

THE BROOKINGS INSTITUTION  
NEW IDEAS TO SCALE UP AND FINANCE GLOBAL EDUCATION

Monday, February 24, 2014

WHAT'S NEW IN GLOBAL EDUCATION?

**Featured Speaker:**

THE HONORABLE JULIA GILLARD  
Former Prime Minister of Australia  
Nonresident Senior Fellow, The Brookings Institution

**Moderator:**

REBECCA WINTHROP  
Senior Fellow and Director, Center for Universal Education  
The Brookings Institution

PANEL 1 - HOW TO SCALE UP AND FINANCE LEARNING:

**Moderator:**

HOMI KHARAS  
Senior Fellow and Deputy Director, Global Economy and Development  
The Brookings Institution

**Panelists:**

CLAUDIA COSTIN  
Secretary of Education  
Municipality of Rio de Janeiro

ZBIGNIEW MARCINIAK  
Former Undersecretary of State Ministry of Education, Poland  
Professor, Institute of Mathematics  
University of Warsaw

SHANNON MAY  
Co-Founder  
Bridge International Academies

CHARLES AHETO-TSEGAH  
Deputy Director-General  
Ghana Education Service

PANEL 2 - BETTER ALLOCATING FINANCES TO REACH THE MARGINALIZED

**Featured Speaker:**

THE HONORABLE JULIA GILLARD

Former Prime Minister of Australia  
Nonresident Senior Fellow, The Brookings Institution

**Moderator:**

LIESBET STEER  
Fellow  
The Brookings Institution

**Panelists:**

THE HONORABLE JULIA GILLARD  
Former Prime Minister of Australia  
Nonresident Senior Fellow, The Brookings Institution

DANIEL NKAADA  
Basic Education Commissioner  
Ministry of Education, Uganda

HARRY PATRINOS  
Sector Manager, Human Development Network  
The World Bank

FAZLE RABBANI  
Education Advisor  
U.K. Department for International Development

PANEL 3 - INNOVATIVE FINANCING OPPORTUNITIES FOR SCALING EDUCATION

**Featured Speaker:**

PHILIPPE DOUSTE-BLAZY  
Former Foreign Minister of France  
Special Advisor to the Secretary General for  
Innovative Finance for Development  
United Nations

**Moderator:**

TAMAR ATINC  
Visiting Fellow  
The Brookings Institution

**Panelists:**

NICK BURNETT  
Managing Director  
Results for Development Institute

PHILIPPE DOUSTE-BLAZY  
Former Foreign Minister of France  
Special Advisor to the Secretary General for  
Innovative Finance for Development  
United Nations

ROBERT FILIPP  
Founder  
Innovative Finance Foundation

AMIE PATEL  
Director of Global Development  
Imprint Capital Advisors

PANEL 4 - IMPROVING INTERNATIONAL SUPPORT FOR EDUCATION

**Moderator:**

GEORGE INGRAM  
Senior Fellow  
The Brookings Institution

**Panelists:**

ALICE ALBRIGHT  
Chief Executive Officer  
Global Partnership for Education

MANOS ANTONINIS  
Acting Director  
EFA Global Monitoring Report

DESMOND BERMINGHAM  
Director, Education Global Initiative  
Save the Children

ANNA FRENCH  
Head of Education  
U.K. Department for International Development

\* \* \* \* \*

## P R O C E E D I N G S

MS. WINTHROP: For those standing in the back -- I see you, Gabriel; I see you, others -- there are a few seats over here. You'll be able to sneak out. It's okay. We won't chain you if you come to the front. (Laughter) So, please do come down. There's, like, a little cluster of four or five seats over here and a couple over here, so you don't have to stand.

Thank you so much, all of you, for coming. I'm Rebecca Winthrop. I'm the director here of the Center for Universal Education. It's a real pleasure to be here with all of you, and we're pleased -- we do an annual education symposium. Well, "annual" -- this is the second time we've done it. It's becoming annual. And we will definitely do one next year, and we welcome any feedback, ideas, suggestions for next year, what you liked about this or didn't like about today's symposium.

So, the theme of the symposium this year is around scaling up and, in particular, the role of financing and scaling up, and the inspiration for picking this topic this year really came out of conversations within the team, thinking very seriously about inequality. The Secretary-General's high-level panel on Post-2015 had an incredibly important statement around equity, how this is a central issue for development in the next decades to come.

Many thanks, Homi, for coining the term "to leave no one behind."

So, for us what does that really mean, to leave no one behind in education? If we're really going to be able to leave no one behind, how are we going to have to do things differently? How are we really going to have to scale up education services and interventions to reach those that are marginalized, that are not accessing education? And it certainly means not only just accessing education but making sure that people get access to a good enough education that they're actually developing their skills and competencies to the best of their abilities.

So, that is the inspiration for the topic, and we thought we would focus on financing, because of course financing is a crucial, necessary but not sufficient criteria for

scaling up, and at this moment in time education financing is in a very worrisome state. We just ran some of the numbers, and although I had thought from this past year tracking reports and stuff that international aid, ODA -- Overseas Development Assistance -- is kind of going down. If you look at it from 2009 through 2012, although there are dips and peaks along the way, it's actually trending up. So, aid is trending up over the last several years.

However, education aid has been trending down. So, while overall the pool of assistance is going up, education aid is falling, and aid -- and this is to me one of the most worrisome parts -- aid to basic education in the lowest income countries is falling the fastest, which, frankly, seems opposite of what it should be. You really should have aid to low-income countries being sort of the bulk of where you put your resources, one would imagine at least. So, that's one of the reasons why we wanted to focus on financing, in particular as a piece part, a scaling.

In addition, it's a good moment in time. You know, we have to think very significantly about what resources we're putting behind education to try to meet the last two years, to try to meet the MDGs and what sort of resources we need to hopefully scale up an ambitious post-2015 agenda around access and learning.

And we also have a moment in time that is around the GPE replenishment, which is starting, which maybe we'll hear more about from Julia in a moment. And we wanted to bring together some of the conversations around education financing that happened to be taking place in different corners of the globe -- well, maybe not globe but it seems to be different people, different working groups, different conversations. So, questions around international aid and assistance, absolutely, but also questions around countries' own use of their education resources, so domestic budgets, what's happening there with countries' own resources. And then, third, innovative finance -- lots of discussions around how the education sector can do a better job to attract different sources of finance, different finance models.

So, we thought we would have a day where we put all three of those

different dialogues in conversation with each other and look at education resources *in toto*, so to speak, and certainly with a very close eye not only to more money but better used -- how to both grow the pot and better use existing resources and of course new resources.

So, that's the goal of the day. At the end I will lay out sort of what the schedule is and make a few announcements.

But now I would like to turn over to Julia, and I think all of you well know who she is. You have her full bio in the program.

But, if I may, I would like to say just a few words of introduction. Julia Gillard, former Prime Minister of Australia, has spent a long time in political life starting in the House of Representatives in the late 1990s and taking on various roles including, importantly for us, Minister of Education of Australia as well as Minister of Employment and Workforce Relations and Social Inclusion, so a wide range of experience -- deputy prime minister, as well.

And then, importantly also for us, is the very important education reforms that enjoy very broad bipartisan support in Australia that she championed while prime minister, something that I think we Americans are very jealous of, particularly the bipartisan part.

And also one of the things that I always tell her was my favorite speech of hers was she joined when the U.N. Secretary-General announced his global education first initiative, he asked ten countries to champion it. I think he asked, maybe, more; some said no. But Australia said yes, under Julia's leadership, and she gave an incredible speech on the floor of the General Assembly about the role of global education and what countries can do and how we have to move forward.

So, anyway, we're very, very pleased to have you. You are with us now at the Center for Universal Education as a Senior Fellow, and you joined after you left your presidency, and now you are also newly appointed chair of the Global Partnership for Education. So, I guess my very first question is why did you choose global

education? (Laughter) Why us? We're very pleased, but what inspired you?

MS. GILLARD: Thank you Rebecca. Let me get the microphone right.

Thank you, Rebecca, and it really is a very great pleasure to be here for what I think is going to be an exciting and interesting day. I flew in from Australia last night, and the great benefit of making that long, long journey is you've got a lot of time on the plane to read documents. So, I did have the opportunity to read all of the papers that effect in bringing people here today and there's some fascinating material in them. So, it's great to be here.

Why education? Well, education was really what got me into politics in the first place. So, it seemed natural exiting parliamentary politics to make it the thing that I focused on.

All those years ago when I grew up in South Australia in my hometown of Adelaide, the thing that first got me to go to my first rally, to type out my first leaflet, to make my first public speech was a series of cutbacks to university funding. And as a university student coming from my family where that was a very special opportunity -- it hadn't been routine for people in my family to go to university -- having got there to then see education funding cut back I thought was wrong, and so I took my first steps into public life. Then, fast-forwarding the clock, that took me into parliamentary politics ultimately to being Minister for Education, then to being prime minister. So, coming out of the prime ministership, I thought what was the single, biggest thing I could do to continue to make a difference, and it was natural to choose education, because I genuinely believe there's nothing that will make a longer term difference to the fight of our world than what we are doing today to educate our children, and if I can make some contribution to that, then that will be a very delightful way to spend these years.

THE WITNESS: Great, thank you so much.

So, following up from that, you clearly are moved and have a passion for this and have dedicated your life to working on education issues. And I have to say I rarely find a policymaker or decision maker or an advocate that doesn't think education is

important.

It seems to me everybody says, yes, education is foundational. If you are a human rights advocate, you talk about it as being a right to fulfill but also an enabling right, meaning once you're educated you're better able to stand up for your rights in other arenas. If you talk about economic development, it benefits the individual as well as the community and the economy. So, everybody seems to agree. It's sort of like, you know, motherhood and apple pie -- that's a very U.S. saying -- that, yeah, of course, that's great, who would not be for education.

But why, then -- this is the part that puzzles me, and I have some thoughts but I'd like your thoughts -- why then has it been so difficult compared to other sectors that we very much support and think is very important to the work their doing, such as global health or the environment or other very important issue, but why are they able to actually rally a broader constituency? Why are they able to get sort of broader either aid funding or private sector engagement? What's not so sexy about education? (Laughter)

MS. GILLARD: Well, I think it's very sexy. (Laughter) So, I'm prepared to say that. But I think in doing the comparison there are a few things for us to work through about education. One is the question of measurement and how we can show returns in the cold, hard, often brutal world of politics. If you are going to put money into something -- whether it's in your own nation or through your aid budget into other nations -- if you're going to put money into it, then you need to be able to show to your parliament, to your people that the money has made a difference. And in some sectors, that is very easy to do. If you can say, we're on a journey to eradicate polio and so many more million children have had their polio vaccine, then that's countable, people can conceptualize it, and I think people would say that's a good use of funds. We obviously don't want to see children get polio.

But when we come to education, we don't have those snapshot measurements. Now, that doesn't mean that we can't measure things and we shouldn't



measure things, but we don't have that currently available to us.

And then I think these, the lead times, too, it is possible to galvanize around a healthcare outcome today -- for example, the work that's being done not only in vaccines but to treat some of the diseases: AIDS, malaria. It is possible to say let's have a global effort and within a two-, three-, four-, five-year timeframe be able to show that there's been real change. In education, necessarily, the timeframes are longer. When we take that child who's coming into school at 4 or 5 or 6 and their education journey is going to take them over the next 12 years, but then it's actually going to be something that happens for the rest of their lives, showing change, it's over a longer timeframe. And, unfortunately, in the modern world we're not particularly patient people. I think we like to see things happen very quickly. So, I think the challenge is posed to us who care passionately about education to try and make sure that we can fulfill those criteria of explaining change and holding people along the journey for change so that we've got a little bit more patience to hold people with us as we get to the outcomes.

MS. WINTHROP: Do you think leadership has a role, sort of the -- I often think about, you know, where would the global health sector be if Bill Gates hadn't decided to really focus on it? Is that sort of a crucial recipe, to have a Bill Gates of global education? Or maybe it's not.

MS. GILLARD: Well, I think there's probably only one Bill Gates, but I do think it's important to have high-level champions. Now, it may not be the same model as the model of the Bill and Melinda Gates Foundation, but I do think it's important to have people who are putting the arguments to the global community. But, equally, I think we've got to be doing what we can in this networked world to be drawing the lessons from people who are working locally and sharing them. In this quest of filling the information and to give people the sense that change is possible, actually when you get to travel as I have, not only in my own country but around the world, you will find that school that is doing just an incredible job at changing life outcomes for children in the most difficult of circumstances, schools where they've set the highest of expectations;

and the children from the poorest of circumstances are meeting those expectations. And I think if we can network and bring those examples to the fore, then that will help persuade people that change is possible and it should be possible on the wide scale, as well as in those demonstration projects.

MS. WINTHROP: Thanks.

One more question, if you'll allow me, and then I'll open it up to all of you. We probably have time for a couple of questions.

So, you are now newly -- what is it, two weeks or something like that? -- you're now the chair for the Global Partnership for Education. Can you tell us a little bit about what your vision is for how you want to advance education with GPE?

MS. GILLARD: Well, I'm here a little bit as a fraud in that sense, because I don't actually take over being chair until the start of March, so I'm here --

MS. WINTHROP: Forgive me. (Laughter) Whoops.

MS. GILLARD: You've given me that advance on the date, but I will be attending the GPE board meeting that is happening in Washington this week and then take over chairing from the next meeting on, and I know that there are some participants on the board who are in the audience. I've got a lot to learn about what GPE is doing, so I'm not going to pretend -- having got the appointment and not even been to a board meeting yet -- that I'm the world's biggest expert. But I do want to say I've got some ideas about things we need to do and need to do quite quickly.

First, we are coming up for the replenishment round. There will be the replenishment conference in the middle of this year. GPE has mobilized the best part of \$4 billion to make a difference for education in some of the poorest countries on earth, and if it can only be sustained and added to, if we have a successful replenishment round, my sense is that there is a lot of momentum. But now is the time to harness that momentum and add to it, and we can't risk having that momentum stall by not having a successful replenishment round. So, a lot of work to do between now and June.

Then GPE, which I think has got a great model for working with

developing nations, is actually looking to refine that model of funding. So, there are many discussions and debates to be had there. But, really, it's about how GPE can work with developing countries on the whole education plan so that it's not just about mobilizing GPE dollars or other donor dollars but mobilizing every dollar that is being spent within a country on education so that it is being at its most effective for the children and for their learning outcomes. So, there's a lot to do on that, but I think it's a really unique model for change and a very sophisticated model for change, and I'm very passionate about getting involved in it and about making sure that I'm working with the nations who are partnering with GPE on their own domestic change programs and seeing what can be achieved. And I'm very optimistic about the degree of change that can be achieved.

If the replenishment round goes well -- and certainly that's our focus -- there are various goals that GPE will be pursuing, but they do include getting millions more children into education and improving the quality of education for those children.

MS. WINTHROP: Great. Thanks, Julia.

We have time for a few questions from all of you. Maybe we'll do one round. There are two right back here.

MR. MACRAE: I wondered if you had any common --

MS. WINTHROP: Could you speak up a bit and introduce yourself, please. I'm not sure the mic is on.

MR. MACRAE: Sorry. My name is Chris Macrae, Norman McCray Foundation. I was wondering if you had any comments on what Jim Kim at the World Bank has recently been saying. He's been saying that the global movement -- which he helped with healthcare and HIV -- he now wants to apply to job creating, educating, and youth summits, and so it sounds as if there's a connection between the lines of thinking he has and the questions you've just been asking.

MS. WINTHROP: Great. There's -- well, let's take a little batch.

MS. GILLARD: Okay, sure, and --

MS. WINTHROP: Do it all at once.

MS. GILLARD: We'll --

MS. WINTHROP: Yeah, I think that's better.

Go ahead.

MICHAEL: Hi, Michael from Global Poverty Project, from Australia. I'm just wondering, you mentioned before the need to show results, and that's what donors really look towards. You were part of the government which announced a significant pledge at the last replenishment to GPE indeed. I think Australia's the second largest donor in the world to it. What was it that really stood out to you when your government that you were part of made that decision?

MS. WINTHROP: And were there a couple of other hands? There's Steve right here in the -- yes.

MR. CLEESE: Thank you. Steve Cleese, University of Maryland. I wonder if you'd comment on what I think many see as another major issue behind the sorry state of education these days, unfortunately. And that is, we've had 30, 35 years of a conservative, some would say neo-liberal, global regime, governments, that has cut government to the bone. And along with that, education has gotten cut badly so that teachers' salaries today are, in many places, worse than they were 30 years ago. And teaching conditions are worse than they were 30 years ago. So, how do we -- and you've got international agencies and governments blaming teachers at the same time for the sorry state of education? So, how do we manage to work our way out of that?

MS. WINTHROP: I think that's probably a good lot to begin with.

(Laughter)

Go ahead.

MS. GILLARD: Well, perhaps I might take them in reverse order.

On the role of teachers and, you know, what we can do to better support teachers, it seemed to me in my own nation, when we went about our journey of change, that because we actually didn't have good information about what was happening in our schools, it was easy for everyone to succumb to some prejudice about what was going

right and what was going wrong in education. So, we have private schools and public schools. People would say private is always better. That was one common prejudice. And then the public education advocates would say, well, people don't understand that it's the public schools, the state-funded schools that are teaching the most disadvantaged children. So, all disadvantage is in state government schools. And then there would be a lively debate that would say, well, it's all about problems with teachers: They don't work hard enough, our brightest kids aren't going into teaching, and that's the problem.

One of the things I've tried to do with making sure we had more information transparently than we've ever had before about what was happening in schools was shake everybody out of these comfortable prejudices and get them to look at the facts. And when we looked at the facts, there were plenty of state-funded schools that teaching comparable kids to some of the private schools were getting better results. So, private wasn't always better. There were plenty of private schools that had made it their mission to teach the most disadvantaged children and were getting really good results. So, not all disadvantage was in state schools. And there were plenty of times where you see teachers who had come to a school and created a culture of change that had taken learning outcomes from really way below what they should have been to very, very high outcomes. So, you know, great teaching on display. So, I think if we can get the debate informed by the facts, often a lot of the prejudices fall away.

One of the things in developed countries, like Australia, is actually the amount of money going into education has been increasing. But ballooning outcomes hadn't been increasing, and when you see that, you undermine the case for change for more money going into education, so we had to demonstrate how the money could actually be used to get better learning outcomes to create the political case for change. So, information is really important.

On the question about Australia's aid budget, the GPE always stood out to us as an organization with huge potential to make a long-term difference to the world, because it is the only multilateral organization solely focused on education, and we

believed in its model of partnering with developing countries. And I am pleased that the allocations we made in government have been sustained by the current government, even though they've made some changes to aid arrangements and the aid budget overall. So, it's good to see that GPE seems to have persuaded both sides of politics, that it's a really important investment. So, I'm very pleased about that.

And then your question, sir, just to remind me, was --

MS. WINTHROP: Oh, the World Bank.

MS. GILLARD: The World Bank. Yes, sorry -- the World Bank. I think it's good to see that focus coming from the World Bank. I think that there is an increasing focus, and the World Bank is part of this on youth skills and youth employability, and that is necessary and perhaps unsurprising when we live in a world post the global financial process where in so many nations around the world we can see huge and unacceptably high rates of youth unemployment, which means that those young people are on the pathway to a life of disadvantage, because they can't even get that first step into the labor market. So, it's a very important focus. But even as we focus on that, I think we can't forget the pieces that lead up to young people potentially being in that position. Part of that is the big economic debate about where we are with global growth and global job generation, but part of it is also about the education preparation that those young people have had. So, if basic education has passed them by because they didn't get access or let them down because the quality wasn't good enough, if secondary education has passed them by because they didn't get access or let them down because the quality wasn't good enough, then it's not surprising that they are presenting into a competitive jobs market without the skills to access employment. So, I think we've just got to remember the continuum and be seeking to make changes along the continuum, to make a change for their ability to get a job.

MS. WINTHROP: Great. Thank you so much, Julia. We just have a couple more minutes before I hand over the reins to Homi Kharas, our moderator for the next panel. So, I just wanted to finish up by letting you guys know the plan, the plan of

action for the day. We have -- I think it's four, right? -- four panels, and there will be a short break, a 15-minute break or, so between each one, and then in the middle of the day we have a lunch, please, open to anyone -- well, not absolutely anyone but all of you who are here and people who come in for it. It will be right outside here in the hallway, and we will direct you. And at the end of the day after our last panel, we'll have a reception from 5:15 to 7, so please also feel free to stay for that and mingle and drink and eat.

And I have other sorts of other logistical announcements and then a couple of content announcements from some of our colleagues. One is, if you need anything whatsoever, please track down one of our Center for Universal Education team members, who are all wearing white name tags, except for me; I didn't get mine, so I'll find one. And many thanks, actually, to the whole team. Elizabeth Steer has been putting our lead scholar on this, and huge thanks to Jenny Gamble and Melon Hargos and Hali Fyad, in addition to everybody else who have really done the bulk of the work in putting it all together. But if you need anything at all during the day, please do let them know. There is an overflow room across the hall where this is happening. The event is being webcast, and please do follow us on Twitter at #gloaledu.

And then, finally, I wanted to share two announcements. We do this sometimes as a public, public service. One is from Ed Gragert, who is the head of GCEUS on behalf of the Global Campaign for Education International. They have -- and there are copies out there and I didn't grab one. I was going to wave it around. But you will find it, and please go see it. They have a new publication out called "Fund the Future." They are organizing the civil society community to advocate for GPE replenishment, and that's what this document is about. They're calling for a \$4 billion replenishment.

We'll see what happens, Julia.

But that's certainly what civil society is advocating for.

Also, another announcement from USAID, from Penelope Bender, who

leads their reading work: USAID is launching a new community practice around improving early grade reading. It's for a wide variety of practitioners from teachers, from academics, to governments, programmers, et cetera, really focused on improving program quality to improve reading on technical know-how and developing open-source tools and resources for early-grade reading. So, she wanted me to let you all know that that's just going to be launched and welcomes anyone to get engaged.

So, with that, I think I'm perfectly on time. I feel very proud of myself.

Thank you very much, Julia, for being here.

We wanted to also say a very special thanks, because we had also asked Julia back on the second panel, and she's going to give a talk, a much more technical, detailed talk about her experiences and lessons learned in Australia doing education reforms, particularly financing reforms, with education budgets that really look at equity and what we can learn from that.

So, we welcome you back for that and thank you very much for your time now.

So, Homi, please come up, and the rest of the panel.

MR. KHARAS: Good morning everybody. We've got a tremendous panel to discuss this, the question about how to scale up in finance learning. I think every word in that title is very carefully chosen, so this is going to be about scaling up. It is going to be about finance, and it is going to be about learning. And unlike many panels that we have at Brookings, this one is actually completely comprised of practitioners, so I am actually very pleased we have people who have actually been trying to apply some of these ideas on the ground. Immediately to my left, Charles Aheto-Tsegah, Deputy Director General for Quality and Access of the Ghana Education Service. First, I think it's tremendous that you've actually got a unit which is called Quality and Access. I'm not sure of many countries that have done that. But Charles has been working in education for over a quarter of a century and in addition to his practical teaching, head masterships, et cetera, he's also served -- serves -- on the Board of Directors of the Financial Advisory



Committee of EFAFTI. Is that right? Great. GPE, GPE. Claudia Costin is the Secretary of Education of Municipality of Rio de Janeiro. Rio is known for many things, in addition to Carnival and the World Cup, Rio also traditionally is known for its favelas. And the -- how one deals with marginalized communities -- favelas are the slums of Rio -- how one deals with people who are traditionally very difficult to reach, has been a long standing issue, and Dr. Costin has been really driving an effort to try to reach that. So I think that that's particularly relevant to the notion of scaling up. Dr. Zbigniew Marciniak has spearheaded reforms in Poland that have achieved extraordinary improvements in PISA scores. He has done that while still I believe, Poland spends a fraction of the amount of money of other OECD countries, on its education. There were a series of very important institutional reforms that were done. So there's been a great focus I think on quality of learning. He also chairs the governmental committee on implementation of the European Qualifications Framework. And last, by no means least, at the far end, Shannon May. Welcome again Shannon. Thank you for giving us so much of your time is the Co-Founder of Bridge International Academies, which is the largest chain of private schools in Africa. Bridge International has an extraordinary business model which is providing learning to primary school at a price point of four and a half to seven U.S. dollars per month. So Shannon brings a business orientation of how to scale up schooling, and I believe is now opening something like two schools per week? One school every two and a half weeks.

MS. MAY: Two and a half days.

MR. KHARAS: Days. More than two schools per week. I'm always behind the times on these things. So it's a terrific panel. I'll start, actually, let me start by saying there are three things that I think everybody should know as background to this panel. The first is that in the context of the post 2015 agenda, the U.N. launched a large online survey, called My World and asked people about their priorities for development. It currently has something like one and a half million responses and education is far and away the highest priority in the responses received. So just to reinforce Rebecca's

earlier comment that everybody believes that education is critical, education is one of the most important things, that's true not just of policy makers. That's also true of people in developing countries.

Second the fact that education's share of total aid is falling. Total aid to education in 2012, Liesbet was just showing me the numbers -- 13.6 billion U.S. dollars. That's somewhat, somewhere around twenty dollars per year per kid. If you were to take just basic education, the number falls to 5.4 billion dollars, so less than 10 dollars per year per kid. These are really quite small numbers. I'm also struck by the fact that within aid, one would expect the strongest arguments to be for the funding of basic education, but seemingly the allocations and the moves are more towards upper secondary and private and higher education, where the private benefits tend to be larger. So another issue is, within education, where does the money go?

And then the last point I wanted to emphasize is the issue of learning. Something like 250 million kids can't read, write, do basic sums. That's obviously a tragedy, but I think what's absolutely unforgivable is that 130 million, just over half of these kids, have spent four years in school. There is no point of being in school if you do not actually learn. So we have to figure out how to translate the dollars into more dollars, and the more dollars into more learning.

Charles, let me start with you. And start with this question of finance, which has always been one of the toughest challenges, I would say, for scaling up. So, you've had quite a bit of success in Ghana. Tell us about what arguments you found in the Ministry, to be most persuasive in actually getting increases in your budget. Did you have to use learning results? If so, how did you get the learning results before you got the money, or did you get the money first? Tell us a bit just about the politics of getting finance.

MR. AHETO-TSEGAH: Thank you very much and good morning to everyone here. For us in Ghana, the arguments for financing has essentially been around the issue of the number of children that should be educated. We have quite a

very large young population, many of whom should be in school and therefore immediately when you look at that huge population, the argument is that, yes, let's put money at a point where the largest group of our growing population would be in school, and that is targeting children at the very foundation of learning. And here of course, the issues around population distribution becomes a critical condition for, as one of the things for making that argument.

You referred to the issue about learning. Rightly, we built a learning and we want to build a literate and numerous population in Ghana and that the ultimate goal is we want a very functioning citizenry that can participate in the process of governance. Therefore, the issues about learning outcomes become a critical component in the argument for all this large number of children who we advocate to get access to education. And so, we make that point. And we use the challenges we encounter in terms of getting the real numbers, in terms of showing learning to be one of the reasons why we still need some resources to be able to deliver. And after you mentioned the challenges with literacy and numeracy which in my earlier discussion is now a global problem, we have that in big proportion in Ghana. So we use all of those arguments to be able to make the case for financing education in Ghana.

MR. KHARAS: So let me push you on that. Do you use international testing? Do you use local testing? Do you look at averages across the country? Do you look at specific communities?

MR. AHETO-TSEGAH: We use a mix of all of that. We use local testing. We use international testing and for those who have been following TIMS, we have been in TIMS and we always very proud that the very year that we entered TIMS we knocked South Africa to the bottom. And South Africa was so upset, so they left TIMS and because South Africa left TIMS, Ghana was left behind and we're perpetually stuck at the bottom of that, out of merit. But again, it was evidence for us in doing TIMS, was that in 2007, just barely a year after we had gotten into TIMS, the report showed that we made a significant improvement in our learning in mathematics and science. So that in itself is

one of the critical benefits we use that. We have local assessments in what we call the National Educational Assessment. Recently we've introduced ELA Grade Reading Assessment and we use all of that, and the outcomes of that, you make a case, especially for resources, for our children. And then we look at the national differentials in TIMS of learning achievement and we also use that as a basis to request for resources in order that we can push up the, what we in Ghana were afraid to ask the deprived areas to acquire enough resources to be able to make it up.

MR. KHARAS: Thank you, so Claudia; you have been successful in getting more money to favelas. Tell us a bit about -- was that difficult? Do you find that you, by doing that, that the unit costs go up? Do you find that actually the learning per dollar spent is higher there because you're starting from a different base? How do all of these cost benefit calculuses change as you go into these communities?

MS. COSTIN: Okay good morning everyone and thank you for the kind invitation from Brookings. First, it's important to understand that Brazil is a Federation and the city is independent, including in education. And so, when we started, my team started there, we decided to do a system wide intervention so as to improve the quality of education, who is, who knows pieces, rankings, Brazil is not performing greatly, we are 58 among 65 countries, although we are progressing at a fast speed in mathematics. Rio was not performing very well either.

We had for example, 28,000 illiterate kids from fourth to sixth grade. Just to explain, we don't have a big issue of out of school children, but we have a big issue in learning. Kids are in school, but they are not learning as they should. That was in 2009. So we decided to have a clear curriculum, guidelines, and to pay better teachers, to improve the teacher's preparation, give them instruments. But at the same time, we were aware that if we did that, not taking a careful look at where the most were at risk or the most vulnerable areas, we would be increasing quality just by raising the ones that are -- the kids that are already performing well.

So we decided to take, very quickly, two approaches on equity. One is

early childhood -- a huge investment in early childhood, and ensuring that the kids that are below the poverty line have access, are privileged in an affirmative action kind of thing, in getting access to nursery schools and pre-K and K. Second, to choose that 155 schools that we call schools of tomorrow that are in areas controlled by the drug dealers, or the militias, or that have been recently pacified. I left some documents there, on the schools of tomorrow. Those schools, they -- we should have the same curriculum, a policy of no excuses, to have a very demanding education, but with additional help. Teachers get paid more. They have better payments and there is a science program, a very challenging to science program inside each classroom. And we started. How did we get additional support for that? Because, first we had a supportive mayor that believed that that could be done. Second we -- there is a process of pacification, if we can make up a word, in Rio, going on, making sure that the territories are taken over from the drug dealers, and so that helped also a lot. And as learning outcomes, we had in 2011; there was a national standardized test in all our schools. There is a Brazilian index of quality based on this assessment, that external assessment, and while the municipality of Rio De Janeiro improved its learning outcomes for ninth grade, in twenty two percent while the country stagnated in ninth grade, in the schools of tomorrow, the improvements were thirty-three percent, which means that although they haven't reached the learning outcomes of their colleagues, but they approach it a lot. So we were able to give learning for all and diminishing inequality.

MR. KHARAS: Thank you. You talked about 155 schools. Is that all of the schools? I mean, did you decide that you had to do this program and immediately with a coverage of everything? Why didn't you start with five schools as a pilot, which would have been, let's say a World Bank strategy and then evaluate it and then decide on some success and 15 years later move on?

MS. COSTIN: Okay. We are not a research center. We are dealing with public policy. This is what I always tell researchers and first, we have 1075 schools. But most of them are not in violent surroundings. They are -- Rio de Janeiro is not only

about drugs and militias. So do visit there. It's a wonderful place. So we decided not to choose. Take the 155 schools that are in violent surroundings and just to do some commercials; two of them were ranked among the best performing schools in the country, now, after this intervention, so you can imagine that some changes happened there.

MR. KHARAS: Wonderful. Zbigniew -- so schools that suddenly start to perform really well, I think that that's something which is -- you've been very closely associated with. When you recognized that you had an issue, one of the things as I understand it that you decided to do, is actually introduce a whole new level of the gymnasium or junior high school to try to get students better prepared for higher education. So tell us a little bit about how, first, how did you identify that as being the key problem for scaling up learning and what have your experiences been, particularly with respect to decentralization of schooling and Claudia already said that the city is independent, clearly a very decentralized approach in Rio. How important has that been in Poland?

MR. MARCINIAK: First of all, thank you very much for inviting me here. That's really an honor. Well, I must say, the need for improving education came actually from the fact that Poland had to improve as a country, because we are coming, I'm talking about the 1980's -- we are coming from the communism and everyone understood that we, that the jokes are over, we have to meet the challenges of the normal world, which means competition, which means innovation, which means educated people. And we realized these facts. One of the facts was that only about seven percent of the population of Poland had higher education. Whereas the neighboring countries with whom we compete the strongest, had like forty percent. So it was immediately clear that we have to do something not to lose talents on the way. In our previous school system, we had an elementary school that was eight years long and then the population of kids would split into halves. One half would go to just for the basic professional education and they would mostly forget what they learned in elementary school. They were just trained to do very simple jobs. And from the other half, the Universities would peak at the end at

like one fifth, to educate further. So it was a very elite system on one hand, but on the other hand, that was not enough for the needs of today's world. So one way that was devised -- a decision was made that you must give better chance to all kids to learn to take better general education so they make better decisions for their life. So we decided to shorten elementary school by two years, and shorten the secondary school by one year, and squeeze in intermediate lower secondary school which would give, would extend the general education by one year.

It's easy to say, but how to do it? First of all you need teachers, then you need buildings, then you need, well, the will of the society to accept it. Because everybody knows that education has the most experts, because everybody knows how it should look like and the privileged way of public education do like it was in my young days. That's the dream of everybody and also of criticism. So first of all, we are cultured in several ways. The first is that we are not a very rich country. That means most of the cost of education goes to salaries of teachers. More in richer countries, a bigger share is in the other staff which supports education. Now we decided to stay in twenty years of education, which means actually we need as many hours of teaching as before we altered the structure. But how to make the teachers shift then, and of course to move some teachers from elementary schools to these lower secondary schools and some of these from the upper secondary schools to this lower level? And how to convince parents that some of the schools should be closed because they were too small? That's one of the crucial issues. That was not a financial problem; there were actually two issues to solve. The first one was how to reconcile the macro interests of the country, the micro interests of people and of communities. Because in principal people would agree that Poland needs a boost and needs more educated people and so on and so on, but why do you want to change something with my life, yes? That's a real issue. And there were many situations that, say a small school in some small village had to be closed because it gets shorter and less kids would attend and the kids should be bussed to some nearby place and I was not involved in the process directly then. I was just then a

professor of mathematics at the university but then when I became a Vice Minister of Education, I tried to learn how they did it. So I talked to the Vice Minister who was then responsible for this process and I talked to her and she said, well, that was not so difficult, we just counted the protests, if there were less than 300 per day we were moving on. It's -- that's a fact.

Now seriously speaking, it would not be possible to do so if not that the determination of the whole society to peak their education road -- if you make a transition in the political system, then people try to find an orientation how to behave. Okay, you want substantial changes on the horizon, like in the communist days, unemployment was a forbidden word. I mean, in communism there is no unemployment. Everybody gets a job. Now, unemployment was reality, yes? And you have to deal with it when you have kids. And then there was a decision without any campaign. That's a decision of an average poll that probably the best I can do for my kids is give them good schooling. So if this opportunity of longer basic education came with the prospect that possibly my kid is the first one in my family that will go to study, that really was a boost. So that reduced the protests which were resolved by democratic participation like in your country and I don't believe they could be resolved to the level of any ministry. I mean you had really to talk to people to convince them and so on, to find sometimes, a nearby solution, resigning of closing something, do something somewhere else nearby and so on. It happened.

The second issue, the issue of the teachers moving, we were lucky in the sense that more teachers from the elementary school should move up than the upper secondary move down, so they see this as a promotion really, to go to a higher type of school, and try to do the best. So again, teachers had to resolve many many problems which come when you have to organize a new school and then develop a program and so on and so on. We gave a lot of freedom to teachers in organizing the program. Later it -- we have seen that it was too much. I will tell you in a moment what I mean, but that was really quite an enthusiastic process but made generally on this very basic intuition



that we need a change.

But one year later, in 2000, we got the first results of PISA, which was taken still by the students coming from the old system. And the mountain students, we identified about twenty percent of potential alphabets. Kids who know the letters and can put them together by just understand what they read. So luckily PISA was timed for the reform so a few years later, we got the results from the first graduates from this lower secondary school and then when you picked from this tested group, the kids who wanted to go to this basic professional school, then the number of kids who were in the same professional position as those twenty percent, was now reduced to five percent. So they got really a very good chance to improve by starting this school, so that was a very convincing argument but we didn't have it before we did it.

So now if you'll allow me just two words about -- two sentences about what I mean by overdoing by teachers. You see, this is the second issue that you have to deal when you introduce a structural reform. The system gravitates towards, always towards the previous one. You want it or not -- you have to fight so that it keeps on track, so one way of drifting to the old solution was the following. The teachers in the junior high school, on the lower secondary level, treated the school as if it was just a high school, so did the previous one. So they try to squeeze too much into the heads of the kids. So just for the good of the kids, of course, but they had the whole population there. So many times it ended in a real disaster, in the sense that the kids would know very well one topic, and know nothing about the other, because there's not enough time to cover with the whole cohort very advanced stuff. So we have to restructure the curriculum on the state level, and we did it, I believe too late, but we did it, and we used this opportunity to really rethink it and design it in a completely different way than the other previous curriculum.

We identified the -- first of all identified requirements the kids should satisfy ending each level of school, but on a very general level. For example, for mathematics we didn't say, they should know how to solve this equation or this or that or

that. These are the particularities. We said the whole teaching should be oriented on teaching (inaudible), of strategic thinking and on modeling. If you have these three basic objectives then you can subordinate the rest to this and again we are lucky in the sense that the first cohort that went through this modified program was taking part in the PISA measurement, 2012. And the results in mathematics went up twenty five points.

We really got to the top of Europe with this simple thing; because we convinced the teachers that reasonable argumentation is not just for the most talented, that it's for everyone. This is the basic need. And they were surprised to see that kids learn willingly how to reason instead of learning the algorithms that they have to memorize. This simple switch of program, of course and it falls by national exam where they have to solve problems, prove this or that, so they had to reason, showed that kids can very well do this and they could probably do this many years ago if we thought about this. So we have oriented the whole process towards the -- or we have oriented the curriculum around the processes, not around the concepts. And that really helped. And the last sentence, of course we couldn't forget about teachers. Many people say that new technology makes the teacher obsolete or less important. It's not true. I believe that the basic device that helps to teach the kids to learn is the teacher's brain. And all the other devices are only secondary.

So again, because of the changing of the changing situation, political situation in Poland, of introducing the new, completely new political system, we understood that there would be many many opportunities for educated people, so we were afraid that the best teachers would run away from the job to get some better paying job. So the teachers got increases. Since 2007 until 2010, every year, up ten percent. So at the end it was like half of the salary added from part to the before 2007, which kept the best teachers in and I must say that this is a requirement that the teacher in Poland must have high education. So these are well educated people who are now much better paid, and we owe to them this success in PISA, which we do. Thank you.

MR. KHARAS: Thank you. That's fascinating. Just very very quickly --

do I understand from your last comment, of the increase in teacher salaries, that one of the consequences in the improvement in PISA scores, is that you've actually been able to ramp up your total budget for education quite considerably?

MR. MARCINIAK: That was really an increase, although not a very painful for the State budget because our demography shows a decline in the number of kids, so instead of lowering the budget according to the number of kids, we kept the budget more or less stable and gave more money to teachers.

MR. KHARAS: Okay, thank you. Shannon, you're operating in a very different context, where kids are not declining but the number of kids is really rising very rapidly in Kenya, where you're very active. You've just heard from three people from the public sector in education. You've a completely different model. Tell us a little bit about your ability to scale up a private business model, even for low income, children from low income high schools in Kenya.

MS. MAY: So in many ways, the ability for Bridge to scale up private education for families living below the poverty line is a sign of well, as Homi said, a child could be in school for four years and still be illiterate. In Kenya, more than half of the country fails the national exit exam they take at the end of class eight, which is a high stakes exam to place them into secondary school.

For low income families it's more than seventy percent of their children fail that exam, which means that many families are making a completely reasonable current economic and future investment choice to either not have their children in school, or pull them out before they meet class eight, because the cost of attending school just from either having your child not helping you at home or direct out of pocket costs, because unfortunately free primary school isn't actually free in Kenya, nor is it in most countries in sub-Saharan Africa.

There's actually a really awesome court case that's happening right now in Kenya, where a group of parents are suing the Republic because fees are being charged for secondary school and everyone's hoping that they'll add primary school to

the case so this becomes a really dramatic public issue. But because of these circumstances, low income parents that most people think don't have disposable income, but they do, are already choosing private options when they're available to them. So we found across 300 communities in Kenya, where we've done work that more than 43 percent of families already send their children to private school. Most of these schools have no affiliation with the government. They're unknown to the government. But they are a huge partner in actually educating at least 500,000 children today in Kenya.

So that's the demand that we see -- that it already exists out there within Kenya. DFID has done lots of other studies across the continent showing that this is not - - Kenya's no anomaly. I think it was in 2-20-11, DFID published the study on Lagos State, showing that 1.2 million children already attended private basic education institutions and there were 12,000 low cost private schools in Lagos alone. So it's a phenomena of parents trying to take into their own hands and find a solution for their children because no one -- as a parent, you're desperate to make sure that your child can have a future, that your child would go to school and actually learn how to read rather than going to school and not having a teacher and not becoming numerant after four, six or eight years. Seeing that demand, we started Bridge five years ago and we've grown from one school in 2009 to 259 pre-schools and primary schools today across Kenya, in tiny villages of four thousand people, to the big cities, like Nairobi, Mombasa, and Kisumu. We currently serve 90,000 children and by next January it should be around 175,000 and it's all financed by our parents. We do have investors who -- I mean, financing is scary for everyone, you know, for the global -- for GPE trying to get their four billion dollars, but obviously for us to make the investments that we do in our children's learning and teacher training and publishing and ongoing professional development, it does take a lot of money to radically change what you can do in a school. And we've only been able to do that by amortizing those costs over lots of children. So even today, we're not yet totally self-financed. So we have long term investors who are looking to help support this, so that's part of our scaling model, is through -- we have equity

investors who are supporting us until we're able to finance our investments through our own cash flow. It should be about another two years from now. But all of the capital really does come from our parents, who are paying that 470 -- about seven dollars a month, for the education for their children.

MR. KHARAS: Thank you. So as you've been rolling out these schools, tell us a little bit about how you've been able to maintain quality, improve quality. You mention that there is demand there, but presumably demand has to depend on the parents believing that you will actually deliver at least as good if not a better education, so, how do you do that and make sure that you can do that, even in a small village somewhere, as well as in big cities?

MS. MAY: Actually I think it gets easier to deliver quality at scale if you're thoughtful about it, for a few reasons. One is, I don't know if this is not politically correct to say, but I think it's easy to be good at one school, you know, to have one demonstration school or five demonstration schools. It's actually really hard to tell what's making those places work. They often get, kind of an absurd amount of investment in them, an absurd amount of management attention and so they're usually just not comfortable to what you might be seeing in a public system, and it's really hard to know what lessons you can take from there and then take to, either, a school district of 100,000 children or 500,000 children in a region. And so that's tough. I don't think you can really know what you're doing at that level. And when we were at that level, I was at the schools five days a week and so was all of the staff, which kind of goes to the point about why it's a little bit absurd to then take lessons from those types of places.

Once we got to the point where we had eighty schools, and now we have 259 of them, you can -- you have to know that what you do works on a systemic basis. You have to know that you've created a teacher training and a teacher monitoring and support system and a continuing professional development system that actually enables teachers to succeed in remote places. And for a private provider, different from a government institution, is, once we were able to prove that it wasn't just on paper, that

there was demand for this type of a provision, that there actually were 30,000 customers and then now, 90,000 customers, it's easier to convince funders, to convince investors, that we should be able to spend, in developing what we have done now which is a very robust software platform that we deploy over internet enabled e-readers. So every one of our teachers has a tablet, which is actually more affordable than our book publishing costs for our teachers. We actually lowered our per teacher cost by rolling this out. And that device now enables us to not only digitally publish our curriculum literally every day -- we publish seven days but we update daily. We get our own -- every teacher uses it -- it has, it's like a factory check in check out card -- we also know exactly what pages they've accessed in each one of the lessons each day, how long they spent on it and we get people attendance twice a day and all of our assessments. Which gives us in spite having now those incredibly distributed locations, which usually those classrooms -- 3500 classrooms now -- would be totally opaque, you can't be in them, they're far away -- but they become transparent? They become data we get twice a day because we then had enough scale to justify that investment and to prove that there would be essentially enough revenue to come in over time to justify this type of capital expense. And then that lets you do amazing things for your outcomes. Because when you have again one little school, you don't know why what's happening is happening, really, and it's hard to test. But we're at the point now where we can do, with my new AB testing on specific curriculum decisions, specific uses of manipulatives, specific changes in a teacher's, background, their training, and actually do like mini RCT's inside our system -- give thirty schools something different, keep the other 230 another way, and test what happens. And then that's really powerful. As many people in the room know, once you get to this scale, if you actually have either the political will, that's been shown here in the public system, or the ability to do that in a private system, that's where you can really quickly learn a lot of lessons, and then hopefully roll it out across a much larger network.

MR. KHARAS: Thank you. So I think you're the first one to introduce the idea of technology and that learning is about the learning of the school management

business, as well as learning of the kids. So Charles, let me come back to you now and say, to what extent have you been taking some of these lessons? Is technology making things cheaper? And tell us a little bit about the role of aid, and foreign, external resources in your programs. Is this just general, sort of block financing, or to what extent does this concept of actually learning about how to make the system better, more efficient, really factor into what donors are doing?

MR. AHETO-TSEGAH: Well thank you very much. Interestingly, when it gets to the issue of financing, there are quite a number of dynamics that really happen. And from the public side, essentially you're looking at domestic resourcing and therefore, you're looking at government incomes and how these incomes are distributed. In the Ghana situation, we have the total share of educational budget in terms of our educational budget, it's about five percent. Now that five percent, while it's very small, is very big because that five percent involves the bulk of the work that has to be done. The greater percentage of resources from government goes into paying salaries and so there is a big yawning gap between the wage bill and then the input side, which is actually what drives education, learning achievement and outcomes. Now because there is that gap and because after paying that 90 percent or government has very little money left to be able to provide enough inputs that are required to ensure that teaching and learning takes place in a very very efficient and effective manner, and this is where the donors come in. So when you put the question about learning, because donors are asked to share that design vision to ensure that education must necessarily result in learning, both of us are united in terms of where we put our resources, so there is a clear commitment, donor resources are not used to pay salaries. They would not be used to pay salaries and we insist that that is not the case.

So the real challenge that we have essentially is, is more of a mismatch, or an unfortunate mismatch in terms of the resource allocation. This has occurred over many years, and recently in thinking to some of us are becoming of the view that it's important to begin to do some kind of rain dancing of some resources as a share of the

total budget that is set aside solely for the provision of inputs. Because if government will always provide money for workers, again you are talking about employment, so as many people as are employed, they will be paid. But what it takes to do the work for them, employment becomes a real challenge. So if we don't get results in education, it's simply because there isn't enough allocation of resources for, on the input side, to ensure that teaching and learning really takes place. So that is where we are trying to work out -- how much can we set aside, ring fence and hold constant as long as government continues to recruit staff. And the challenge is that as long as schools come up, teachers will have to be recruited, and so that is an argument that is very difficult to prevent government from doing, but I believe that will be part of the management side.

Yes, because of all of these challenges and resources, the pace of introducing technology has been quite slow and very very guided. Recently we are moving at a bit of a faster pace in terms of introducing technology into education but that has also met a number of challenges in terms of energy. A lot of these technologies require electricity. So many of the villages do not have electricity and the schools are not all in the cities. In the cities they don't have a problem, they're already doing it. But in the rural areas, it becomes a real challenge, putting in technology, because you can take a computer there, but it won't work. So that for us is a bit of -- and it's also introducing other dynamics in terms of how to address that gap. What alternative sources of energy to introduce into the rural areas or to look for very efficient technologies or equipment that would still be utilized in those areas?

MR. KHARAS: Thank you. So, Claudia, picking up on this point about the differences between rural areas and urban areas, Rio, of course, the city, is a relatively rich area in Brazil. So to what extent do you think that your experiences could translate into something that could be scaled up throughout the country and you know, if you think it can be, what are you actually doing about trying to broaden your mandate so that it's not just about educating kids in Rio, but kids across Brazil?

MS. COSTIN: Well, we have a niche in Brazil that probably is not only a



Brazilian phenomenon, which is, you have un-uniform quality of teachers. Universities were, in the beginning, were not responsible for preparing teachers back in the 1970s, 1980s and beginning of the 1990s. It was a professional high school level school that prepared teachers. And since the mid-1990s, university got that responsibility. And from my point of view they haven't prepared themselves properly because they prepare a teacher as if they were preparing a researcher. So they don't work with the skills needed, especially if you talk about primary education, but also with lower high school or gymnasiums.

So we decided to do something that might help in the country but it would at first help us, which is a digital platform with digital classes that could be given in any school in any place, based on our curriculum guidelines. And the most interesting thing, that it was not done by -- we didn't buy it, we asked our teachers to do it, so it was 400 teachers that were selected. We talked to the Ministry, the Federal Ministry of Education. They paid for a course for them to be able to prepare digital classes with the background materials for teachers, a PowerPoint for the teacher on the subject area on that specific class, some tech talk like videos, a quiz if the teacher wants, by the end of the class, and things like that. And it was great.

It's called Educopedia, it's an open resource, so any municipality in the country can use. We have more than 200 municipalities already using it, and the trick is, the teacher uses it if he or she wants. It's not mandatory. So she can use it as just preparing for the class, or she can deliver the whole class based on that, and that helps also with personalizing education, because kids can attend the classes at home, because in Brazil, in Rio, I'm sorry, seventy-five percent of the kids in middle schools have computers at home, even in the favelas. So it is a resource, and if they don't, they access it in school, or in other public spaces where computers are available. So it helped with personalizing, with remedial education as well, providing resources for teacher for remedial education and for teachers' preparation for classes.

MR. KHARAS: Thank you. Speaking of -- do you also have this idea of

trying to develop cost benefit types of data? You talked a little bit about how, when you thought that the curriculum was getting a little bit out of whack, you sort of brought it back and then you got improvement in results, so obviously the concept of value for money in education is there. But to what extent is it actually formalized? To what extent do you really try to have modeling and small experiments to really continuously try to improve cost efficiency?

MR. MARCINIAK: That's a very very important issue. Thank you for this question. Maybe I should start from very general comment which concerns education investment, because I treat it as an investment. It's, in my opinion, but not only my opinion, it's a very good investment in two senses. First of all, the data shows that educated people pay higher taxes so we get return on it. And the second is that again, research shows, that they use less social support, so again, it's less cost. So when you balance it, it's great. There's only one problem. The benefits come later than the next election. So of course politicians talk very willingly about the meaning of education, and so on but they like to postpone this investment. Of course we try to optimize but this is done on the municipal level, like on Claudia's case.

I mean, for many decades, education in Poland was centralized, and that was really something disastrous. There's no way you can manage, in Poland, it's about 30,000 schools -- to manage all the schools from the top. So starting from this, or using the approach of the change of the political systems, we decided that the local self-government has to take this. So they get subsidies which are regulated by self and algorithm which is quite complicated -- about forty parameters which take into account how large the population is and how many disabled students and so on and so on, and they get the subsidy, and they can do with it whatever they wish. And in many cases, they add some other money from some other income that they have. I know very small poor communities that spend about seventy percent of the yearly income just on education. They are very proud of it. Education is very important for the local communities. The poorer the community, the more important the issue is because

everybody has their child or a grandson in education, so people really care. And the local communities try to optimize it and of course, put a pressure on the central government and so that they get a bigger share in the whole budget.

It's a very difficult issue, especially in Poland, but I think it's in general, in all post-Communist countries. For many decades we are thinking that this central budget is like a well without bottom, because it was artificial money, yes? There was difficult accounting -- you didn't have really -- you didn't really know how much money the state had, because everything was regulated by law and by decisions of the Communist party. Now we have the market but still we need to need to, I believe, another decade, to start understanding the relation of the -- the general citizen needs more time to understand the relation of the taxes that he pays to what he gets for that. Now, still, we hear quite often that the government should give us more. But of course, people don't relate it to the other sacrifices that should be taken into account when those decisions are made. So it's a very complicated issue but as I said, the response to your question is, it's visible best on the local level. On the government level, we don't try to mess too much. If you try to be smart and say how every school in the country should look like, you make only mistakes. So it's better to leave the decisions at the lower level and of course, try to support it and one way of supporting was this salary raises which I mentioned before, which really, I believe, kept the best teachers in the jobs.

MR. KHARAS: Thank you. So Shannon, let me try to push this idea of, for the difficulty in getting money when the returns are so long away. You also mentioned that you still need long term equity investors in your business model and that you're not quite self-financed yet. So tell us a little bit about, in this whole process, from start up to two years from now, when you think that your cash flows are actually going to be positive. What's proven to be the most difficult type of finance for you to raise, and how were you able to go about doing that, and once you've come to the positive cash flows, as you expand to other countries or elsewhere, is that now going to go away because you can all do it as self-financing or will you again have to face those same obstacles?

MS. MAY: Doing any sort of startup is sort of never easy. Doing an education startup where your customer lives below the poverty line of their own country, and like our current customer in Kenya is \$1.24 purchasing power parity per day per capita, so there was at first a great difficulty in even convincing anyone -- even people who thought of themselves as impact investors -- that these types of families did have income. And getting them to understand the income of these parents do currently have what they're spending on it, and how much is currently being spent on education today. So extrapolating the studies we have done in Kenya, looking at what the parents are currently spending today, either on public education or private, just whatever their out of pocket expenses are to educate their children in pre-school and primary school, per year, we were then able to make the argument that this is a 51 billion dollar a year market, that no one really thinks exists, of what parents living below the poverty line are actually spending today in the developing world to educate their children.

And I think while we've been kind of pushing that amongst investor circles, that probably isn't spoken about much here, in Washington, and how much money is actually flowing between families, to service providers, whether that's, what in Kenya, honestly, are illegal payments to the public schools or to payments to a private provider within their community. Once we were able to get over that first hurdle, that took a lot of work. It was actually in some ways, a very happenstance meeting where I ran into Pierre Omidyar and was able to drag him off to see one of our schools and he was, Omidyar Network was our first impact investor and that really changed things for us because then there's someone who has a track record who's willing to come forward and say, he thinks that this might be something that could work.

But then very quickly, what's interesting is if you're trying to do a scaled intervention, and I think in education, much to the credit of what Brookings is trying to talk about here, you can't change an education system, or the provision for children, if you're doing one school or five schools. It's also why I'm really proud to hear that Claudia picked all 155 of them. You've got to go big or else you're not changing anything. And

that scares away a lot of impact investors because they just don't have that type of capital, right? If you're a group that's only able to, through your own mandate or endowment, to invest one million dollars or five million dollars in an entity, that entity probably is not going to be a group that's ever going to reach a million children, because the money and the customers just don't match up. And so then the next really tough thing for us is when we are at the point where we really need outgrown impact and investment resources, but we really needed commercial capital. And being able to just show that business model, and to have that long term vision of -- that we could get to five thousand customers, we could get to a million customers or children. And being able to prove that over a two to three year track record, so a really big shift for us was when we were able to get NEA, which is a venture capital firm that has no double bottom line investments. They're just looking for a typical commercial capital outlook. And we're hoping that that starts to set an example for other groups who might want to be interested in how they could do an intervention for families at this income level, getting people to really think that. People talk about the bottom of the pyramid a lot, you know it's a customer base, but really thinking through how you could create a service that's truly affordable and have a business model that gets you to enough of them, that you can keep your costs that low. But probably our longest term deal was actually here in D.C. We finally now have been able to show enough track record that, to get a debt deal with OPIC to help us finance our expansion in Kenya and now that, in some ways we are scaled enough that we don't seem silly or that we're going to fall apart tomorrow, I think we're now able to -- I think to both be and to put ourselves forward as a more legitimate partner in education solutions. And to work with groups like OPIC or DFID or USAID to be part of a complement to government service provision and to be able to access and enrollments, particularly in really difficult to serve areas and that meant that now we're able to open up some of those financing mechanisms.

MR. KHARAS: Great, thank you. So we've got about twenty-five minutes left. Let me open it up to questions from the floor, if you can introduce yourself

as you speak, and wait for the microphone -- gentleman there.

MR. KLEES: Yeah, hi, Steve Klees, University of Maryland. Two short questions. For Shannon, while public schools in developing countries charge fees, there are efforts to eliminate them, campaigns to eliminate them, on the contrary, private schools charge fees; that is part of their nature. Isn't that a violation, especially for basic education, of various international covenants, Convention for the Rights of Children, and others? And a question for the panel is, there's been a lot of concern that the emphasis on learning has led to a narrowing of attention to math and reading. How do you protect the broader curriculum that your schools are interested in conveying?

MR. KHARAS: Thank you. There was a question right here.

MS. BRUNS: Thanks. I'm Barbara Bruns, from the World Bank. I'm fascinated by your experience Shannon, and I'm just curious -- what drives the economies of scale in your business model? I can see that certain startup investments, like in the curriculum design and the provision structure and materials, et cetera, can be amortized over declining marginal costs as you expand the coverage, but there, and I understand that you have a higher people teacher ratio and you make that function with the support of the technology, et cetera, and the data, use of data. But how much -- how do you recruit teachers? How does their current salary compare to public sector salaries in Kenya, and can you foresee -- do you go to scale, having a declining pool of teacher supply, that might force you to raise your salaries over time?

MS. MANZARA: Hello, my name is Uz Manzara, I'm with the University Research Company. I have a question for you Shannon. I was wondering if there are local social entrepreneurs who are also partnering with you and have stakes in these private schools or is it all run by foreign investment?

MR. KHARAS: Okay, why don't we take those? Shannon, quite a few were addressed specifically to you, so why don't you start?

MS. MAY: Thanks. We try to be apolitical and non-ideological and the reason that Bridge started was because if you're a parent, you don't care about the

means by which your child gets educated. You just care that your child does actually learn. And in my own personal life, I did attend public schools across the United States and I'm incredibly grateful for that. I wouldn't be where I was if I didn't receive a free primary education. But the reality today is that that's not possible for millions of children. It doesn't exist. It doesn't exist because illegal fees are being charged, and it doesn't exist because more than seventy percent of children in low income families in Kenya, even after sitting in a classroom for eight years, are failing the national exam. That's a travesty. That should be solved today.

I challenge all of you to solve those problems politically and to work on achieving true free primary basic education for all children in the world. I hope that happens. Until it does, I will continue to work with parents directly and hope to serve this generation today and maybe in twenty or thirty years, Bridge doesn't need to exist, because maybe there really will be free primary education. But for these countries to be able to develop and for these children to have a future -- I'm not willing to wait thirty years until that happens. I will work with them today.

On our teachers, we have had to perfect a very rapid interview system, so about every four months we interview 10,000 people across anywhere between 150 and 300 communities, and we put them through a battery of currently eight exams. We test all sorts of things with them, and then we put them through a five week, free to them, training program, which moves substance throughout the whole process. So we're not worried about our ability to scale our teacher hiring because we've already been able to create a system that hires teachers from the same community as that our children live in. And that's really important for lots of reasons. There are the local role models -- they walk with the children to and from school, they're not trying to leave these incredibly tough communities because the job's too hard. Like that's their life too. And that's really powerful. And it makes the school essentially somewhat as an answer, but I'll go to it specifically in the third question.

Each one of our schools is very much seen as a community school.

They're all called Bridge, but in each slum or village or town that they're in, they're really owned by the parents. The school doesn't work if the parents don't support the school. All of the teachers walk to school -- they're residents of the same community. And that's critical to its functioning and in many ways, one of the days I knew that -- oh this is really going to work, was, there is always local conflict. One school loses kids to your school, they try to use a political connection to shut you down, or anything else that can happen, and when our parents started showing up with stones to like defend their school, you know that it's real in that community for those parents. We pay our teachers less than teachers in the civil service, so currently our teachers get paid about seventy to seventy-five percent of what a first to five year teacher in the civil service earns, but that is an incredibly high salary within the community itself, so compared to other teachers employed inside the communities we serve, we pay between the ninetieth and the ninety-eighth percentile, of what teachers are actually taking home, so it's very competitive in its own community, but it is certainly lower than a civil service contract.

And then the final question relating to any of these social entrepreneurs themselves, I guess it would depend a little bit on how you define that, so we hire academy managers for like principals or small business managers for each of our locations. They come from the community itself. They're required to be residential. We put them through a management training program before we employ them and so in many ways, they are like a community leader from their own area, but they are employed by us.

MR. KHARAS: Thank you. Charles, can you take up this question of whether there's an issue between governments that provide free education, like Ghana, and a private schooling system? You actually have both in Ghana, right?

MR. AHETO-TSEGAH: Yes, thank you. I am, while in Ghana, we do not have a real contest between public and private schools. The contest comes up only when we start measuring the issue of learning outcomes and that continuously becomes a debate rather than a contest. The essence of all of this is that in Ghana we have come



to accept that choice is a very critical element in access to education. And so the government encourages individuals, interestingly, in all confusion that an individual can set up a school, so the government encourages private schools to great lengths. And then the government continues to play its part as providing education as a public good and ensuring that it delivers its commitment to education as a public good to the citizenry.

So, when it comes to the issue of fee paying, government policy is that education is free, and we have what we call a free compulsory basic education that mandates all public schools to be free and non-fee paying, which includes the government's readiness to take up issues related to the publication of all the supporting materials, textbooks and all of the things to ensure that teaching and learning takes place, including the payment of the salaries of all teachers. Interestingly, we have examples of Bridge International Academies mushrooming in Ghana.

The challenge that has come up with these institutions is largely a case of wanting to get support from the government side, because we have a policy where once you are registered as a school in a community, and you enroll Ghanaian children, government has a commitment to the children and wants to fulfill that commitment to those children. And the condition is that you have to register with the district educational office and get identified as a school that exists in the community. Else, when you get to the point when you have to take examinations, you are likely not to take the examination because you would not be known. So it's not that much of a problem, but we have real challenges when it comes to the quality of education as delivered, and some work is now known as local private schools, because they are set up in environments that are not very conducive for learning, that parents, because they think that public education is not good, rush to some of these institutions and in the first and second year, they move out, and I'm glad that in Kenya it is different, but definitely the future of local private schools is not the kind that most people want to access. But the perception is there, that private schools are good, public schools are bad, so parents drive those there, and then they come back in the end.

But let me touch on what Steve -- Steve posed a general question, so I want to answer that. Steve, did I understand your question to mean that there has been a lowering of retention to math and reading in schools?

MR. KLEES: No, I think the reverse, the opposite.

MR. AHETO-TSEGAH: Oh, okay, all right. Rightly, the foundations of learning is math and reading, and therefore, if children are not rich in optimal levels in terms of the ability to show that they have acquired knowledge in math and English, then every other subject becomes irrelevant. It's clear from all the studies that, well in Ghana, we've done, and in the recent ELA grade reading and then the national education assessment, it's clear that we need to do a lot more in the area of helping our children to improve in mathematics and literacy. And so we've realized that we have no choice. If the children are going to perform better in their education career, we have no choice then to leave a better of emphasis on math and English, than we have really done in the past. And in our case, we are not only talking about only English, they are talking about literacy, which includes a better understanding of the local languages used that are spoken as part of the bridge to improving second language acquisition.

MR. KHARAS: Thank you. Claudia and Zbigniew, I'm going to put the same question to you but in a slightly broader way. So the question is really a question about testing, and you know, does testing lead to too narrow a view of education and I'd like to also relate that to what we've been talking about here, which is scaling up. I mean on the one hand, testing in all of your stories has been an important ingredient in scaling up, but on the other hand, there is this worry that it might lead to a dumbing down or a narrowing of what a broad education really should be. So if you could just address that trade off?

MS. COSTIN: Well thank you for the questions. And while I was listening to what Steve has asked, I was thinking about two approaches to an answer. First is that I fully agree with him, that education is not and should be reduced to language, well, in our case, Portuguese and mathematics. And not only because you

don't want to prepare only for the market but you want to prepare people for life, but also because if you want to work on the skills to read and interpret anything that the child reads, a repertoire is demanded. So when you read good literature or if you read the newspaper, you know to have background information, so history is very important, geography is very important, but also arts are very important, for life and for reading interpretation.

So I don't see the tension -- well, the contradiction, not the tension -- between testing and having a holistic learning. It depends on the quality of the tests, it depends on how do you view education in real, review it in a very holistic approach. We introduce arts classes, since first grade which we didn't have. We had only from sixth grade on, and in pre-school as well. Because we think that it's important for the kid and it's also important if you want to widen the kid's repertoire.

On perhaps this thing of testing leading to too narrow a view of education, it depends. It depends on -- PISA has done a tremendous help to Brazil, showing that we were in a denial state, that we were saying that our education was great in some senses and they weren't. And if I may talk about private schools, there is also the view that private schools are better than public schools in my country, but when you take PISA and you compare the elite group of participants in the test, that all of them studied in private schools, they perform very badly compared with their peers from other countries, because of probably what Dr. Marciniak said -- you try to stuck too many contents into the kids' heads, into the kids' brain and you don't develop basic important skills that they will need for life.

MR. KHARAS: Thank you -- Zbigniew?

MR. MARCINIAK: I agree with Claudia completely concerning the holistic education as the heart of the matter, because we shouldn't forget that the whole knowledge is split into disciplines artificially more or less, yes? -- Because of specialization of scientists, not because of the natural borders between those. In Poland we pay a lot of attention not to lose this general picture, so we are one of the few

countries, I believe, where we don't have science classes. We have separate chemistry classes, separate biology classes, and separate geography classes. These are taught by people who have a master's degree in corresponding geography, biology, and physics and so on. So we try to keep that, but -- there is a but to that -- if you want to achieve very good results in all those, you get the very superficial vision of the world, so we took the middle way. Through the lower secondary school, you take all these courses of course, with a very balanced requirement. We didn't say what should be learned by decades. In the upper secondary school, we have still a continuation on one year in this same method, but then a kid picks four subjects which he or she learns a lot and the others at much slower rates. But it's balanced, so you cannot say pick mathematics, physics and computer science. You have to also pick some humanistic things. So it should be balanced, but you are obliged to learn seriously some stuff. Seriously means, to great extent. Why? Because those kids go then to higher education when there's a big speed of learning and they have to be able to learn themselves.

So this is very important to keep it balanced, and I would like to make a notice about PISA because it happens that I am responsible for the PISA items in mathematics, you know in ECDI and the head of this math group, in my other thing, for ten years now. There's one small detail which you should know, and probably not everybody knows. When the kids close this booklet to solve PISA, it doesn't say, this is this part of mathematics, this is a part of reading, and this is a part of science. He just gets problems. So the problem doesn't have a label it's mathematics. He has to read something and provide an answer. So this problem, even though it is counted as mathematics, may very well deal with something which is related say, to calculating dates in history or relating facts that goes in this way and it also checks how the kids reason, what is the critical thinking? So PISA does not put borders between those things. They are quite quite flexible, exactly for the reason you mentioned to your question, that you shouldn't put stress that these only things are important.

And last point about testing. There is, some people say, it's stupid to

learn by preparing kids for tests. It depends how stupid the test is. If the test is, say, on the test you have just put crosses and guessing is enough to get enough points, of course it's stupid. And then training the kids to put the crosses in the right places is not smart enough. But if you decide that on your test, the kids will have to reason, to provide a solution, to design a solution, and then preparing for such a test is really forcing the kids to do resolutions, to design solutions and so on. So practicing to this sort of exercise is nothing bad. There's only one condition. This test should not be too often. So in Poland, there's only one test per school. So there's one at the elementary school, one at the end of the junior high school and one at the end of the secondary school, which is at the same time, the entrance exam to universities. So these three exams -- otherwise we don't test kids. They just deal in classroom with different problems but this exam system is very very important as a vehicle to transmit new ideas to classrooms. How else could I force the teachers of mathematics to start teaching proofs? There is not a way of saying at the end of the high school, they will have to solve at least one problem and will have to provide the proof and if they are not able to do so they will get less points or they will not get to the privileged university. From that day on, the classrooms started to do proofs, and they do it better and better. So there is a good thing in this, if you don't exaggerate, I mean if you don't make it too simple, they are not scared that some people would fail. Yes, it happens in Czechoslovakia in the, Czech, in Czech Republic, sorry, it's Czech Republic. It happened two years ago that the government was almost overthrown because six percent of kids failed the national exam in mathematics. Yes, in Poland today, twenty-five percent fails every year and nothing bad happens. They can take it again. That's the key, yes? They have to learn and take it again. Otherwise they would go to university without enough preparation. But there's a selection of subjects that you can take and on equal foot, at the end of the junior high school in Poland, there's an exam in mathematics, as well as in philosophy; there's an exam in history of art and so on. You pick the exams you wish, because you make the picks of course according to what the university expects you to bring in order to qualify you to begin to study.

MR. KHARAS: Thank you very much. Well, we've reached the end of our time and I'd like to close this panel with a very quick one word answers from each of the panelists. Shannon, in ten years' time, we will have on scaling up financing, we will have significant long term private equity investors in education -- yes, no?

MS. MAY: (off mic)

MR. KHARAS: Zbigniew -- in ten years' time, the case for public resources going into education will be stronger or weaker than it is today?

MR. MARCINIAK: It has to be stronger, otherwise we lose.

MR. KHARAS: Claudia -- involving communities more in education, they will be willing to provide more of their finance, or not?

MS. COSTIN: Yes, communities and government.

MR. KHARAS: Charles -- international aid for education -- you see a strong case or a weaker case in ten years' time?

MR. AHETO-TSEGAH: A strong case.

MR. KHARAS: All very optimistic panel members. I think we've solved the problem of scaling up finance for education, so please join me in thanking the panel members.

(Applause)

MR. KHARAS: There's going to be a coffee break for fifteen minutes and if you could reconvene in here. Thank you.

(Recess)

MS. STEER: Hello. Is this on? Okay, great. Please move back to your seats. We have some time later for further conversation. Thank you so much. Good morning, everyone, and we will now continue our program. And my name is Liesbet Steer. I am a fellow at the Center For Universal Education here at Brookings and I will be moderating this session.

So a key question today, as we heard in our previous panel, is really how we are going to scale learning across the world. And as we discussed earlier actually this involves two things. The first is, we need to get those children that are currently out of school into school, and there are about 57 million children at the basic level currently out of school. Secondly, we need to get those children that are in school to require the right skills. And estimates say that there are currently about 250 million children that are actually in school, but not learning. We were already discussing this earlier.

In this session we will look at how governments can use their own resources to achieve these goals. And we all know that domestic public finance is by far the largest and most important source of finance for education. And over the last decade resources through the public sector have increased dramatically in developing countries. Between 1990 and 2011 spending on education went up from around 3.1 percent of GDP to 4.1 percent GDP. And that's a large number if you calculate the growth of those countries as well.

And this is wonderful news, but increasing the level of spending is not the only challenge. Perhaps an even bigger challenge is how you're going to actually go and allocate those resources to the children within the countries. And so for a moment imagine you're the minister of education or you're the minister of finance, how are you going to allocate your resources? We heard a lot of interesting kind of ways earlier, but if we look around the world at how governments do this, we basically find there's sort of three principles that guide allocations.

One is finance can be allocated based on fairness, every child gets an equal amount of money. It can be allocated based on need, even though we know that disadvantaged children will have much greater needs. And third, money can be allocated

based on impact, so where is the biggest bang for your buck. Now in school finance literature actually people refer to this as equity, adequacy, and effectiveness. Most countries have a combination of these different principles and the way they allocate.

So governments will have to think, will have to answer a number of questions with regards to this. On equity, they have to think about, do we allocate based on the number of students, or do we allocate based on the number of children whether they're in school or out of school. On needs, to what extent to we allocate resources to disadvantaged groups; how much more do we give them, what's an adequate level for -- to allocate to disadvantaged groups. On impact, what kind of programs are going to deliver the biggest results, and what kind of incentives can we build into the system to produce those results.

There are lots of questions out there. Governments also have to think about, what do we do with donor money, how do we calculate that into the allocation? These are difficult questions and all well meaning educators and governments are trying to struggle with them. We know that in many countries, sadly the current allocation mechanisms are not producing the results we need. In fact, they are producing the opposite, things are getting worse. Inequities are being exacerbated by the way money is allocated. Wealthier children tend to receive a lot more public money than poorer ones.

We've been working in Bangladesh and found that some districts receive 10 times as much public resources than other districts. How do we kind of put that all together, and how can we do better? So the question for us today is, what kind of financing models are needed to get those 57 million children into school and to get all children learning. And no one is better placed to help us with this question than Julia



Gillard. Julia was already introduced earlier, but I wanted to highlight the role she played in spearheading reforms of the education financing system in Australia.

During Julia's time as Education Minister, she commissioned a major assessment of Australia's financing system that formed the basis for the reforms. And as Prime Minister she was also able to put these recommendations and reforms into practice.

It's an incredible honor, Julia, to be working with you here at Brookings, and we are very thrilled to have you with us today. Please, the floor is yours. [Applause.]

MS. GILLARD: Thank you very much, Liesbet, for that introduction, and it's a great pleasure to be able to speak at this session.

What I was intending to do on this ugly subject of money is describe to you the Australian reform experience and to try and draw some insights out of that which may be useful for other nations in other contexts. To do that I just need to give you some very brief background on the Australian education system. Australia, obviously a vast land mass, teaching around 3.6 million students in 9,500 schools, schools in obviously urban settings, but right through to outback locations.

Our schooling system has both public and private components. Public education, state schools are predominantly financed by state governments. There are six state and two territory governments. The federal government plays some role historically in their funding, but overwhelming financed by state governments. Then we have a private schooling system. The word private actually masks the fact that each of those schools also receives some public money historically predominantly from the federal government and then parents pay private contributions fees to have their children educated in those schools.

When you look at the proportions overall, roughly about two-thirds of Australian students are educated in state government schools. One-third are educated in non-government schools. That does mask a little bit that in primary education overwhelmingly children are going to state government schools. But by the time you are reaching the upper end of secondary education, people are often choosing the private alternative for the last few years of their child's education, and so the proportions are different at that stage.

When we compare our education system with the standards of the world, Australia has a good education system if you are going to look at PISA or TIMSS or any of those international measures; but when I became education minister, there were already some troubling signs coming out of those international testing regimes. First and foremost, we were starting to slip back in the rankings, now that wasn't an absolute decline in standards, but a relative decline in standards, other nations were improving more quickly than Australia was. And then a persistent problem when we looked at ourselves in those international tests was that we had a long tale of disadvantage, that for a high income country, 12th biggest economy in the world, we had too many from poorer backgrounds, indigenous children particularly, who were being left behind. So the gaps in education for those children are they could easily be two or three years behind Australian children generally in their achievement levels in school.

So when I became education minister, I wanted to change this. And in order to change it, we really needed first and foremost to find out what was going on in Australian education. We had the international testing data, but we didn't have anything more finer grained which would tell us what was actually happening in schools. As I said a little bit earlier today, we had plenty of prejudices. We had advocates of public

education who would say, the problem is too much money goes to private schools, we're teaching the disadvantaged kids; if you just changed that, took some money off private schools and gave it to us, everything would be fixed. You had private schools who were saying, well, really we're alleviating burdens from taxpayers because parents are putting money into their children's education because those kids come to our schools, so if you just had more private schools, everything would be fixed.

And so the politics of education in Australia was really about contending sectors, public versus private. And as a result of that contending governments, because the federal government was overwhelmingly financing the private schools and state governments were overwhelmingly financing state schools, so the state governments would say, it's all the federal government's fault, you're putting too much money into private education; and the federal government would say, well, we fund schools that are doing well, why can't you state governments do the same.

So lots of adults, private, public, state, federal having a wonderful conversation amongst themselves. Meanwhile of course in the actual schools, there were too many children who weren't achieving the kind of learning outcomes that we wanted them to achieve. So the first thing that I did as education minister, and it was a very controversial call, is I said, let's not talk about school systems anymore, public or private, let's actually get realtime data on what is happening in every school, public and private, so let's shift our gaze from the school sectors to individual schools and find out what's happening in each individual school. So we created a data set which ended up being publically available through a website called My School. So I'd invite you when you've got some time, to go on that website, anybody can, and you can look school by school in Australia about what is happening in those school.

When you will find on that website is first and foremost you will find national testing result. So on the same day every year kids across Australia in grades three, five, seven, and nine do literacy and numeracy tests. And we will be adding to that with science testing as well. Then all of that data is made available of course to teachers. It's a great, it's a well designed test, so it gives diagnostic information about how children are going. It provides a report card to those children's parents so they can see how their kids are going, too. But the information is also made transparently available school by school, so you can see how your school is going.

Now if that's all the website gave you, it wouldn't really be that useful because you don't need a website, you don't even need national testing to tell you that in Australia it is very likely that the children who go to the most elite private schools are scoring well in literacy and numeracy, and unfortunately it is also far too likely that indigenous children going to outback schools are scoring badly. Now it doesn't have to be like that. Those kids can all get great educations and get great results, but if you just had that testing, that's what it would tell you. Therefore, the website also gives you a series of measures about the level of advantage or disadvantage of children at that school.

Those measures are generated against parental income, highest education level of the parents of the kids, the number of indigenous children in the school, the number of non-English speaking children in the school, the number of children with disabilities in the school. And all of this is weighted to give one score, a particular score, which gives you a level of advantage or disadvantage.

That means that we then had My School, so you could not only look at how an individual school is going in literacy in numeracy against Australian averages, you

could also look at how that school is going against schools that teach similar students. So it started to be a tool to identify this practice and underperformance. If two schools teaching similar kids, one is getting great results, one is getting really bad results; then you can go into the great school and say, what are these guys doing right so we can share it; you can go into the school that is underperforming and say, what do we need to do to lift up the performance of that school.

But then that brought us to the ugly subject of money. Because of course another variable that can impact on school performance is how many resources, how much money that school has available to it for the task of teaching the children. And so we added to My School by school by school breaking down and making transparently available the amount of money that school spends each year in educating children in that school. Now that sounds easy to say. It was pretty hard to do. It was easy to do for independent schools, which weren't in school systems, because the dollars coming in from government, some from government parental fees spent in the school on the task of educating the kids also spent on things like maintenance and payroll and professional development and all of the things that you need to do to run an entity like a school.

For state government schools, those things like maintenance and payroll and professional development were actually paid for out of the state departments of education. So if you're going to end up comparing like with like, you needed to break down those head office costs and attribute them to schools as part of that school's amount of money that was going to educating the children. That in and of itself provoked a grand conversation.

When school principals for the first time in state schools could say, you're really telling me that the services I notionally get from the state department of education

are worth this amount of money, you're really trying to tell me that? So there were some quite fevered conversations between school principals and state departments of education, which I think is all to the good, because central bureaucracy should be under pressure about the quality of the services and support that they are providing.

So you then had on the one website results that the nature of the children in the school, the advantages and disadvantages they brought to school, and the amount of money being invested in their education. I wanted to get it to that stage because I always thought that if we had a data set where we could point to schools and say, these schools are teaching similar kids, the teachers are of similar quality; one is getting a bad result, one is getting a good result, and guess what, the school that's got the good result has got more money in it; what it is that telling us the adults? It's telling us that money makes a difference and we've really got an obligation to add more money to the school that is underperforming. And My School does give you the ability to do that.

Even as we were building the website, we created a number of new funding streams and particularly worked in disadvantaged schools and tracked the changes so that we could forensically show that if you added more money with an appropriate change agenda, you could lift learning outcomes on literacy and numeracy sometimes by as much as 30 percent. So we ended up breaking down the funding conversation from being about contending school sectors, to what do we need to do in individual schools. That enabled us to then have the information to make a long-term change to our funding model.

Our funding model was opaque. There was no one in Australia sitting in a school who could really explain to you exactly how all of the funding was working. And it wasn't needs based. So we asked an imminent group of Australians to provide us with

a report on changing the funding model. And if my first insight is get a clear picture of what's going on to help drive change, my second insight would be, often if you're going to get experts to advise, it pays to get people who are not necessarily immersed in the current system.

So the experts we got were not people from education. They were leading business people, a range of experts who were coming to this with fresh eyes. And what they ended up doing was creating a number of reference schools, around 80 reference schools, schools that were teaching children that conformed to the Australian average in terms of income profile, occupational profile of parents. They looked at those schools teaching average children, if I can use that terminology, that were getting good results; and they worked out, what is the per capita spend that you need for a child that comes from an average background to ensure that child gets good schooling and good results at school.

That became what we called the base of the school resource standard. So we said, every school teaching children from average backgrounds should have that amount of money available to it. But to complete the school resource standard, it was then recommended to us and we implemented, that there be loadings on top to recognize the factors that mean you need more effort to teach a child to a great standard. So on top of that, a loading for disadvantage measured by a socioeconomic index parental occupation income, a loading for children from non-English speaking backgrounds, a loading for indigenous children, and a loading for students with disabilities.

There was also changes in the school resource standard if you were in a small school because obviously the fixed costs are amortized over a smaller student base or in a remote school, because in remote Australia, just given the distances,

everything costs more including the salary rates necessary to pay teachers to have them teach in such locations. That is the school funding model that we are moving Australian education to, a school resource standard with these loadings. But it had to work across both the state school system and the private system.

So in the private system, everybody -- we looked -- we wanted every child in the private system to have the benefit of the school resource standard, but there was built into the model an assessment of parental capacity to pay, an assessment of the income of the parents sending their kids to that school. Depending on where they were on the income gradient, the higher their income, the less public contribution there was. The lower their income, the higher public contribution there was. And there are schools in Australia that are non-government schools teaching very disadvantaged populations, and so they are getting a very high public contribution and the fees are very low.

But even with that, we made sure for all schools, public and private, that the loadings, for example, the loading for disadvantage was 100 percent publically funded. So there is no reason for a non-government school to not enroll a disadvantaged student. They're not going to be there saying, well, if I start enrolling all these disadvantaged students, their education is going to cost more, I'm going to end up diverting money from the other kids to supplement the education of these children, because that supplement is coming from the government.

Now in Liesbet's very elegant outline, what are the elements of that funding model. Well, the elements of it are, a per capita consideration. We wanted every child, as part of their citizenship entitlement, to have some public resources directed towards their education. A needs based model. So for children who we know have greater needs and will require greater investment to have a great education, that the



system is responding to that through the loadings. And we also wanted it to be incredibly transparent, so that for any school in Australia at any time, you could assess what money is going in and why it is going in so that there were no special deals, no political arrangements that have been added on as a result of election, promises, or pledges; but complete transparency.

Where are we in this journey? Well, the model is still in implementation. It has a six year phase in. There have been some consequences from the change of government, but the model will be phased-in in full in many parts of Australia. And I think whatever else happens in Australian education, we most certainly will not ever go back to a model, that doesn't have at its base, a school resource standard and loadings for disadvantage.

So I think once you make the big shift, it is a shift that ends up being sustainable over time. People work in all sorts of different contexts. We obviously work in one where access is not an issue. We've got universal access. We're a country that, by world standards, has high income and the ability therefore to have large scale expenditure on public services including education. But I think that there are some things that are robust enough to come from our experience for other contexts. Transparency matters, transparency helps drive change and making sure that we correlate and we can understand the intersections between learning, disadvantage, and financing matter.

What the ultimate financing model will be will vary enormously from place to place, but it needs to stack up in that correlation as something that is fair and will make a long-term difference for the education of students. So I thank you very much and I'll look forward to participating in the panel. Thank you. [Applause.]

MS. STEER: Thank you so much. This was really fascinating and sets us off to a

brilliant start. And I'll now continuing with introducing the rest of our panel here. And I'm first on, next to Julia on my left here is Daniel Nkaada. Daniel is a Basic Education Commissioner At the Ministry of Education in Uganda. And in his role, he oversees the formulation and implementation of policies for primary education in Uganda. And he will talk about this as introduced universal primary education and universal secondary educations, a lot of very good experience there. Daniel has also worked as a teacher, a school head district government official, so he knows all levels of the school system.

Thank you so much for joining us, Daniel.

And next to Daniel is Harry Patrinos. Harry is an Education Manager at the World Bank and is one of the best known analysts in the world on these questions of finance and equity and education. He's lead several studies across the world on education financing including on decentralization and demand site financing. Harry has also managed education lending operations and studied the impact of education interventions.

And then next to Harry we have Fazle Rabbani. Fazle is a Senior Education Specialist in Bangladesh working with DFID. Fazle has a keen interest in how governments and public finance systems affect marginalized groups. And he's also been overseeing a study on funding allocations in Bangladesh, and we've had the pleasure to work with him on that.

So having introduced the panel, I'd like to proceed now with the first segment of the discussion where I will ask some questions and ask each of the panelists to respond and then we'll move on to a discussion with the audience. So I'll start with Daniel.

Daniel, as I mentioned earlier Uganda has implemented some really

significant reforms introducing universal primary education and universal secondary education. What have been the biggest challenges for your government in terms of providing equal education opportunities for disadvantaged groups, and how have resources played a role in there? So what has been your model in terms of reaching the marginalized -- yes, you can press the button.

MR. NKAADA: Thank you very much, dear.

I greet everybody. Yes, I have regularly said Uganda has had universal primary education since 1997. And when we thought that the children from this universal primary education were now graduating to secondary, then we introduced universal secondary education to accommodate those children who are graduated from primary subsector. There have been a number of challenges.

Because we started with universal primary education, we thought we would start with four children by family, but we ended up taking everybody because it was difficult to choose the four. You know, parents were saying, now these are my children, these are my children. How would you take these four, so they would release the -- the brother would release the others and then this one would be -- so we ended up taking on all the children. And it was really (inaudible) and it was pressing too hard on the economy because it had not been planned for.

And we did not take on classes by classes, but we took everybody in the primary subsector, primary one to primary seven. So it really brought a head-on collision with the finances, which were very, very limited. The challenges therefore, one, the planning became a problem because the numbers were increasing every other year. Our birth rates in Uganda are the highest almost in the world. The fertility rate of a female is the highest almost in the world. So we have big numbers. When we started UPE it was

two million. The first year it shot to six million children when everybody are that was left out entered the school, but of course this one included even some of the older people who wanted to partake of the opportunity.

So inadequate budgetary provision is one of the biggest challenges. Then when it comes to the specialized groups, we have the HIV/AIDS children, we have the HIV/AIDS parents; all this affects this program of UPE, and that affects the universal secondary education programs because when children lose their parents, some of them become parents, I mean, they become children-lead families and they have nobody to help them.

And availability of collect statistical data for planning purposes is a big problem, getting the right data. And once you have the wrong data, then the planning becomes a problem. How do we do this? We get, we send forms to primary schools, we send forms to secondary schools; they fill in the available data with them, but there is a lot of dishonesty. So they fill in, because they know we are sending money to schools according to the number of children, number of students, therefore they take advantage of putting in children who are not there, students who are not there; therefore, we have the bulk of information which is not real good for us to help in the planning.

Then another challenge is the insurgency or war situations. We had in the northern part of the country, we had it running for 20 years, so all the infrastructure in that area, all the children were being kept in camps. It was a real problem for the country, and it has cost us a lot. So we had 12 schools shifting joining together in a camp together for these children for all those years. Now when it subsided, then we had to take these children back to where the schools were at, therefore, that meant putting other infrastructure, putting the necessary materials, and then reallocation of these parents to

where they are. And you know, there is also the psychological effects that follow these kind of children, these kind of parents. So all these have been the major challenges.

We have got areas, for purposes of equity, that are on islands. These island have got a small, small number of, the inhabitants are few, and therefore there are few children. You cannot put a school on every small island, so you have to construct boarding schools on one of the islands and get these children from wherever they are and put them in these boarding facilities. It's a big challenge because universal primary education, we intended to have them in this school because the costs are low, but in such areas we find ourselves having boarding schools. In fact, in some of them we have not been able to put enough of these boarding schools.

We have other areas that are geographically disadvantaged. (Inaudible) where parents are nomads kind of, they move from one place to another looking for grass for their animals. This is particularly (inaudible). This one is a stone in the neck on the economy because one, we have to feed the children. And in that area food is food for school. You stop food today, you won't have children the next week in the school. So we have to feed them. We have been assisted by World Food Program, but of recent they are getting short of funds, and we are getting more and more children getting out of school if we cannot feed them. So these kind of areas are also giving us a headache in the planning in as far as financing education is concerned. That is far as the challenges are concerned.

Now funding, UPE and USE, we are giving money to schools per head, per child, per student; but this has been running on almost a uniform rate for the so many years we have had these programs, but you remember there is inflation, there are all these other factors that are affecting the funds and the unit cost is so little. Uganda

Shilling 7,000 per year per student or per child in primary would translate into less than three U.S. Dollars, and this is what we give per child per year. So only this is a problem when it comes to quality.

We are, as government, we give textbooks and instruction materials separate, then government pays the teachers, government trains the teachers, government looks after the teacher-training facilities. All this is big impact on the small resources that we have. And on the national budget, you find that education consumes for 10.6. And out of that for 10.6 percent, primary education takes 50 percent, secondary takes 31 percent, and a bit of it takes six percent. (Inaudible) takes 13 percent.

So primary education takes the biggest chunk, but I've already told you the rate we give per child, less than three U.S. Dollars per year. And that is three times, meaning each time per child we give one U.S. Dollars for running the school and management of the school. As I have said, we constructed the classes, we pay the teachers, we also train the teachers; but the running costs at the school, one U.S. Dollar per, so I think it is small.

I liked Julia when she gave that model, I could see that it is working well. Maybe in Australia people are mainly, I think the literacy rate is so high some people can go on the web. In Uganda this will be a failure if you are going to depend on the web. Because even radios in some areas, you will not find people having them. So we send money to the local governments, and then the local governments distribute the money to the schools.

That system was creating delays in the schools accessing the money, so we have decided these last two years to send the money directly to the school. Now we're having a bigger problem of accountability because the local government is saying,

you are not giving us the money, so how would you want us to account for the money, make the schools account for the money. But you have got over 15,000 primary schools. So at the national level, getting accountability from those schools is a real problem. And the local government is saying, but you are sending the money directly to the school, we shouldn't be the ones to account for the money. As much as I'm saying it is \$1 per child, aggregated it becomes a lot of money, and we need to really have accountability for this money.

Then we give, there are some schools that have got, say, 200 pupils, if you went by only this rate of multiplying by the children in the school, there are those that will be disadvantaged because of the smaller numbers, so we have a threshold. Each school to start with has got to get 100,000, then we have a variable. The balance of the money is given as a variable, how much children do we have, do you have in the school, and that one is added on the 100,000, so that we cater for the schools with low enrollments.

When it comes to secondary schools because these are fewer, these ones are given 47,000 per student and we also give private schools some money. Where government doesn't have secondary schools government aided in a subcounty, we look for those private schools where we can partner with, which we can partner with, and we support them and we give them money so that we help the children in those subcounties to partake of education where they do not pay, but we have found a big problem of accountability.

Now we are like saying, no, why don't we stop this. Go on building slowly in those subcounties, but not just dish out this money to private providers. This is a big debate in the parliament at the moment.

MS. STEER: Yes.

MR. NKAADA: Thank you.

MS. STEER: Thank you so much, Daniel. Actually I want to press you on one issue, which is you mentioned you have 14 percent of your budget currently spent on education. International evidence suggests that governments should aim for about 20 percent. How hard has it been for you to convince your own government to put more resources into education, and how are you trying to do that?

MR. NKAADA: At the moment we are going to be beneficiaries of the global partnership for education, but the major concern there was, but in your government there is decline in the provision for education. Unless you assure us that the trend is going to change, we shall not give you this money in case you -- but government is interested in giving more funds, but when you look at the trend, the donor community is also reducing on its provisions.

Now when there is that reduction, of course the priorities of government, you find that education cannot escape, they have to include you on this money for education. It may increase in amount, but normally you find that it is less than what has been provided before. So we are talking to government. We are talking to people. Parliament talks about it, but there is a number of competing priorities. So there's no way you can force government to do this.

We only plan, giving our provisions, giving our requests; but at the end of the day even when in the budget it is provided for, when those competing priorities overpower them, you'll find that you do not get all the money at the end of the budgeting period. There will be deductions definitely together for the emerging priorities. And the donor community now says there's a bit of corruption here, there is a bit of -- so they are



not very sure of their money. Now they are changing from the swap arrangement and going to the project mode. This is another problem we are facing. They go to project mode, they want their money to go to specific activities.

MS. STEER: Thank you. That's very interesting.

Harry, I'd like to move on to you with a broader question around the link between spending and education outcomes. And as researchers in the education space, one of the big challenges is we can't really link very well levels of spending with outcomes. The correlation just doesn't seem to be very strong. So I would like to ask you what's kind of the state of knowledge there and how do you see money playing a role in terms of equalizing and getting those marginalized children achieving learning outcomes even if we, at an aggregate level, don't seem to be able to really make a case? So I'd be interested to hear what you have to say to that.

MR. PATRINOS: Thank you very much, Liesbet.

I guess I would start by repeating the question. And I agree that there's a weak link between more education, more spending on education and education outcomes; but I think that's due to how funding is actually implemented. I think often it's not well targeted. It's often misallocated, it might not reach the intended beneficiaries, and as we already heard from the honorable Julia Gillard, decisions are often made without good information about the current system as it is, and often with weak evidence about what works.

So what can be done about this, I can give my opinion; but much of what I have to say is really repeating what Julia Gillard said about Australia, which I agreed about, so I think it's just generalizing many of those points that Australia made. So I think there's a question of spending, it's not really spending more or less, but rather how

decisions are made about where the resources go. And I think there's good examples of countries that have achieved great results at relatively less spending.

I could give the example of Korea, which has produced consistently excellent results and spends on a per-student basis half of what Mexico spends on education. So it can be done. The question is, how do we get the balance between spending, the local use of decision making alignment and evaluation to work together. So on spending, my version of what Liesbet called the impact model, as I would call it formula funding, which is very much what the honorable Julia Gillard said in the case of Australia, and I would go further and say that it's not only formula funding, but also money follows students. So we need to target properly, but then make sure that those resources follow the student wherever they are in the education system. At the basic level ensuring equal access to a school, making sure a teacher is present, making sure materials is readily available is something that should be guaranteed.

So the inputs, we need to get the inputs right. More importantly making sure that students show up, and this could take a variety of measures; demand site financing; conditional cash transfers, scholarships, vouchers, whatever they're called in the particular context; and where appropriate, school choice.

Second, schools need to be more autonomous, appropriately autonomous, and I think there's two areas that I would focus on here. One is involving parents, empowering parents to play a greater role in the school of their children. We have evidence that this works even in very low income environments. And second is on school management. One area that's been under-researched in the development context is the role of school leadership. It's something we take for granted in many OECD countries, but in most of the countries where we work, there is no system for creating

school leaders and often it's a promoted teacher that takes that role, but we need programs that train and certify school leaders so that they can make more decisions including budgetary decisions, staffing decisions, and appropriate curriculum decisions. The third point is on accountability. I think it's already been mentioned by several people. And it's accountability in the whole system, public, private, whatever the private sector is called in the country, and a model of accountability that's really a no-excuses model. We need to adopt the model that we don't accept failure so that our public resources are actually producing the result that we want, and that is making sure that all children learn through the school system.

And in a model of money follows student, we need an accountability system with teeth. Publishing test scores, disseminating the results, using the results to make appropriate decisions is part of this. And test-based accountability can work. We have a very good example from Pakistan, the Punjab Education Foundation, a program that uses tests to promote accountability to improve education outcomes and to get more children into school. My fourth comment is on alignment. And here I think more is needed for disadvantaged populations.

We have good evidence about the success in many parts of the world of getting children into school including minority children, ethnic minorities, indigenous populations; but the results on outcomes is not as good. So in countries where the general population is doing better in terms of jobs, reduction of poverty; minority children tend to still fall behind. The gap tends to grow over time except in China.

China has managed to grow, to reduce poverty, and at a faster rate for the ethnic minority population; but it required more than just school interventions. It required a development program that encourages more investment so that children leave

school with jobs and opportunities. These are models that we need to study and to find out how we can make sure that our resources are working for those populations that need to be targeted and how we can generate the investment in the community so that they have jobs and can come out of poverty once they finish their schooling.

The last point I wanted to make is that the evidence on what works is emerging. We need to continue to invest in this. You can't get to where you want to go if you don't know where you are, so basic information is required. So something like a data revolution, as it's being called; but also we need rigorous evaluation about what works, especially for disadvantaged populations. This is being generated. We're doing great in education, but from a very low base. We need a continued investment in evidence.

Thank you.

MS. STEER: Yes, thank you so much, Harry. And I actually want to just dig a little deeper into this issue of data and accountability, because I've worked on other sectors as well, and coming into education I've just been really amazed about how we are not doing a good job on this data front, both in terms of measuring outcomes, in terms of financing data not being available, we've -- if you look at health sector, for example, one tool to sort of look at financing extremes is national accounts. In 180 countries in the world, there are institutionalized national health accounts. We don't have any such thing on education.

There are several people in the room here who have been trying to look at domestic financing, where is the money going, we have Save the Children here, UNICEF, we are just struggling to do this. And the question is, what can we do as an international community. I think we just haven't pushed enough. And it also relates to our inability to convince others to put more resources into this because we are not able to

demonstrate inputs related to outputs or outcomes. So I'd be interested to hear from you, what is it we should be doing in this space.

MR. PATRINOS: Well, part of it is to continue doing what we've already started, so we do have systems to collect the basic information. I think UNESCO UIS does a great job at that, and they need to be encouraged to continue this; but even for those data that they are collecting, there's still a lot of gaps. And it's something that we really should focus on. I think part of it is the capacity building, part of it is funding; but it's something that we should be asking at every country where we're engaged is, what is the information base, there's just too many gaps. And so to address that we do have a tool that we apply with UNESCO UIS to measure the level of informations being provided on those basic indicators to UNESCO and what can be done to improve that, but even if we did that well, we'd still be missing some of those components that you mentioned on learning, we don't have enough information on this, and on the financing that or what's going on throughout the country.

I want to add a piece of data that I picked up recently. There's an estimate of how much is spent on education globally, and it's four and a half trillion dollars and it's forecast to grow to over six trillion by 2018. So there's a lot of money going into education. And the important thing is, where is it going. Because we hear declines in spending, declines in donor allocation; but the world is spending a lot of money on education. When that's broken down, at least in developed economies, one of the biggest growth areas has been test preparation, so people preparing to take examinations and such. So it's a lot of money, but maybe not exactly where we think it might be going.

So another element to getting the more complete data is countries that

participated in the OECD's older program, I think it was called world education indicators, so non-OECD countries could participate, and they did report on most of the OECD indicators, which would bring us a lot closer to what you said happens in other sectors like health.

MS. STEER: Great, thank you very much.

Now I'll turn to Fazle. Fazle, you're in the process of completing a study on equity and financing in Bangladesh. I'd like to have you tell us a little bit about that and how you see, first of all, the inequities there, how large are they, and what is the Government doing about them or what are the gaps.

MR. RABBANI: Sure. Thank you very much, Liesbet.

I wanted to start with some data, but now I will start with a small story from one of my school visits where a small girl, a grade seven girl told me that her favorite subject is history. That's not a very common answer, so I thought, okay, I'll ask, explore a bit more. So I asked her, do you know the Mughal period, do you know when it started in this part of the world. And she, a very bright girl, said, yeah, it started last year in grade six. [Laughter.] So that was my learning moment actually. And that's when I felt, okay, these kids are coming to school, but what are they actually learning.

Now this is not about the very bright girl, what I'm going to tell you about. This is about all Bangladesh. Bangladesh is a huge country with 18 million or rather 20 million kids in primary age group. Eighteen million of them are in the schools. But if we look at the national students assessment, when these kids graduate from grade five, only 25 percent of them have the liquid level of competency in modern tongue. And if you consider the 30 percent dropout before they reach grade five, that is for every kid who has this competency, there are five more kids who doesn't have this competency. I

mean, that's a kind of serious picture for Bangladesh.

Now that needs to change very radically. And why? Two things. One is in Bangladesh economy institutions it isn't trying that, okay, government must provide equal opportunity for all citizens. And they are becoming Bangladesh citizens, so social justice and that perspective comes into play. The other thing is Bangladesh wants to be a middle income country in 7 to 10 years time. And with this level of literacy, it is almost impossible to become a middle income country which is stable and democracy in the country.

So that is the backdrop of the study that we started last year. So we wanted to ask three questions. Number one is, so is it possible to double up an indicator that will rank all the upazilas, that is subdistricts in Bangladesh, against the policy goals that Bangladesh wants to achieve in education. The second question was, okay, when you have index, of course we will have some subdistricts coming at the top, some subdistricts coming at the bottom, and some will be measured probably in the middle; is it possible to see what are the demand-side factors and what are the supply-side factors that constitute that ranking. So those were the, like, basic three questions.

So we double up the complex, composite indicator with 22 kind of indices in five big areas. And those areas are access, quality, outcome, infrastructure, and equity. And we ranked all 500 subdistricts in Bangladesh. We saw a very shocking picture. And the picture is that almost half the subdistricts are not even halfway through to the policy goals in Bangladesh. That is half the subdistricts, over 300 subdistricts really, score is less than 50 percent in that index. And for quality, it's even dire. For half the subdistricts it's less than 25 percent of score in that index. So this is the kind of first level of findings we have.

Then we wanted to look at the demand-side and supply-side factors. For demand-side factor, we did a housing survey in the three most deprived areas. One is the (inaudible) in Bangladesh, one is a very big ethnic minority community in the (inaudible) in Bangladesh, and the third one is the urban slums which are becoming very big in Bangladesh and education services are really, really poor in the urban slums. So we did a housing survey, and we also did focus group discussions.

What we found is a very complex picture, about what are the kind of bottlenecks for a child to be in a school, continuous school, and graduate from a school. It's not only about the availability of school, it's about poverty where parents really have to decide that, okay, this is not the time for my boy or girl to send to school partially because the money is not there, number one; number two is distance from the school, parents suffer from security; malnutrition is a big problem. So the age is a bit of a problem. At age five children are not really physically ready to go to a government school. And mothers keep telling us that, okay, when they're at age eight, they'll be able to go. So there's a big gap there.

And from the housing survey, we found that, as the previous panelists say, parents actually do need to pay money. Out-of-pocket expenditure is almost 25 percent of those poor housing expenditure. And this is for primary, government primary schools and sometimes for (inaudible) schools and that's a shocking picture. So money comes into play. And then in the hill (inaudible) there, we found that minorities are a big problem.

There are a number of minority ethnic communities who don't speak Bengali, which is the majority language and which is the median for instruction in Bangladesh, so that was a big problem. Distance to school is a big problem. Security of



the school from home to school is a big problem. And similar problems we found in the (inaudible) where we had found that girls, early marriage is a big problem. Girls are taken out of school at grades five or six for early marriage. And there are perfect social reasons for early marriage.

We go and talk to the parents. We go and talk to the community. The kind of justifications they say, you feel in that context, okay, this is the best decision they are making actually. Because in the school, girls are not safe. The kind of literacy, numeracy they'll get, they'll probably not get a job. So what to do? Parents make that decision. So these are the kind of complex pictures we've found.

Then we looked at the finance side, which is the supply side, and we found shockingly or not to shockingly for many of us, there's quite a flat and very kind of simple formula-based allocation which doesn't even consider the number of children in a particular subdistrict. It is based on number of the children who are in the schools and that's basically it, the number of children in schools, how many children are there, how many teachers should be provided, how many classrooms should be there, how many textbooks should be there. That's basically it. So that's the basic expenditure of government.

Apart from that, there are two other small relatively new initiatives which are a bit more flexible, one is a stipend, the other one is a school level grant. But again, a school level grant is flat for all the schools. But we thought it is a compromise because it is secondary of the school level ground and there are all kinds of accountability problems you had mentioned, Daniel, are there because the money directly goes to the school. So it is moving, but these are the only two flexible instruments where government can actually make some arrangements for the most neediest area.

So our key finding is that, okay, so you have a complex picture of the problem, but you have a kind of very flat picture of the solutions that are coming from the government; in some areas community provides a lot of support to the schools and where the schools are doing good, but that's not public finance, that's coming from private finance. And that picture is not clear. And that's one of the kind of major shortcomings of the study, which I will try to (inaudible) very soon.

But that, apart from that, most of the schools in most of the communities it is only what counts from the government that matters. And government is not providing for that complex picture, the factors that really cause inequity in Bangladesh. I'll stop there.

MS. STEER: Great, thank you so much, Fazle. And there's a lot more to come from this study, and we look forward to continuing working with you.

I'd like to come back to you, Julia, and actually ask you a question now with your other hat of the new chair for the Global Partnership for Education. And the question is around how donors can make sure that they use their very scarce amount of money to unlock and leverage the big pot of money and what role you think they could be playing in really opening up the whole discussion around allocations and spending of domestic resources.

MS. GILLARD: Thank you for that question. Once again I'm not going to pretend to be an expert in GPE work in this very, very early stage where the appointment hasn't even really commenced, but I think Daniel in some ways raised these issues during his contribution. The approach that GPE has taken and is continuing to take is that its donor funds do need to be viewed as leverage associated with domestic government financing so that we don't -- so that we maximize change so that we don't see a substitution effect

where donor dollars go in and domestic financing dollars go out; but also so we maximize the effectiveness of every dollar that's being spent on domestic education.

I think some of the things that can help with that, one, the GPE model requires the development of an education sector plan that brings everybody together to work through the approach, and that's not just the approach to the GPE expenditure, but to all expenditure in education. I think it's important to have that sense of coming together and buy in. Second, I think there's a role where GPE can help work with countries on this data collection question, which is common right across all of the contributions. And if we had better information, then everybody, donors and domestic governments and private philanthropists, could make better selections about what to do. So I think there are elements of it, but not in any way a complete solution. And more work and more discussion like this discussion is necessary.

MS. STEER: Great, thank you so much.

So I would like to open it to the audience now. I will take some questions. If you could introduce yourself. I think the mics will be coming around.

MR. AHMED: I thank you very much for great presentations. Manzoor Ahmed from Bangladesh, BRAC University. I think it would be recognized by all of you, from what we heard, that all education is really partnership in a way, a public-private partnership, whether -- even if it's government school, parents are paying quite a bit directly, indirectly. In Bangladesh it is, as Fazle described very low, you know, investment and uneven in zone, and the parents are in a way trying to make up for this so that some kind of education system keeps going. And that's true, I think, in Australia and other countries.

So the question is, when we talk about resource allocation and better use, I think we cannot look at just the Government investment, but the total picture of

resources that are being invested, and that is the reality. And we shouldn't say that, well, the government money is what counts and others don't, I think. So look at the total investment picture and the how the leverage that you brought about, how the --

MS. STEER: Yes.

MR. AHMED: -- donor money and GPE particularly --

MS. STEER: Yes.

MR. AHMED: -- can help in this area.

MS. STEER: Great.

MR. AHMED: How the partnership can be built in the right way --

MS. STEER: Yes.

MR. AHMED: -- the GPE partnership with the right kind, so it's -- right now it is ELCG and the government, but there are other actors in geo-civil society in so on and decentralization, school-level work. So how that can be encouraged, I guess.

MS. STEER: Thank you, thank you. Yes, I think it's very important to raise the question about the complete question. Thank you for that.

Yes, gentleman.

MR. KLEES: Steve Klees, University of Maryland. I have one question for Harry and one for Julia. For Harry, in the view of many, the World Bank has, for decades, underemphasized the need for more resources for education and overemphasized the gains to be gotten from reallocating resources. My question is, isn't there a lot of research, maybe researchers disagree with, that shows that money does matter, that specific inputs matter to education, expensive ones like teachers and for, that's all for quality, and for access it's clear money matters where we need more teachers, more classrooms, lower class sizes? And you know, parents say money matters by voting with

their feet. They send their children to schools that have more resources.

And for Julia, my question is a short one, a variant of what I asked the last panel, isn't there a danger -- the financing model is very interesting -- but isn't there a danger of focusing only on two of the many outcomes you want out of education to build a finance model when we want to offer a wholistic education for our children?

MS. STEER: Yes.

MR. KLEES: Thank you.

MS. STEER: One more, too.

MS. BOURNE: Thanks, Liesbet.

And thank you to the panel.

Jo Bourne, UNICEF. I'm going to sort of focus a little bit on the, what's really going to make a difference here in terms of investing, inequity, and education. I mean, my sense is that we have, as a community, an increasingly strong case around the investment case for education from an economic, social, and health perspective. I think we have plenty of stories and data coming up now, although more can come, on how finance for education is often not equitable and it does disadvantage particular students in particular situations.

And I think we have some examples, and Julia's example from Australia is a very good one, of how education finance can be made more equitable with policies such as loading and looking at particular sets, particular data sets around disadvantage. What I'm less sure of is whether we have a good grasp on what it actually is costing countries to maintain these types of disparities. You know, do we know what it's costing them, both in terms of access in learning for the future, for their future economic growth, for the future health of their nations, for the future social benefits?

And I'm not sure also if we have enough examples of how equity-focused policies are not just good for the children who are currently disadvantaged, but actually good for the system for broadly. And that's something that we in UNICEF are trying to do some more simulations on equity and education financing to try to get a better grip of that. So my kind of question really is, what does the panel think of the incentives, both for governments at one end of the scale, but also for the private sector. And the Punjab Education Foundation I think is a good example here.

What are the incentives to actually start to address equity more robustly, both through more financing, but also through redirecting financing?

MS. STEER: Great, thank you.

Well, we have a lot to discuss. So I think there's a direct question to the World Bank, so maybe Harry could start with that and then take on any of the other questions you want to respond to.

MR. PATRINOS: Well, I don't agree that we underemphasize the need for resources. In fact, what I said was that we need to make sure that the inputs were there for children to attend school. My point was that it's not a question of more or less spending, it's how the resources are allocated. And if a case could be made that more resources would improve the outcomes we have, we're all for it. This is what we do every day. My point about where the resources go, so we had, we even had a couple of examples about where countries are putting their resources and mentioning the case of how much goes to primary schooling, so I think the question is, how do we know that that's an appropriate amount, what is the outcome that we're trying to get, and what are the, what is the total picture, which is also the question that came from Mr. Ahmed from BRAC.

I agree that we don't have a total picture in most countries, but that would be very helpful. I want to reiterate Jo's point on the need for more analysis about the cost of, I guess, inequity would be the point. We know the benefits of education, what -- therefore, what are we not getting by having a high level of inequality. And Jo mentioned the model on the simulations for education equity, and that's one tool that we're working with UNICEF to help us get a better picture on the situation and what can be done about it. So that model helps cost the alternatives for improving access and inequity based on evidence about what works. And it's something that we've tried in a few countries, and it's worth exploring.

And I also wanted to give a plug to our SABER, our Systems Approach For Better Education Results and our new domain, which is on equity and inclusion and we hope to address this question much more thoroughly.

One last point on the cost of education, something that Mr. Ahmed mentioned, that one of the costs that we take for granted is what parents and children are giving, so the biggest cost is the time that children are in school. And if they're not learning, that's not a very good use of their time. And I think that's what Fazle was getting at when these alternative uses of children's time might be quite rational from the parents' perspective. So until we get the education to a high enough quality, we will have that problem.

MS. STEER: Yes.

Daniel, I wonder whether you'd like to comment on this question around the cost of inaction and to what extent your government, you feel the cost of inaction or the cost of having sustained inequities, to what extent in your government, is there a realization that if those inequities continue to exist, that that is actually going to cost you

in terms of future development, economic growth, all sorts of health outcomes and so on.

MR. NKAADA: Thank you. These inequities, there is one area where we have not paid a lot of attention, is the rural urban, the difference in performance. You find that in rural areas the parents are not as active. They are not playing a big role in the education of their children as much as the urban parents. So there is that divide, which is also -- which has also come up. And it is very vivid. And all statistics indicate that urban schools are performing much better than rural. And the reason is the parents' participation.

Government is aware of this. We are trying to do all we can. We are trying to (inaudible) the parents, but it's not forthcoming because there are a number of parents who, when they were told there is universal primary education, there is universal secondary education, so they are due to remain just to produce children and then send them to school, you know. They are no longer paying a lot of attention on this.

So I think it is, it's a lot of effort that we need to put in. And we are not yet succeeding, but it is a big, big problem because these are the children who compete unfavorably with their colleagues in other areas. Then when you come to the children who are disabled, there are still problems with parents hiding them. They do not want to bring them out so that they are known. You put them and, you know, in our data we have so many. The number we have is much smaller than what is actually on the ground. So this is also still a problem because we cannot have the right data to see how to -- so government is trying all the best we can in order to provide for the equity issues.

But on the other side, we have succeeded in that girl-boy children are now, it is actually 50/50 now at primary, at secondary, and at university. The girl children are coming up so well. So on that front we are succeeding, but when it comes to these



other inequities, we are not yet there.

MS. STEER: Great.

Julia, maybe you would like to take the question on the too many variables. Is there too much of a good thing in this space?

MS. GILLARD: Look, I don't think so. I mean, in terms of learning outcomes, the reality is we don't know how to measure everything, but we can measure some things. And I think we should measure the things that we can measure. So, you know, we're measuring in Australia, literacy and numeracy will move onto the measurement of science. Of course I'm well aware that schools are doing a broad range of other things to develop students and their capabilities, but at the end of the day if kids are coming out of Australian schools at the end of their compulsory education and they cannot read, write, or perform mathematics; then that's a problem.

And whatever they're going to do in life, no matter how creative or, you know, whatever functions they're going to perform, literacy and numeracy will be core to those functions. We had a lot of this debate in Australia. And one of the ways it resolved was, when you go onto the My School website, every school gets the opportunity to describe itself and what it values as its learning journey in a few hundred words at the front of the website. So if you click on an individual school, you'll get that first. And it might well say that it's always focused on the, you know, resilience capabilities of its students or it's always focused on drama and is the school of choice for children who want to end up in the dramatic arts; but whatever else that school is doing, we do want that school to be teaching kids to read and write and do math, which is why we measure it.

On the composite of the variables of need, once again, you know, you

end up making choices here, but we, through a painstaking process involving a battery of statisticians and regression analysis and all the rest of it, identified of our pretty good data sets, it's not perfect, but pretty good data sets, the variables that made a difference to the advantages or disadvantages the children brought to school and selected those variables to help us work out what the website should display about the level of advantage or disadvantage in the school and what the capacity-to-pay curve should be, should consist of in terms of parental contribution versus government contribution for non-government schools.

MS. STEER: Great.

I will take one more question.

Barbara, that's fantastic. If you could --

MS. BRUNS: Thanks. I'm Barbara Bruns from the World Bank. I had a question for Julia.

You know, you focused a lot about the information that you're generating at the level of the school, which is fantastic, but that also should give you the ability to aggregate that information at the level of the states, which I understand have a fair amount of independence in their policies in Australia, so you could be also monitoring states' comparative performance in improving and what they're doing differently. I've seen the experience in Brazil where the investment in the national database that generates school level data has actually had this huge dividend in allowing municipalities to compare themselves to each other and allowing states to compare themselves to each.

And it's really kind of stimulated a looking over your shoulder for innovations and a diffusion of innovation. I'm just wondering if you think that has also

been happening in Australia.

MS. GILLARD: Yes, it has. We actually had state-by-state data before we -- state-by-state data for public schools, not for private schools, had it before we had the school-by-school data. It fueled, you know, a lively comparative. You know, so you'd get the -- well, actually it's interesting because we've got a lot of state-based newspapers, and you would on one day be able to pick up the newspaper in New South Wales or Victoria or in Queensland and the different additions would all be telling you that their state came out the highest in this data. So they picked the one selective, you know, Victoria did better in English. New South Wales did better in maths. You know, Queensland did better in most improved. And apparently they're all winners. [Laughter.]

But at the policy level, yes, of course it got people looking over the border to see what other jurisdictions were doing better. Mostly though it was fairly predictable. In those states with higher indigenous populations and those states historically home to more poverty, you know, by Australian standards, which obviously it's sort of a first world sort of definition of poverty, but it would basically replicate that, you know, the northern territory would always come out with a lower set of results than, say, Victoria because of the percentage of indigenous kids in remote locations who were not getting a good education even though they were capable of achieving highly if they got a good education. So the finer-grained data has made a big difference for us.

What that is fueling is buddying up of high performing schools with low performing schools that, say, a system that happens organically, but also a system which we have pushed particularly in indigenous education, where through a program we called Stronger Smarter, that high performing schools with large numbers of indigenous children buddy up with low performing schools to share best practice and to try and make a

difference to the lower performing school.

MS. STEER: Yes, thank you very much.

I think what's come out of this panel is really the issue of data and accountability. And so in closing, I just wanted to ask the other panelists, what's the chance of a My School in your country, or for Harry, what's the chance of My School in World Bank countries.

Daniel, 10 years from now, will we have a My School with learning data, financial data like we had in Australia online? Do you think it's possible?

MR. NKAADA: We are putting --

MS. STEER: Briefly.

MR. NKAADA: Yeah. Yeah, we are putting emphasis on data collection and quality of data. We are using Agile, which I think many people know, to see that we improve on this. And I think we shall be there.

MS. STEER: Great.

Fazle, what do you think, Bangladesh?

MR. RABBANI: Well, the data is there to be honest. It's about analysis and communication. I think we are getting there. So in 10 years time --

MS. STEER: Great.

MR. RABBANI: -- I hope.

MS. STEER: And the world picture, Harry.

MR. PATRINOS: Yes.

MS. STEER: Great. [Laughter.]

Thank you so much for attending this session. Please join me in thanking this excellent panel. [Applause.] I would now like to invite you all to join us for

lunch. The lunch will be served on the side here. So if you go through the side doors, you will find something to eat. Thank you very much.

(Recess)

MS. ATINC: I will have the pleasure of moderating this discussion. So there has been quite a bit of interest for some time now in innovative financing for development. I think this interest is for multiple vantage points.

There's clearly an interest in bringing additional resources into development, but also an interest in finding innovative ways of addressing development challenges, and improving the effectiveness of development assistance and strengthening the link between investments and outcomes.

As we heard earlier today, we have seen a decline in development aid for the first time in 2011, and a much steeper one for education. So the prospects for a reversal of those trends look quite grim in view of the fiscal challenges many of the traditional donors are facing. But also the increasingly more vocal calls for value for money from their constituencies given the strong domestic concerns that exist in those countries.

As a result the potential contribution that innovative financing can make to development remains a relevant question and perhaps may have even gained more urgency today.

The central question that we want to address in this panel is whether innovative financing is good for education, and whether education is good for innovative financing. Can innovative finance play a role in scaling up education outcomes by reaching the children that are still out of school and accelerating learning for all children? Can the education community learn from the examples of other sectors?

I often feel the education community suffers from what I call health envy. So I'm very pleased that today we will actually have a panelist who can speak

authoritatively about whether the health sector is indeed enviably, at least in this respect.

So with that I'd like to introduce Dr. Philippe Douste-Blazy, who's going to provide introductory remarks to kick off the panel by drawing on his vast experience with innovative financing. Dr. Philippe Douste-Blazy is currently Special Advisor to the Secretary General of the United Nations of Innovative Finance for Development. He's widely regarded as one of the world's foremost experts on innovative financing to reach the MDGs.

Dr. Philippe Douste-Blazy founded the leading group on solidarity levies to fund development in 2006 at the Paris Conference of Innovative Development Financing Mechanisms. He served as special advisor to the high-level task force on Innovation International Financing for Health Systems, which was co-chaired by then President, Bob Zoellick of the World Bank and Gordon Brown, Prime Minister of the UK.

In October 2006 he was elected President of UNITAID, a multilateral south-north organization, and a global health partnership established under the auspices under the United Nations to fight AIDS, tuberculosis, and malaria.

Dr. Philippe Douste-Blazy has held several ministerial positions in France, including as Minister of Health, Minister of Culture, Minister for Solidarity, Health and Family, and Minister of Foreign Affairs. I was just telling him there seem to be a 10 year cycle in his career here and I noticed that the 10 years are up, so I'm not sure where he's heading after this.

But prior to embracing policy initiatives, Dr. Douste-Blazy was a practicing cardiologist and Professor of Public Health at Toulouse University in France. So it is my great pleasure to invite him to introduce us to you panel today.

DR. DOUSTE-BLAZY: Thank you, Tamar. Thank you very much for inviting me to be a part of this very important debate. I am certainly not a specialist of education sector. But I work as a medical doctor first and after that as a French politician to create innovative financing for the poorest countries.

We have to begin by outlining three points. The first one is the following.

Around the world access to education has automatically increased over the past decade, but it's (inaudible) emerging countries, China, India, Brazil, South Africa. But at the same time, this is second point, as Tamar said a few seconds ago, we have to not two figures, 57 million children remain out of school, and 250 million who are currently on hold are not learning at a great level.

The third point, we see the needs increasing and the funding which are decreasing. So this size of effect is absolutely dangerous if we want (inaudible).

Hard commitments to education are declining to an alarming rate. The funding gap for achieving quality, basic education is estimated at \$26 billion dollars, not including (inaudible) money and secondary education.

So how can we do it? We can do three things. First, we have to continue to push governments to increase the aid. But it is very difficult to ask today or tonight a department to Greek MPs, the Italian MPs, the Spanish MPs, to French MPs, and probably Polish too, thank you. But why not in America as well, the U.S. to increase the aid because a lot of poor people exist in their country.

So going on we have to ask emerging countries to increase the aid. It's very important. When they see that China, for example, give less than \$1 million dollars a year for (inaudible), you know, I can say that we have to ask them as well to give.

The third is the reason why I'm invited here is to create innovative financing. What is innovative financing for development? Innovative financing development is to generate public and private funding to provide global public goods. Health, education, sanitation, drinking water, food, and planning family.

Two examples from public and two examples from private sector. The first example for public is about health. In 2005 we decided to help to reach the MDG 6 against HIV, tuberculosis and malaria. We thought at that time that the best way is to create a microscopic, painless, very small solidarity contribution on globalized activities. Globalized activities which benefit a lot from the globalization, which internet, planes, because of tourism, financial transactions, mobile, (inaudible) resources.

We began with plane and tourism. Nobody know exactly who it cost one plane ticket between New York and Washington, one dollar near. Because the price changes each day. We decided in France, but in 13 countries as well, to add systematically one euro, one dollar by plane ticket, paid by the traveler. It's painless for the traveler, one dollar. It's painless for the state, but in five years and our six years, we raised \$3 billion dollars.

This money is not discussed at the Parliament by MPs. This money is sustainable. Each year you are 350 million. No discussion in Parliament. Because you cannot do anything for education or for health if you don't have time in front of you. So we, thanks to -- and we create international body which, of course, is called UNITAID. Thanks to UNITAID eight out of ten children already treated against HIV are treated thanks to UNITAID. Because in Brazil, in Chile, in Norway, in France, in Mali, in Ivory Coast, in (inaudible), it's travel up by one dollar when it takes off.

So I am French so I choose taxation because in France we like taxations. It is not like the U.S. But, you know, it's painless.

Second example, financial transactions. We decided three years ago, I convinced Nicolas Sarkozy to implement a microscopic, very small, painless taxation on financial transactions, 0.01. Nobody can be poorer, you know? Now we have a financial transaction tax with 0.01 percent in France, but only a miracle is going to implement it and 12 European countries are going to implement this financial transaction tax, and we are going to have a discussion with the Congress here as well.

So two examples from public. Two examples from private. I decided when I went to -- when I was Minister of Finance it was Condoleezza Rice was my counter partner, and I said to Condoleezza, Condoleezza, you have to implement one dollar by plane ticket it's nothing. Okay, but I want, but it's not possible here. Why? Because it's not possible to oblige somebody to do that in our culture.

So I saw the President Bush and he said to me, Phillippe, it is impossible for us to oblige, but if you ask each American traveler if they want or not it's voluntary. If



you implement a voluntary contribution you are going to see that American people are going to say yes. When I came back to France I implemented the first software with which we can implement voluntary solidary contribution.

We implemented this one three months ago with UNICEF, because you need to have a very big bonding as UNICEF, for health. But we want to do as well for education with UNICEF. We did that with Amadeus, a very big company specialized for plane tickets.

Second example is with my friend, Robert Fillipp here is going to explain to you what he is doing in the field of environment, and to avoid the desperation of some species, animal species.

So I think that you have to do the same thing for education. The problem with education, it is make confusion, is that it's very difficult to explain what you are doing concretely for education. I can say to a traveler you're going to give one euro by travel you are going to save three children with malaria. It's true. We can count the children.

In education I think that the measurement is more difficult. In fact, if I may, in my life I understood one thing. If you want to change something very big in your life you have to ask -- you need a political will. But if you need a political will for education you don't have to speak to Ministers of Education. You have to speak to Head of State.

It is absolutely normal when I went to Africa to see a lot of Heads of States saying, we are going to come with the proper fund, to come with UNICEF, we are going to save millions of children in the continent of Europe.

But please, you have to increase your national agenda for health, and in Abuja, for example, we decided 12 years ago to ask each Head of State to increase their national budget for health. Because it's first for national (inaudible) and for the international community we have as well to discuss about the possibility to implement financial transaction tax, a small contribution through the FT on mobile. A small contribution through the FT on plane tickets, etcetera, and to see the financial sector to

do sustainable financing, what is main tradition. Thank you.

MS. ATINC: Thank you very much, Philippe, for dreaming big. You touched upon aspects of innovation. Some might argue taxation has been around for a long time, it's not terribly innovative, but the way you're planning on using the resources and what you're taxing certainly is innovative.

So what we'll do now is I will turn to each of our panelists and ask them a question. I would like us to take a critical perspective on innovative financing. We're not here as cheerleaders for innovative financing, because I think it's important to have a balance perspective on what innovative financing can or cannot bring to the sector.

Here are some of the questions I was thinking that I would want answers for. So what are the different innovative financing mechanisms and how do they add value for global education? What can innovative financing achieve that traditional development finance cannot or at least has not so far?

Can innovative financing, aside from bringing additional resources, bridge this gap disconnect we talked about this morning between spending and outcomes? Can we strengthen that link through innovative finance?

Finally, and Philippe already started addressing this question, how attractive is the education sector to investors, and what are the characteristics of the sector that shape its attractiveness?

So to begin to respond to those questions we have a wonderful panel, and let me introduce all of them at once, and then we'll turn to the discussion part of this session.

Let me start with Nick Burnett on my left here. Nicholas Burnett is Managing Director at the Results for Development Institute, R4D here in Washington. He leads R4D's education group. He's a member of the advisory panel for the Hewlett and Gates Foundation Program on Quality Education in Developing Countries. Also of the advisory board of the Global Business Development Network, and of the Council of Consultant Fellows of the UNESCO International Institute for Educational Planning in

Paris.

He's also special professor of international education policy at the University of Nottingham in the UK. Nick joined R4D in 2010 after a distinguished career, including UNESCO, the World Bank, the British Government, and his own consulting firm. He served as Assistant General Director General for Education at UNESCO, and as Director for the Global Monitoring Report.

At the World Bank he worked for 20 years particularly on Africa and on the Caribbean. While a consultant he helped set up the Roma Education Fund in 2003 and 2004. Early in his career he was an economic advisor at the British Foreign and Commonwealth Office. Thank you for being here, Nick.

Next I'll introduce Amie Patel. Amie is the Director of Global Development at Imprint Capital, an investment advisory firm dedicated exclusively to creating and managing high performing impact investment portfolios for foundations, families, and financial institutions. She manages the firm's emerging market interests and interactions. She joined Imprint from the Soros Economic Development Fund where she focused on early to growth stage investments in the agro business, financial services, health, and logistics sectors.

Previously she worked for the Overseas Private Investment Corporation, an agency of the U.S. Federal Government. Amie began her career as a mergers and acquisitions analysts with Merrill Lynch and First Union. She serves on the Board of Education through Music, an organization based on New York. Amie holds an MBA from Georgetown University.

Last but not least, I'll introduce Robert Filipp. Robert Filipp is a businessman and a former UN Official. He's the CEO of Pimacom Ventures and Investment Company. Prior to Pimacom he worked at the Smithsonian Institution, Harvard Capital, the World Bank, and UNDP.

In 2005, Robert took time away from his business to assist the Global Fund to fight AIDS, tuberculosis, and malaria with fundraising where he pioneered

innovative financing for development. He created Debt to Health, signed \$300 million dollars in debt swap agreements, and launched the Dow Jones Global Fund Index.

In 2011 Robert Filipp founded the Innovative Finance Foundation which is a Swiss Foundation dedicated to generating sustainable funding for social infrastructure and development.

So you can see that we have a wonderful panel that will come at the issue from very different perspectives. That should make for a rich conversation.

So let me start with Robert first. Robert, what I wanted you to do is to essentially put all of us on the same page. Because the term innovative finance is bandied about quite a bit, and probably means different things to different people. Would you just give us a little bit of a framework for thinking about innovative financing, and the different structures that would fit under that classification?

MR. FILIPP: Well, thank you very much for the generous introduction and for the question. So let me maybe respond to your question, Tamar, in four parts.

The definition, you are right, it means different things to different people, and when we look at the literature you can find all sorts of creativity and innovation in the definition of innovative financing. So let me just put forward a very simple view which is for us really, the way we practice is, or try to practice it, it really means novel approaches, new approaches to generating predictable, additional, and sustainable finance for social infrastructure, for development, for education, for health, all the sectors.

So you can see I chose the word novel approaches with a reason. That's a reason for that. Because there has been for some time, especially in the beginning, a discussion on how innovative is innovative financing. Taxation is not innovative, that's been done since the 70s. You know, it's very difficult to actually invent something totally new.

My take on this personally is that the challenge or the important thing is not how innovative is innovative financing, but how much money it generates. So the discussion about whether it is innovative or not innovative, in my view, is largely

academic. So, you know, we can have it, but it doesn't feel real, it doesn't help us to actually generate more money. So what we need to do is find new approaches, new mixtures of the same old recipe that is going to create something more exciting.

My second point is a little bit on origins and history. So the origins of innovative financing for development lie in something called the monetary conference, the monetary consensus, and few of us still remember that. That was the debate about how much it's going to cost to implement the millennium development goals.

Already in those days, which is now what, 12, 13 years ago, people already had the sense that the bill would be quite large, and that there would not be enough money. So since there were so many intelligent and clever people around the table they said, well, we have to do something innovative. That is the origin of innovative financing for development.

The history of it in the last 10 years or so has been very interesting. The health sector, and we've heard this already a little bit, has generated roughly, \$7 billion dollars in innovative financing. So this is additional funding other than ODA, \$7 billion dollars in the last so many years.

Most of these mechanism actually are a mix, a blend of new and old, but also of government and private sector. So therefore, it makes the discussion sometimes, and the description of what the animal is a little difficult because it actually is, you know, it's like when you see this stray dog with all this different ear, different tail, it's a little bit like that, innovative financing.

So let me give you some concrete examples. One of the pragmatic mechanisms in innovative financing was the vaccine bond, or is the vaccine bond, okay? Now, to issue a bond is something very uninnovative in the sense that it's been done by the private sector and by government every day.

What was really novel about it, the people said, okay, why don't you collect a bunch of governments to make very long-term pledge to an instrument or a vehicle, and these long-term pledges, not paying the money, but the pledges itself would

be enough to issue a bond in the capital market. In this way the governments that supported it raised about \$4 billion dollars for children's vaccinations.

So here you see a very clear example where you have a somewhat standard financial mechanism which is bond issuance, and you have a novel application of it in the context of it in global health.

The same thing could actually be said about the airline ticket levy. You know, it is a tax, and a lot of things have been said about the tax, but the fact that, you know, \$3 billion dollars have been raised by the travelers and put into the organization that is chaired by Philippe Douste-Blazy, and with all the impact that has been achieved on the ground, it's a very powerful fund raising mechanism that is predictable, because we know more or less how much is coming every year, how many countries participate, sustainable, and you don't really have to go and have a replenishment conference every two years or three years to ask, beg people for money. So this is one of the benefits of innovative financing.

Now how does all of this relate to education? We have published a study very recently which is called Innovative Financing for Education, and the origin of this was very simple. People said, well, you guys somehow managed to raise \$7 billion dollars for health. Where is the \$7 billion dollars for education from innovative financing?

So we started by asking ourselves, you know, what is the education sector, who are these people, what is it all about, what interventions are there to be financed? In this discourse we kind of uncovered, a little bit layer by layer, of some of the complexities and the problems of education. I think we're going to discuss a little bit more in this panel so I'll stop here.

Then the first step I think, on the question on innovative financing for education is to ask ourselves what does the sector need? What are the key interventions that need to be financed? What type of interventions are there? What are the right solutions then from the menu of innovative financing mechanisms? So I think that is the discussion that I'm looking forward to having today. Thanks.

MS. ATINC: Maybe I can push both you and Philippe a little bit on this point, the idea of generating resources that don't required the Parliamentary approval. I can certainly understand how painful it is to go through that Parliamentary approval process year in, year out, but there's an element of accountability that comes with that.

I wanted to ask you, both of you, I guess, what are the embedded accountability mechanisms when you generate resources of this nature? How do you insure that the funding that is being mobilized is actually being used effectively and efficiently to deliver the results?

Because in my view, innovative financing shouldn't be just about mobilizing recourses, but actually mobilizing resources to make sure that they're making a difference on the ground. Could I ask both of you to comment on that? Philippe, we'll start with you.

MR. DOUSTE-BLAZY: I think innovative funding is innovative funding and innovative spending. I agree with you. The problem is that -- your problem in education, our problem for education is to measure on the ground what you do. It's very easy when I can say I am going to do a big program on malaria or I am going to avoid the transmission of HIV from the pregnant mother to the newborn. The process exists. We know very well what we have to do.

In education we don't have that. So I am sure that you have to do (inaudible). Raise it, spend it, and prove it. In health we have worked a lot on this second. You have to do that exactly the same thing.

In my country we have young women who is a professor at MIT and in France and Paris as well, is Mrs. Duchlu. She works a lot on the ground. She told me this following antidote. Ten years ago or eight years ago, the international community, a lot of report, a big institute like this one, very prestigious said we lack teachers. It is because we lack teachers in this country that we don't have good (inaudible).

They multiply by two the numbers of teachers, but the same results. She went on the ground and she saw that the teachers were on the ground, but she asked

one do you have, you know, class of 100 children by class. We gave you twice more teachers why do you continue to have one on one children (inaudible) class? The answer is we work on Monday, on Wednesday, on Friday. They divided the number of days worked, working days.

So I think that this antidote is not an antidote, it's very important. We have not to be only holistic, we have to be as well on the ground for education as in health. For health we succeed.

MS. ATINC: Go ahead, please.

MR. FILIPP: I think because you raise an important question on accountability, just one sentence on that. I think, you know, when we kind of jokes in Parliament, but what every financing mechanism that you put forward has its own accountability.

So if it is obviously public money you need to go to the representatives of the public to get the accountability. If it is private money, and this is, you know, something that we want to see more and more engaged in innovative financing, the accountability lies with the investors, with the fund managers, and so on.

So I'm not too worried about the accountability because that is -- each mechanism in itself has built in their own accountability.

Where the accountability lies in terms of the impact on the ground, vis-à-vis the education system that is a much more difficult discussion. So as a non-expert in education I'm going to really stay away from that.

MS. ATINC: Okay. I'm going to turn to Nick. Nick, you've done some thinking about injecting creativity into multilateral finance. Can you talk a little bit about your work on buy-downs and how they might apply to education?

I also wanted to ask whether you see buy-downs as generating additional resources for development or whether you see it primarily as affecting the intersectorial allocation of essentially a fixed part of resources?

MR. BURNETT: Well, thank you very much Tamar. So what I'd like to



do is to discuss a subject which sounds arcane, but actually is extraordinarily simple. This is based on some work we did for the GPE, and that work can be seen if you want further information on the GP website or the R4D website.

So I want to talk about the idea of buying down multilateral loans for education. First of all, what do we mean by buying down? I assumed everybody -- we have a common agreement by what we mean by a loan. A loan is between two parties, somebody borrows and somebody lends.

But when you buy-down a third party comes in and buys down that loan. Buying down could mean reducing the interest rate from that at which it was originally set. It could mean paying off some of the principle. It could mean a lot of different aspects. But it's basically softening the terms of the loan. That's the first element.

The second element has to do with providing that softening against some sort of results. So Tamar mentioned that she was interested not only in raising money, but also in achieving results with that money. So a buy-down also offers very good possibilities for providing the actual buy-down against specific results.

How might we think about this? Let me make a few points by way of sort of background, but which are also, I hope, build a case. First of all, as we've heard, and that's why we're all here today, there are still enormous problems in basic education in developing countries. Many of which require extra funding, such as the out of school children. Not all may require extra funding, but many of which do.

Secondly, and again, it's why we're here today, much more is needed in terms of results. Whether it's for existing funding or for future funding. Indeed, the GPE itself which is about to have its Board meeting has come to recognize that it is, perhaps, focused too much in the past upon the design of education sector plans and insufficiently upon the actual implementation and what actually happens.

Third point, as we've heard already today, but I want to add some new information to that, aid for education and aid for basic education is declining, both absolutely and proportionately as a share of total aid. But something else is going on

with regard to all aid, including aid to education, and that is the terms of that aid are hardening.

Some of you may have seen a interesting piece by a European advocacy group, Eurodad, a few weeks ago about how the various European countries, particularly France and German, but others also, are essentially increasing the proportion of their official aid that is actually loans.

This can be done because the international rules about what you can count as concessional finance as ODA require a minimum of 25 percent grant element. But of course there's a huge different between 26 percent, let's say, and 98 percent, let's say. So the terms of aid are hardening generally even as aid is also falling, at least for education.

Next point, a large number of countries that have very severe education issues, let's say countries like Nigeria or Bangladesh, about which we already heard a bit today, are likely to graduate from the concessional windows of the multilateral development banks, World Bank, Asian Bank, etcetera, into the non-concessional windows in the next three to five years. Some have already begun to do so.

So we're going to have an interesting situation in which countries will no longer be eligible for grant or quasi-grant funding, but which still have huge issues within their education sectors. Including, I mean, Nigeria where it after all has more of the out of school children than anywhere else in the world.

So all of this provides a context for the idea of doing a buy-down. There's a lot of potential money available. There is, of course, all the well-known money from the various multilateral banks, well the regional banks and the World Bank, IDRD, Asian Development Bank, and so on.

There's also significant amount of money from some other international or multilateral banks that are not quite so well know, notably the Islamic Development Bank which currently has something like maybe 400 million or so available, but which it cannot extend to most of these countries that we might think would have the greatest

need because those countries are not sufficiently credit worthy.

Of course, as an Islamic institution it doesn't technically charge interest but the effective equivalent of the various charges that it does have comes out to be between about 4 and 5 percent, so that's certainly not concessional lending. But there's money there which could go to countries with a significant Islamic populations but which are not currently credit worthy.

So a couple of possibilities for this mechanism would be, for example, the GPE could use some of its funds to buy-down the terms of loans that the Islamic Bank would make to countries that would not otherwise be eligible to borrow from that bank. The terms are softened. So the money could be provided either upfront or on an annual basis against particular achievements. In either case, it could be against a specific result, so either upfront, something happens, money is provided or over several years against a series of measurable results.

A second idea could be that a GP or any other institution with sufficient funds could buy down a World Bank or an Asian Development Bank loan to a country that is not eligible for a grant or quasi-grant financing, but that is reluctant to borrow for the social sectors, in this case education. We see that quite a lot.

In fact, the only buy-down that's ever been done for education was done for China as it graduated from either into IDRD about 10 years ago. In fact, the buy-down funds were in that case provided by the UK by DFID.

So this is an instrument of considerable potential because the money is there, the institutions are there, what is needed it to have them work together in somewhat different ways than they've been done. But you don't need to create anything new. That is the potential of it.

Of course there's a need to go somewhat cautiously because there's not a lot of experience. There's been about six or seven buy-downs in total. Almost all of them in the health sector. There's that health envy again. And only one that's indicated in the education sector. Arguably that one was a slightly unusual one given the Chinese

situation.

So it is necessary, I think, to proceed cautiously, but at the same time it's very important to do this. So the last GP Board authorized the GP to develop a pilot program with the Islamic Bank which I hope, and I'm sure the GP hopes, will lead to some specific buy-downs, bought down loans.

Why is it necessary to go cautiously? Because of this limited experience and because certain things are not completely yet clear. For instance, who would determine whether or not the specified results have been met? That sort of a question.

I will stop there having outlined the basics of this important new mechanism that as I say, does not really require any new institutions, just new arrangements among existing ones.

MS. ATINC: Great. Thank you, Nick. So we've talked sort of broadly about innovative finance or novel ways of using funds. We've talked about a particular instrument that applies, in particular, to the public sector. Now I want to switch and talk about another instrument that brings in, the private sector. For that I'm going to turn to Amie.

Amie, there's a strong buzz about the potential of social impact bonds to bring private money into socially desirable investments, and help address some of the intractable social challenges many countries face. These started in the UK and are spreading in a big way across states, now in the United States.

Imprint Capital, your own firm, has been involved in the only one so far that is in the education space. It's on expanding early childhood development. Can you tell us what social impact bonds are? Why SIBs, as they are known, are attractive to the different parties that are involved in these transactions, usually an investor, a philanthropist, government? Can you give us your thoughts on the applicability of SIBs to education?

MS. PATEL: Sure. Thank you. This is an honor to speak in front of you and amongst these very distinguished panelists.

So SIBs are also known, or social impact bonds are also known as pay for performance financing mechanism. Essentially the leverage private capital to unlock a proven service or program that would otherwise be underfunded due to budgetary constraints from the public sector.

It's a mechanism that increases funding for prevention programs, and that's what we've seen to date, is to help government support an activity that is currently provided by a non-profit or a service provider in the community.

It is a bond, but it's not a bond in the traditional way that we think of a financing bond. It has a repayment schedule or an interest rate, but that repayment schedule is defined based on outcomes that that service provider is able to read or to create through their interaction.

So to give an example, we supported an impact bond with the Pritzker Family Foundation, Goldman Sachs, the City of Utah, Salt Lake City, and United Way. There were various participants in that, as you can see, there is a private investor, a philanthropist, through the Pritzker Foundation, and the private investor was Goldman Sachs. Then you had the government, and then you had the United Way, and then you had the Granite School System that was the one that was providing the actual service and delivering a program that was targeted to children of ages of three to four that would groom up to become better pre-K candidate or kindergarten candidates.

To answer the question on what motivates there various players to come to the table, so for the investor -- there's different kinds of investors that can come to the table, but for this situation it was a foundation that wanted to change the trajectory of high-risk children to honor roll students. So to get in early and create an environment that was really focusing on making sure that they were getting the right pillars so that they could avoid being out of school or underperforming students.

They also wanted to take a catalytic position in the financing. They wanted to make sure that this was something that they could demonstrate to the State, and to the national education environment. That scaling is possible if you start off with

something small and you can really hone in on a program that has provided a small service and bring it to a larger scale.

They also wanted to get their selves, this is the Foundation, wanted to get themselves in the foothold of the SIB market. So to create a partnership with Goldman Sachs and United Way to show how the private and the public sector can work together. They were willing to take the risk. They were willing to sort of be out there and take that early stage capital to demonstrate that this is something that could be taken to scale.

I think that's the crux of a SIB working is that you have a on the ground program provider that has a track record of providing this service, can deliver on measureable outcomes, and needs that funding to get to scale. The gap is that the government is unable to unlock that funding because of its own hurdles.

So what we understood the hurdles to be for the government was that there just wasn't enough buy-in within the state. There wasn't a belief that you could take something like this to scale, and they didn't want to unlock that funding. So this program was to sort of help demonstrate that you can do so. The philanthropist came in as an investor and they really wanted to shape the space together.

What else would make something like this attractive? To reiterate, it's the validated intervention. So Granite School Districts had seven years of experience targeting these children, and they were able to prove that through ongoing measured data. When you had that data then you could tie that performance and figure out what the breakeven was going to be for an investor.

So how long will the investor need to put capital to work before then they could see their return? Setting up those return parameters helped to bring Goldman Sachs to the table to know what their capital is going to go in for, and what their return objective is going to be. Measuring out that risk and reward was critical to the negotiations for this SIB.

They also wanted to make sure that there was public savings for the

State of Utah. So how are they actually going to reap the benefit of bringing on this program? So they give, you know, a dollar to the Granite School System and then the school system has to pay a dollar and five cents because they're paying interest that's attached to this bond.

Who's going to reap that benefit? Having that measurable data allows you to figure out what that financial and long-term sustainable reward is going to be, so that you can get the government to start believing in these types of programs and showing them the long-term, actual physical number at the end of the day that's going to be back into their coffers to fund other programs.

Having a local intermediary on the ground was also a critical component. So United Way has strong boots on the ground so they can bridge the gap between the investors and the government to be able to speak their same language, to sort of understand what the politicians needs are, to negotiate the contracts, and to actually get the deal from the concept down to the last line. That also brings in the government buy-in and policy momentum.

So having the repayment into the fund allows the government to sort of show to its constituents that by them supporting this in the long-term they're actually not misusing tax payer dollars, but actually putting them to good work. Then they have those tangible results to show to them.

MS. ATINC: Thank you. Perhaps I'll just make one addition. I'm sure this mechanism is new to a lot of people in the room. I certainly hadn't heard about social impact bonds until about six months ago.

I think for me as I looked at this particular example, critical was to understand that the premise was that if you had good quality early childhood interventions that children would enter kindergarten or first grade ready to learn. Which meant that the school system wouldn't have to invest in remedial education to bring them up to speed. The cost of remedial education, correct me if I'm wrong, Amie, was about double what the cost for an average student was.

So this is sort of the preventive part that Amie was talking about. So if you invest early then you save later down the line the more costly ways of remediation. This becomes then the public savings that allows the government to actually pay the original investor.

I just thought it was important that this is how I understood internalized why this works. So I thought I would share that with you.

Let's not move to the next segment of the discussion where I cleverly will delegate the responsibility of asking questions to the panelists themselves. So we're going to have a segment where the panelists will ask each other questions, but we have some structure around it, don't worry.

So we're going to start with Nick asking Philippe the first question. Then we'll go tag team. Let's turn off the microphones if you're not speaking.

MR. BURNETT: Well, thank you very much, Tamar. Philippe, your introductory remarks about the health sector, and also actually some of what Robert said about the vaccine bond, these date from a period some time ago, 10 years ago, more or less. Don't you think that the world has changed significantly since then?

For example, is there really an appetite now for taxes on instruments -- or on sectors which may be gaining from globalization? Are things like vaccine bonds possible when there is no longer an expectation of perpetual and increasing flows of aid and so on? Are your proposals, in fact, realistic for 2014 and for the education sector?

MR. DOUSTE-BLAZY: No. I think that yes the world has changed and the globalization is more and more unfair. We have 1.5 billion people with nothing, without drinking water, without sanitation, without education, without health, and without food.

At the same time, you have globalized activities which benefit a lot, but do you think it's no more that, I don't know I am speak about the companies, but I know a lot of companies which are very, very profitable which pay no tax. Zero or one percent. Particularly in the internet system. So I think that we have to think about this world, is my



first remark.

My second remark is the difference between education and the health is the fact that we live in a world in which journalists, people in general, want immediate results. When I was Minister of Health it was absolutely incredible. In newspaper at 3:00 p.m. you have a problem. You have to manage this problem at 8:00 p.m. for the prime time TV. It's absurdly incredible. We can't manage the world like that.

So for health it's possible because it's easier because of time of the treatment of somebody is very quick, fast. For education it's very long time, so it's your problem. Second remark, I don't know anything about education, but I am professor at University but only for health.

I didn't hear from this morning about e-learning, about internet. I am going to take -- I apologize, I am going to tell you what we do in one particular field. The problem of internet for you, in Africa, for example, in low income countries is the cost of electricity and device for the electricity because without electricity it's very difficult to have internet.

That's the problem we had. It's the price of drugs and medicines. Because if a researcher finds a new drug today in New York and Washington and Paris, six years after you have this drug, this medicine is at the pharmacy for your family. But the person who have the same disease as you in Bamako or Addis Ababa has to wait for 20 years to have the same drug because patents are protected by a lot of lawyers. Okay, it's like that. It's a shame it's like that. So you die in the south and nothing's enough.

We decided to see Pfizer, Glaxo, Santa Fierantes, Merck, and to say what is the number? Is it possible you are going to keep your patent, okay, until (inaudible). Okay, it's yours. But is it possible for us, UNITAID, to allow to give lessons to generic drugs to produce the same drugs at the same time for poor and rich.

In the beginning Pfizer said, Philippe, you are crazy, you are communist. Say, no, no, no, I am not communist, but I think it's a shame to see the patients in the south are dying. Little by little, Mr. Obama helps me a lot. Now we signed the first patent

for the humanity for health with Glaxo, with Pfizer, with Bristol, and with a lot of (inaudible). For the first time you are going to have for HIV, only for HIV. You are going to have the same drugs at the same time for rich and poor.

For internet and for electricity the problem is the price of the device. We probably can do a patent pull for this kind of devices as well. If you have the possibility to do it e-learning in all the villages in Africa, I think that, it is not my, I don't know, you know, but I think that it's possible to help.

MS. ATINC: Thank you. I love the passions and the big vision. Again, I do want to challenge you on something on health. I have worked in the health sector as well. That is to say that what you have picked on are, I guess the easy gains. It's easy to get the vaccine into the arm of the child. It's very difficult to get people to exhibit health behaviors, get them to exercise, eat healthy, stop smoking, stop risky behaviors. You don't go there. You pick the easy one. So with that now, you have the -- that's much closer to education in terms of the challenge. You get to now return the favor to, Amie.

MR. DOUSTE-BLAZY: Yes, Amie, what were some of the challenges in getting the Utah SIB on the ground, is my first question. Second question, what would you say are the key preconditions for a successful SIB?

MS. PATEL: Some of the challenges -- and I'll try to avoid getting into the minutia detail of the transaction, but at the high level some of the challenges were because the groups that were coming together, although they were all motivated to achieve the same goal, they came with different languages and understanding who was going to play what role. Who's going to step up to pay and at what level.

In the end the Utah Government actually never got there. They weren't able to pass the legislation in time with a favorable vote. United Way had to step in and play that role as an intermediary.

So when you think of a social impact bond it's generically thought of as an agreement between an investor, a philanthropist, and a government body. In this example that government body was late to come to the game. I think Park City, Utah has

come in at a later stage, but once sort of the contracts had already sort of been negotiated and signed. So it's a pilot program.

I think another challenge is you can only chew off a little bit of the problem. You're not going to solve a major issue with a social impact bond. You're going to demonstrate that something can be solved for a small, targeted amount of population. That then could be scaled if it's adopted at a statewide or nationwide level.

So I think those are two of the main challenges. Making sure that there is a strong proponent within the government, so you have some sort of internal champion. There was a senator that was involved, they targeted somebody that was known to be on the opposite side of the thinking, so a Republican by nature for a very conservative State of Utah. And sort of championing him with the program, bringing him in early, creating sort of that own personal equity in the design and implementation of the program I think helped them in the long-term. So I think for future programs having that sort of relationship and developing that early.

Then from an implementation and program management perspective having somebody -- having an entity that's able to take on those responsibilities so the nuts and bolts of the transaction are kept at the forefront so that you don't lose focus, and everyone stays aligned as you're continuing to monitor the progress of that program provider.

I think those would be some of the challenges. For something that's to be successful on a global scale, I mean, I grapple with this because I think about how this would work outside the borders of a developed economy like the UK or the U.S. How can something like this go into an emerging market context?

It's very hard because some of the earlier discussions were talking about research and data and how much data is there. So, you know, the industry touts that there has to be sound research on evidence-based interventions. How do you have that evidenced-based interventions outside, you know, in a country like Columbia or in Brazil where there's not a long history of the data that is specific to a specific need that then an

investor can attach and get excited about, and then a government can buy in on.

So I think that's just going to take some finessing amongst the interested parties to come together in making sure that there's an economic evaluation of the social outcomes. So everyone buys into that economic value. That, I think, will make this something of a model to go outside the borders of a developed economy.

But I do think the reason why this one transaction got done is that the investors and the philanthropists were very patient. They were nimble. They were able to sort of come in and come out of the transaction as the government got more and more comfortable, and as the provider was able to bridge that information gap.

So as we think about taking this outside of the U.S., making sure that you're engaging with investors that are sort of -- this is their priority, and this is something that they want to do, and they're willing to make sure they work toward that solution.

MS. ATINC: Thank you. Amie, you get to ask Robert.

MS. PATEL: So my question to you, Robert, is do you foresee commercially minded investors coming to the table to finance education for the poor or are we more likely to see a peer shift from philanthropic allocations towards investments requiring some repayment? So are we seeing some sort of real return?

MR. FILIPP: I think you are well-placed to answer this question, problem better than I am. Well, I heard this morning that everybody said there's going to be more private sector and everything is going to be better in education and so forth. I have to tell you I don't agree.

I think, you know, it's, of course, a question of the perspective, but let's say 10 years. Do I think that in the next 10 years commercially minded investors will come to the education space in poorest countries of the world? Let's say Sub Saharan Africa. No, I don't think so.

So what's likely to happen in the next 10 years is that blended finance, mixing public and private. Mixing higher return with, you know, lower return or no return. I can see more of that happening in the next 10 years.

So why I think -- purely from an investment commercial angle there's going to be not much. We shouldn't expect it because the sector cannot deliver that right now in poorest countries around the planet. For basic education, we are not talking university. We are not talking, you know, technical education, vocational training. We are talking about basic education.

I think what we can see and what we can expect, and what we can fight for and experiment in, and scale up is more blended financially because ODA is dead, okay? There's no money. So what else do we have? We have whatever is left we can somehow leverage with the things that have the money, which is the financial sector.

So therefore, I think there is a potential for collaboration and for learning really from the two different approaches, let's say, and doing something hopefully good for the children, and for all of us who are also products of education and who want to go and do something back to help the kids that come after us.

MS. ATINC: You get to complete the cycle by asking Nick a question.

MR. FILIPP: So my question to Nick is also along the same lines of, you know, private capital, and mobilizing private capital into global education outside the traditional sources which are on the decline. So from your experience and your vantage point, which road do you see for private capital in basic education?

MR. BURNETT: Thank you very much for that question. Private capital, of course, is not homogenous, I mean, private capital includes private philanthropy, private investment with wanting a return or private investment wanting both a financial and a impact return and so on. So it's not a, I think a completely straightforward question.

But let me actually put aside mainly the philanthropy and the sort of corporate social responsibility angle where I would suggest they should probably focus principle on fostering innovation, and talk more about direct investment capital.

First of all, the largest single source of potential money for development, not just for education, but including for education is currently relatively untapped. That's

pension funds, insurance company assets, and things of this type within developing countries where this is enormous potential to tap that money through bond and other mechanism in order to make it available for development in general, including education and basic education.

But secondly, in terms of private capital that's likely to flow, I somewhat agree with Robert, it's not very likely to go to the very poorest in the very poorest countries. But it is likely to go into areas where there is essentially a revenue stream. So which parts of education are these? These are higher education. There are vocational education. Interestingly, also early childhood education.

So in that case there is a very important case for something, which of course we've often argue for, but not necessarily fully successful, for looking at where the public money is going and ensuring that the public money is going where there isn't a potential for the private money to go.

Two other remarks, one, we heard this morning from Bridge International, and, of course, most -- and private education, especially for the poor is expanding very fast. But most of that private education is not institutions like Bridge. It's sort of individual schools. Those schools need capital.

Also parents who may be thinking of sending their children to those schools or to secondary schools, in countries where they charge fees, they may need access to finance. So the whole area of financial services for education is very underdeveloped and needs a lot of attention.

Finally, I think the greatest potential of the private capital is not private capital alone, but private capital in combination with the public sector. So PPPs essentially. Because, you know, the discipline of the private sector combined with the sort of social obligation of the public -- of the state to deliver education. It seems to me this combination is the greatest potential for the use of private capital, and still very, very undeveloped.

MS. ATINC: Well, thank you very much. Now, it's your turn. We have

about, I think almost 20 minutes. I'd be delighted to take questions from the floor and we have a mic right here.

MR. SANTONINIS: Manuel Santoninis from the Global Monitoring Report. The question is for Philippe and Mr. Filipp. In the launch of the reports of the Innovative Financing Foundation you put forward a proposal for the establishment of a global education investment bank. I think the argument was that such a bank could potentially sort out a number of issues that other institutions already in place perhaps could not. The Global Partnership for Education was put forward as a potential that perhaps it'd be overlooked in favor of a new bank.

In the work we have done for the Global Monitoring Report, when we look in the past for private sources of financing in education one of the conclusions we reached was that such funding was not that high, was no more than 4 percent, perhaps, in terms of what was coming for corporations compared to ODA. Importantly for the purposes that we monitor, it was not really targeted towards education for all goals. Not towards the poorest countries for basic education.

Our immediate reaction would be why overlook the GP? First of all, even if education were to achieve the goal -- even if we were to achieve the success of health, still the amount of money we could raise is going to be very limited. Why not use the GP as a vehicle, as an instrument to direct the little money that we can bring from the private sector but make sure that it's targeted for education in the poorest countries.

MS. ATINC: Others? Right there.

MR. BAKER: Tony Baker, Results Educational Fund. I have a question for Nick Burnett. I understand how buy-downs incentivize and mobilize additional resources to a sector, but I've been wondering if that doesn't change a little bit under at grant making mechanism fund like the GPE?

Just the cases that I've seen, and looking at your paper that you presented last November, just looking at general examples of how to buy down a loan, even, you know, into something that would resemble something like a GPE grant that

would be a interest rate and principle combination buy-down. You would see something like \$500 million dollars in buy-downs equating to about \$200 million dollars in grants.

I'm just wondering how that works whenever we are looking this week with GPE setting its replenishment target at, hopefully around \$4 billion dollars. If buy-down money is to be incorporated into that that would equate to about 3.7 hypothetically. And, of course, I understand there's different agency fees and charges around any kind of grant implementation. But it seems to be a very different type of mechanism than other grants.

So just was wondering why your advice would be to an institution like GPE on how to integrate buy-down funds into a traditional grant making mechanism or if really that isn't too much of a problem at all or any kind of concern around that, or if that's just another variety of services that GP offers? Thanks.

MS. ATINC: Is there another question? Yes, go ahead.

MR. ISENMAN: Paul Isenman. I'm an independent consultant who worked, in fact, with Nick on this buy-down project. If it's okay I have a question for the chair of the panel.

We've heard from Robert and corroborated to some extent by Nick that ODA is not in very good shape. Yet we see that in countries that have done well in education most financing, certainly up to the university level, is in the public and on a grant basis.

So is there anything that you could say from your experience and analysis that might be somewhat more optimistic, not just optimistic, but ideas that you would have so that countries on their own can be doing a good deal more on education as a driver of development in general as well as equity, and so that the case can be made more effectively about the importance of education. Not just basic education, but all of education in aid budgets as well as country budgets. Two minutes probably is enough to answer that question.

MS. ATINC: Barbara, did you want to? You had a question? Or you



can respond on my behalf.

MS. BRUNS: Yeah, I just had one other question about this potential for restructuring the incentives as part of the discussion on innovative financing.

For example, there are programs for sort of cash on delivery aid mechanism where, you know, countries get funding after they deliver a fifth grade graduate who can pass a competent literacy and numeracy test.

It strikes me that if, you know, you had some aid flows perhaps from GPE organized that way that would be an incentive for countries such as Kenya to say, hey, you know, we're using Bridge. I can get three times as many kids educated to that level. I'm assuming that Bridge is going to generate over time the evidence that the students really do learn as much as in the traditional public schools. But get three times as many kids to that level of learning for the same dollars spent. Do you think in those kinds of situations it could be a stimulus to, you know, broaden the market for social impact investing more substantially?

MS. ATINC: Great. Thank you. Why don't we start from Philippe and just come down the line in terms of responding to the questions.

MR. FILIPP: So I spent a couple of years in the, I think one of the most successful from a financial point of view, because don't forget I'm a finance guy. A financially most successful public/private partnership which is the Global Fund to fight AIDS, tuberculosis, and malaria. Almost \$50 billion dollars today.

Now, let's suppose for a minute that this is something that is quite similar to the GPE in terms of philosophy of public/private partnership, and just the sector is different. Although there are some institutional differences, but let's just keep it simple.

Now, what have we observed from the \$50 billion dollars that have been raised for this largest public/private partnership? That there is very little private in the public/private partnership, okay? Even in the Global Funds, the most successful and, you know, impactful, etcetera, etcetera.

So in answering your question I do not see any dichotomy or any

inconsistency with proposing an investment bank for education and with the work of a public/private partnership in the education sector. I think it's quite complimentary, in fact.

Because if you want to catch a serious amount of private capital you need to create a structure that is able to deal with that particular offering. The current public/private partnerships do not have that kind of structure. For good reasons, perhaps. Perhaps they shouldn't have. I'm not advocating that they should change, I mean, they have a specific mandate and most of the money comes from public sector.

So the idea was very simple, you know, it's how do we leverage the financial sector and get more money into education? Not only into private schools and financing, because obviously the question is what would that money do. What we thought, you know, the money could obviously do private schools and private, you know, teachers, training, and all that, but it could also be operators for the public education system.

I think the interesting part about a discussion about the investment bank is a real dialogue between the financial community and the education community, because that dialogue is not happening enough. Because at the end of the day in the public/private partnerships is mostly the public type of people who are speaking to each other and arguing about what is the best thing, and how can we raise money from donors. There's every little genuine discussion on how can we engage the financial sector or the private capital in that.

So this was the simple reason and it was a slightly provocative call to reflect upon on. So I wouldn't, you know, take it seriously. Nobody's going to create a huge investment bank for education because, you know, where's the money going to come from? We probably would have to go back to the public sector to finance the bank in the first place. So we should see it a little bit more relaxed.

What is important here is that certainly we want to see more scale in the different activities, you know, things that Amie's doing. There are several other, you know, companies in the north, in the south, wherever. There are people who are

microfinance lending to schools or to chains of schools.

I mean, we've seen hundreds, literally, of projects that could be mapped in the education system that could be kind of considered innovative or experimental finance or something like that. What is not there right now is any scaling in all of this because everyone has their favorite project, and they go off into the sunset and they, you know, nurture their flower with a lot of passion and love.

But from a financial point of view there is absolutely no impact. At the end of the day five years later we come back to another conference and say what has been done? Well, you know, health is now at 100 billion and education well, we are considering, you know, what is the rule of private capital in education. I think that is my frustration, and that is where my passion for the subject comes in, say this is something that has to be changed in the next year or two. We want to help. Seven billion for financing education, whoever can deliver it.

MS. ATINC: Any comments on the results orientation?

MS. PATEL: I think to draw more private capital, whether it be an investor that is looking for a pure financial return or a quasi-financial return, it's that track record that's critical and that scale. The scale is probably the hardest thing because delivering an education system is human resource heavy. It's a different, sort of, capital requirement, and it's making sure that quality is rolled out on a consistent basis. We were hearing from Bridge International it takes time, and you have to get to that scale number.

But I do think that if there is a possibility to sort of pool a private enterprise like that one with a public desire to achieve a certain goal. You sort of just sit in a room and figure out how everyone's going to make it happen. I do think that there's enough appetite out there to start that conversation.

I just think that there's a few of the elements that people just have to get more comfortable with. So that appetite for risk and that long-term return horizon has to be the forefront of that conversation. Not someone that wants that two or three year exit.

I mean, I wish I had asked a question earlier of the Bridge, but bringing in a true private investor, believes that that scale is achievable, how does that fit within the goals of the government? How can they partner to make sure that everyone's aligned in the same direction?

MS. ATINC: Nick, you had a specific question on buy-downs and if you have any other reactions as well?

MR. BURNETT: Yeah, thank you. So in terms of the question about the sort of interrelationship between potential of buy-downs and the GP replenishment. I mean, I think we should state very clearly that the GPE, you know, replenishment should happen in its own right. I mean, in the same way that Philippe said that, you know, we should still advocate from increased ODA.

So I don't have any doubt. I wouldn't suggest in any way that the potential for buy-downs should influence the immediate replenishment. Rather that the piloting use of some limited amount, initially, of GP funds could demonstrate, you know, over the next few years could demonstrate the potential. This instrument might then become wider. But I don't think we should confuse a possible pilot program with considerable potential with the immediate needs for replenishing GPE.

Just to add to that, one of the interesting things about buy-downs is indeed, the potential for linking them with these COD, cash on delivery, ideas, or in this case buy-down on delivery ideas that Barbara Bruns just mentioned. Thank you.

MS. ATINC: Philippe?

MR. DOUSTE-BLAZY: Just one minute to come back to what Robert said. Robert said that the public sector is not useful, the politician are not useful, the governments are not useful, and the ministers as well. No, I think that more complicated.

I think that the problem is the governance. We created United Nations just after the second global war, and now we cannot continue with -- you know, the public sector through the governments in one hand it's very easy to discuss for us. We are alone.

In the street you are the civil society with a lot of demonstrations and NGOs saying this politician are crazy. It's very easy for them as well because they are alone in the street. I think personally in financially system seeing this guise of very crazy because it's sort of.

So I think that we have to create a new governance. In UNITAID, for example, we create a board in which we are the governments, for example the president of the French Republic has one vote, but the NGO has one vote as well. The communities of patients have one vote. UN has one vote. Gates Foundation one vote.

So I think that it's very important to have this kind of people around the table. When NGOs said I don't want to vote this resolution. I said to them, okay, but the monies are going to go to the ground. You have to -- we can do some correct. We can manage this resolution with you, but you have to vote as well.

So I think that we have to create a new governance in this world with public sector, with private, and as well with civil society. For education it's very important because it is a global public good, and education is not a private issue it's a public issue.

MS. ATINC: Okay. Well, I do have two minutes to try and respond to Paul's question so I'll take you up on that. Clearly the bulk of finance for education is domestic. I don't know what the numbers are, but probably more than 90 percent, and I think it will remain that way. I think it's appropriate that it remain that way.

So there is a question about what really is the role for external finance. What is the best use of external finance? But I won't go there now. I have some views about that in terms of its sphere heading some innovation, dealing perhaps with some of the global public goods kind of issues.

For example, on assessments that are very costly. The kinds of things that Philippe talked about, bringing down costs for everyone, but also providing funding for some countries that will need that resource transfer because they just don't have the capacity to mobilize the resources domestically. But we focus on what it takes to make a case for education domestically, and hence mobilize greater political support for it.

I think by and large there's a strong recognition of the importance of education. We heard it this morning from the UN survey that was carried out with education coming as the highest priority. I know this also from the surveys that we have done at the World Bank of clients when they're asked to rank the areas of priority, education always comes on top. So in that sort of abstract sense, if you will, as to buy in to the importance of education there's no question. Everybody buys into it.

I think the extent to which parents and policymakers and politicians know that their education system is not delivering various. So I think the first thing that needs to be done -- we had done a report some time ago and had a chapter on turn on the lights. You've got to show what your education system is delivering, and be able to show that it's really failing most children.

I think you have to create the sense of crisis, a sense of outrage that children are sitting in classes and really learning very little at the end of it. Again, that's beginning as more and more information becomes available.

When that information is in the public domain and it enters the public discourse I think it's triggering a response. It's triggering a reaction. But I know many countries that just don't do those assessments because they're scared to find out what they're going to find out. So that would be my second thing is do the assessments.

Then I think we need to find out what really works in terms of delivering good outcomes. You know, that's not an easy proposition. I have my shorthand for it which is make sure children enter school ready to learn, so early childhood development. Focus on that and focus on teachers.

I think if you have those two ingredients right you will have made a big dent in terms of improving learning outcomes. Once you show, you demonstrate that you're able to improve learning outcomes then I think you're going to see increasing public support, and I hope additional resources that go into the education system.

I'm putting aside all the questions about the demand side, the economic situations. It's one thing to focus just on the supply side as we have done now. It's

another to be able to translate those higher skills into job opportunities that will lead to improvements in the lives of people, but putting that aside for the moment.

So with that I want to thank the panelists very much for their contributions and interesting perspectives, and thank you as well for your patience and comments and questions.

MR. INGRAM: Our next speaker is Manos Antoninis who is the Acting Director of the Global Monitoring Report and is a long-standing education expert with extensive experience in a number of developing countries.

To his left is Alice Albright who is CEO of the Global Partnership for Education, and she came to that job with a broad background in international, both private and non-profit sectors and with government, with banking, with GOVI, and with U.S. Export and Port Bank.

Desmond Bermingham, Director, Save the Children's Education Global Initiative. He's been involved in international education for a long time, first as a teacher, later as head of education at DFID, then he held Alice's position when GPE was known as the fast track.

Anna French, who last year became head of DFID's education policy team, has a background working in conflict and fragile states in governance and program management, and was the senior advisor on Africa to Prime Minister Gordon Brown.

My plan with the panel is to get a conversation going, and I'm going to ask a question to one of the panelists who will have up to five minutes to respond and then invite the other panelists to weigh in on the same topic. And I will pose a separate question to each of the panelists, and I'm going to start with Manos.

This year's Global Monitoring Report highlights the degree to which the international community will miss the target of getting every child in school by 2015. By current trends only 68 of 122 countries will achieve universal primary enrollment, and very few will achieve universal primary completion. GMR has years of experience in thinking and writing of how the international community can be engaged in accelerating

progress and particularly in hard to reach communities. What will it take both in terms of resources and support activities to reach these communities?

MR. ANTONINIS: Thank you, George, and thank you for using perhaps less scary statistics from the last Global Monitoring Report. A lot of people have focused more on some of the projections we have made for some of the poorest and most vulnerable children who perhaps would not be able to reach the education for our goals well into the century, in the case of lower second education even well into the next century.

And I think I have been given also a very difficult task given that the last panel proclaimed that aid is dead, so I'm not going to resurrect it, of course, but let's take a step back and see what there is that we can say.

The Global Monitoring Report has over the years tried to provide an envelope on a number of figures that we refer to, and they often quoted a figure of 26 billion financing gap originates in a piece of research with its 5 years ago, in which we're seeking to perhaps update this year. And of that finance actually the financing gap is 29 billion, of which 3 billion was provided for these countries to achieve basic education by external assistance, so a fairly small amount one might consider.

We have argued that this gap can be filled. We have expected that more than half of, of course, is going to come from domestic resources, but if donors were to commit to the pledges they've made in the past, a quarter of that gap could perhaps be filled, and I'll come to that in a minute.

And that's what's surprising and doesn't require a leap of imagination to see why that might be the case because again as the GMR has shown because in the last panel it wasn't clear what is actually the amount of contribution external assistance is making in many countries.

Well, if we look at low income countries there's a surprisingly large number of countries that really depend extensively on external assistance, and this year's report is revisiting the issue by comparing seven countries using an approach of national



education accounts that again we've discussed on a couple of occasion, and there we demonstrate that there are countries which receive the total expenditure on education which includes not only government and external assistance but also what households provide. External assistance accounts for almost a quarter of total spending. That's not insubstantial. That's not depth, it's (inaudible), and it helps make sure that children and young people have the opportunities they need, so let's not overlook that. And of course as a share of budget, it's a much higher share. I was referring to the total envelope.

So, aid is critical for low-income countries, but we know that aid to education is currently on the retreat. As a share of the total allocations it has fallen from 12 to 11 percent in the last 3 years, and in addition to that aids to basic education fell by 6 percent between 2010 and 2011.

Low-income countries have suffered particularly. Of the 36, 19 countries saw the amount of aid to basic education they received fall, and the amount is about \$200 million. That's almost 60 percent of what the Global Partnership for Education provided last year. It's not an insignificant decline.

Unfortunately the outlook is also not very positive. Country programmable aids, one standard definition is being used is projected to fall overall in 31 out of 36 low-income countries by 2015, and going back to the comparison between 2010 and 2011, 21 donors reduced their aid to basic education in this two-year period. Twenty-four donors, (inaudible) reduced their aid to basic education to low-income countries. These are quite stunning figures.

So what could we do? Well, the GMR has been arguing and I think on a number of occasions today it has been mentioned; I think Philippe Douste-Blazy did make reference to it. It is important to set targets. We're all to ready and eager to set targets for what national governments should spend. I think the time has come for donors to set targets -- some targets. GMR makes some suggestions, but at least (inaudible) can get together and decide on what it does aim to do.

The main issue, of course, given the environment is to see how what donors spend can be spent better, and that was the main question that was asked. So, let us focus more on the hard-to-reach children. What we know is that donors do not respond with the required attention to the needs for (inaudible) targeting. Neither in the between country allocations nor in the allocations within countries, and having lived all these years with this excellent public expenditure (inaudible) that's the World Bank has been publishing over the years, one takes a step back and wonders why are there no aid expenditure reviews that look precisely on how aid is allocated and whether the poorest benefit in the same way you expect governments to look at this issue very attentively.

Of course, the between-country allocation needs to be a bit more nuanced because we know over recent years that there have been issues with the way classifications of countries between low-income or lower-middle income can be misleading, and one needs to take a more careful look.

There is another way that (inaudible) can contribute to this debate. Look a little bit beyond the traditional way of thinking about aid to education. This year's GMR focuses a lot on domestic-resource mobilization and identifies two areas in which donors can help aid to helping build the revenue-raising mechanisms of the countries that perhaps has been overlooked and would have major impact on the countries, but also a type of aid that is not perhaps commonly thought of as aid but government to government cooperation, and of course at the global level of helping countries curb tax evasion, and all these resources are lost due to loops that corporations take advantage of. And with a sincere and genuine collaboration between governments, so many issues could be tackled through that direction.

The GMR, to come to an end, always looks favorably at multilateral organizations and the capacity they have compared to bilateral organizations to pool funds, to be perhaps less encumbered by criteria that are not necessarily looking at where the most needs are situated. And of course, the technical capacity and the ability

to work across sector, but these are issues of coordination that Alice could perhaps talk about.

MR. INGRAM: I will get to her on that later.

MR. ANTONINIS: Thank you very much.

MR. INGRAM: Let me invite the other panelists to follow on and specifically to focus on the question of the manner in which the international community can be most supportive of reaching those hard-to-reach communities. What are the mechanisms, what are the interventions, and what are the support mechanisms that can be most useful? Alice?

MS. ALBRIGHT: I very much agree with a lot of what Manos had to say, particularly in the area of efficiency. It's something that we spend a lot of time thinking about which is while there certainly is not enough ODA money being deployed to education, and I'll make a couple of points on that in a minute, the money that is there is not being spent very well.

And so I was in the Democratic Republic of the Congo last week, and I spent a lot of time with the minister and also visiting a school in a very remote region, and he was telling me that the teachers have to spend a week a month walking from the school to whatever is a village that might be available to get paid. So, they get paid for that week of walking, but they're not teaching for that week of walking, and it's something that he was very troubled by but talked about not only the absence of a road infrastructure but the absence of a banking infrastructure, which really resonated with me because I'm a former banker. But it just showed how it was one example of a set of problems, and so I do think there's some improvements we can make on the efficiency side.

In terms of getting to remote, one thing that he very much was talking about was mobile technology to pay teachers. In that context it would be a game changer because it would get around the banking infrastructure problem which is not going to get solved quickly, and it might get those teachers to school for a week more a

month, and it would really have, I think, an important impact on learning outcomes. So, that's just one example, but I do think that we need to help our countries work on the efficiency piece in addition to how much money's being deployed.

MR. INGRAM: Desmond, what is Save doing out in the field to reach these communities?

MR. BIRMINGHAM: Well, one of the key things we've been doing is looking at domestic expenditure, and we've spent most of the morning talking about domestic expenditure for education. Of course, as we know, that is the lion's share and it will grow, and I think for an organization like Save the Children our view is increasingly our role is going to be targeting our advocacy at the country level to empower our partners to advocate to their own governments for the better spending of their taxpayer's money on education and other basic services.

I think the role of the international community in that -- and perhaps it's a challenge to pass back to Alice and to other members of the GPE board, is to pick up what the GMR has asked for is really deliver on that mutual accountability commitment, the deal-for-the-deal idea. Coming up to the replenishment say to donors we would like you to commit funds to the GPE fund and finance the \$4 billion asked. We'd also like to hear your commitment to continue to increase your bilateral financing for education because that's going to be bigger than the GPE fund we hope, and we want to hear how you're going to account to the other partners in the Global Partnership for Education for delivery on both.

Now, I know from my own past experience that's a big ask and it's hard to do, but I think we're right at the tipping point now where we can make that happen, and GPE is fantastically well placed to make that happen.

The other side of the deal is back to developing- country governments to say "And we want to hear from you year on year, not just about your education budgets, but about your education expenditure," and address the issue that Elizabeth referred to

this morning that we're always struggling with the get good data on education expenditure broken down by region, district, quintile of income of the recipients.

Five years ago we did not have the technology to do that practically. Now, we do. UNICEF has done some fantastic work in UNICEF where there is a SMS-based data-collection system for every single primary school in that country that gives real-time data on school enrollment, teachers in the classroom, and money spent. The technology is there. You don't even need to have Smartphone. All you need is mobile phone, so that excuse is no longer valid.

So, I think we're at a tipping point now, and the replenishment would be fantastic if we came out of that replenishment with real mutual accountability on both sides of the table, this is the money we're committing, this is how we're going to report on it, and this is how we're going to make sure it reaches the poorest and the most marginalized children in this country. That would be my challenge to the many people in this room actually.

MR. INGRAM: Anna?

MS. FRENCH: So, last but not least, I think I just want to make three points on this particular issue. I think the first thing is that the point that Manos made about the domestic resource mobilization. I mean that's absolutely critical, but it's not just about domestic resource mobilization around education. This is looking at the whole system. It's looking about how governments allocate their budgets. So, for DFID we're really focusing on that sort of domestic budgeting and how those resources are allocated and really making sure that government's getting best value for money through procurement or other kinds of issues.

I think the second thing I wanted to say is about looking at the -- accessing the efficiency of school systems and resources and making sure they're well spent and represent really good value for money. I think that's absolutely essential, and we need to create incentives to improve access in learning though kind of (inaudible) finance mechanisms such as results-based financing. I think that, again for me, is key.

So, the final thing I wanted to say is we heard a lot this morning about the political will that is necessary behind getting governments to really support this issue. So, how can we as donors help incentivize that political will? What we saw in Australia, and we heard from Australia this morning. We heard from Poland. We also heard from the (inaudible) really incentivizing governments to think about that as donors, really putting that pressure on, and that is where we can get systemic change.

MR. INGRAM: Alice? Manos anticipated what I want you to talk to us about, and that is donor coordination. We all know that the education sector is highly fragmented, and it's very difficult to get donors to work together, to work with folks in the private sector, with governments.

The Global Partnership has a mandate for coordination. I've always felt that those country education plans and the donor collaboration together with the government were potentially a real mechanism for coordination. I also thought that the Global Partnership potentially could play a role in coordinating with the private sector in what they're doing in education, but talk to us a little bit about the barriers and where you see this headed and what the Partnership's trying to do.

MS. ALBRIGHT: Well, I think you've hit the nail on the head, so I very much agree with you it's an issue. I mean, Manos talked a little bit about what's going on in the ODA world, so I won't go into detail but just to reframe it, ODA is down, and ODA for education is down even more. And also funding in the humanitarian space for education is tiny; it's 1.4 percent of humanitarian spending, down from a high of 2.2 percent more recently. So, none of those numbers are sufficient, and I won't repeat them.

Coordination is, I think, absolutely essential to the problem, and when you look at it it's really got a number of pieces to it, and I've now traveled to a number of countries and have talked to a number of donors. The problem that I see is the donors, with all due respect to them, are all doing in some ways slightly different things at the country level, and that causes a number of problems.

First of all, when you overlay that against the fact the money's going down, it causes real ebbs and flows of availability of funding to countries, and so what you see is the advent of donor darlings and in some cases donor orphans. And there's a number of countries that we're working in that we would put in certainly in the donor-orphan category.

We also see that a number of donors are pursuing lots of different projects, but they're not necessarily marching in the same direction, and so it causes real transactions costs in terms of monies that aren't being used in a way that's marching towards one set of policy goals.

It also causes a lot of time and effort wasted in reporting. When governments have to do a multiple of reports to all of their donors every year, they're taking effort away from what they ought to be doing sort of as their day job, which is promoting better education.

So, we see this whole issue of coordination as being absolutely central. So what do we do about it? You're absolutely right. It is part of GPE's mandate to fix that. We spend a lot of time at countries getting everyone around a table to endorse a single education sector plan, and when I say endorse I don't just mean sign it. I mean actually align your funding to a single plan.

We are about to get to present to our board on Wednesday a new funding plan that is really going to give teeth to this concept of what do we mean by a single plan, because it's -- I don't go through all the details here -- but basically it sets a number of steps out that gets all the donors moving in one direction funding the same types of initiatives, and also, and this is something that also spoke about. It has specific provisions to get letters-of-intent-based commitments from both the domestic governments as well as from the international community to fund a single plan. So, what I'm very excited about is we're beginning to put in place, if our board approves it and I'm confident that they will, actually a mechanism that helps us use the money better and improve coordination, so I'm very excited about it.

MR. INGRAM: Desmond, you have a little bit of experience with trying to get donors to work together?

MR. BIRMINGHAM: Yeah, I think we've all spent too many of those meetings here herding cats, which I think is a transferable skill I've inherited over many years. I think coordination is important. It's interesting though. I mean when you come to an organization like Save the Children you see things from a very different perspective, and I suppose what I've observed in Save the Children is that when you bring, for example, voices of children to those kind of conversations it changes the dynamic. It really does, and suddenly all those sort of reasons why we can't work together, why we can't coordinate, why we can't possibly do this within 18 months become irrelevant if there's a group of articulate young teenagers sitting in front of you as a group of donors or a government minister saying, "Well, why not?" So, I would say let's bring an extra dimension to that coordination, and let's bring a bit of challenge from the people we claim to be helping. And again, we've experienced, all of us, when you put those young people in a room they're very able to speak for themselves, and it's much harder to answer them, "I'm sorry but you can't have an education for another 5 years because we've got to work out our education sector plans and get them in line behind us." Try that one.

MR. INGRAM: Anna, DFID is a real leader in education. Are there examples of DFID coordinating with other donors? [Laughter] Not to put you on the spot.

MS. FRENCH: Yes. I mean DFID is signed up to the Paris Principles for working, and coordination is a central part of that. Do we practice exactly what we preach? I hope so, but I'm sure people in this room will be able to find examples where they may have concerns about how DFID is operating.

But I think you have to remember that we are a donor, and we are accountable to the British public, and we're accountable to our ministers, and ministers want results now, and sometimes that means that we're driven by different kinds of pressures that mean that we have to maybe support things in a slightly different way. So,



I think sometimes there is an element of reality that we have to bring to that kind of coordination.

And then the other thing is that DFID would like to be always supporting budget support if we could be, but I think our ministers have had our fingers burned in terms of that financing model. There's been examples of corruption and things like that which makes us withdraw some of that element of support, so I think we have to remember that while we support the principles, sometimes the reality and practice can be more difficult.

MR. INGRAM: Manos, the Monitoring Report sits there and looks over all of this. Give us your thoughts.

MR. ANTONINIS: I think the Monitoring Report has not been very kind to GPE in the past; has been quite critical, but I think you've probably noticed that this year we have been noticing the great changes that have taken place and the extent which GPE is of course now accounting for a much larger share of the (inaudible) assistance in some countries although the biggest success is in small countries, so but it's on the right track.

Wearing another hat, having been part of the FDI (inaudible) evolution team, I have to say that I'm really looking forward to this funding plan because it is exactly what seems to be needed most. It's the mandate of GPE that should break the ebb and flow that you describe. That's precisely FDI was originally designed in order to make sure that there's continued and predictability, so hopefully such a funding plan will break the ebb and flow.

And let's also not forget that the original mandate of the FDI was to catalyze the funds from all sources, and hopefully we will now have the right mechanism to monitor that we are at last on the right track.

MR. INGRAM: Desmond?

MR. BERMINGHAM: Save cares about children, particularly disadvantaged children. Half of the 57 million children out of school are in fragile conflict

situations. That's a higher proportion than 5 or 6 years ago. How do we reach those children? How do we get education or some level of knowledge to those children? I mean the short answer if we stay where we are now with less than 2 percent of humanitarian aid going to education, we're not going to, and so we are saying to the 400,000 children who have fled the crisis to Lebanon, "Sorry, not only have you lost your homes, you've also got no chance of education."

And we're saying to the children, the countless children, we literally don't know how many there are in Central African Republic in the same situation. So, I think it hasn't been mentioned enough in this meeting I don't think. There's been a sort of unreality for me about some of these discussions because of the strong focus of organizations like Save and Care and Well Vision and many others in this room who work in those contexts where it's a life and death question, and where it's a life and death question for those children where they're getting to somewhere that isn't just about education. It's about somewhere safe, somewhere protected, and somewhere that gives them a place to recover from the trauma that they've experienced.

And yet we still encounter in Save -- I'm sure other organizations have the same -- a bizarre dialogue with some donors who say we don't include education in humanitarian response because it's not lifesaving. Well, tell that to the children. Tell it to the parents, because that's what they tell us they want. Yes, they want water. Yes, they want somewhere safe and away from the conflict, but they also want as a parent -- of course, we all would -- to get their child into somewhere that looks a bit normal, and education space looks relatively normal. So, I think we have got to do something about that, and we've got to do something about that now.

I've been delighted by the moves of GPE to try and respond more flexibly to education in emergencies, education in conflict situations, and I really hope that that moves ahead as essential.

I really hope that all donors, DFID included and the EU in particular, make sure they do deliver on policy commitments which are including education in

humanitarian responses. We're not seeing that happening on the ground in every country yet. And that we find ways of making sure those children, like any other child, enjoy their right to education. It's a scandal, frankly, that we are still having this debate years after the U.N. General Assembly said every child has a right to education, and every child means every child.

MR. INGRAM: Desmond, just to pick up on what you said, I think it was 15 years ago that I first was made familiar with the arguments of why education was such an opportunity in humanitarian situations. It sounds like we haven't gotten anywhere in 15 years.

MR. BERMINGHAM: I would say we've made some progress in some places, and we did have the European Union, ECHO, humanitarian organization giving it's Nobel Prize money that it won as peace keeping to education programs, and that was a massive step forward because previously ECHO, which is one of the biggest humanitarian funds had said, "No, we don't do education. Talk to the development arm." So, we've seen some progress, but you're still encountering on the ground this crazy gap between humanitarian and development which Anna will know very well from her personal experience.

Literally in many development organizations those two arms don't talk to each other, and then when they do talk to each other they talk different languages. Now, we have got to get over that, and we've got to get to a point where actually a child is a child, and wherever they are they have certain things we should be delivering to them.

And I think the role of organizations like Save, as I say -- and many of our partners in this room, is to keep on making very loud noises about this if it doesn't happen. And keep on saying, and bring the voices to the children and the parents to this conversation because it cannot be -- and this is not going to go away.

We were in a very positive position in many ways looking forward the next 10 years for a lot of low-income countries who will exit their low-income status, become middle-income, be able to fund education systems on their own. We are still

going to have a rump of conflict-affected and fragile states and emergency situations around the world, and those countries are going to be in my view where aid should be most used and where it's going to have the biggest impact. And then that's the argument we can win with the taxpayers and donor countries. You know, in my own country in the U.K., there is criticism of the development budget, but nobody's challenging the need to help children affected by war or help children affected by floods, so there is a political economy there we can win if we really get serious about this and deliver.

MR. INGRAM: Anna, how does DFID approach these populations, and is there any hope that the conversation and work that's going around resilience is helping to break down this gulf between the humanitarian side and the development side so maybe there will be more attention to education?

MS. FRENCH: Well, I mean Desmond's right that humanitarians and the people that call themselves development specialists, we don't speak effectively to each other. We don't have that same language, exactly as Desmond says. And only on Friday I was talking to the team working on Syria, and they were saying we've got a limited budget, and the humanitarians were saying why shouldn't we just be giving this to sort of immediate life-saving responses, so it's a hard one to argue, but we've got some small wins and some small successes.

There are multi-year programming now for humanitarian response. That's important for issues like education, but I mean I think if you sort of broaden it out and look at fragile and conflict-affected states in a slightly more broader category, not just the immediate way. We've got an immediate humanitarian disaster. Again, we have to think about we're not just pouring money into a black hole, and we were doing this in DRC as DFID. You know, we had a huge education program in the Democratic Republic of Congo, and ministers were saying to us, well, why do you keep -- why are we keeping funding to such a high level; the education program, when -- how is this going to be sustainable in the future?

So, I think what's interesting now is that we've taken a bit more of a step back and started to do some really in-depth analysis from a peace-building and state-building approach and really looked at the issues much more holistically. So, looking at how states can develop core state functions looking at the political settlement overall and helping governments respond to public expectations and really building that into the sort of programmings, the basic services programmings, and making sure that we've acknowledged that we're contributing to that aspect. So, it's not just about immediate education response and getting children into school. It's addressing that whole system that's absolutely critical.

MR. INGRAM: Manos?

MR. ANTONINIS: I just want to add one small dimension to the statistic that Alice mentioned that only 1.4 percent of all appeals are actually covered in humanitarian aid with respect to education. And this statistic is in fact composed of two parts. One is the very low percentage that actually go as appeals in the first place targeted to education, but given that very low amount, education actually has the least absorptive capacity. Only a quarter of what is offered is actually eventually spent, and that's what leads to this very disappointing result. And let us not forget that it's also hardly ever really targeted to quality, so maybe it doesn't even achieve what Desmond was saying which is to create a normal atmosphere for children to feel that life goes on.

MR. INGRAM: Alice?

MS. ALBRIGHT: Thank you. You're all pointing out sort of absolutely a huge problem that we face. Let me just make a couple comments about how we're looking at it. First of all, I had a - I was in Toronto a few weeks ago, and I spent some time with Jo -- I can't remember her name, but the woman who is from UNICEF Canada who is Lebanese and was in Beirut and spent the evening talking about her experiences. She's kind of remarkable. She spent about 20 minutes telling a room that was rapt about how during the war there her family thought about school and how they would do about anything to dodge the snipers to get to school because it was their place of normalcy, so

it just sort of was incredible. And we've all traveled, but certainly when you go to a lot of these countries you just see immediately the role that education can play.

We've got huge challenges here, but I think there's one slight bit of positivism which is at least the donor governments that I've talked to are beginning to really see this as a problem, and see it not only as a problem in what I would call the education silo, and I don't like to think of education as a silo, but some people do. But they're beginning to see it as a real foreign policy issue and something that if we start putting some real thought to can really begin to have a positive effect in terms of nation building, so I think that's actually a positive.

I think what we need to do is figure out the money and the tools, and I'd make a couple of thoughts here. In terms of tools, and this is something the GPE does now, and we're building on this is in a fragile or conflict or emergency situation, and they're very similar, what do you do? You need to go in and actually develop a plan that will allow whatever authorities happen to be there -- and that's a big question because in a lot of countries that's a hard question to answer -- to allow education to continue, but you need to bring everyone around the table and get a plan and start figuring out how you can rebuild schools and rehire teachers and things like that. That's something that we do now. About 40 percent of our work is in fragile and conflict-affected states, so we do do that.

We also need what I would call special funding mechanisms. One of the things that I started thinking about in my time at GPE so far is that our budget cycle and funding cycle is very long; 3 years, 4 years. Monies go out in a very heavily planned way, careful way, et cetera, which has all got merit behind it. But when you're in an emergency situation we have to spend money quickly or be able to deploy money quickly. Right now we are able to do so to a limited extent.

I wonder if what we need, and this is something that we'll start looking at, is a bigger type of mechanism almost like a revolving fund-type of thing that would allow us to step in more firmly with funding to emergency situations because I think it's the

inability to act quickly enough that is often the problem. So, I think we need to start, you know, certainly recognize the huge problem. We're not going to make any progress at all on the 57 million children unless we figure out this problem, but step back and say what are the tools and start really chipping away at those.

So, we did do some initial work, also very closely with our friends at UNICEF and others, looking at the Syria-Lebanon situation. We're going to expand that and present to our board in June what we call a framework for doing work in emergency - - we've got to figure out the exact right terminology, but emergency humanitarian situation, so we'll see. I think our board is -- it's hard to know. Some people on our board are quite mixed about this. Others are quite laid forward about it, but we'll see what the situation is.

It seems to me absolutely though, having studied it a little bit, that there is a gap between the humanitarian/emergency world and the developing world, and funding is gapped as well, and the result of that is that we do have a gap at the country level, and we need to figure out how to get around that.

MR. INGRAM: Thank you for that further explanation, Alice. That was very helpful. Anna, DFID is known for focusing on results. It has a special focus on Africa. The Global Monitoring Report has told us that there's a lag in Africa, not just a lag but actually a decline in retention in recent years. Is Africa just really hard? Are we focusing on the wrong results? What lessons has DFID learned in this area?

MS. FRENCH: It's a great set of questions, and it's one that my ministers ask me a lot. I think the first thing I wanted to say is that it's really important that we advocate effectively on what the issues are, and so first we need to be able to celebrate some of the successes. It's not all just about saying the situation is so awful, you know, in such crisis. So, celebrating some of the successes is key for our ministers' engagement in this. About the numbers of children that have fallen, but it's fallen. Going to school, you know, we've seen huge increases in enrollment, so I think that's the first

thing is that we need to get some of that advocacy right, and I'm not sure we're there at the moment.

Second thing that we've learned at DFID is that it's all about the context. The global response is one thing, but it comes down to the country, to the regional, to the district level that's really important, and that really helps sort of our focus on equity. So, we need to know where the children are that we need to get into school. We need to know what the barriers are that are preventing them from accessing education and then from learning. And I think that we're investing a huge amount of our own resources in getting that contextual analysis, and then this is leading us to diversifying the kind of education response that we're having. So, we're working with a variety of partners. We're working with both state, non-state, and the private actors to achieve results. This is really important.

The second thing I wanted to say is that there is some independence, and there can be independence between access and quality. It's not a trade-off, so in some countries we have learned that you can increase access and you can also increase the quality of education, but we need to know why. And we need to analyze that system as a whole, and we then need to work in our response with the governments, with schools, with teachers and communities to address those issues. And then we can start to see some of the results that we've been striving for, but, you know, I mean this is again focused on results, and some of these investments that we need to make are long-term. The long-terms ones are the ones that are going to be transformative, so we need to be telling our politicians that addressing governance issues and institutions is absolutely critical for the success of the education system in the future. This will bring about the institutional change.

And the final thing I wanted to say is that for DFID, we're placing learning at the center of everything that we do, so our commitments to our public is that we're committed to supporting 11 million children to learn, and that's critical. And we need good data. We need to be able to measure that, and that's what's really going to make



the difference in terms of what our response should be, and it's a really, really powerful tool for change and reform. So, I think we're investing a huge amount of our resources in terms of investing in the GMR, in UIS systems, and investing some time into the Learning Metrics Task Force because we see this as absolutely a critical part to drive our response, and this is going to help shape the future response post-2015. So, that remains our real priority for now.

MR. INGRAM: Thank you. Manos, how does GMR -- what's your research told you about how to move results? How to get results?

MR. ANTONINIS: You mean the holy grail question?

MR. INGRAM: That's right. That's right. Just a small question.

MR. ANTONINIS: Well, I guess linking that to the external assistance question, the aid question, I think the important thing is to have a clear focus of what the agency wants to do. What's one of the barometers that we have focused repeatedly on our criticism of external assistance programs, for example -- and that does not really reflect on DFID because that's not the case for the U.K. -- is that 25 percent of global education aid is actually scholarships and what we call student (inaudible) costs. That's \$3.2 billion in 2011. That's one-half times what was spent on basic education in low-income countries. Agencies that have clear targets of what they want they want to achieve clearly should not prioritize scholarships and course of actually stay in country more than they prioritize aid for the poorest countries and the poorest people. So, that will take us to better results if the agencies have clear targets and put the money where it should go.

But I think a clear -- just to agree a clear focus on inequality is what needs to take place beyond 2015. That's what the GMR has invested a lot of efforts trying to do so, how unequal is not only the current situation but also how inequality has actually not decreased but increased over the last 10 to 15 years, and that's a major disappointment. Improving our (inaudible) I think we have already a lot of two's in our disposal to do that and demonstrate that would help shift the agenda towards better

results. And of course we agree on the agenda on learning, notwithstanding criticisms with voice in the morning that there are risks with narrowing the (inaudible) but actually bringing the issue on the table in many countries has not been easy so far. So, a focus on learning will mobilize resources. It would help make everybody's contribution (inaudible) be much more effective than it has been so far.

MR. INGRAM: Alice?

MS. ALBRIGHT: I was writing a list.

MR. INGRAM: And you come to this with very much a private-sector-driven focus on results and --

MS. ALBRIGHT: Well, yes, I do, and I've still spent most of my career in the private sector. I think there's a -- first of all it's not a simple answer. It's a very, very complicated answer, and one of the things that I think distinguishes the education space from the health space where I worked before I was in the government is that education is the delivery of a local service, and it's very local, and it's not in our case 60 locations. It's almost an infinite number when you think about states and villages and provinces and things like that. And so it's a very different type of challenge than exists in some of the global health initiatives, all of which are very successful and we can learn a lot from them. But in the one that I know, which does super job, it's GAVI. They are in charge of delivering a global good, accelerating the availability of a global good, and then delivering a global good. It's not delivering a local service, so this is a very different type of problem.

So, we need a number of things I think in the education space. First of all we need more money. We've talked about that. We need to spend the money better. I think that we need to understand that the challenge here is not only what I would call a pedagogical challenge.

When I got to GPE I learned a lot about what are the good ways to learn how to read. That's important but what we need is much better systems management. Do we have the data? There's a lot of -- when I got to GPE I realized there's a lot of data

on how many children are in school or not in school and are they progressing to certain levels of school. I didn't see a lot of information about what are they learning and what are the results, so we need to invest in data, and that's one thing that GPE has set itself to committing to; working with UIS and UNESCO and some of the others.

We need a much better sense that we have to manage school systems well, and how do we promote that? It's not just data, but it's encouraging teachers to be there. It's paying them properly. It's giving them the materials that they want. It's distribution issues about the materials that they want, so it's things like that.

There's assessment. I think we need to get assessment sort of out into the debate and the dialogue. I understand that it's an issue that's possibly controversial because it could be considered sort of a way of criticizing teachers. I heard an impassioned speech by somebody from the -- I believe it's the NEA here about teachers were the founders of assessment. They shouldn't be afraid of assessment. I think we need to build on that and figure out a way to make assessment as a tool that empowers teachers to figure out what's going on in the rows of kids out there rather than framing it as a way to criticize teachers. And of course we'll have to figure out how we invest and create assessment systems.

In terms of the private sector -- this is another topic that I think is tended to be taboo. I have a phrase in the office that I say no taboo topics, so let's bring it on. I think we need to think about it in a much more nuanced way.

So far I think there's some people who get very nervous about private sector because they think it's code for we're going to bring in low-cost private schools to just sort of take over everything. I think we need to be much more sophisticated about it than that, and I would put it into a bucket with three different pieces.

One is the private sector are huge stakeholders in good outcomes, so we need them on our side to help us advocate. The second thing is that the private sector in some circumstances, I think, can be part of the solution in improving management outcomes, and we ought to be prepared to bring the private sector along with other

players into the room so that governments, if they feel like -- and again, we have to make sure the governments are in the driver's seat -- if governments would like to avail themselves of private sector solutions to improve the management of their education systems, they should be allowed to do that following their own procurement systems and so forth. We shouldn't be afraid of that.

I often get asked about low-cost private schools, and I would reframe that and talk about non-government schools. I've been in two countries recently where the governments have undertaken an active effort to bring in either -- now three, actually. I just counted wrong; three of them -- where the government has brought in non-governmental schools to help them with capacity issues. In two cases it was church schools, and in one case it was an NGO bract, and the government said, you know, we have capacity issues. There are schools that are being made available by these other players.

We're going to do two things. We're going to make sure that they have some financing, so that they can be sustainable and continue to exist. We're going to make sure they follow our curriculum, and we're going to regulate them so that there aren't bad things going on. And that was a deal that they did with these other providers in a way that they could avail themselves of the capacity, but also assure themselves that things weren't going to sort of move in a direction they aren't comfortable about. I think we need to empower governments to make those solutions. Let's make those decisions and get beyond sort of this fear that when we talk about private schools that it's all of a sudden highly for-profit schools.

I think there's a model that exists in this country that I think one ought to look at which is schools in this country are non-profit, so they can't make a lot of money. They have to be breakeven by definition, and it makes me wonder in other countries that if there are players that would like to create those types of schools in a way that have -- that are accredited, they have the proper curriculum, they're regulated, they aren't going to be sort of abusive from a P&L perspective. I think that if a government would like to

avail themselves of that solution we should figure out how we make that work without necessarily getting afraid of it.

So, that's just sort of my thoughts on it, but I come away with a sense of how huge the challenge is, and it doesn't make sense necessarily to me to take options off the table. We ought to be putting options on the table so that governments can do whatever they think is sensible to try to provide better education.

MR. INGRAM: I know a few donors that should listen to the comprehensiveness of your agenda. Desmond, you have the last word of the first round of the panel, and then we're going to turn to our colleagues in the audience.

MR. BERMINGHAM: So let me use that last word by rising a bit to the challenge that you said this is a panel, which is to come up with some new ideas, and I'm going put forward two new ideas that we developed in Save the Children, and then one I'm going to pick up from the Global Monitoring Report and advocate we support it, linked to the right demand from donors and governments for results. I mean results matter, but we treasure what we measure, and therefore we should be very careful about making sure our measurements are rich and diverse.

So what Save the Children has been working on and has now started talking to UNICEF about expanding is the development of a measure that captures some of those things that happen in the classroom that we know are really important but are hard to measure; the quality of that learning environment. Does the child feel safe? Is the child learning to learn? Is the teacher focusing on the child? Is the teacher punishing the child? Those sort of issues, so we've been piloting across all of our country programs an indicator that aggregates those findings up into a single figure, and that gives us something therefore as a result that we can track improvement on.

MR. INGRAM: And how do you collect that data?

MR. BERMINGHAM: Mostly field visits from our staff or from colleagues or volunteers. We also take input from children and from parents, and as I say, it's similar to a model that UNICEF has been using in Kenya where they gather that data

through mobile phone technology, and that's the conversation we're having at the moment. How can we bring those two approaches together? I think that could be a result that matters, and that could really be transformative.

The second not-new idea but taking us back and reminding us of an old idea is as we've all discussed this morning, literacy and measuring literacy is really critical, but let us not forget that measuring literacy in the right language is absolutely essential, and we are constantly saying that children can't read, but we are not thinking about which language we're asking them to read in. And many of their mother tongues are not literate or written languages. Now this is an old topic that we need to remind ourselves of, and some of the work that Save the Children has done through our signature program Literacy Boost actually takes exactly that approach with families and communities using their first language and developing learning-to-read skills that way, and we found results that show you can achieve improvements in reading 20 or 30 percent higher through those sorts of interventions than the child in controlled schools is not getting those sort of interventions. So, that's the second new idea.

The third new idea which I thought I had dreamed up, but actually, no, it was in the GMR, so I give core credit to that, which is it's been around for a while and people have written academic topics on it, but I really think we should pick it up which is the idea of an education genie coefficient and actually taking the gap as we do with income and applying it to learning, and then pushing and pushing and pushing on reducing that gap. And I think again if we really got (inaudible) hard, and it's not easy to conceptualize. Many people -- when I Google search there's papers in the World Bank back in the '70s and '80's actually first proposing the idea. We need to go back to it. We need to revisit it. We need to make it work in one or two countries because I think that's how we address the question we've been talking about all day on the gap between the richest and the poorest, not just in terms of inputs but in terms of learning outcomes. We quantify it, we measure it, and we track it, so it's not a new idea but it's a great old idea that I'd love to see us revise.

MR. INGRAM: Thank you, Desmond. Well, we now turn to the rest of the participants. I know that after eight hours today and five panels, everybody knows everybody, but still please introduce yourself, if not for us, for the people who are viewing this through the video. And we'll take three questions, and let's take these three questions up here on the front part first.

MR. CLEESE: Hi, Steve Cleese, University of Maryland. I'd like the panels reaction to two points. The panelists and the panelists all day have given us cause for hope. There's lots of people trying to work on important issues, but I'm also pessimistic. I don't see anywhere in these panels where the \$26 billion shortfall is going to come from. I haven't heard much about the \$26 billion shortfall, and that \$26 billion shortfall is an underestimate, all due respect to Manos. It underestimates what's needed to get teacher salaries to quality teachers, and it underestimates what's needed to get everybody in school through conditional cash transfers.

My second point is again not a new idea. This is a new idea forum, but a lot of old ideas have surfaced here, and it's about tax capacity. It's been mentioned that, clearly, national sources of revenue are the main source for education. We've spent 30 years basically convincing or forcing developing countries not to raise taxes. It's been part of the conditionalities, and it's been the ideology of developed countries as well, is not to raise taxes. Yet we have huge tax capacity and probably more than ever before. The inequalities of these 30 years have generated such space for taxation that to me this is the source of the \$26 billion shortfall.

I'll just end with a quotation that -- the citation that bothers me the most that I've seen change over the years. The most recent version of it is that there are 85 multi-billionaires in this world, and if you look up the sum of their total wealth it's equal to three-quarters of that of the population of the globe. So, there's huge tax capacity out there.

MS. WINTHRUP: Hi. Thanks. Rebecca Winthrop. I'm here at the Center for Universal Education. I wanted to make one quick comment based on

Desmond putting onto the floor a good old idea about tracking inequality and learning outcomes, and then I also had a question on the conflict-humanitarian discussion earlier.

So, the good news is that the Learning Metrics Task Force, of which a number of the panelists are organizations are involved has put that idea on the table, and that's something they're working on. And there is a bit of working group to try to figure out how can we really kick start looking at inequality of learning outcomes within countries, and if people are interested in getting engaged in that you should definitely approach us -- or contributing in any way. That would be great.

My question actually was may be directed to Anna, but for everybody because Anna, you are new to the education sector in some ways, but you have long time been working in fragile states, and you're very seasoned and experienced in terms of good governance programs and other types of programming. And it was a little depressing when George said, "Gosh, you guys sound like we're talking about education emergencies 15 years ago. What's possibly changed?" And I can think of lots of good things in terms of that at a technical-practitioner level with education experts who work in the humanitarian field or possibly peace-keeping field, the Interagency Network for Education in Emergencies has lots of great technical tools for practitioners, but it seems that what hasn't changed is actually reaching the people working in peace building or state building or the people running humanitarian programs who are not education experts. And that seems to be our problem in the education sector, having worked in this particular field in the past.

I wish, if I had like one magic pill I could give it to every person in charge of humanitarian aid and/or peace building and let them realize that, oh, education actually -- you know, if you're working on the emergency end of it, what is it going to take, I guess, is my question for humanitarian policy makers to say, "Well, I guess, you know, we don't necessarily have to prove that education is lifesaving."

All interventions very quickly, after the first couple months in humanitarian sector, move to becoming life sustaining including lots of help interventions



that look at prevention, so why can't we just shift that paradigm? And clearly if you're looking at life sustaining, education is central. What is it going to take? Do we need, like, some massive course for all people working and running humanitarian agencies, and similarly for people working in your area: peace building and state building? I mean the peace-building fund, last I checked, only 14 percent of it went to education programs, and clearly there's a rationale there, so I'd be really curious how do we reach those people who are making those decisions?

MS. O'LEARY: Thank you. Pamela O'Leary. I'm adjunct professor at American University. I feel that gender has been largely excluded from today's discussions, and when girls' education is such a successful intervention strategy and part of the MGG's, I'd just love to hear some thoughts on girls' education in this conversation please?

MR. INGRAM: Let me suggest, Alice, that you start the conversation with Steve, and my version of his question to do is where's Plan B if the \$27 billion isn't there. And on his second question, I would say, Steve, you're right on the history of ideology. I've seen a lot of change in that in the last 5 years. I think that's changing. Anna, you'll kick off the response to Rebecca, and on Pamela's issue on gender, I know I've had conversations with Desmond over the years, so we'll ask Desmond to kick that off. And everybody else, if you want to jump in on a particular topic, please do. Alice?

MS. ALBRIGHT: Thank you. I'm trying to figure out how to get (inaudible) the \$26 billion question. First of all, one thing that I think where it's not going to come from is the poor families. When we talk about various solutions, private sector and so forth, just to get back to the point that I made earlier, I don't think that the solution is all of a sudden to charge huge tuitions to poor families and expect that's sort of the road forward.

So, if you look at \$26 billion though, and we should do the math on this, against all of the donor countries and the middle-income countries, the bricks, that are going to sort of soon become more and more important in the aid and development

world, and you look at that number, \$26 billion, as a percentage of all of their budget resources, I think you'd find it's a pretty small number.

And I also think if you then do additional math about that number against the combined GDP of all of the poor countries, it's also a pretty small number particularly when you make some assumptions about possibly gaining a better share of national resource flows and export flows and things like that.

So, we need to start thinking about education as in investment, not an expense, and we have to begin to understand that -- and there's lots of reasons why people sort of shy away from investments in education. Results are hard to measure. Results take longer to measure than your typical parliamentary or legislative or budget cycle; 2 years verses a number of years. So, I think what we need to do is a much better job of advocating globally about why people need to pay attention to education.

Are we going to generate \$26 billion overnight? No, we're not, but I think that we need to begin to really change the conversation about, yes, \$26 billion's a big number, but not paying attention to it, the cost is going to be infinite when you think about the importance that education plays.

I mean you all are familiar -- I'm sure you've talked about it already; the U.N. survey that came out, the My World survey that came out late last week, I believe it was, that said of the 16 factors that people are interested in, education is the top of the list, and number 2 through 15, 16, the rest of them, all depend on being able to read, write, and do math. So, we have to get at this problem and begin to think about \$26 billion not as such an enormous number but frankly an investment that's absolutely essential.

In terms of tax capacity, I mean we could spend weeks and weeks talking about the trade-off between higher taxes and impact on growth and job creation. It's a debate that goes on globally, so we won't get into it. I don't think the role of this place is to talk about tax policy, but I do think that we need to think about the \$26 billion number in a different way.

MR. BERMINGHAM: Just to build on that last comment, Alice, I mean I think I'm going to disagree with you on the tax question. I mean many of you will have heard Trevor Manuel, former Minister of Finance in South Africa, saying he spells aid with three letter, T-A-X, and his vision was all countries in Africa would get to the point where they actually don't need aid anymore, but they were collecting tax revenue in a sustainable way from its own citizens and was using that appropriately to deliver education and health.

So, I think looking ahead to the next 10 years, African countries, a lot of them will move from low-income to middle-income status. They have had 4 or 5 percent growth for the past 5 or 6 years. They're doing great, and we should celebrate that. And that will, if we help them, generate income through taxation systems and use that revenue appropriately. I think that should be and could be a very significant contribution to filling the financing gap.

The second part of the conversation of how the world's changed, and we haven't really touch on it at all today is the shift of the geo-economic power within the world. I mean I went on the website to the Uganda Minister of Education while Daniel was talking this morning. There's a delegation from China there this week talking to them about funding education interventions. They've just signed a deal with India to support scholarships. The Qatari Sheikha Mozah has announced massive support to get 10 million more children into school next year. Those bits of the picture are not in this room, and they need to be in our thinking because this world is a very different world in aid financing and in tax revenue to where it was when many of us started the conversation 10 years ago, 15 years ago.

MR. INGRAM: I think that's very right. Good. Thank you, Desmond.  
Anna?

MS. FRENCH: Yeah, thanks. Rebecca, good question. So, I mean, you know, the humanitarians, some of you are too busy to talk about these kind of issues that are going to have to do live saving issues, and the governance advisors would be looking

at you in horror and think of course we've thought about this. This is an absolutely fundamental part of the peace-building, state-building approach. But yeah, you're right. It's not an issue that's being looked at in a huge amount of detail, so I mean my immediate response to you would be, okay, so yeah, build systems and build that knowledge within donors. And that's one of the reasons why I have come into the job that I'm doing is to bring that sort of institutional approach to what we're doing, so hopefully I can try and do something at least a little bit within DFID on this.

But we also need to think about that response that we're doing, and it is about supporting some of the immediate needs, but also building systemic change and building capacity, and in countries we are doing that. You know, I can be sort of slightly flippant about (inaudible), but in countries like Afghanistan it's absolutely critical that we do meet that immediate need and show some of the gains and demonstrate some of the gains while building that systemic change in capacity building, and that's absolutely fundamental.

And then I mean look at the huge crisis that we have today in Syria. That, for me, that is raising the profile for me hugely around education in emergencies. This is something that we really have to focus on, and my minister is -- this is -- she has made this her calling, and so we need to kind of look at that, see how we can advocate together around some of the issues that reflect in the children in Syria, so that would be my response. Thanks.

MR. ANTONINIS: Yeah. So, Steve, it was very good question; \$26 billion would calculate that right. The truth is we have in the past taken into account the cost of fixing the last children given some assumptions about that, of course. But what we haven't done and has been discussed today is that this figure excludes and ignores the amount that families themselves pay, and that's with the national indication accounts analysis that we're doing this year can be extremely high, 40 or 50 percent on some levels in some countries. That needs to be restored. And tax raising is, of course, a very important parameter of that. In the debate where the tax and growth move together or in

opposite dimensions, directions, that might be true for the rich countries, but when tax revenues at the range of 10, 11, 12 percent of GDP, then clearly that's not -- that has to change. Countries need to be helped. And we've made some estimates that suggest that with very, very modest increases in tax rates over the next 4 or 5 years, low and low-income countries could raise \$26 billion just from very, very small increases just barely above the current average.

On the question of inequalities and how we can measure, just to remind the audience because I think it's important. Some of you might be familiar with the world inequality database in education that the GMR has been presenting over the last 2 or 3 years. This year we have incorporated indicators on learning outcomes using regional and international learning assessments, and I invite you all to visit the website of WIDE and also pay attention to the comparison which is very important. Often we tend to focus on the children who just took the test, were assessed. What we are trying to do is also see how the results look if we take into account all the children in the cohort including those who do not make it to the grade where they were assessed, and that generates a whole different picture.

And on the conflict question just to say your question, how can we make people wake up to accept the facts? It's not just the conflict people. It's in other sectors too. I mean if people realized the contribution of education, then the debate would be quite different in many circles. And in this year's report we have a whole chapter dedicated to a discussion of the effects of education on a wide range of development outcomes.

And for those of you who are from different sectors -- I hope we're not only talking to each other in education sector, I invite you to take a look because you will find certain very powerful arguments in areas that you might not have expected. For example, issues of conflict tolerance, values, commitment to democracy, et cetera, have not been discussed so far, and I think by now we have extremely interesting evidence to share.

And not to get the last question unanswered on gender, it's true. It's often the case because there has been progress, Go 5 Education for All has probably achieved the biggest progress in many ways, but that shouldn't fool us to think that we've reached the goal. Not only the issue of equality is different from priority, but even then (inaudible) sometimes some of the (inaudible) data that we look at lead us to think that the problem is solved. That's far from the case. Household survey data show that actually, especially for the poorer girls, still very important issues and that gets exacerbated when we get to look at learning outcomes. So, it's far from a finished case. There's a lot more to do.

MR. INGRAM: Desmond, do you want to weigh in very quickly on gender; very quickly so we have time for a couple more questions, and we're not late for our 5:15 appointment?

MR. BIRMINGHAM: So, the one additional point I would make, I thought it was very interesting that the intervention at the U.N. General Assembly discussion on the post-2015 goals by Argentina on behalf of, I think, 29 countries focused on two things: sustainable development and gender equity. And a lot of the emerging economies were signing up to those two priorities. My prediction in the post-2015 goals is that those two will figure very prominently and it's great that they do.

MR. INGRAM: Okay. In the back?

MR. ARCHER: David Archer from Action 8. I just wanted to pick up on this point around taxation as a key dimension of scaling up financing on education. There are some further data in the Global Monitoring Report this year which I think is quite startling that if countries did actually reach an acceptable, fair rate of GDP to tax ratio and invested 20 percent of that in education, which is an accepted benchmark, I think the funds raised is something like \$153 billion in 67 low-income and middle-income countries. So, we're serious about scaling up financing for education, expanding that tax base, and making the case for domestic investments at a fair rate. Seems to be the best single prospect for making dramatic progress, and I think one of the interesting -- the

other, I thought, very revealing statistics in the Global Monitoring Report was research that shows the connection between aid and expanding the tax base, so if you spend \$1 of aid on revenue collection capacity in-country, you can generate \$350 of increased income. Now that 1 to \$350 -- that's a pretty sustainable use of aid, and it may well make a lot of sense for us to use diminishing aid resources to increase domestic capacity if we're going to seriously scale up financing in education.

MR. INGRAM: We have a question way up front.

SPEAKER: Thanks. Actually, it's a follow-on on that last point because those of us who are old enough to remember the origins of the GPE FTI remember that the basic rationale, the basic strategy was exactly this mutual accountability pact that countries would commit to progress towards these evidence-based benchmarks of faster progress such as expanding your tax base, spending 4 percent of GDP, 20 percent of your budget on education, 50 percent of that on basic education, et cetera, et cetera, trying to get to cost-effective parameters for teacher ratios and the share of the budget for non-salary expenditures, et cetera, and (inaudible) with that the donors would commit to coherent, un-earmarked, low transactions-cost, basket funding of aid.

And so, someone earlier mentioned we need to have some results and success stories. What are the examples we point to where that has happened and where there has been faster progress towards universal primary completion and that this model actually is feasible and working? I haven't heard anyone sort of point to that.

And it's struck me in this discussion today that's been so focused on the really tragic possibly challenging humanitarian cases, and those do present a huge set of issues that I don't think the FTI or GPU was initially set up to focus on and address, and I think it's a real question of how we work together to make sure that those needs are addressed. But there was this whole other segment of the challenge that related -- that where we thought we had a strategy for a mutual accountability pact for making faster progress, and I'd just like to know is it -- has that worked, or does it have to be re-tooled completely?

MR. INGRAM: I apologize. I can't take any more (inaudible). We have 4 minutes left, and so each of the panelists has 1 minute to respond to the two interventions and to make a wrap-up for the whole day. No, 1 minute, wrap up the whole day. (Laughter)

MR. ANTONINIS: No, I don't want to wrap up the whole day. I just want to say that I agree completely. Let's not forget -- and I think I mentioned that in an earlier intervention -- let's not forget these basic principles of what the FDI was about. Catalyze, then we forgot about it with a catalytic fund, but actually was catalyze the input from all the resources and stop the ebb and flow. Make everything predictable so that countries can plan because a plan that doesn't have predictable financing cannot work. We can go back to that and achieve it. That's the priority.

MS. ALBRIGHT: I'm surrounded by people who I think know still a lot more about GPE and FDI than I do, so I speak as still a newcomer. I think that the initial focus on system's strength is the right one, but not system's strength for system's strength's purpose is to generate certain outcomes. We're now beginning to look at do we need a sharper set of teeth and a stronger set of levers to incent everybody around the table to actually make investments to strengthen the system and also to put money in, and that's really at the core of our new funding model looks like. So, I think the initial premise of you must improve the system is absolutely right. I think that we're perhaps moving the ball ahead a little bit in terms of the how piece of it, so we'll see. I'll get back to you.

MR. BERMINGHAM: I mean my reflection on the day is that we have begun a process that's really important of changing the conversation, and it is a very different conversation to ones I've previously been a part of, and that's great. I think we need to be even more radical about changing the conversation and the people in the conversation, and I think we need to get to a point where we are delivering what Barbara was referring to; real mutual accountability. And all of us being accountable to the people that we are here to serve, which is the children and their families, and that's often a



rhetorical statement we make. We need to turn that rhetoric into reality, and then it will change the dynamic of the conversation. I was very struck by Claudia's passionate interventions this morning, and I know her 40,000 Twitter followers that you have watch very closely what you --

SPEAKER: (inaudible).

MR. BIRMINGHAM: It's going up every day. Watch very closely what you say to your head teachers each day, and the families watch what's going on between you and your head teachers. That's a dynamic. That's a conversation that we need to make more real so that we are not feeling safe in these rooms, but we're really accountable to the children and the families that we're supposed to be serving.

MS. FRENCH: Okay, I mean just in response to David's question about the taxation issue, I mean this is why DFID is investing so much in macro-economic management. We see this as absolutely essential. We're trying to make our financing transformative, so we really need to make those investments work, and that's why that area is so critical.

The second thing, on the mutual accountability issue, we have the new deal for working in fragile states. That sets out some really essential principles. We mustn't forget that that's critical.

And then finally, the kind of reflections on the day. This is a huge year for education. We've got GP replenishment happening this year, and we've still got a way to go to convince people about the sort of the education and what -- how education in general and to put their investment into it.

And part of it is about good advocacy. It's about communications. You know, we've got to come together around some of these arguments and really look at what's a simple set of issues that are going to make people sit up and think, you know, we all know about the kind of complex nature of the countries that we're working in and the kind of investments that need to be made, but we need to get -- lift that up to make a really simple set of interventions that are really going to get people to take notice. And

that's focusing on some of the positives, you know, around the economy and how education can contribute. This is what's going to make people think and listen and make the investments. Thanks.

MR. INGRAM: Before we thank the panel, under some threat to me -- I'm not sure what the consequences would be, but my most important role here is to invite you on behalf of the Center to a reception so that you can continue the conversations and connect with old friends and make new friends. So, please join us as we move out. And I think two thank-you's are in order; first, to Manos, Alice, Desmond, and Anna for sharing your thoughts and views and knowledge with us today. You've been a sterling panel, and we all thank you very much. (Applause)

And I think it's probably appropriate that all of us thank Rebecca and her team for what has been a fantastic conference. (Applause) And I've had several people ask me what the date for next year's conference is, so you better get that date out fast, Rebecca. Thank you.

\* \* \* \* \*

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016