such systems may not be adequate to absorb large increases in available resources without increasing wastage or fuelling corruption.

Finally, the aid system itself can also be a source of absorptive capacity constraints. Fragmented interventions are the norm, with recipient countries having to deal with a plethora of donor organisations that impose a wide variety of, often uncoordinated, projects (ODI, 2005). Moreover, the lack of certainty and predictability of aid flows can seriously hamper a government's efforts at medium- and long-term planning, to ensure that resources are available for development programmes and public investments.

### **2.3.3 Predictability of Aid Flows**

By definition, fragile states suffer from very low or weak capacity and are generally much further off achieving the MDGs than other countries. Thus the duration of any aid flows needs to be longer-term than is the case in many higher capacity developing countries in order to build stronger and more sustainable institutions to enable these countries to make progress towards the MDGs. The result of selectivity in aid allocation and reduced absorptive capacity have meant that aid volatility in fragile states is more acute than in more stable countries. In addition, in fragile states, donors are more likely to use technical assistance and off-budget assistance via NGOs and Civil Society Organisations to avoid corruption and help build local government institutions. This means that they may be bypassing the opportunity to build the capacity and transparency of government systems. Striking the correct balance is a difficult task.

Fragile states can be split into two groups: 'donor darlings' who receive higher aid flows than poverty and policy would predict; and 'donor orphans' who receive lower aid flows than poverty and policy would predict (Levin and Dollar, 2005). The majority of donor orphans are in francophone Africa, and donors have a tendency to apportion aid to smaller, better-managed countries usually in post-conflict settings. Levin and Dollar (2005) undertook a study on aid volatility in fragile states between 1992 and 2002 and they find that aid volatility is much higher in fragile states than it is in low-income countries. They also find that aid to fragile states comes in spurts, with a particular country receiving substantial aid flows in one year, and donors moving on to another country the next year. Levin and Dollar (2005) find that aid per capita volatility among darlings is very close to the level amongst low-income countries, but that aid per capita volatility amongst orphans is very high and accounts for the overall high levels of aid volatility in fragile states. For low-income countries and fragile states, the 10-year study found that donors disbursed a total of 86% and 80% of committed funds respectively, whereas in middle-income countries it was around 100% (Levin and Dollar, 2005:38).

The authors conclude that aid flows to fragile states have been twice as volatile as aid flows to low-income countries. Fragile states received 58% less bilateral aid and 34% less multilateral aid (overall 43%) than the levels appropriate to their population, poverty, policy and institutional levels (Levin and Dollar, 2005). This is particularly damaging to growth and prospects for poverty reduction. Non-transparent and inconsistent allocation criteria exacerbate the problem for fragile states by making aid flows unpredictable (McGillivray, 2005). Furthermore, high aid volatility makes budgetary policy more difficult and can increase exchange rate variability, thus offsetting any positive impacts of aid (Edwards and Van Wijnberg, 1989; Bulíř and Hamann, 2003). Levin and Dollar (2005) also examined the volatility of aid per capita in the fragile state group and demonstrate that the results take longer to materialise in these environments, making volatility particularly damaging. With fragile states facing far greater development challenges than other aid recipients, there is a need for longer term donor commitment to produce results in countries with weaker capacity.

## **2.4 Frameworks and Financing Mechanisms for Engagement with Fragile States**

Fragile states pose particular problems for interventions due to a combination of a lack of political interest in poverty reduction, as well as weak institutional capacity to implement policy. Moreno Torres and Anderson (2004) have argued that this results in poor aid relationships between donors and recipient states. Poor aid relationships mean that fragmented interventions are the norm, with recipient countries having to deal with a plethora of donor organisations that impose a wide variety of uncoordinated projects (ODI, 2005). Such a lack of certainty and predictability in aid flows can seriously hamper efforts of medium- and long-term planning, to ensure that resources are available for development programmes as well as to build stronger and more sustainable institutions.

In countries with effective approaches to poverty reduction, there is a relatively high degree of consensus between donor agencies over policies, mechanisms, methods of engagement, and principles of aid effectiveness. Donors are increasingly committed to country-led development models, with budget support emerging as the preferred instrument in support of these approaches (Leader and Colenso, 2005). This model typically requires a national poverty reduction strategy, sound policies and institutions, and adequate financial management systems, conditions which are often not met in fragile states where governments frequently lack a commitment to poverty reduction and the capacity to implement a poverty reduction strategy if they are committed. The following sub-sections review emerging literature on frameworks and mechanisms for coordinating aid delivery in these fragile contexts.

### **2.4.1 Planning Frameworks**

In 2007, the OECD endorsed a set of draft Principles for Good International Engagement in Fragile States (OECD, 2007). This was followed by several bilateral donors and regional organisations developing policies of their own to guide their assistance in fragile states. There has also been rising attention at the United Nations to the need for integrated approaches to support peace-building in the most fragile and conflict-affected countries (World Bank, 2005). Well considered long-term aid programmes that tackle core weaknesses – such as poor governance, private sector growth and infrastructure – are seen to make a difference in fragile states (AusAid, 2009).

Given low capacity and will as a starting point, the conventional approach to aid in fragile states, as laid out in a study on Aid Effectiveness and the Millennium Development Goals, is that:

Poorly governed countries should not only receive less money, they should receive more of it as project aid, it should come with a shorter time commitment, should be focused on a narrower set of activities, and much of it should be distributed through NGOs (Radelet, 2004: 1).

Such an approach to engaging in fragile states, effectively a reverse of the consensus on aid effectiveness for good performers, guides the financing mechanism choices made by many donors (Leader and Colenso, 2005). It would appear that Radelet's (2004) proposals for disbursing aid to fragile states are short-term, offering little opportunity for long-term engagement and capacity-building. His argument highlights the consensus gap between short-term practical and efficient financing as viewed by donors and the ideal long-term financing

framework for development as laid down by the OECD Development Co-operation Directorate in its *Principles for Good International Engagement in Fragile States* (OECD, 2007).

At a time when recognition of the need to support development initiatives in fragile states is mounting, it becomes increasingly important to overcome such conventions and consider how the OECD (2007) principles may be incorporated into strategies that allow for the effective delivery of aid to fragile states. Radelet's (2004) approach does not capture the wide variety of situations in fragile states. Assumptions about change are too linear, relying on overly simplistic interpretations of 'state/non-state' implementation and absorptive capacity (Leader and Colenso, 2005).

There are varying developmental needs and circumstances across fragile states, for which reason the OECD (2007) recommends that context be taken as the starting point for engagement. It emphasises that all fragile states require sustained international engagement, but analysis and action must be calibrated to particular country circumstances. Thus, it is particularly important to recognise different constraints of capacity and political will and the different needs of:

- countries *recovering* from conflict, political crisis or poor governance;
- those *facing* declining governance environments, and;
- those where the state has partially or wholly *collapsed* (OECD, 2007:2).

Whatever the situation, governance reforms need to be prioritised, achievable and appropriate to the context. 'Good enough' governance is about effective states fulfilling certain basic functions, including protecting people from harm and providing an economic framework to enable people to support themselves (Sen, 1999; DFID, 2005). As such there is no single model for how to finance fragile states, and it is evident that further policy work and operational experience is needed. Prior to deploying significant resources, it is important to have a clear understanding of each individual country's political economy and governance (Browne, 2006; OECD, 2007). This needs to be complemented with clear decision-making in the international community about which agencies adopt the role of lead partner in order to improve financing and overall planning coordination.

#### **2.4.2 Financing Mechanisms**

It has been argued that closer coordination between all actors should be a priority in fragile states. All donors involved, in partnership with the countries, should agree on joint assessments and strategies. A pooling of risks, which could take the form of a trust fund, could help to reassure bilateral donors hesitating to take action. Donor coordination means horizontal coordination among donors, also referred to as donor harmonisation. This entails the development of common arrangements for planning, managing, and delivering aid; the gradual simplification of procedures and specific requirements in order to reduce their burden on partner governments, and the sharing of information to promote transparency and improved coordination (De Renzio, 2005).

The management of different donor procedures can entail high costs for developing countries, especially fragile states. Meeting multiple donor requirements employs a significant proportion of developing countries' administrative capacity; it impairs ownership over recipient government's own development plans and weakens capacity for effective public management. Coordinating and aligning donor activities behind national policies and systems should be a precondition for fragile states to begin to restore their ownership of their domestic policy processes.

Increasingly, mechanisms such as pooled funds and joint programmes are adopted to provide donor coordination in delivering aid. These may be designed for use in fragile states by tailoring them to address individual country contexts. Such funds allow a number of donors to pool some or all of their financing to a country so that it may be disbursed for a predetermined range of expenditures against an agreed set of rules. The benefits of these funds can be to ensure financing of key government expenditure; unify donor financing channels; pool financing for large infrastructure projects; make financing predictable and continuous across financial years; catalyse and increase fiduciary standards over time (ODI, 2005). Given that there is a single flow of funds, by necessity donors adopt the same set of rules for reporting, disbursement, procurement and financial management. The rules can be aligned to the laws of the country, for budget planning, procurement, accounting and reporting.

Most pooled funds are country specific, but there are some global and regional examples. Details of governance arrangements vary, but typically involve an administrator, usually the World Bank or UNDP and a supervisory council of donors. Pooled funds can potentially mitigate the problem of adjusting commitments to absorptive capacity, as once funds are in a trust fund, then capacity can be mobilised according to the commitment without fear of the funds expiring. If the fund is sufficiently liquid, and decision rights rest with the government, then the national government will be empowered to use the fund as a pool to plan future expenditure.

Fragile state contexts are very varied and opportunities for engagement therefore very specific. Experience in a number of fragile states shows that focus on context and policy objectives, combined with imaginative and flexible use of a mix of disbursement instruments can have a significant impact on poverty reduction (Leader and Colenso, 2005). However, concerns over political will and fiduciary risk are likely to continue to be a strong determinant of the choice and balance of aid modalities in fragile states.

### **2.4.3 The EFA-FTI Framework and Fragile States**

The EFA-FTI was established in 2002 as a global partnership between donor and developing countries<sup>8</sup> following the international consensus reached at Monterrey on financing for development (UN, 2002). It was the first global initiative to operationalise the Monterrey Consensus as a partnership between developing countries and the donor community at both the international and country level (EFA-FTI Secretariat, 2004). Over the past six years, the partnership has aimed to accelerate progress towards universal primary completion by explicitly linking increased donor support for primary education to recipient countries' policy performance and accountability for results, regardless of a country's specific social or

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<sup>8</sup> The FTI partnership includes 31 bilateral donors, development banks, and international agencies active in education, and 35 low-income developing country partners. It is co-chaired on a rotating basis by one G-8 and one non-G-8 donor, supported by a Steering Committee, and a Secretariat housed in and managed by the World Bank.



political status. The EFA-FTI framework encourages donor actions to provide predictable resources to developing countries in a manner which minimises the transaction costs for recipient countries. It promotes improved coordination and harmonisation in donor practices and financing to support country-owned education sector strategies, implying a move towards adopting sector-wide approaches (EFA-FTI Secretariat, 2004).

EFA-FTI endorsement of an education sector plan is intended to signal to the international community that the plan is sound and sustainable, and therefore a good investment. Ideally, sustainable resources are made available directly to the country by bilateral and multilateral partners. When this is not possible, the EFA-FTI can provide transitional support from one of its two multi-donor trust funds: the Education Program Development Fund<sup>9</sup> (EPDF) which provides technical support for countries without education plans and with weak capacity to develop and implement them; and the Catalytic Fund<sup>10</sup>, established to provide transitional funding to help close the financing gap for countries with too few donors. Both trust funds are administered by the World Bank and managed by a strategy committee composed of donors to each fund.

However, recent research suggests that the new international aid architecture as embodied by the EFA-FTI does not address the most pressing needs of fragile states as many are unable to attract bilateral aid directly and few have qualified for Catalytic Funding (Save the Children, 2009; Turrent and Oketch, 2009). The above discussion of the literature demonstrates that further consideration of the different variables that make aid more or less effective in generating growth and poverty reduction in fragile contexts is warranted. Taking these factors into account might ensure that more aid is allocated to fragile countries, without compromising the poverty-reducing efficiency of these flows. The absorptive capacity constraints of fragile states in particular need to be urgently addressed as these constraints can result in aid being counterproductive or harmful, reducing growth and increasing poverty. This monograph addresses this issue by exploring how donors perceive these issues and how they are seeking to address them. Finally, it is evident that donors need to resolve the coordination problem that leads to the creation of donor orphans and excessive volatility of aid flows. This is important as effective strategic planning and coordination as part of the EFA-FTI process are arguably even more important in fragile states than in traditional development partnerships, due to the complexity of political and development objectives and activities, and the fragmentation of actors on both the donor and partner side. The monograph reflects on donor approaches to ensuring coordination, alignment with national objectives, and capacity building by examining the EFA-FTI process of expanding its support to fragile states.

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<sup>9</sup> All low-income countries are eligible for support via the EPDF. As of June 2009, the trust fund had received a total of US\$ 91 million in commitments and supported around 60 low-income countries. 75% of the total pledges to the EPDF have been committed by just three donors - The Netherlands, Norway and the United Kingdom (EFA-FTI Secretariat, 2007a).

<sup>10</sup> Only countries with endorsed sector plans may apply for Catalytic funding. The Catalytic Fund has commitments of approximately US\$ 300 million per year – amounting to approximately 10% of basic education aid in low-income countries. A total of US\$ 1.3 billion (2003-2009) had been committed to the Catalytic Fund as of June 2009 in support of 26 countries (EFA-FTI Secretariat, 2008a).

### **3. Methodology**

The literature reviewed in the previous section supports the need to identify adaptable frameworks and financing mechanisms to strengthen aid responsiveness and impact in states with poor economic performance and governance. This section is a brief description of the methods used to explore how the issue of financing education in fragile states has been approached by the Education for All – Fast Track Initiative.

#### **3.1 Research Methods**

The research was designed to answer the following central research question and sub-questions:

What role can the Education for All – Fast Track Initiative play to improve the delivery of education financing in fragile states?

- To what extent does the current EFA-FTI partnership arrangement support fragile states?
- What are the critical factors for effective engagement in the education sector in fragile states?
- What are the opportunities and challenges to scaling-up EFA-FTI support in fragile states?
- How could the EFA-FTI add value to education financing in fragile states?

A qualitative approach was adopted in order to provide an ‘experiential understanding’ of how the EFA-FTI has sought to respond to the financing needs of fragile states (Stake, 1995: 43). Interviews were employed and documentary analysis of grey literature produced by the EFA-FTI (including minutes and official reports) undertaken. Details of how this data was collected and analysed are outlined below.

#### **3.2 Sample**

Interview data were collected from the EFA-FTI Fragile States Task Team (FSTT), an expert inter-agency team made up of bilateral and multilateral donors, UN organisations and civil society representatives, responsible for exploring ways in which the EFA-FTI could be expanded to fragile states. The following eleven FSTT members were interviewed. Representatives from USAID and the Agence Française de Développement were unavailable for interview at the time of research.

- Lead Education Specialist - The World Bank
- Chief of Education – UNICEF
- Deputy Head – Fast Track Initiative
- Education Specialist – European Commission

- Senior Expert on Education and Development – Ministry of Foreign Affairs, The Netherlands
- Programme Specialist for Fragile States - UNESCO IIEP
- Senior Education Advisor – Canadian International Development Agency
- Associate Director, Centre for Universal Education – Council on Foreign Relations
- Education and Conflict Transformation Coordinator – GTZ
- Education Advisor - Save the Children UK
- Education Advisor – UK Department for International Development

### **3.3 Data Collection**

A semi-structured interview schedule was designed covering a range of questions relating to the international community's concerns on engaging in fragile states; important characteristics for planning frameworks in complex development environments; and the added value of expanding education support in fragile states via the EFA-FTI mechanism.

Pilot interviews were conducted with two participants in order to determine the final protocols and interview schedule to be used during data collection (Maxwell, 1996; Locke, Spirduso and Silverman 2000). Due to the wide geographical base of the FSTT (Canada, Germany, France, The Netherlands, United States and the United Kingdom) interviews were conducted over the telephone. Each interview lasted between approximately 45 and 60 minutes in length and was taped using a digital recorder.

### **3.4 Data Analysis**

Interviews took place over a period of three weeks. The interview recordings were fully transcribed, and the transcripts were then prepared for coding. A system of 'thematic coding', which involved identifying themes line-by-line and organising them into coherent categories, was used (Coffey and Atkinson, 1996; Flick, 2006). Descriptive labels generally derived from the wording of the text were provided for each category created.

Data were categorised using emergent, rather than preconceived themes. This entailed an iterative process which involved adjusting the definition of categories and identifying new categories to accommodate data that did not fit the existing labels. After labelling observed patterns, sorting, comparing and contrasting data, codes were placed in a thematic matrix which illustrated relationships across categories (Symon and Cassell, 1998). The themes, and connections between them, were then used to help organise and describe the findings. Findings were compared to the theoretical literature on educational planning and aid effectiveness as part of the constant comparative approach to data analysis (Strauss and Corbin, 1998). Selected quotes were used to illustrate specific points and communicate the research findings.

### **3.5 Limitations**

The study relies on information provided by the FSTT and as such presents a purely donor perspective on the challenges to finding suitable financing mechanisms for fragile states. Interviews were not conducted with representatives of recipient fragile states, as the research is concerned with articulating the technical issues faced in the donor financing of education in fragile states through the EFA-FTI framework.

## **4. Findings and Analysis**

This section presents the research findings, based on interviews with the inter-agency Fragile States Task Team and analysis of documentation produced by the EFA-FTI, on the process of expanding support to education in fragile states. It is divided into four sub-sections, which correspond to the sub-research questions: (i) the extent to which the current EFA-FTI partnership arrangement supports fragile states; (ii) critical factors for education engagement in fragile states; (iii) opportunities and challenges to scaling up EFA-FTI support in fragile states; and (iv) the added value of EFA-FTI financing for education.

### **4.1 EFA-FTI Support for Fragile States**

#### **4.1.1 The EFA-FTI and Fragile States**

In its Annual Report entitled *Quality Education for All Children: Meeting the Challenge*, the EFA-FTI (2007b:36) acknowledged:

There is an urgent need to address several gaps in the international aid architecture for education. In particular, the educational needs of countries affected by conflict or emergencies are ill served by the current system.

This gap in the international aid architecture became fully apparent in 2007, when the complex issue of supporting fragile states as part of the EFA-FTI partnership model was highlighted by the rejection of Liberia's application for Catalytic Funding, followed by rejection of the Central African Republic in April 2008. The rejection of both these countries, despite their plans being EFA-FTI-endorsed is seen by a number of the FSTT members to have been a turning point in needing to define a strategy for expanding EFA-FTI support to fragile states:

The fact that both countries rejected for Catalytic Funding are fragile states is of particular concern. More so, given that over the next two years the majority of countries coming up for endorsement will be some shade of a fragile state. It is widely felt that if something is not done about this then many more fragile states are likely to miss out. (Interview: Education Advisor, DFID)

The other thing was the Liberia incident where there was a country that was clearly fragile. Although it had been endorsed internally, the Catalytic Fund did not find their plan credible enough to finance it and that precipitated the crisis. It was another spur that caused the Task Team to think that we need to find a better [financing] mechanism. (Interview: Lead Education Specialist, World Bank).

EFA-FTI support to fragile states has been limited, with just a handful of countries (Cambodia, Central African Republic, Guinea, Haiti, Liberia and Timor-Leste) having received EFA-FTI endorsement. Of these, only three (Cambodia, Guinea and Timor-Leste) have been allocated Catalytic Funding. This is worrying as fragile states tend to have large financing gaps and, as 'donor orphans', little ability to attract donor assistance or mobilise domestic financing via government structures (Levin and Dollar, 2005). Indeed, the current EFA-FTI arrangement reflects the prevailing orthodoxy for rewarding good performance, emphasising a strong policy and institutional environment as a basis for allocating aid (Burnside and Dollar, 2000; Collier and Dollar, 2002; Dollar and Levin, 2004).

The Catalytic Fund is built on a policy of good performance in terms of policy development and some countries won't meet those requirements. (Interview: Senior Education Advisor, Canadian International Development Association).

Interviews with the FSTT identified three key reasons – relating to the indicative framework, structural barriers, and 'trust gaps' – as to why the current EFA-FTI arrangement is unsuitable for engaging with fragile states. These are discussed below:

#### **4.1.2 The Indicative Framework**

The EFA-FTI is guided by the principle that the process should be country-driven, with the primary locus of activity and decision-making at the country level (EFA-FTI Secretariat, 2004). It encourages the use of benchmarking, indicators for which are laid out in the EFA-FTI Indicative Framework. However, this framework was widely viewed by members of the FSTT as not addressing fragile situations. Whilst it is seen to be useful for providing longer-term aspirational targets, its benchmarks and data requirements are often too ambitious for fragile states. It is also seen to be inadequate for addressing key aspects of reconstruction.

It is pretty much impossible for fragile states to get funding via the Indicative Framework. Many don't have data on the number of teachers, let alone teacher salary and per capita GDP. It is rendered meaningless in a conflict-affected context. (Interview: Programme Specialist for Fragile States, UNESCO International Institute for Educational Planning)

#### **4.1.3 Structural Barriers**

There are also structural barriers to channelling money to fragile states via the current EFA-FTI set-up:

The way the Catalytic Fund is presently constituted is too cumbersome to be able to respond to the need for quick action in fragile states. (Interview: Deputy Head, Fast Track Initiative).

The Bank has limitations in terms of the contexts it can work in, and there are other limitations around the trust funds. (Interview: Education Advisor, DFID).

Allocations from the Catalytic Fund are disbursed through existing World Bank structures, engendering difficulties for the provision of financing in fragile states as the World Bank may not always have a presence in these countries. Moreover, it works predominantly through recipient-executed grants which may not be appropriate to country circumstance. Leader and Colenso (2005) argue that one of the limitations in the use of aid instruments in fragile states has often been that they are not tailored to individual country circumstance. Certainly, the aim of lowering transaction costs and simultaneously fostering country-ownership of programmes through recipient-executed grants is limiting in many fragile situations which lack the capacity to execute grants or where this may not be feasible due to fiduciary risks.

#### **4.1.4 ‘Trust Gaps’**

A further issue identified by a number of the participants was that the EFA-FTI partnership, with its emphasis on country ownership, does not mitigate many of the risks associated with fragile states. There are seen to be implementation and fiduciary concerns due to the low credibility of institutions at the sectoral and financial management levels which make engaging with fragile states a high-risk proposition for donors. The risks highlighted by various members of the FSTT included fiduciary concerns, a lack of capacity to implement plans, corruption, low absorptive capacity, and conflict.

Fragile states cannot ensure the fiduciary and other requirements which are demanded of countries – they don’t have the systems or the planning capacity. (Interview: Associate Director, Centre for Universal Education, Council on Foreign Relations).

The risk for donors in these countries has traditionally been higher. Issues of instability and weak governance have meant that donors have not been willing to get involved. (Interview; Senior Expert on Education and Development, Ministry of Foreign Affairs, The Netherlands).

As long as the capacity is not there it is very difficult to trust in institutions when the people of the country themselves do not trust the Ministry. (Interview: Education and Conflict Transformation Coordinator, GTZ).

Sperling (2006:4) has termed these concerns ‘trust gaps’ as donors have less confidence that fragile state governments will perform their side of the global compact. By definition, fragile states fall outside the compact mechanism envisioned by the Monterrey Consensus which demands a new partnership between developed and developing countries. The consensus committed development partners to sound policies and good governance at all levels. It also committed to mobilising domestic resources, increasing international financial and technical cooperation for development, and enhancing the coherence and consistency of the international monetary, financial and trading systems (UN, 2002).

The fact that fragile states fall outside of this compact highlights the need for the international community to restructure its systems in order to focus assistance on developing the necessary domestic reforms to access the various private flows outlined in Monterrey (UNESCO, 2008). This is perhaps the largest gap in the implementation of the Monterrey Consensus and is a particular problem for many of the multilateral organisations and development banks because of the grant-based system.

#### **4.2 Critical Factors for Effective Engagement in Education in Fragile States**

The findings outlined above indicate that the current EFA-FTI partnership arrangement does not adequately address the problems posed by state fragility. Not only does the typical absence of a credible sector plan mean that fragile states are unlikely to be eligible for endorsement to receive financial resources, but donors are often unwilling to take the risk of engaging in these countries as ‘trust gaps’ are not addressed by the EFA-FTI compact. Ten criteria identified by participants, which could contribute to effective education financing in fragile states, are outlined below:

**a) Financing should be quickly-disbursed and predictable**

Funds should be readily available as fragile states can't wait six months when there is an urgent situation. There needs to be a mechanism in place for disbursing funds quickly.

(Interview: Associate Director, Centre for Universal Education, Council on Foreign Relations).

Financing should be available for the period of the strategy and should be agreed from the start. (Interview: Education Advisor, DFID).

**b) Engagement should be flexible and responsive**

Implementation will need to be flexible and not restrained to being recipient-executed. It should be responsive to weakened financial management systems. (Interview: Lead Education Specialist, World Bank)

In more fragile situations there needs to be the ability to shift funds from one priority to another fairly rapidly. (Interview: Programme Specialist for Fragile States, UNESCO International Institute for Educational Planning)

There should be flexibility in fiduciary arrangements, with minimal bureaucratic restrictions. (Interview: Education Specialist, European Commission).

**c) Appropriate and aligned to national government priorities wherever possible**

Wherever donors are working in a country, they should be actively committed to the principle of building up country ownership and capacity for governments to manage their own programmes. (Interview; Deputy Head, Fast Track Initiative)

There will be a need for engagement that is targeted and designed on the basis of individual country circumstance. (Interview: Programme Specialist for Fragile States, UNESCO International Institute for Educational Planning).

**d) Address governance and capacity constraints**

Ensure that capacity is in place on all sides for the countries to be able to absorb aid and manage it effectively. (Interview: Education and Conflict Transformation Coordinator, GTZ).

**e) Transitional in nature, with a clear emphasis on progressively building national capacity**

Support must be transitional in nature. There has to be a mechanism built in that moves towards a more independent country-driven approach. If it tends to be a bit supply-driven initially, there has to be provision for a more demand driven approach over time. (Interview: Deputy Head, Fast Track Initiative).



**f) Harmonised at both the national and international level**

Funding would have to support a harmonised approach. Harmonisation in fragile states is often a challenge as there are so many different players. (Interview: Senior Education Advisor, Canadian International Development Association).

There will be a need to work with stakeholders at country level, ensuring that the local donor partnership and the government-donor partnership is supported rather than undermined by the presence of a large global financing mechanism. (Interview: Education Specialist, European Commission).

**g) Available to needs beyond those of traditional education programmes**

In fragile states there is a dimension that is absolutely vital – understanding what the current or residual threats are to the system and seeing what education can contribute to reduce these threats. Financing should be supportive of wider peacemaking efforts to ensure that progress in education is not halted for lack of progress elsewhere. (Interview: Chief of Education, UNICEF).

Financing will need to be available to a wider range of opportunities and not restricted necessarily to traditional education programmes. There might be other ‘make or break’ factors for the education sector and funding should therefore be responsive to peace making efforts more generally. (Interview: Deputy Head, Fast Track Initiative).

**h) Risk-mitigating, but also risk-tolerant**

The mechanism will need to address the fiduciary and implementation concerns associated with fragile states. (Interview: Education Advisor, Save the Children UK).

Donors need to be aware that there will not be full accountability for funds. (Interview; Senior Expert on Education and Development, Ministry of Foreign Affairs, The Netherlands).

We will need risk tolerant funding that allows us to take risks and to work with even the weakest institutions. (Interview: Chief of Education, UNICEF).

**i) Provide the necessary safeguards for ensuring no harm**

Your contribution should do no harm and should contribute towards stabilising the situation...You should make sure that you are not increasing the fragile situation by, for example, increasing corruption. (Interview: Education and Conflict Transformation Coordinator, GTZ).

**j) Results-orientated**

It should be supportive of monitoring and evaluation. Implementation and reporting procedures should ensure that results are measured. (Interview: Senior Education Advisor, Canadian International Development Association).

Many of the criteria for effective education financing in fragile states identified above echo the OECD (2007) principles on effective engagement in fragile states and the 2005 Paris Declaration on Aid Effectiveness which have developed a common approach to financing developing countries based on several axioms including the need to: focus on country-ownership; align with national priorities of systems; and promote coherence among donors. This common approach may be considered a response to a major trend evident in the international aid architecture on enhancing aid effectiveness.

What is telling, however, are the clear instances where the FSTT criteria divert from this approach, most notably in the case of risk. The failure of the EFA-FTI to mitigate risk was identified by a number of participants as being one of the reasons why the compact was unsuited to financing education in fragile states. Donors would need to have their ‘trust gaps’ addressed in order to be willing to direct resources to countries with low sectoral and financial management capacity. When asked about the critical factors for engaging fragile states, again, a number of participants identified addressing fiduciary and implementation concerns as a high priority. What is interesting though is that a small group of agencies including UNICEF and the Dutch Ministry of Foreign Affairs stated that a degree of risk is implicit in engagement with fragile states and that any financing mechanism for fragile states should be ‘risk-tolerant’. This position is highlighted in the following extract from the aptly titled speech *Engagement in Fragile States: A Balancing Act*, given by the Minister of Development Cooperation for The Netherlands:

The political and social pressure in the Netherlands to make development cooperation more transparent and effective has had a purifying effect: today it is one of the most evaluated policy sectors. Unfortunately, this has also engendered high risk avoidance... I want to put an end to this overemphasis on numbers and the lack of daring that goes with it. Development cooperation is a high-risk investment. We must put our money where it’s going to do the most good. These are often high-risk areas. Before we do so, we need to conduct thorough analyses, so we’re fully aware of the risks. But in the end, we need to be willing to make risky investments, since they can be the most rewarding (Koenders, 2007).

It should be noted that The Netherlands and UNICEF have jointly established a sizeable fund of US\$201m for channelling resources to education in emergencies and post-crisis transition that, breaks with the conventions of donor assistance and accepts risk as an integral part of the programme. The United Kingdom and the European Commission have recently committed to this fund, which is suggestive of a shift in the aid effectiveness paradigm. Certainly, a pooling of risk through a multi-donor trust fund (MDTF) such as this might be appealing to those donors with strong political commitments to work with fragile states. Increasingly, governments are seeking out ways to engage in these contexts and it may be that challenging the current aid orthodoxy by finding new frameworks and funding mechanisms to orient development assistance in fragile states is one way of doing this.

### **4.3 Opportunities and Challenges to Scaling-up EFA-FTI Support in Fragile States**

The following is an examination of FSTT proposals for scaling-up EFA-FTI support, exploring the opportunities and challenges presented by designing a planning framework and financing mechanism for fragile states.

### **4.3.1 The Progressive Framework**

The Progressive Framework was developed by the FSTT as an alternative to the Indicative Framework. It allows countries to develop a plan that could be put forward for interim financing. Countries can assess their position along a development continuum ranging from those with very limited political stability, coherence, or institutional capacity through to countries with good plans that are broadly aligned with the EFA-FTI Indicative Framework, have sufficient institutional capacity, show openness to reform, and the ability to generate adequate resources to reach Education for All. This analysis establishes a baseline for countries to progress toward developing and implementing a comprehensive education sector plan. The EFA-FTI states that the interim approach may not be limited to central governments, but could be considered for strong local districts and states (e.g. Nigeria), consortiums of NGOs and UN agencies (e.g. Somalia), and cross-border groups (e.g. Liberia and Guinea), as deemed appropriate (EFA-FTI Secretariat, 2008b).

The Progressive Framework is intended to support the process of developing an Interim Strategy around a limited number of urgent interventions. Interim Strategies should build on education plans that already exist in a country and take into account the range of issues relating to education and fragility. They would include implementation arrangements for the activities specified in the strategy, and evidence that institutional arrangements are in place to address fiduciary and related concerns. The approach is intended to provide donors with assurances that funds would reach intended beneficiaries and that the strategies proposed would be implemented. Once an Interim Strategy has been developed, it would be evaluated by a Local Donor Group<sup>11</sup> for endorsement in a way that parallels the existing EFA-FTI endorsement process (EFA-FTI Secretariat, 2008b). The Local Donor Group would, by endorsing an Interim Strategy, signal that the strategy addressed the most critical requirements given the prevailing circumstances in the country, and constituted an acceptable basis for investment.

It should be noted that whilst the Progressive Framework potentially has a central role for guiding transitional arrangements it appears to rely heavily on ‘long-route accountability’ in its analysis of service delivery. The long-route of accountability directs attention to the types of trust gap that Sperling (2006) identifies. This is important as realising long-route accountability is the central ‘problem’ of fragile states and major commitments to education are primarily driven by a commitment to this as the investment plans of donors are premised on the ability to resurrect national capacity (Rose and Greeley, 2006). However, it is important to anticipate potential difficulties in the sector reform process; and it may be prudent therefore to commit more strongly to approaches that will not be have to be put on hold should reform processes stall.

Disjunctures and reversals affecting sector governance are likely when engaging in fragile states and will impede the flow of donor resources, as illustrated by Greeley’s (2007: 8) research in the Democratic Republic of Congo: ‘In the absence of ‘short-route’ financing, the problems of low enrolment and poor quality, will persevere for much longer’. Coverage of short-term service delivery in fragile states has traditionally been fragmented – spontaneously delivered by communities or NGOs - and unsustainable (Leader and Colenso, 2005; Rose and

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<sup>11</sup> The Local Donor Group (LDG) is a forum for organisation and coordination of donor support to the education sector, so as to advance the aid effectiveness agenda. The LDG supports the development, implementation, and monitoring of the education sector plan, and, in the context of FTI, is responsible for its appraisal.

Greeley, 2006). But the benefits are immediate service delivery where longer term programmes are not immediately feasible. The harmonised agenda being pushed by the FSTT would address the issue of fragmentation. This could then be used to support a more inclusive strategy that recognised the likely delays in reform, focusing on financing for a blended approach of short-route and long-route accountability (Meagher, 2005).

### **4.3.2 Financing Mechanisms**

Many low-income countries are able to develop credible education sector plans with modest support for planning and capacity building. The EPDF was designed to support this. However, many fragile states face chronic challenges such that additional support is required over a longer timeframe in order for them to develop institutions and scale up service delivery while they are working towards a credible sector plan. This longer-term perspective goes well beyond what the EPDF can support, and yet, because these countries have not yet developed a comprehensive education sector plan, they are not yet eligible for support through the Catalytic Fund. There is a pressing need for financial support that bridges the gap for these countries, providing financing which can be disbursed quickly and is predictable for countries to be able to have confidence in financing and developing and expanding their systems (EFA-FTI Secretariat, 2008c). In interviews, participants suggested that bridge financing should be flexible and able to address urgent needs within the country, as well as helping to stabilise the system. It was also mentioned that a financing mechanism for fragile states should provide the capacity to react quickly to country needs and respond effectively to incentives of developing countries and donors.

FSTT members had collectively agreed that it would be preferable to employ an existing financing mechanism rather than developing a wholly new mechanism and making the EFA-FTI structures unnecessarily complicated. Two options were proposed for financing the implementation of an EFA-FTI Interim Strategy: (i) extend the scope of the multi-donor 'Transition Fund' created by UNICEF and The Netherlands to strengthen education support in emergencies and post-crisis transition countries; and (ii) adapt the Catalytic Fund to better fit the needs of fragile states (EFA-FTI Secretariat, 2008c). FSTT participants were asked about the opportunities and challenges presented by each fund for financing fragile states and the implications that adapting these funds would have to current procedure and governance. They were also asked about their preferred choice of mechanism for expanding EFA-FTI support to fragile states.

**The Transition Fund:** In order to strengthen education support in emergencies and post-crisis transition countries, in 2007 The Netherlands committed US\$201m to the creation of the Transition Fund. The trust fund is managed by UNICEF headquarters and field staff in support of four broad objectives: (1) investment in education provision; (2) strengthening the education system; (3) increasing the sector's contribution to country stability/reducing fragility; and (4) enhancing the quality of all education interventions. The following opportunities and challenges for this to become an EFA-FTI mechanism were identified from interviews held with members of the FSTT.

#### Opportunities

- Physically present and operational in many fragile states, with the expertise in funding and technical support for the direct provision of services in emergency situations.

- Flexible in its implementation agreements, with discretion in terms of risk-taking, allowing for innovative practice.
- Quick disbursing.
- Policy to harmonise aid by working closely with local partners.
- Works towards sustainable systems by strengthening government capacities and supporting innovations that help to improve the resilience of education systems.

### Challenges

- A very loose and open arrangement allowing for risk-taking that may not address the accountability concerns of other donors.
- Not established to channel money as pass-through funds for recipient-execution.
- Lacks the skills necessary for working within government structures which will be critical to implementation - shifting from project approach to working within the system.
- Decision-making processes are not consistent with EFA-FTI.

The principal advantages of the Transition Fund identified by members of the FSTT were that it is agency-managed, already operational in many fragile states with the ability to deliver resources rapidly. However, scaling-up the fund to meet financing demands was seen to require UNICEF to make some significant structural changes in terms of its current operating procedure and governance. Governance arrangements would need to be multi-stakeholder, with a decision-making process consistent with EFA-FTI partnership arrangements, encouraging dialogue around the way in which allocations are made to countries. A formal agreement addressing accountability concerns would be necessary to encourage increased commitments. However, flexibility would need to be maintained to enable UNICEF to continue to respond to changing situations.

A number of participants also mentioned the need for a break with current UNICEF practice, to allow for the channelling of pass-through funds for recipient-execution where this is appropriate. UNICEF's staffing profile would need to change to take account of a change in skills and long-term donor commitment to the fund would be needed to support this.

**The Catalytic Fund:** The second proposal was to modify the Catalytic Fund to allow for allocations to fragile states seeking interim financing in support of an Interim Strategy rather than a comprehensive education plan with financing and reporting requirements established to support this process. The opportunities and challenges with the current set up of the Catalytic Fund identified by members of FSTT during interviews are outlined below:

### Opportunities

- Competence in recipient-executed financing arrangements;
- Low overhead costs;

- World Bank has expertise in fiduciary issues;
- Ability to provide long-term, predictable grant financing in support of scaled-up implementation;
- Adheres to principles of alignment, harmonisation and mutual accountability.

### Challenges

- Disbursement slow, process not sufficiently flexible for rapid and responsive financing;
- Decision-making process is cumbersome and slow, with decisions on allocations taken biannually;
- Tendency at country-level to be led by external accountability.

The current set-up of the Catalytic Fund was viewed by a number of interviewees as too cumbersome in its decision-making processes and slow in its disbursements to meet the urgent needs of fragile states. However, the proposed modified process, incorporating 'mixed-mode' execution and separate supervising entities where appropriate, was seen to be a suitable mechanism for interim financing. It was proposed that in scenarios where the World Bank does not have a presence or is not the appropriate implementing partner, a separate supervising entity would need to be identified and a Transfer Agreement established (for which there is precedent in the EPDF's support in Haiti, delivered through the Inter-American Development Bank). It was also mentioned that there would need to be greater flexibility in terms of using alternatives to provide appropriate financing. The World Bank's regulations permit 'mixed-mode' execution (both Bank and recipient-executed) and would allow the percentage weighting of Bank/Recipient executed contracts to gradually change as countries move to a position of being able to take on increased responsibility.

**Preferred Financing Mechanism:** Of the eleven participants interviewed, eight felt that the Transition Fund would be the most appropriate mechanism for channelling EFA-FTI funds to fragile states although it was widely held that this would imply significant changes to current procedure and governance structures. For many fragile states, a primarily agency-managed mechanism was seen to be of benefit initially to account for capacity constraints, but progressively this could shift towards a more recipient-managed mechanism once there is sufficient capacity in place to do so. Whilst one participant was undecided, only two FSTT members stated a preference for a modified Catalytic Fund, primarily due to concerns over whether UNICEF would be able to make the necessary internal changes to allow for the channelling of pass-through funds as opposed to UNICEF programming.

In September 2008 a proposal agreed by FSTT members was presented to the EFA-FTI Steering Committee proposing the adoption of both the Transition Fund and a modified Catalytic Fund. They saw the two funds to be complimentary - able to meet different needs in different contexts. The diversity and flexibility in the range of mechanisms available was thought to be the most pragmatic approach to addressing fragile states, allowing for financing that is appropriate to context and timely disbursement. The EFA-FTI Steering Committee endorsed plans for an Education Transition Fund (ETF) that would be managed by UNICEF to be established. Plans for a modified Catalytic Fund were rejected. However, since this

time, discussions have stalled and as of June 2009 there remains no multilateral financing mechanism for education in fragile states.

#### **4.4 The Added Value of EFA-FTI Financing for Fragile States**

Establishing such multilateral financing mechanism that can be accessed by countries unable to access funding for education from other sources is clearly important for widening participation in education in the developing world, and there are certainly donors willing to support the cause. There was broad consensus among the donor organisations interviewed was that an EFA-FTI financing mechanism for fragile states would be an attractive option for them to commit to - particularly for those donors, such as Canada, with strong policy commitments to deliver education in fragile states. A process that strives to address the financial and fiduciary concerns associated with fragile states and gives clear indications of how money will be managed and monitored via a pooled interim financing mechanism was seen as extremely positive. Moreover, it was recognised as an opportunity to pool funds and engage where donors would not otherwise be able to do so bilaterally.

However, the participant interviewed on behalf of the Ministry of Foreign Affairs for the Netherlands was sceptical as to how ready donors are to pool increased funds for fragile states as this requires an internal commitment within each agency to accept some degree of risk and to accept that it may not be possible to ensure full accountability for funding. In interviews it was felt that the decision to put increased funds into mechanisms for fragile states would be based on results and success stories as few donors would be willing to take that degree of risk up front. A further concern raised was that some donors may be hesitant about pooling additional funds through an MDTF as they already give agreed amounts to both UNICEF and the World Bank. However, it was acknowledged that this was a high-level political argument and not one based on the needs of recipient countries.

It is clear that the viability of an ETF will depend upon the number of donors; at present too few bilateral agencies commit the bulk of funding to both the Transition and Catalytic Funds. For fragile states funding, there will need to be commitment on the part of donors to pool the risk and give consistent funding over time and it may well be helpful to explore other sources of income, for example from non-traditional donors (i.e. Arab states).

Having an interim strategy in place could prove to be an incentive to provide more support and generate increased harmonisation. Diversity in funding sources is crucial in fragile states, and there will need to be a leveraging of increased bilateral support (Grono, 2007). However, interventions in fragile states have generally been fragmented (Leader and Colenso, 2005; Rose and Greeley, 2006). A number of the participants stated that increased harmonisation, as envisaged in the Progressive Framework would encourage in-country donors to scale up their bilateral aid in support of an interim strategy where a country and its partners are clear about the needs and realistic about its implementation arrangements.

These places are black holes unless you put money into a manageable bucket. The idea of the interim strategy is that it is a manageable bucket. It shows where the money will go, where it will be poured and by whom, and who will measure it. And since it is only a bucket and not a black hole, it should be attractive to donors. (Interview: Lead Education Specialist, World Bank)

The planning process determined by the Fragile States Task Team for expanding support to education in fragile states builds pragmatically on the existing EFA-FTI aid framework - very much in the spirit of the new international aid architecture in its attempt to harmonise approaches and align financing with government priorities. The process, however, has been a long one. The FSTT was established in 2005 and the final details of the UNICEF-managed ETF as of June 2009 have as yet to be approved. It is clear that there is a reluctance to commit to wholeheartedly to fragile states for the risk that it entails. But striking the balance between the risk of non-intervention and the risk of providing development assistance for education in fragile situations is one that needs to be carefully considered in the final countdown to the 2015 deadline for achieving universal primary education.



## **5. Conclusion**

There are no blueprints for fragile states. Every case is different and will require its own development approach. Although fragile states are highly heterogeneous, most are aid orphans and few are able to attract private financing on a sustainable basis. They face a common set of challenges, including high security risks and threats to development, which call for a quick, tailored, and harmonised response by donors. How donors meet the challenges posed by fragile states shall determine whether or not universal primary education will be achieved.

Research clearly shows that aid flows to fragile states are usually smaller and more volatile than in other low-income countries (Levin and Dollar, 2005; Turrent and Oketch, 2008). The usual response of donors to poorly performing countries has been to curb lending, precipitating a vicious circle: weak governance and low disbursement rates inevitably result in reduced financial support and worsening performance (Fayolle, 2006). In short, fragile states appear to have been excluded from the Monterrey Consensus in which the basis for the increased flow of international aid is focused on a compact of mutual accountability between donors and recipients. Recipients are encouraged to produce good policy environments, sound public financial management and coherent budgeted plans. Donors are expected to provide reliable commitments and the delivery of aid resources allowing plans to be fulfilled. The emphasis by the international community on the introduction of performance-based allocation systems and new aid modalities, while suitable in many environments, don't seem well tailored to help the world's most vulnerable countries.

This monograph has shown this to be the case for the Education for All - Fast Track Initiative which embodies the ideals of the new aid architecture. The research has shown that the compact was not designed to take into account those poorly performing countries that do not conform to the norms of a traditional development partnership. The challenge faced by donors is the uncertainty over how resources can be released when the underlying partnership basis for doing so is largely absent. This suggests the need to drop good governance as an absolute precondition for development aid. Being too dogmatic about good governance has led to a great reluctance to help fragile states. As Grindle (2004) has proposed, the issue is not about good governance, but 'good enough governance'. The development community needs to question whether countries are headed towards democracy and the rule of law and consider on what basis it can support them.

Whilst issues of efficiency and aid effectiveness should continue to guide investment decisions, pragmatic action that builds on existing aid frameworks could help to identify financing and management channels that are suited to operating in fragile situations. The work of the Fragile States Task Team in developing the Progressive Framework has made an important contribution, offering a useful mechanism for dialogue between development partners in fragile states, and a trajectory towards a comprehensive education sector plan that bridges many of the often cited 'trust gaps'. The research has identified a number of issues for future education resourcing initiatives, however. It will mean lifting some of the impediments to progress such as the overly restrictive rules of international financial institutions that constrain quick action and too much emphasis on fiduciary risks. This will entail an improved coherence of policies and a common understanding of the issues that undermine progress towards universal primary education in fragile situations. It will also require a blend of 'short' and 'long route' accountability to ensure that the flow of donor resources is not impeded (Rose and Greeley, 2006). A clear emphasis on gradually building national capacity will be

essential. Where appropriate, donors will need to guarantee that international cooperation and education financing activities focus on national government priorities.

What is new about this approach is that it is moving fragile states from the margins of development policy to its centre. Before going much further, however, it would be useful to get donors to agree on the definition of a fragile state and to deepen their dialogue to ensure that they agree on the guidelines to be adopted. Fragility is a complex concept and, as has been argued in this monograph, there is no simple definition of a 'fragile state'. Because labelling a country as fragile can be a sensitive issue, focusing on the degree of fragility seems more appropriate, both to identify the issues and to give a signal that the situation is temporary and can be addressed (Fayolle, 2006).

The problem of fragile states can not be solved through development cooperation on education alone. Complex problems demand complex, multifaceted solutions. In many fragile states this will require broad based socio-economic development, cultural change and democratisation. At the sectoral level it will require a greater understanding of the issues that impede access to education. The EFA-FTI could benefit from the learning of CREATE and its research around zones of exclusion to help identify at-risk children and to target resources in support of access initiatives for these children either bilaterally or through the ETF. Where examples of 'best practice' are identified (e.g. Liberia's pooled fund established following its rejection for Catalytic Funding) these should be shared widely in order to establish successful means of financing education in 'fragile' contexts. This point is particularly salient for the CREATE agenda as intensified financial effort, political will and sustained reform will be central to the promotion of wider access and greater participation in education.

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Consortium for Research on  
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### Report summary:

The new international aid architecture was established to improve the efficiency and effectiveness of development aid by emphasising country ownership, alignment with national priorities and the harmonisation of donor processes. These features are evident in the Education for All-Fast Track Initiative, a global partnership between donor and developing countries launched to ensure accelerated progress towards universal primary education. This monograph explores EFA-FTI efforts to expand the partnership model to incorporate fragile states. It analyses the critical factors, procedures and governance issues that have been addressed in the development of a framework for financing education in such contexts, and identifies key lessons for future education resourcing initiatives in fragile states.

### Author notes:

Victoria Turrent is an ESRC-funded PhD student at the Institute of Education, University of London researching modes of financing education in fragile states. Her research interests include issues of economics and governance in developing countries; international aid policy and practice in relation to education; and the financial barriers to achieving universal access to primary education. Victoria has previously conducted research for Save the Children UK and the Commonwealth Education Fund on education financing policy and civil society involvement in education budget processes.

### Address for Correspondence:

CREATE, Centre for International Education  
Sussex School of Education & Social Work  
University of Sussex  
Brighton BN1 9QQ, UK.  
Website: <http://www.create-rpc.org>  
Email: [create@sussex.ac.uk](mailto:create@sussex.ac.uk)



