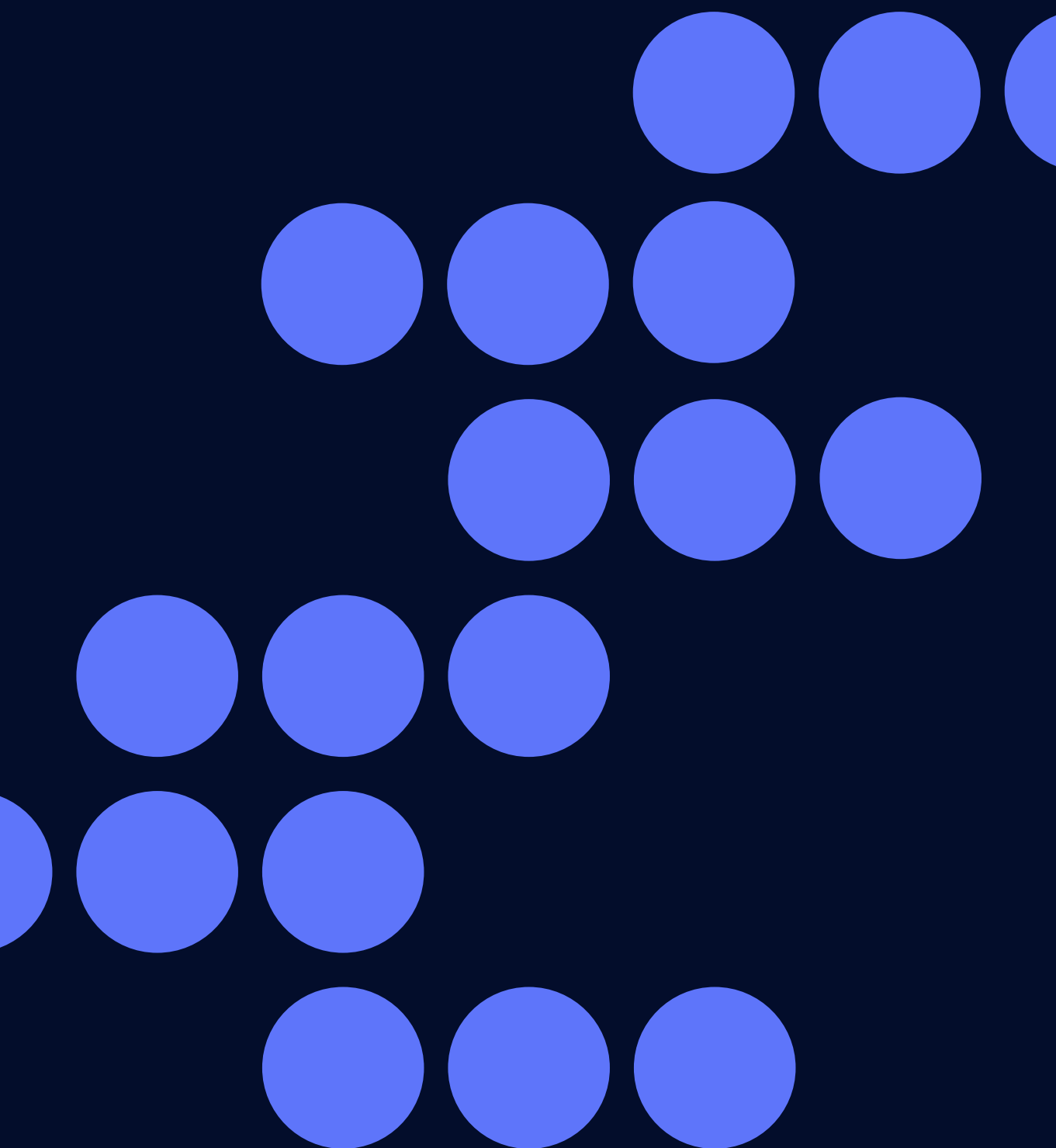




International Finance Facility
for Education

A generation of possibilities

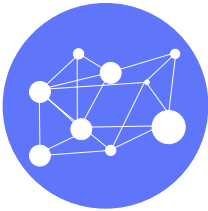




What is IFFEd?

The International Finance Facility for Education is an education financing engine that multiplies donor resources to give countries the opportunity to make urgent investments in quality education and skills. A collaborative and self-sustaining way to finance inclusive learning pathways for the world's poorest children and youth, IFFEd unlocks opportunities where humanity needs them – empowering generations to thrive.

What does IFFEd do?



Brings together and expands the education ecosystem

by engaging with government, non-government, and philanthropic players, enabling and leveraging distinct strengths of each stakeholder.



Identifies breakthrough solutions in education

by working with forward-thinking public and philanthropic partners to design, test, and scale evidence-based approaches in different contexts. Supports tested and proven programming in an unprecedented way to reach far greater numbers of learners and educators.



Supercharges education financing

by working with public and philanthropic donors who contribute equity guarantees and grants to IFFEd which are used to leverage multiples of additional affordable financing through the multilateral development banks (MDBs).

IFFEd's story so far

IFFEd's original design was completed with a number of bilateral donors and four MDBs – the ADB, AfDB, IADB, and World Bank. As called for by the UN Secretary-General, IFFEd was launched at the UN Transforming Education Summit in September 2022 by UN Special Envoy for Global Education Gordon Brown and its founding donors, with the backing of world leaders.

IFFEd launched with a 3-year growth model, starting in one to two regions to immediately demonstrate impact before expanding globally. It has the potential to mobilise at least \$10 billion in new financing for education in the next 5 to 7 years and its financial model has already been reviewed and assured by credit rating agencies. In February 2023, IFFEd was officially registered as a Swiss foundation and will soon be operationalised, appoint its CEO, receive its first contributions, and work with MDB and country partners to deliver quality education and skills programmes for children and youth most in need.



Why is IFFEd essential?

The crisis

Even before COVID-19, over half of the world's children and youth were either out of school or in school but not learning. During the global pandemic, more than 1.6 billion children and youth – nearly the entire world's student population – had their education disrupted. The scale and speed of this disruption was unparalleled, and the worst impacts will be felt by the poorest and most vulnerable, especially girls, for years to come. Unless we act now, learning losses will translate into significant long-term challenges, including lower labour market participation and significantly lower future earnings.

The opportunity

The global pandemic revealed both the power and the need to move innovation from the margins to the centre of education systems. Now is the time to invest in smart, resilient, and equitable education systems and transform education for decades to come. Now is the time to invest in inclusive pedagogies and engaging ways of learning – to invest in new tools, from EdTech to AI, to boost more personalised learning at scale. Now is the time to develop skills to prepare young people for the green jobs of tomorrow and equip them to lead the Fourth Industrial Revolution.

The financing imperative

Ever greater fiscal pressures due to the pandemic and other crises, are forcing governments to cut back on ambitious education initiatives at exactly the time investment in education is essential for recovery and growth. The only viable way of resolving this tension is for the international community to come together around smart financing approaches for education which enable the available resources to go further.

IFFEd will unlock education for generations to come

IFFEd is a smart solution that will turn millions into billions for the world's most marginalised students and the workforce of tomorrow. IFFEd will finance public education and skills development programmes developed by countries with MDBs. Countries will also be able to access financing for activities in complementary sectors that are directly related to education services, such as the health and nutrition components of an early childhood development program.

Over 50 countries are classified as LMICs today. All LMICs with access to non-concessional funding will be eligible for IFFEd financing if they meet four key criteria:

1. Have a credible education sector plan
2. Be able to sustainably take on more development bank financing
3. Commit to mobilizing more domestic funding
4. Integrate results-based performance targets on quality and equity



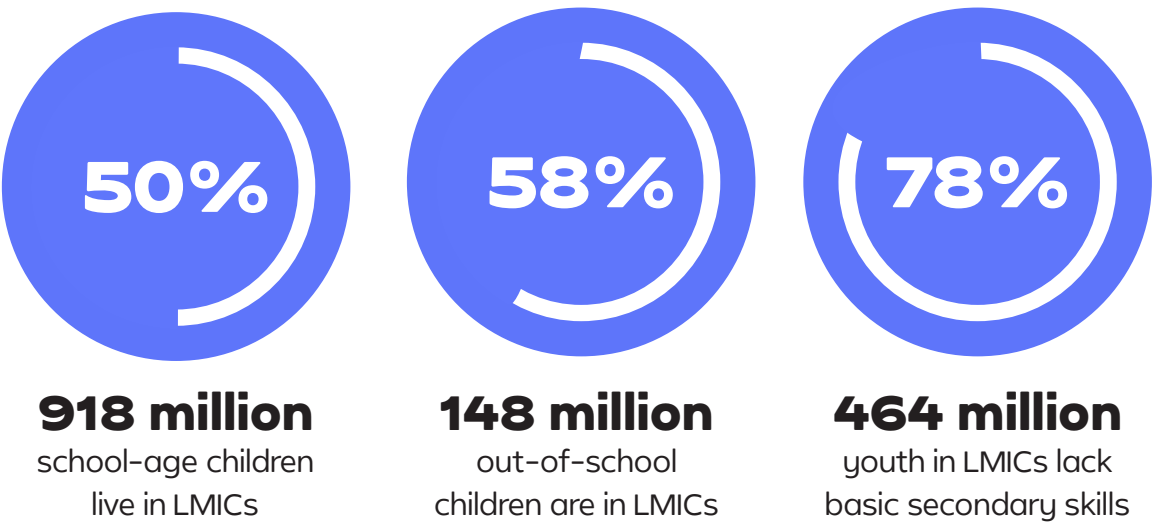
The special challenge of lower-middle-income countries (LMICs)

Fifty LMICs are home to more than half of the world’s children and youth (more than 900 million), the largest number of out-of-school children, and the largest number not learning of any income group. This includes some of the most populous countries such as India, Indonesia, Kenya, Nigeria, and Pakistan. Even under the most optimistic scenarios of increased domestic budgets and more efficient spending, LMICs will face a financial shortfall to address these challenges, likely rising to 80 percent of the total global financing gap by 2030.

The financing gap in LMICs is much too large to be solved by traditional grant aid, which is not even enough to address the needs of the poorest countries. Total global aid for education is currently only around \$16 billion, falling far short of covering the estimated financing gap of more than \$40 billion annually. Indispensable programs such as the Global Partnership for Education (GPE) and Education Cannot Wait (ECW) are not designed to address LMICs’ large long-term financing needs and are already stretched focusing on low-income countries (LICs) or emergency humanitarian needs.

LMICs can afford to borrow for education, but not at commercial rates. IFFEd is designed to address this critical need. By maximizing scarce donor resources in an unprecedented way, IFFEd allows donors to better meet the financing needs of LMICs at an affordable cost, without having to reduce allocations to LICs or for humanitarian crises.

Why target lower-middle-income countries?

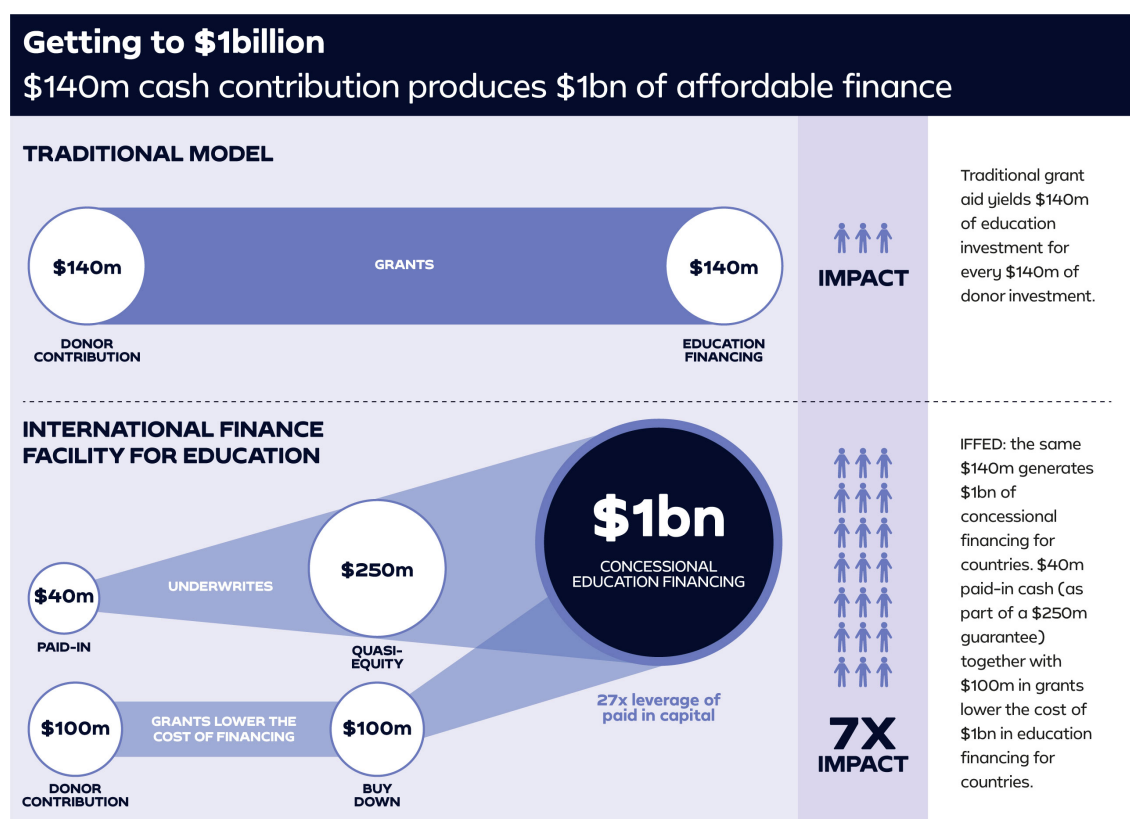


*Source: United Nations Population Prospects 2022 using World Bank income classifications current as of 2022; data for 5 to 18 year-olds
*Source: UNESCO via the 2021 Global Education Monitoring Report
*Source: World Skills Clock; data for 15 to 24 year-olds



What impact will IFFEd have? A 7x return on investment

IFFEd will increase access and learning outcomes for the most marginalised children and youth, especially the poorest, girls, the disabled, and those forcibly displaced. Compared to traditional grant aid, IFFEd will provide low-cost finance that can benefit seven times more children and youth for the same paid-in donor contribution.



How does IFFEd supercharge and deliver education financing?

IFFEd raises guarantees and grants from donors to allow MDBs to raise more financing in the capital markets and offer countries affordable financing terms. In the current resource-constrained environment, IFFEd is a gamechanger for both donors and LMICs, as **it multiplies donor dollars seven times as compared to traditional aid.**

Guarantees

IFFEd uses donor guarantees to provide a new form of quasi-equity to MDBs. This allows the MDBs to raise additional financing in capital markets and provide this funding to countries for education. For every \$1 of capital provided through IFFEd, the MDBs are able provide an additional \$4 in financing to LMICs. For every \$1 of guarantees, donors need to provide only 15 cents in cash as paid-in capital, with the remaining 85 cents in the form of a commitment to disburse should loans not be repaid. This means the paid-in portion of guarantees is leveraged 27 times. Just \$40 million in paid-in capital can mobilize \$1 billion in new MDB financing to countries.



Grants

Donors also provide grants to IFFEd. These grants are used to buy down the interest rates charged by the MDBs to lower the cost of education financing for eligible countries. These grants allow countries to borrow for education on more affordable terms and encourage them to invest in education. For every \$1 billion in MDB financing, we propose at least \$100 million in grants to soften the terms of the financing provided.

IFFEd will generate:

- **\$10 billion additional funding**
- **7X more impact than traditional aid**
- **STRONG anticipated credit rating of IFFEd**

To realize IFFEd's potential to ensure all children are in school and learning, we invite sovereign and philanthropic donors to join IFFEd as soon as possible.

Interested in learning more?

Contact us: iffed@educationcommission.org