INNOVATIVE FINANCING FOR EDUCATION

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- Improving accountability of governments and private providers for results
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The Education Support Program (ESP) at the Open Society Institute and its network partners support education reform in countries in transition, combining best practice and policy to strengthen open society values. ESP works to facilitate change in education and national policy development. Support is focused in Central Asia, the Caucasus, Europe, the Middle-East, Russia, South-Asia and Southern Africa.

The mission of the Education Support Program is to support justice in education, aiming to strengthen advocacy, innovation, and activism in three interconnected areas:

- Combating social exclusion: equal access to quality education for low income families; desegregation of children from minority groups; inclusion and adequate care for children with special needs.
- Openness and accountability in education systems and education reforms: equitable and efficient state expenditures on education; anticorruption and transparency; accountable governance and management.
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Introduction

On March 30, 2010 the Education Support Program of the Open Society Institute convened a meeting in New York to discuss innovative financing for education. It asked Results for Development to lead the discussion at that meeting, which it did through the preparation of a power point presentation, and subsequently to write up the presentation and the discussion into this paper.

The paper has five sections:
1. What is innovative financing for development and why do we need it?
2. What is the state of education in the world and why do we need innovative financing for education?
3. Lessons from innovative financing experience in general and in other sectors.
5. Possible next steps.

1. What is innovative financing for development and why do we need it?

There has been heightened interest over the past two years in various forms of innovative approaches to support development programs in low and middle income countries. This has been driven by an acknowledgement that the existing sources of financial support – mostly bilateral donor countries or multilateral development agencies – are insufficient to meet the needs of developing countries and are likely to decline or, at best stagnate, over the next few years, at the same time as needs may increase e.g. in response to climate change.

Official development assistance (ODA) from OECD countries in 2009 was US$120 billion. This represented a 30% real increase on 2004 levels and was a record level. However, ODA still represents less than 0.7% of Gross National Income in most donor countries and several donors are failing to meet the commitments they made in 2005 to increase aid by US$50 billion (now likely to be $46 billion) and double aid for Africa by 2010 (now likely only to increase by about half the $25 billion target). The global financial crisis has placed further pressure on aid budgets as donor countries struggle to reduce deficits in their own budgets.

In addition to the shortfalls in the quantity of aid, there is growing frustration at the failure to improve its quality. The transaction costs for recipient countries aid are still too high. A 2008 survey showed that donors conducted 15,229 missions in 54 countries during 2007. One country – Vietnam – received 782 donor missions in one year – more than 2 a day. It typically takes 12–18 months to complete donor project preparation and approval processes and, even after approval, aid flows are often

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1 For example, a recent Marketplace on Innovative Financial Solutions for Development attracted more than 800 applications for an award as the most promising proposals.
volatile and unpredictable. In many sectors aid is fragmented with local governments having to deal with a plethora of donor representatives. In addition, donors and multilateral agencies frequently place additional burdens on developing countries by insisting on their own financial management and reporting systems. For the EU alone, this results in wastage estimated at €5–7 billion per year. Donors and multilateral agencies have committed to improve their practices but progress against their self-set targets has been slow.

The drive to explore innovative approaches to financing for development is partly driven by a desire to move the debate beyond aid to consider other forms of financing that can sustain long term, equitable growth. The aid debate in its current form often neglects the most important source of financing for development: domestic resources from the country itself. Official aid figures also fail to take account of other large and increasingly important sources of external finance for developing countries. These sources include private foreign direct investment; donations from private philanthropists and foundation donors (estimated at US$90 billion in 2008); and aid from non DAC donors such as China, India and Gulf State sovereign trust funds. These non-traditional sources may contribute as much as US$60–70 billion per year in development assistance on forms that are not currently captured by official reporting. (See Figure 3 below).

Figure 3: The $170 billion aid industry


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5 The price of fragmentation – New European Commission report unveils the costs of aid ineffectiveness. EURODAD. November 2009.
In addition, official aid figures do not reflect the very large remittances from overseas workers that are sent to developing countries (mostly in Asia) every year. In 2008/9 there were estimated at over US$ 300 billion – nearly three times official aid funds. In response to this increasing diversification of development finances, some commentators have called for a move away from traditional supply driven methods of providing aid and towards more innovative financing which promotes a market oriented approach to provide better information and a greater choice for developing countries of how they receive external support.9

The French government has taken a lead on the topic of innovative financing for development. It convened in 2006, a multi-agency “Leading Group” which has grown rapidly and currently comprises 55 member countries and 4 observer countries, international organizations (including World Bank, UNICEF and others) and representatives of civil society and private sector organizations.10

The Leading Group proposes three key features of innovative financing:

1. It is linked to global public goods such as eliminating diseases or reducing climate change and therefore requires a global intervention.
2. It is complementary and additional to traditional ODA. It may help to improve the quality of existing aid but innovative financing can never replace the quantity.
3. It is more stable and predictable than traditional ODA.11

This paper on innovative financing in education takes this definition as a starting point, but goes further to address some of the limitations of traditional aid and the particular circumstances of the education sector – especially the importance of domestic funding. Thus, in addition to the above features, we propose that the definition of innovative financing in education should also include:

4. Innovative approaches to mobilize domestic as well as international financing. Developing country governments typically spend 4% of GDP of their own resources on education. Securing improvements in the use of this financing and identifying additional sources of domestic funds to supplement tax income will be just as important as increasing external aid. For many countries, one such source of domestic financing, largely untapped, is pension funds, which are estimated to total over $1 trillion globally in developing countries.
5. Innovative approaches to financing should include innovation in delivery as well as innovation in mobilizing resources. Our assumption is that there are significant inefficiencies in the current system and that introducing a culture of innovation and risk taking in the sector will help to achieve much better results even with the finances currently available.

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10 The leading group on innovative financing for development
11 This, for example, is a key feature of the Innovative Financing Facility for Immunizations (IFFIm) which is able to provide countries with ten year advance commitments based on up front agreements on ten year bonds.
Further details and some examples of innovative financing in education and other sectors can be found in sections 3 and 4 of this paper.

It is important to emphasize here that innovative financing should not be considered as replacement for traditional sources of aid for development, nor should it substitute for more effective spending by developing countries, though it can encourage both. Over the period 2000-2008, non-traditional aid sources yielded an estimated US$57 billion or about 4.5% of total gross official flows. However, there are significant sources of untapped funds at the global and local level which could — with an element of entrepreneurial creativity — be released to serve the needs of the poor in developing countries across the globe. There is also undoubtedly scope for innovations to improve the delivery of finances for the education sector to reduce bureaucracy and to broaden the range of actors working in education, including the private sector and non-government organizations.

For the education sector, finding new sources of long term predictable financing will be essential if countries are to make significant progress towards the international development targets by 2015 and beyond.

2. What is the state of education in the world and why do we need innovative financing for education?

There are two overlapping sets of international development targets in education. First, there are the two Millennium Development Goals that:

a) Every child should complete at least a primary school education by 2015; and
b) We should eliminate the gap between girls and boys at all levels of the education system by the same year.

The UNESCO led Education for All (EFA) movement has six goals, including the two MDGs and adding the expansion and improvement of early childhood education; learning and life skills programmes for young adults; achieving a 50% increase in youth adult literacy rates by 2015; and improving the quality of education at all levels.

The most significant progress in the education sector has been made in increasing primary enrolment. An estimated 615 million children in developing countries are now enrolled in formal primary education. The number of children out of school has been reduced by 32% since 2000 to 72 million and the gender gap is closing. There has also been an increase in enrolment rates at other levels in the education sector. Secondary gross enrollment rates in developing countries rose from 52% in 1999 to 61% in 2007. Given the continuing rapid population growth in most of these countries this represents a very substantial increase in numbers of young people going to school (UNESCO 2010).

13 See Section 3 for details of a proposal to tap into the US$1 trillion that are locked into pension funds in developing countries.
However, in many countries progress has been uneven and has not been fast enough to achieve the goal of universal primary education by 2015. There are also signs that progress may be slowing and reaching the last 10% of children in many countries is going to be more difficult and more expensive. At the current rate of progress, there will still be 56 million primary aged children out of school in 2015. 23 million of these children will be in sub Saharan Africa and a significant proportion of them will come from remote rural areas, or areas affected by conflict, or from marginalized communities which are additionally disadvantaged as a result of ethnicity, disability or poverty.

Official figures almost certainly overestimate the number of children in school and do not necessarily reflect the large numbers of children who enroll but then do not attend or drop out after a few years. There are also a large number of over-age children in school who are forced to repeat years of schooling after failing examinations and represent a substantial inefficiency in the system.

The serious problems with the quality of education provision in many developing countries are widely acknowledged. Large class sizes persist in many developing countries – up to 80 or 90 in some densely populated urban areas. There is a continuing shortage of trained and qualified teachers and there is a serious problem in many countries with lack of motivation leading to high levels of teacher absenteeism. As a result, the quality divide as measured by learning achievement tests between rich and poor countries remains wide and restricts the private and public benefits that accrue from investment in education in developing countries.14

The expansion in primary school enrolment in many developing countries is creating a (positive) upward pressure on secondary and tertiary level education and vocational training systems. As economies move from dependence on subsistence agriculture to service and knowledge based industries, the higher level skills required will necessitate a larger proportion of the population completing at least secondary school. Secondary and tertiary enrollment rates in developing countries have risen significantly in the past decade. But the poorest countries in sub Saharan Africa lag behind with enrolment rates of 34% at secondary level and only 4% at tertiary.  

(Table 1)

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Source: UNESCO (2010)

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It is highly unlikely that developing countries will be able to afford to provide universal access to secondary and tertiary education using current delivery models. Some analysis indicates that more than 3% of GNP would be needed to achieve gross enrolment rates of 60% at lower secondary and 30% at upper secondary in low enrolment countries with existing cost structures. Many countries currently subsidize upper levels of the education system in a form of regressive financing that benefits the elite. This is an area where innovative approaches to financing – including various forms of cost recovery – offer the most scope for leveraging additional private resources and releasing government financing for primary and basic education. The economic and social benefits to secondary education are more immediately visible to individuals and communities. Secondary school qualifications often provide access to salaried employment in the public or private sector. Completing secondary education for girls and young women is strongly associated with better health and lower fertility rates. All of these factors will be magnified over the next decade as developing countries deal with a youth bulge which will see total numbers between the ages of 12 and 24 rising from 1.3 billion today to 1.5 billion by 2035, followed by a slow decline. This offers a huge potential opportunity for developing countries, if they can provide the skills and training these young people will need to become productive citizens. But it also poses a threat if the appropriate education and work opportunities cannot be found and the country is left instead with a large non-productive and unemployed youth population.

In addition to financial constraints, developing countries also face major challenges in recruiting and retaining qualified and trained graduates to work as teachers in secondary and tertiary institutions. Good graduates are in demand and the education system struggles to compete with better paid positions at home and overseas. Innovative approaches to delivering post primary education are beginning to emerge in the public and private sector to meet the growing demand. Several developing countries are making use of various forms of open and distance learning, supported by technology, to achieve economies of scale and maximize the number of students that can be covered by the existing systems. The trend is most marked in large population countries. For example, sixty per cent of secondary school students in Mexico graduate through distance learning programmes and the open secondary school system in India has over one million students. But there are also increasing numbers of smaller and poorer countries in Africa making use of open schooling. For example, Namibia and Botswana support 30–40% of their secondary school students through open learning programmes which are designed to complement the full time formal education system.

In order to think about innovative financing in education, it is important to understand the levels and nature of education finance. Most spending on education in developing countries is by the public sector, in marked contrast to health where

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private spending dominates. Public spending on education by developing countries represents about 4% of GDP and is almost entirely recurrent spending, typically 85–95% of it being on teacher salaries (even in OECD countries, teacher salaries account for about 80%). Other expenditure items are on books and materials, on school construction and maintenance, on teacher training, transport to school, and school meals. Spending incidence analyses generally indicate that spending at the primary level is reasonably progressive, without huge differences between poorer and richer students but that this is not the case at the secondary and tertiary levels where public spending tends to be regressive and focused on the better off.

Private spending on education takes many forms including particularly spending on private tutoring (perhaps 1% of GDP), on fees where these exist, books and materials, uniforms, transport, meals and so on. The poor also have significant costs in enrolling their children, including lost child labor, both outside the home and inside it, where children, especially girls, often help with agricultural production, water collection and the care of younger siblings.

Public spending on education is mainly financed out of general revenues. There are sometimes specific charges for education, such as fees, but these do not generally represent major sources of revenue. There are also sometimes specific taxes for education, particularly training levies on firms for vocational education.

In addition to domestic public and private spending, there is approximately $11 billion per year of ODA for education plus some significant flows of non-concessional external financing, especially from the World Bank and the regional development banks. The ODA tends to benefit middle income countries and higher education more than low income countries and primary education. Fragile states, large countries and francophone countries tend to have the greatest needs but to receive the least funding. A high proportion still tends to go for external technical cooperation. Aid for basic education represents only about US$4 billion per year. Aid for education, like aid in general, tends to be driven by historical patterns and geopolitical interests – thus European countries’ aid for education is largely focused on former colonies in Africa and US education aid is increasingly targeted on Afghanistan, Iraq and Pakistan. The share of education in total aid has remained roughly constant at about 12% this century, hence increasing as aid has increased; other sectors have experienced significant shifts, notably health whose share has grown from 11 to 17%.

In addition to the traditional DAC donors, there are new sources of international finance for education, notably from emerging donors such as China, Korea and Russia; from private foundations such as the Hewlett Foundation, Dubai Cares and the Children’s’ Investment Fund Foundation; and from Gulf States such as Qatar whose funding has focused particularly on refugees such as those from Iraq and Palestine.

The EFA Global Monitoring Report has identified a huge funding gap in basic education if the MDGs and EFA goals are to be met. It estimates total needs for low income countries at $36 billion per year from 2009 to 2015. Current financing is around $16 billion, with $12 billion from governments and $4 billion from ODA. Even allowing for increased efforts by governments and for donors if they meet the commitments they made at the G8 meeting in Gleneagles, which will not be easy for
either because of the financial crisis, the GMR projects an annual financing gap of US$11 billion, or three times the present level of ODA for education.

The impossibility of filling this gap through ODA is a powerful driver of the new interest in innovative finance for education. But it is not the only reason that innovative financing is needed for education. We can identify five reasons:

a) Resource mobilization: If the financing gap is to be met for basic education and if secondary and higher education are to continue to expand, it will be important to increase total resources for education. It will also be important to examine the scope for resource mobilization at the post-primary levels, which could then permit the reallocation of public spending from these levels towards basic education.

b) Raising the profile of education: An important aspect of innovative financing efforts in health and other sectors has been to raise the profile of health on global and national agendas. Education is currently too low on the global agenda, compared to such issues as climate change, security/terrorism, and public health, even though it is critical to their achievement. There are many reasons for this, including the sector’s failure to “market” its case effectively, its lack (compared to health) of a common language and set of common metrics, its sensitivity to national sovereignty, its conservatism and lack of innovation and risk-taking, and its unproductive internal debates at the international level, characterized particularly by the discussion of the FTI.

c) Improving the effectiveness, efficiency and equity of educational spending: The large financing needs of the education sector have led to a focus on resource mobilization at the expense of attention to the way in which education funds are spent. The most egregious example of the ineffectiveness of much education spending is the increasingly recognized crisis in actual learning in developing countries. There are other inefficiencies that have long been identified: excessive financial spending on higher education but almost none on adult literacy (allocative efficiency), high levels of repetition and dropout and of teacher absenteeism (internal efficiency), regressive patterns of spending at secondary and higher levels, and inefficient private spending especially on tutoring.

d) Meeting the needs of fragile states (especially those affected by conflict): For several years now, the Inter-Agency Network on Education in Emergencies has been calling for innovative international financing for countries in or emerging from conflict. It is important to note also that over half the children not enrolled in primary school live in such countries. This is a very urgent need but it is not so easy to meet as, say, the food or health needs of people in these countries precisely because education is a key element of national identity and so warring parties take a great interest in controlling it.

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19 This was identified by many potential foundation funders as a problem in the sector. See Achieving Universal Basic Education: Constraints and Opportunities in Donor Financing Liesbet Steer. ODI, 2009.
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3. Lessons from innovative financing experience in general and in other sectors

There are many ideas, and some experience, with innovative finance for development, drawing on but not confined to the work of the Leading Group on Innovative Finance for Development which, since 2006, has brought together almost 60 countries, 15 international organizations and over 20 international NGOs. Innovative finance can be through taxes and other government actions or through voluntary contributions. This section explores ideas and experience with both – in general; in the health sector, where innovative financing is perhaps most visible; and, briefly, in other sectors including agriculture, microfinance and climate change.

At the level of overall resource mobilization for development, the following ideas are currently under consideration:

1. A tax on international financial transactions. The idea of such a tax has existed since 1972, following the then major global financial crisis, as first proposed by the economist James Tobin. It has come and gone as a concept for several decades, but now has renewed interest with a special Leading Group task force working on the concept and several major countries supporting the idea. The French government estimates are that as much as US$33 billion a year could be raised from a tax on transactions involving US dollars, the euro, the pound sterling and the yen. Discussions are much more advanced, however, on the technicalities of raising such a tax than on how its proceeds would be used to benefit the developing countries.

2. A global development lottery. In nine major European countries alone, some 220 million people participate in national lotteries; when interviewed in 2006, some 70% indicated their willingness to participate in a “humanitarian levy” and this idea has been advance particularly with regard to helping finance food needs in developing countries, with considerable support from FAO, WFP and IFAD and also from Nobel Peace Prize winner Martti Ahtisaari. Ideas are under discussion ranging from a specific global lottery to amalgamating existing national lotteries.
3. VAT “de-tax”. Italy has proposed a voluntary rebate by businesses on their Value Added Tax payments, to benefit development. This idea does not enjoy wide support, however.

4. Using remittances more effectively. International migrants send funds back to the countries from which they came, some of which are undoubtedly for their children’s education. The transaction costs of the millions of small transfers are very high, amounting to about 10% of the total. At its summit in L'Aquila in 2009, the G8 committed to try to reduce these transaction costs to 5%. This would clearly increase the flow of funds to developing countries but it is not clear how they would also be channeled towards public spending for development.

5. Diaspora bonds. International migrants and their successor generations often want to retain ties with their country of origin and to support its development. One possible mechanism could be bonds issued by the government in domestic currency but purchased by those in the diaspora, who might be willing to accept a lower than commercial return to support development and, very importantly, would also assume any foreign exchange risk – as far as the government is concerned, the bonds are entirely a domestic currency transaction.

6. Financial guarantee insurance for bonds (FGI). One of five prizewinners in the recent Marketplace for Innovative Finance competition sponsored by the Gates Foundation, the World Bank and the Agence Francaise de Developpement was the R4D/Affinity Macrofinance proposal to launch a global “monoline” financial guarantee insurance initiative. The business model of this is quite simple, akin to a parent cosigning a loan for a child who is creditworthy but unable to secure bank financing or unable to secure such financing at an advantageous rate. In essence FGI provides AAA-level (thus, less expensive) financing for public sector projects which would otherwise be rated BBB, A or AA. A calculation is made of the savings enabled by the higher AAA rating; then the issuer and the financial guarantor split the savings – say, 55% for the guarantor in the form of a premium; leaving the issuer with a net 45% savings over its normal financing costs. This technique has been used extensively in the United States. Rarely do such financings of essential public service projects default, but when they do, losses to the guarantor are minimal because it is almost always critical that the government find a way to save projects like roads or hospitals. This model has great potential for the developing world for three reasons: (a) the huge growth of pension funds, as mentioned previously now amounting to some $1 trillion globally including as much as $80 billion in Africa excluding South Africa (where there is another $80 billion) – these pension funds could invest in development-focused bonds enhanced with FGI and would gain higher returns than earned by their typical fixed income investments; (b) the generally good macroeconomic performance and improving economic policy environment of developing countries; and the growth of local currency bond markets.

7. In the recent past, debt swaps have also been used for development, in which donors cancel a fraction of debt held by developing countries in return for specific

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expenditures. The best known example was the Highly Indebted Poor Countries (HIPC) initiative promoted by the World Bank. These techniques continue at the sectoral level, including in health and education, as discussed below but have much less promise today than a decade ago because of the much lower levels of developing country indebtedness.

The health sector\textsuperscript{21} has enjoyed considerable success with innovative finance, and has also had the experience of a high level international task force co-chaired by then UK prime minister Gordon Brown and World Bank president Robert Zoellick:

1. The International Financing Facility for Immunization (IFFIm) raises funds on capital markets, using the World Bank, based on the future stream of donor pledges of aid (from UK, France, Italy, Norway, South Africa, Spain and Sweden). These funds are then used to pay for underused vaccines in poor countries, through the GAVI Alliance. This approach allows donors to frontload their assistance and address urgent funding gaps lets recipients access long term predictable financing, and remove financing decisions from the vagaries of donor decisions or the politics of multilateral organization boards.. Currently donors have pledged over $5.3 billion to support IFFIm bond issues.

2. The Advance Market Commitment (AMC) creates a secure market for new vaccines against neglected diseases, using legally binding commitments to subsidize prices. Again channeled through the GAVI alliance, the AMC has secured $1.5 billion in commitments (from the Gates Foundation, UK, Canada, Russia, Norway and Italy) for a pneumoccal vaccine. The AMC rewards real results – in the form of a vaccine – and does not finance inputs.

3. Debt swaps for health. Several hundred million dollars of developing country debt has been cancelled thus far, mainly by Australia and Germany, with the proceeds used to finance health projects by the Global Fund for AIDS, Tuberculosis and Malaria, which applies a performance-based disbursement system.

4. A tax on airline tickets, now levied in 12 donor countries (mainly in Europe) provides additional funding to a new organization, UNITAID, a international drug purchasing facility for HIV/AIDS, malaria and tuberculosis. This has raised some $700 million in fresh funds since its establishment in 2006, with relatively low transaction costs but, as recent declines in air travel have shown, some unpredictability.

5. Massive Good is a new voluntary contribution scheme set up by a new organization, the Millenium Foundation, that encourages small voluntary contributions on travel (airlines, hotels, car rentals) in countries where there is not an airline tax. These funds will be disbursed by UNITAID to improve maternal and child health.

6. RED is another voluntary consumer contribution scheme. Consumers buy RED labeled products and a percentage goes to the Global Fund to finance antiretroviral drugs for AIDS patients in Africa. Examples of participating

\textsuperscript{21} This summary is based upon the R4D report by Robert Hecht, Amrita Paliwala and Aarthi Rao, Innovative Financing for Global Health – A Moment for Expanded US Engagement?, CSIS, March 2010.
companies include Amex, Apple, Dell, GAP and Starbucks; some $42 million has been raised so far and RED has a target of $140 million per year.

7. Results Based Financing in Health. Innovative finance encompasses not only innovative ways of raising resources but also innovative ways to spend them more effectively. Results Based Financing is increasingly used in the health sector; as its name implies, it rewards achievements and does not finance inputs. On a large scale, it is used by both GAVI and the Global Fund which make disbursements only when target immunization and AIDS service levels have been achieved.

Innovative financing has also been used or is under consideration for agriculture, climate change and microfinance. Many of the product development ideas being used for health might have applicability in stimulating research in agriculture, particularly some combination of donor funding and market mechanisms. IFAD also has a very small US$18 million Finance Facility for Remittances, receiving annual proposals, to support projects and activities that reduce the transfer costs of remittances and promote productive rural investment of migrants’ capital in their countries of origin. The Kiva microfinance scheme links online lenders in high income countries to entrepreneur borrowers in developing countries, having so far generated some US$136 million in loans from 453000 lenders to 351000 entrepreneurs in 50 countries and a repayment rate of 98.57% (see www.kiva.com). The area of climate change has many examples of innovative financing, mainly to incentivize reductions in carbon emissions, some linked to development. Carbon emissions trading amounts to some €7.2 billion in the European Union, alone; and there are various carbon financing facilities managed by the UN and the World Bank to support carbon reduction projects as well as the reduce emissions from deforestation (REDD) scheme. Germany, for example, sets aside 50% of its carbon emissions trading proceeds for development. If other countries were to do this, it could generate $2-3 billion per year.

This short review of sectors other than education has several important lessons for education:

First, it confirms that innovative finance can have different objectives. It can be used to mobilize resources, to raise the visibility of a sector or a disease, to promote innovation in a sector and to promote the effective use of resources. This means that it is important to recognise that innovative mechanisms can help to achieve important objectives beyond resource mobilisation.

Second, almost all the schemes so far implemented have tried in some way to leverage aid (there are exceptions like the airline tax and voluntary contributions for health), in part reflecting that much of the impetus for innovative finance has come from within the donor community. As a result, there has been little emphasis on domestic financing and on private financing.

Third, at least at the international level, financial intermediary institutions are needed, of three types. First, there are intermediaries to raise funds and promote innovation, such as IFFIm and the Millenium Foundation. Second, there are inter-

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22 See Kimberly Anne Elliott with Matt Hoffman, Pulling Agricultural Innovation into the Market, Center for Global Development, March 26, 2010.
mediaries to secure bonds and provide treasury functions, such as the World Bank for IFFIm and the proposed Affinity Macrofinance model. Finally, there are intermediaries to disburse the financing, such as the GAVI Alliance or the Global Fund for AIDS, Tuberculosis and Malaria.

Fourth, new institutions can be important in stimulating and using innovative financing approaches – in health these include the Global Fund, GAVI, the Clinton HIV/AIDS initiative, UNITAID and the Gates Foundation. All these new institutions have also, however, led to increased fragmentation in the health sector with numerous disease specific interventions which complicate the delivery of support to developing countries' health systems. This is not currently a problem in the education – if anything the opposite is true with support in the sector concentrated in a small number of bilateral donors and multilateral agencies. The key lesson from health is to create new mechanisms not new structures and that any new entities should work through existing channels to the greatest extent possible.

Partnerships among very diverse groups have been key. In health, for instance, the innovative financing has involved NGOs, pharmaceutical companies, international organizations, foundations, donors and others.

Fifth, the work in health has followed two streams – innovative financing for health services and for health R&D. Similarly, in education, innovative finance could well support both service delivery and innovation in education.

Sixth, while important, the funding raised from innovative mechanisms is still relatively small, compared even to ODA. But innovative financing has been very important for specific purposes and for raising the profile of a sector or disease, notably health and AIDS. The same could be envisaged for education, such as raising the profile of relatively neglected EFA goals like early childhood care and education or youth and adult literacy.

4. Ideas for innovative financing for education

Success in other fields coupled with financing shortfalls in education has led to considerable interest in innovative finance in education in 2010. At its meeting in Santiago on 28-29 January, the Leading Group established a task force on education, jointly chaired by France and Jordan, which met for the first time in Paris on 11 May and has the aim of producing a paper for the Millennium Summit in New York on 22 September. The Education for All High Level Group meeting in Addis Ababa on 23-25 February called on EFA partners to “explore approaches to education financing” and UNESCO plans to host a Futures Forum devoted to this topic in September. This paper derives from a meeting called by the Open Society Institute in New York on 30 March which decided also to create a working group on innovative financing in education. These different strands of interest have some overlapping membership which will hopefully serve to coordinate their various activities.

As we have seen there are various different objectives for innovative finance. Section 2 identified five possible objectives for innovative finance in education:
- resource mobilization,
- profile raising,
- improving effectiveness, efficiency and equity,
- supporting conflict-affected countries,
- and stimulating innovation in education.

Innovative financing approaches can also be applied both to international and domestic finances, and can be used to leverage both public and private funds. With regard to resource mobilization, it can be about the use in education of funds raised more generally or it can be about the raising and use of resources within education. The annex to this paper presents a typology we have developed of the various innovative finance experiences and ideas in education. For some objectives there are many ideas; for some there are few or even none, as Table 2 shows.

### Table 2: Typology of ideas for innovative finance for education

<table>
<thead>
<tr>
<th>Objective</th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource mobilization- public</td>
<td>Many</td>
<td>Many</td>
</tr>
<tr>
<td>Resource mobilization – private</td>
<td>Many</td>
<td>Some</td>
</tr>
<tr>
<td>Raise profile of education</td>
<td>Very few</td>
<td>Few</td>
</tr>
<tr>
<td>Improve effectiveness/efficiency</td>
<td>Many</td>
<td>Some</td>
</tr>
<tr>
<td>Improve equity</td>
<td>Few</td>
<td>Very few</td>
</tr>
<tr>
<td>Support conflict-affected countries</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Stimulate innovation in education</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

In this section, we do not discuss all these ideas but rather examine those that are currently most under discussion or that we believe have the most potential to meet at least one of the objectives noted above:

### International Resource Mobilization Ideas specific to Education

1. **Soccer (FIFA) levy.** The EFA Global Monitoring Report 2010 suggests a 0.4% levy on broadcast and sponsorship revenue from five major soccer leagues in England, France, Germany, Italy and Spain, which it estimates would raise some $48 million per year and also, by associating soccer with education, significantly raise the profile of the sector. Further analysis will be needed on costing prior to negotiation with football leagues about methods of collecting revenues. Further work will also be needed on management arrangements to collect funds and channel them through the most effective delivery mechanisms.

2. **World Cup Legacy Fund.** Also linked to soccer and helping to raise the profile of education is the idea that the World Cup host country (South Africa in 2010; Brazil in 2014) should establish a legacy fund that can be used to fund future education projects within its borders and for poor countries (e.g. in Africa for South Africa).
3. Teachers for Education for All Fund – some members of the international teachers union Education International have suggested that a 1% voluntary levy on teacher union dues in richer countries could be used to finance a fund for education in developing countries. This would be an important act of solidarity that would also help raise the profile of education in developing countries. This proposal is still at the concept stage and requires further analytical work prior to design.

These ideas, while all helpful for raising education’s profile, especially through the association with soccer, would not raise major resources compared to the education sector’s needs.

**General International Resource Mobilization Ideas applied to Education**

4. If a tax is placed on international financial transactions, then the education sector could benefit. Indeed the Leading Group’s two current task forces are concerned with such a tax and with education, and the two task forces are now being linked. The case for education could also be made if there is a global development lottery or if any global development bonds are issued. The case may be strengthened by OECD countries’ own recognition during the current global financial crisis that education and training spending needs to be protected, or even increased, during recessions.

5. Linking climate change financing to education. Education is essential for dealing with climate change, in both the general sense that educated populations can more easily adapt their behaviors and in the specific sense that certain specific skills will be needed to help the world transition towards a green economy.23

6. A remittance levy for schools. It has been estimated that a voluntary 0.1% levy on remittances could raise $300 million a year. Coupled with reduced transaction costs, such a levy could still cost remitters less than present arrangements. Collection mechanisms would need to be developed, as would mechanisms to assure remitters that the levy was being used to achieve the specified objectives.

7. Diaspora bonds for education. This idea seems promising24 but, by definition, can only benefit countries of past emigration which now have significant diasporas.

8. Debt swaps for Education. There have already been several swaps, including triangular debt swaps among UNICEF and such countries as Bolivia, Madagascar, Mexico, the Philippines and Senegal between 1989-95, and more recent swaps between Spain and Argentina and Ecuador, between Germany and Indonesia, Jordan and Pakistan, between France and Cameroon, Mauritania and Tanzania, and between Italy and Guinea. There is still some scope for further swaps25 but globally the prospects are relatively limited as the bulk of sovereign debt held by

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23 OSI has commissioned research on the relationship between climate change and secondary education.

24 OSI has commissioned research on the topic.

25 UNESCO plans to organize a seminar on this later in 2010, in collaboration with Argentina.
low income countries has already been forgiven under HIPC and other bilateral initiatives by the Paris Club countries.

9. Buying down IDA debt for education. Such mechanisms already exist but not in the education sector. They can have the great advantage of being linked to performance. This might be one option for increasing the long term sustainability of the FTI Catalytic Fund.

10. An endowment fund for education funded by sovereign wealth funds. This idea is promising but requires significant analysis and preparation; little is known about the wealth funds' willingness to participate.

**Domestic Resource Mobilization Ideas**

11. Cost recovery and cost sharing schemes are almost inevitable at the higher education level, given overall financing needs, and may become more prevalent at secondary level. At present public spending on higher education tends to favor the more privileged; the introduction of cost recovery would require mechanisms to ensure that the poor who gained access to higher education were able to afford the necessary payments or were subsidized to attend. With such shifts, however, considerable transfers could then be made from spending on higher education towards spending on basic education. Analytically this is straightforward; politically it is very difficult to implement given the vested interests of the politically powerful elite whose children generally benefit disproportionately from public spending on higher education. In Senegal, for instance, public sector employees' children have the right to free higher education.

12. Public-private partnerships in education take various forms including sharing financing for state provision with private sector organizations (e.g. UK Academy school scheme); fully contracted out service provision in order to utilize skills and expertise of non government organizations (e.g. BRAC schemes in Pakistan and Afghanistan); subsidized mixed public-private systems (such as is now envisaged as part of the post-earthquake donor support to Haiti); and voucher schemes that provide targeted subsidies to households to allow them to purchase education services from local non state providers. The involvement of the private sector in basic education is controversial as it can be seen as leading to privatization and contrary to the principle of the state's obligation to provide at least primary education to all of its citizens. However, there are examples where governments have managed these partnerships successfully to fulfill their responsibility to ensure that every child is educated without assuming that the state is always the best agency to provide that education in every circumstance.26

13. The single largest existing source of private education finance is parents, through tutoring funds which amount to perhaps 1% of GDP on average27. This shows

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26 The most commonly cited example is that of Chile which introduced a universal voucher scheme in the 1980s which led to a significant increase in the number of private primary schools with enrolments reaching 51% in 2005. Patrinos, H. A., F. Barrera-Osorio, et al. (2009). The Role and Impact of Public-Private Partnerships in Education. Washington DC, World Bank.

27 See Mark Bray, The Shadow Education System, IIEP, 2009
parental willingness to pay for their children’s education and dissatisfaction with the formal education system. Mechanisms can be investigated to make tutoring more effectively complement mainstream teaching and also benefit the poor as well as those with the ability to pay for it. Particularly important could be to focus tutoring on the early grades, where it is now apparent the bulk of the learning problem begins, rather than on the grades closer to exams and certificates.

14. Bond financing has been extensively used in the United States and other countries to finance higher education institutions – with future student fees being used to finance the bond issues. This concept could be applied to the developing world also. Donor funds could supplement student fees as repayment support for an educational bond issue that would transfer public resources away from higher education towards basic education. The amount of funding in the bond issue could be further significantly increased by participation of local pension fund investors protected from loss by financial guarantee insurance.

15. As is also common in the USA, bond financing could also be used by local governments to finance school construction, improvement or even operation, either as local issues supported by taxes or transfers from the central government or as revenue bonds.

Ideas for delivering education finance more effectively internationally

16. Unlike health, education has only one international funding mechanism, the Education for All Fast Track Initiative (FTI). The FTI is currently undergoing a major reform process following a rather critical external evaluation. These reforms will include merging the existing trust funds into a single “FTI fund” that will deliver financial and technical support through more streamlined delivery mechanisms using alternative supervising entities to the World Bank and making greater use of national financial and procurement systems. The FTI is currently disbursing approximately US$200 – 250 million per year and provides mainstream financing (including for recurrent costs) to national education sector plans. If successful, the reforms should allow the FTI to act as an effective delivery mechanism for additional funds raised through innovative financing instruments. The OSI consultation meeting agreed that the FTI should form an important constituent part of the discussions on innovative financing but that other channels should also be considered depending on the specific circumstances.

17. Mechanisms for supporting countries in or emerging from conflict are evolving. The key features of effective aid in conflict affected areas are that they should combine a rapid response to the emergency situation with longer term support. The first priority will be to establish security and the provision of basic services typically involving one or more the major UN organizations as well as the large international NGOs. However, this should be combined with efforts to build the capacity of local governments to take over the management of basic service delivery at the earliest possible opportunities. Education has a particular import-

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28 FTI Board of Directors Meeting. February 2010.
ance in the post conflict reconstruction period as it can act be used as a tool both to heal wounds and to perpetuate division. The most promising proposals to develop innovative approaches to supporting education programmes in conflict affected countries include:

- Replicate the OSI–UNICEF Liberia education pooled fund.\(^{29}\) Learn the lessons from the experience of setting up the pooled fund and seek opportunities to extend this approach to other countries with limited national capacity.

- Strengthen education programme component within multi-donor trust funds. MDTFs (often managed by the World Bank) are becoming the instrument of choice for delivering aid in post-conflict and emergency situations. They provide a single channel for donors and should help to ensure that financing is delivered in a more streamlined and effective manner. However experience on the ground has been mixed with weak local capacity severely delaying disbursements in many countries.\(^{30}\)

- Expand FTI to include conflict affected countries. The FTI already supports several countries which have been affected by conflict.\(^{31}\) However, there are concerns that the current requirement to prepare a costed education sector plan may exclude countries with very weak local capacity. Reforms are underway to introduce a progressive approach to assessing local needs with a view to making FTI support available to a larger number of countries.

18. “Cash on Delivery” (COD) Aid is an innovative proposal developed by the Center for Global Development in Washington to provide additional funding to developing countries in return for achieving progress against pre-agreed targets.\(^{32}\) The proposal has used education as an initial focal sector. The key features of COD Aid are a focus on outcomes rather than inputs and a change in incentives to encourage donors to take a ‘hands off’ approach to the design of programmes in return for greater transparency and independent verification of progress achieved. For example, one or more donors would sign a legally binding agreement with one or more countries to achieve an increase in the number of children completing an assessment test at the end of primary school. At the end of the contract period (typically 5 years) the country would receive the agreed payment once the progress had been confirmed against the benchmarks. In order to work effectively, COD Aid would need to be additional and complementary to existing aid flows and a mechanism such as an escrow account would be needed to ensure that the aid is delivered as promised. This proposal has received several expressions of interest from developing countries and some donors. The concept is well developed and is ready to move to implementation in one or two pilot countries. However, despite receiving high level endorsement from several donor agencies, COD Aid has failed to find any ‘first adopters’ in the education sector.

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\(^{31}\) These include Haiti, Sierra Leone, Central African Republic, Chad and, most recently, Liberia.

that are willing to support the pilot. This could be overcome by the creation of a funding mechanism which is able to take more risk as part of the drive to promote innovative approaches to mobilizing finance.

Innovative proposals to deliver resources more effectively domestically

19. Conditional cash transfer schemes with links to education. There are numerous examples of cash transfer schemes which provide direct benefits to households in return for ensuring that their children attend school or take advantage of other social amenities. The objective of such schemes is to provide an incentive for families to accept the opportunity cost of sending their child to school by providing an immediate benefit to the household. These schemes have proved particularly successful in encouraging families to make greater use of social services and, for example, send their girls to schools in cultures which might traditionally favor boys. The schemes have the additional value of providing an effective mechanism to redistribute wealth to the poor and can be further targeted to specific policy areas such as girls transitioning from primary to secondary schools. The drawback is that these schemes require quite sophisticated government financial systems to ensure effective targeting and efficient delivery of funds to the intended beneficiaries. This appears to have impeded the transfer of CCT programmes to the least developed countries in Africa which have much weaker government systems. There may be scope for overcoming some of these problems through public private partnerships possibly linked to cash transfer savings schemes.

20. Education Venture Fund. This is a proposal to establish a fund which is specifically designed to mobilize finances from new sources (including private sector and bond markets) and to use that finance to promote innovation and experimentation in the delivery of services in the education sector. The intention would be to stimulate social entrepreneurs (in non government as well as government agencies) to take new approaches to solving intransigent problems. Issues which could be addressed by the Education Venture Fund could include:
   - raising learning achievement in mainstream classrooms
   - teaching children from remote rural communities;
   - providing open learning opportunities for secondary school students;
   - tackling adult illiteracy through work place training programmes.

Other ideas would emerge depending on the local context. The EVF could use a challenge fund approach and invite proposals with verifiable outcomes for consider-

33 In contrast, health and water sectors have been more pro-active and have begun working on proposals to apply the COD Aid approach in their sectors.
ation by a national panel of experts. Proposals would be assessed against an agreed set of broad criteria but the activities and issues to be addressed should be left open in order to encourage new thinking. Independent evaluation should be built into the programme as well as a strong communications and social marketing strategy to promote the funds activities and share lessons as widely as possible. This proposal is still at the concept stage and will need further work on the design and implementation details before seeking funding. There are some components of the Hewlett Foundation Quality Education in Developing Countries initiative which could be used as a prototype for a national Education Venture Fund. The challenge fund approach and support for social entrepreneurship is likely to be more attractive to private sector donors and foundations than more mainstream donors.

5. Possible Next Steps

Innovative finance for education holds significant promise but the broad coalition of interests that has characterized the health sector has yet to be mobilized behind it. We suggest that five steps are now needed to take further and concretize innovative finance for education: making more explicit what is meant by “education”; securing high level support for the need for innovative financing for education; developing a more detailed menu of options and possibilities; further analytical work on promising ideas; and a few specific actions to get a couple of ideas up and running quickly.

1. Repackaging the education ‘ask’. The various innovative approaches in the health sector have not tried to finance system wide issues but have rather demanded responses to specific diseases and vaccines in order to save lives. These messages are then presented in ways that can be easily understood by policy makers as well as the general public. In education, the impetus for innovative finance has come from the recognition of the financing needs of basic education. Now we need to determine further what innovative finance is to be used for – the bulk of spending is recurrent and is for teacher salaries but innovative financing ideas likely need to be built around simpler concepts, such as “a child’s basic education” or “a set of books for every child” or “a child reading at grade level” or similar. These simpler concepts should be relatively easy to market to individuals for voluntary contributions or to funders for public initiatives.

   Once such clarifications have been made – and there can be more than one - it will then be important to define them in ways that can be monitored and also to cost them so that, for example, there is a $ number associated with a set of books for a child. Experience from the health sector indicates that it is effective to create multiple scenarios that can combine at global and national level (a) program scale up; (b) cost; and (c) impact. This gives decision-makers and the media a range of

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35 Quality education in developing countries. Hewlett Foundation.
36 UNICEF's evolving “9+1” concept is an example, consisting of 9 years of basic education preceded by one year of early childhood education.
possible options with level of effort, a price tag and a tangible human benefit attached to each one.

2. **Securing high level support.** The health sector benefited from the support of major world figures, notably the UK prime minister, the president of the World Bank and others. Similarly high level support is needed for innovative finance for education. The World Education Forum has floated the idea of an education commission but it has not as yet gained major traction. Possibly limiting its scope to innovative finance for education (or, at most, to finance for education including innovative finance) could be a way to generate this support and bring together the needed alliance of political, NGO and business backing.

3. **Developing a detailed menu of ideas and possibilities.** This paper is a first attempt to bring together the ideas that currently exist for innovative finance for education. A more detailed menu is next needed, as has been suggested in the context of the Leading Group’s education task force.

4. **Further analytical work.** Much more work is needed on many of the most promising ideas and a program of applied research is urgently needed. OSI has set the initiative and intends to continue with further support to develop at least two ideas, education and climate change and diaspora bonds for education.

5. **A few specific actions.** We suggest that two ideas are ready to be tried, adopting a learning-by-doing approach:
   a) **A test of domestic bond financing, using the Affinity Macrofinance approach.** This will not require establishing the full Affinity company but rather simulating its proposed approach by working with a volunteer country and an aid agency. A joint venture would be formed with a local private or public sector entity. The joint venture would issue bonds, a portion of which would be AAA-rated due to financial guarantee insurance. The government would fund the most junior tranche of the bonds; the donor would fund the middle or mezzanine tranche; and the donor would as well provide a financial guarantee for the least risky top tranche, which would be sold to local pension funds. This structure would roughly double the amount of money a government can put to work in its education sector through the funding of the mezzanine tranche and the financial guarantee attracting local pension funds to the most senior tranche.
   b) **The Ed Venture Fund,** to stimulate innovation in the global education sector both in terms of raising finances and in delivering financing more effectively on the ground. This will require the establishment of an intermediary entity (or possibly entities) which is modeled on a commercial venture capital fund but with the returns to investment measured in social capital rather than financial gains. The Ed Venture Fund (this is a working title – others may have better ideas) will have the mandate to take an entrepreneurial approach to raising finance through a variety of mechanisms that were designed to maximize the opportunities offered by the innovative financing drive both specifically in the education sector and for development in general. The Ed Venture Fund will also be able – and indeed required – to take risks in the choice of delivery channel. It could use existing funding mechanisms (such as
World Bank projects and programmes, the FTI fund, UN agencies or bilateral donor programmes) or support new mechanisms such as the proposed Cash on Delivery Aid. Its criteria in selecting the delivery channel will include effectiveness, efficiency and the extent to which innovative approaches were being supported. If conventional channels were used, the Ed Venture Fund would require an innovation component in the mode of delivery, thereby introducing the potential to leverage change within mainstream funding operations.

There are precedents in other sectors for a venture fund approach to social investment in developing as well as developed countries. The best known is probably the The Acumen Fund which is a non-profit global venture fund that uses “entrepreneurial approaches to solve the problems of global poverty.”37 In the UK, the government has recently partnered with Social Finance Limited to launch the first Social Impact Bond which will be used to fund social organizations working with young offenders with a share of the savings to the government from reduced recidivism rates being passed onto to private investors as part of the bond terms. Social Finance Limited is a not for profit advisory body which was established to develop financial products that marry the needs of investors and the social sectors, to support organizations in their efforts to deploy and raise capital, and research social investment markets and opportunities.

A strong lesson to be learnt from the health sector is that successful innovation requires an entity or entities with the vision, drive and mandate to do things differently. The success of the IFFim and GAVI Fund, UNITAID and the Millennium Foundation all demonstrate the value of a small dedicated team with high level financial and management skills with a remit to innovate and take risk. The maxim of the Leading Group is to create ‘new mechanisms not new structures’ in order to minimize the risk of duplication or competition with existing structures. This can best be achieved by using a range of models including possible hosting arrangements within existing organizations (as with UNITAID in WHO) or creating a shell company with a board of directors overseeing the work of a Secretariat housed in one or more partner organizations (as with IFFim and GAVI). If a separate entity is established, this should be kept small and skilled with financial management, communications and organizational development expertise rather than education technical skills which can be secured from other organizations.

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37 Acumen was established in 2001 with seed capital from the Rockefeller Foundation, Cisco Systems Foundation and three individual philanthropists. It currently provides “patient capital” to 36 enterprises in South and East Asia and Sub Saharan Africa. The fund supports innovative interventions in the health, water, housing, water and energy sectors – not education. The investments are typically small scale (less than $1 million) and there is a strong focus on scalability and long term returns for investment. Results are still to be fully evaluated.
Conclusion

There are significant opportunities as well as a widely expressed demand for OSI and its partners to take a leading role in moving forward the debate on innovative financing in the education sector with targeted research, analysis and creative action on the best ideas emerging from the ongoing discussions. The French Ministry of Foreign Affairs recently convened the first meeting of the task force on innovative financing for education under the auspices of the Leading Group on Innovative Financing for Development. This meeting was attended by a range of donors and recipient country representatives including Chile as the outgoing chair and Korea as the host of the G20 meeting in November. The meeting agreed a challenging timetable for further analytical work and the preparation of a concept paper to be presented to a side meeting at the UN MDG Summit in September. There was a strong consensus on the need to move ahead with one or two of the most promising proposals on innovative financing for the sector in order to demonstrate success and learn lessons from real world challenges. OSI and other private foundations and private sector organisations have a strong comparative advantage in contributing this work as they should have much greater flexibility and ability to take risk than traditional bilateral donors and multilateral agencies. Strategic investment in successful innovations has the potential to leverage substantial change across the whole global education architecture and transform the education sector into a leader in innovation.
Annex
Preliminary Typology
(Ideas which raise the profile of education are listed under other categories and identified with an asterisk*)

1. Domestic – Generation of Public Sector Revenues
   a. Decentralize revenue generation (China, India, Brazil)
   b. Formula funding
   c. Payroll training levies (China, Korea, Latin America)
   d. Cross-sector financing (Mexico)

2. Domestic – Generation of Private Resources
   a. Deregulate entry and institutionalize competition
   b. Cost recovery/sharing in secondary and tertiary education (Singapore, Vietnam, Chile)
   c. School self-financing (China, Mongolia, Vietnam)
   d. PPPs in financing and provision (Korea, Philippines, Malaysia, Colombia)
   e. Bond financing and bond guarantees
   f. University-industry linkages in training/R&D (Korea, USA)
   g. Apprenticeships (Germany)
   h. Student loan schemes (USA, Canada student line of credit, UK)
   i. Alumni gifts
   j. Reorient tutoring resources
   k. Textbook revolving funds
   l. Tax-advantaged savings for education (USA)

3. Domestic – Efficiency/effectiveness objective
   a. Formula funding or performance contracts (Brazil, China, UK, France)
   b. Decentralized service delivery and institutional autonomy (Korea, Hong Kong, Thailand, Denmark, Germany, USA charter schools)
   c. PPPs in financing and provision (2d)
   d. Incentives for teacher performance (Chile, Mexico)
   e. Public expenditure tracking by Independent Monitoring Organizations (IMOs)
   f. Teacher absenteeism tracking by IMOs
   g. Competition
   h. How to finance literacy?

4. Domestic – Equity objective
   a. Demand-side schemes (Indonesia, Brazil, Mexico, Australia, UK, Chile)
   b. Conditional cash transfers (Brazil, Mexico)
   c. Scholarships (Bangladesh secondary girls)
   d. Vouchers (Chile)
   e. Loan schemes that are income-contingent (Australia)
   f. Learning accounts
   g. Education savings accounts
   h. Federal state equalizing transfers

5. International – Public Revenue Generation
   a. Debt swaps for education* (Argentina)
b. South-South cooperation e.g. teacher training
c. Aid mechanisms* e.g. Global Fund, FTI
d. Financial Guarantee Insurance for bonds

6. International – Private Revenue Generation
   (how to adapt to education?)
a. Remittances financial engineering*
b. Diaspora bonds*
c. FIFA levy* (proposed)
d. World Cup Legacy Fund*
e. Teachers for Education for All Fund*
f. International financial transactions tax
g. Internet users tax or contribution*
h. Charitable contributions e.g. UNICEF, foundations*
i. Bond financing with exchange risk removed

7. International – Efficiency/effectiveness
a. Cash on delivery education aid
b. Fund for education innovation*
c. Teacher trainee vouchers
d. Ways to get finance into conflict-affected areas
e. Ideas for financing literacy?

8. International – Equity
a. Cash on delivery focused on the poorest 20% educational achievement
b. Mechanisms for conflict-affected areas
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