



Investing in Education in Emergencies and Protracted Crises

Towards a Resource Mobilization Approach for Education Cannot Wait

September 2017

BACKGROUND

Education in emergencies and protracted crises | The education needs of children and youth are often the last consideration when a crisis erupts, an afterthought following food, water, shelter and protection. This has led to education receiving only an estimated 3.6 percent of humanitarian aid today. Meanwhile, most crises today are protracted in nature – often over decades - and traditional development approaches have also failed to reach children in crisis-affected situations. This has led to the disruption of education for 75 million children in crisis-affected countries, despite education being widely recognised as instrumental to crisis recovery, economic development, and social stability. The core mission of Education Cannot Wait (ECW) is precisely to reposition education as a priority in an emergency context and during protracted crises – an absolute prerequisite to the achievement of SDG 4.

Fundraising target | ECW was established with an ambitious fundraising target of US\$3.725 billion by 2021. ECW resource mobilization will aim at bringing in new, untapped resources, including from new and emerging donor countries, the private sector, foundations, and innovative finance. At the same time, it will require continued funding from traditional donors to achieve its ambitious goals. ECW will work towards this target by mobilizing funding directly for the ECW Fund, and also by establishing local pooled funds, providing-co-financing opportunities, and creating innovative investment opportunities. It is understood that the ECW fundraising target is for funds mobilized directly and indirectly by ECW (and not for education in emergencies and protracted crisis in total.)

Financing mechanism | ECW has flexible funding modalities, allowing it to invest in innovative financing mechanisms and a wide range of partners, including governments, UN agencies, international and local NGOs, who have undergone the Harmonised Approach to Cash Transfer (HACT) assessment, all the way down to the grassroots level. Such flexibility enables financing to be calibrated against the needs, contexts and circumstances of individual countries and specific crises.

Team spirit | ECW has been set as a joint initiative. It is not meant to work in isolation nor overlap existing fundraising efforts led by its partners and other education actors. The leadership, leverage, and support provided by the HLSG will be instrumental to the success of ECW's mission and resource mobilization efforts. ECW seeks to foster a productive, creative and results-oriented dialogue with all relevant stakeholders to ensure that the set fundraising target is met while capitalizing on global best practices and innovative funding opportunities. The ECW core team is uniquely lean and agile. Its secretariat is composed of twelve staff, including the following staff supporting resource mobilization:

- One team member focused on Donor Engagement, Communication and Advocacy, based in NY (in post)
- One team member focused on Emerging Donors, based in Amman (new position now recruited, following approval in July by the Executive Committee)
- One team member focused on Innovative Financing, based in NY (in post)

These staff members will be reliant on the fundraising and financing expertise, team spirit and fast-forward approach of UNICEF as current ECW host, as well as all key stakeholders, in order to make the ECW vision a reality.

Fundraising environment | ECW's fundraising goal must be achieved in a challenging fundraising environment. **DAC countries' ODA to the education sector has been decreasing, most recently from US\$8.2 billion in 2007 to US\$7.6 billion in 2015, not adjusted for inflation.** The share of education aid as a share of total aid is less than ten percent, much smaller than for other sectors. In addition, only about one third (36.3 percent in 2015) of that amount went to Fragile States¹ where the needs are the greatest and results are hardest to achieve. Donors recognise that more aid should be allocated to crisis-hit countries, as reiterated in the Grand Bargain: "*The role of the [High Level Panel on Humanitarian Financing] is to ensure that the resources are found to meet the needs of those who are the most likely to be left behind: the people whose lives are crushed by conflicts, earthquakes, typhoons and all manners of disasters.*"² However only some of the large donors to the education sector, including the UK, the US, and Canada provide a significant share of around 50 percent of their education funding to Fragile States.

Although humanitarian aid from DAC donors increased from US\$6.7 billion in 2007 to US\$13.4 billion in 2015 or from 8 percent to 13 percent of total ODA and in Fragile States, humanitarian aid increased from US\$3.9 to US\$8.2 billion, humanitarian budgets remain insufficient. The gap between funding appeals and available funding has increased almost every year from 28 percent in 2007 to 40 percent in 2016, according to UN OCHA's Financial Tracking Data (FTS) on humanitarian funding. In addition, humanitarian funding to education has been small – only 3.6 percent of total humanitarian funding in 2016.

FUNDRAISING APPROACH

On Track | So far, ECW is on track to achieve its fundraising targets. It has received funding from a number of government partners, including Canada, Denmark, the European Commission, France, the Netherlands, the United Kingdom, Norway, USAID and US Department of State, and most recently Australia, and has engaged with many more. In addition to official donors, ECW has received funding from Dubai Cares and has started reaching out to potential partners beyond the traditional donors, to include private foundations and businesses. **In total, ECW has mobilized \$122 million, or about 80 percent of its first-year target.**

Raising the Bar | In order to reach its US\$3.725 billion target by 2020, ECW is working on a fundraising roadmap to foster a continuous increase in contributions from different categories of

¹ Fragile States, as defined by OECD DAC, are used as a proxy for ECW focus countries.

² *Too Important to Fail: Addressing the Humanitarian Financing Gap*, High Level Panel on Humanitarian Financing, Report to the Secretary General, December 2015.

donors over the next five years. In 2018 alone, ECW will have to raise US\$383 million to achieve its fundraising goal.

Table 1: Fundraising goals for ECW

| | 2016/17 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|---------|---------|---------|-------------|---------------|
| Children and youth targeted | 1.4 m | 3.4 m | 6.1 m | 9.5 m | 13.6 m |
| Funding required | \$153 m | \$383 m | \$689 m | \$1 billion | \$1.5 billion |

Achieving the ambitious goal of making US\$3.725 billion available over five years for ECW will require accessing new and additional sources: new bilateral DAC donors, emerging donors from the Gulf States and Asia, private foundations and businesses, as well as innovative sources of financing.

A preliminary resource mobilization scenario was developed to break down the fundraising goal and work towards ambitious but realistic fundraising targets for different stakeholder groups (see Table 2). This is a first step of unpacking and disaggregating the fundraising goal. Presented numbers are not meant to be set in stone but rather aim at providing a better and more detailed understanding of the ambition of ECW. The scenario is based on past experience of fundraising efforts with various types of stakeholders. The scenario builds on the premise that ECW will focus on and reach out to new, non-traditional funding partners and sources of funding. However, developing these relationships will take time and require upfront investments.

Table 2: Funding scenario by different sources

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
|---------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Goal (\$ millions) | 153 | 383 | 689 | 1,000 | 1,500 | 3,725 |
| Share in percent | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Bilateral + EC | 97.5% | 85.0% | 75.0% | 65.0% | 60.0% | 68.2% |
| Emerging donors | 0.0% | 7.5% | 12.5% | 15.0% | 15.0% | 13.2% |
| Private sector | 0.0% | 2.0% | 2.5% | 3.0% | 3.0% | 2.7% |
| Foundations | 2.5% | 3.0% | 5.0% | 5.0% | 5.0% | 4.7% |
| Innovative finance | 0.0% | 2.5% | 5.0% | 12.0% | 17.0% | 11.2% |
| \$ millions | 2017 | 2018 | 2019 | 2020 | 2021 | Total |
| Bilateral + EC | 149 | 326 | 517 | 650 | 900 | 2,541 |
| Emerging donors | 0 | 29 | 86 | 150 | 225 | 490 |
| Private sector | 0 | 8 | 17 | 30 | 45 | 100 |
| Foundations | 4 | 11 | 34 | 50 | 75 | 175 |
| Innovative finance | 0 | 10 | 34 | 120 | 255 | 419 |

ECW is committed to bringing down the share of traditional sources of funding from today almost 100 percent to 60 percent over the next 5 years (or 68 percent over 5 years on average). The engagement with emerging donors would slowly but continually increase and provide funding in the amount of US\$490 million over five years. Similarly, innovative financing, which takes some time to set-up, would contribute US\$419 million over five years. The Global Business Coalition

for Education has pledged private sector contributions of some US\$100 million over 5 years. Even then, under this ambitious scenario, traditional donors will still need to provide some US\$326 million in 2018 up to US\$900 million in 2021, or some US\$2.5 billion over five years to ECW.

Thus, by 2021, more than a third of funding would come from non-traditional sources. This target is by far more ambitious than similar targets from comparable funds and has not been achieved by any other comparable fund to date.

Mobilizing Direct and Indirect Contributions | ECW will work towards this target by mobilizing funding directly for the ECW Fund and providing indirect contributions related to achieving the ECW goals. ECW will provide seed funding to establish and manage pooled funding opportunities in countries. It will seek co-funding to strengthen its multi-year investments in protracted crisis situations. It will work with the private sector to tap into private sector know-how and resources and deliver in-kind private sector contributions to the field. In addition, ECW will create funding opportunities and tap new sources of financing through innovative financing vehicles, in particular by working closely with the International Finance Facility for Education (IFFEd).

This twofold approach of mobilizing funding directly and indirectly will require a transparent reporting mechanism on financing mobilized. Only if ECW plays a significant role in mobilizing and programming funding – which requires a clear definition in a forthcoming fundraising strategy – will funding be counted towards its goals. (It should be noted that the fundraising goal of US\$3,725 billion is not understood to be a general fundraising goal for education in emergencies and protracted crisis, but specific to ECW.)

Traditional Donors | This means that traditional donors have played and will continue to play a central role in ECW's resource mobilization efforts, starting with all those that provided seed funding to establish the fund a year ago.

Putting things into perspective, it would take a small share of global education and humanitarian aid – though a significant amount of funding –of US\$326 million from DAC donors to achieve the 2018 ECW resource mobilization goal under the scenario presented in Table 2. Under the assumption that half of the funding would come from the education budgets of DAC donors and the other half from humanitarian aid budgets, ECW would need to capture 2.0 percent of aid going to the education sector (or 5.6 percent to education in Fragile States) plus a share of 1.1 percent of humanitarian aid (or 1.7 percent of humanitarian aid to Fragile States).

With that perspective in mind, ECW's resource mobilization approach for traditional DAC donors will rest on two pillars:

- First, ECW was set up to bring together humanitarian and development finance to be able to act with the speed of humanitarian actors and with the depth and endurance of development organisations. Funding from DAC donors should continue to reflect ECW's effort to bridge the humanitarian-development divide and equally tap into education and humanitarian aid budgets. By bringing together these two different types of funding, ECW will not only have access to a larger potential resource base, but also facilitate cooperation across education and humanitarian donor agencies, bringing their knowledge and experience into ECW.
- Second, ECW will engage with donor agencies at headquarters and in local offices. Resources from global donor budgets will provide funding for strategic allocations and seed

funding for setting up country investments. At the same time, ECW will offer opportunities to local donor offices for multi-year investments bridging relief and development with the goal to leverage its funds and pool humanitarian and development education funding in country. Most of these funds would not flow through the ECW Fund, but be linked to a program established by ECW.

Domestic Finance – Opportunities in Some Country Settings | ECW will aim to raise domestic finance when possible, for example when supporting middle income countries that deal with subnational conflict or with natural disaster response. It was suggested that ECW adopt the 10 percent expenditure benchmark for domestic government financing.³ However, since ECW predominantly works in settings of conflict, which are characterized by weak or non-existent government, or in support of refugees who pose an additional burden on often poor host countries, such a benchmark for domestic finance is not realistic for the ECW portfolio.

Focus on Emerging Donors | Already today, countries in the Middle East/Gulf region provide large amounts of humanitarian aid and funding for international education. For example, Turkey reported US\$2.7 billion in humanitarian aid for 2015 to the OECD, making the country the second largest bilateral contributor after the United States. The United Arab Emirates reported US\$511 million in humanitarian aid and US\$110 million in aid to education, making it the seventh largest bilateral donor and the 12th largest donor in the respective sectors. In addition, ECW will engage with emerging donors in other regions, in particular in Asia. To capture the full potential of financing from emerging donors, ECW is recruiting a senior partnerships specialist based in the Middle East who will work with emerging donors with a focus on the Gulf states.

Engaging the Private Sector, Foundations, and Non-Profit Organizations | ECW is opening up new pipelines and pathways for private sector actors to further support education in emergencies and protracted crises. Securing additional financing flows is a priority for the fund, with an emphasis on creative approaches, such as matching funding with philanthropic institutions as well as the development of innovative finance approaches. Given that the fund is partly built on the need for longer-term predictable funding, ECW will adopt a “Less-is-More” approach focusing on private foundations, corporations, and High Net Worth Individuals (HNWIs) able to commit to high-level, multi-year funding to help meet the education needs of children living in crisis-affected countries (minimum contribution tentatively set at US\$500 thousand). Capacity building partnerships and in-kind contributions will also be welcome if considered sufficiently strategic and value-adding and if a mechanism is in place to account for their monetary value.

ECW will build on the interest in education in emergencies and protracted crises expressed by the private sector during its launch at the World Humanitarian Summit and a number of international conferences that occurred in the past few months and seek to nurture such interest in the coming years through select high-level events. ECW will particularly count on Dubai Cares and the Global Business Coalition for Education (GBC-Ed), which joined the original movement that made the fund a reality, to both renew their financial support and lead the way for other private sector leaders by way of advocacy and fundraising:

- Dubai Cares, one of the fund’s earliest supporters, committed US\$2.5 million to support the initial set-up of the fund’s secretariat. The organisation also committed to increasing the share of its education in emergencies programs to 33 per cent of its financial portfolio over

³ ODI, 2016, Education Cannot Wait, Proposing a fund for education in emergencies and protracted crises, page 25.

the next two years, out of which 10 per cent of all funding will be invested in research and evaluations. This pioneering support by a private philanthropic foundation led Dubai Cares to be selected to represent private foundations on the High Level Steering Group. As a next step, ECW will map the foundation landscape to identify potential partner foundations.

- The Global Business Coalition for Education (GBC-Education) pledged to engage the private sector and mobilize US\$100 million in support of ECW over several years in both financial and in-kind support. GBC-Education has subsequently launched the Rapid Education Action (REACT) initiative; a real time database powered by LexisNexis Risk Solutions and RELX Group to match available resources from private sector companies to support needs on the ground. This initiative was designed to provide a systematic way for businesses to outline specific expertise, geographic areas of interest and in-kind donations they may be able to rapidly mobilize in a crisis. ECW will now work directly with GBC-Education to identify specific needs in ECW-supported countries around which GBC-Education will identify private sector resources to support. ECW will work with GBC-Education on a resource mobilization approach for business contributions including in-kind contributions.

Innovative financing | ECW is expecting a significant share of funding will come from and go through innovative financing. However, successful past initiatives such as the International Finance Facility for Immunisation (IFFIm), pneumococcal Advance Market Commitments (AMCs), carbon finance, parametric risk insurance, results-based finance, or voluntary aviation taxation, or others have shown that developing solid initiatives takes time, often several years. *Based on this experience, ECW aims for innovative finance to have a real impact on its portfolio within the next 2-3 years.*

Innovative financing can contribute both resource mobilization by tapping new sources of financing and linking them to education in emergencies and protracted crises, and improving (increasing efficiency and effectiveness) of delivery of funding, for example by managing risks, tailoring cash flows to funding needs, or bringing together and incentivizing partnerships for implementation. Experience and the literature on innovative financing show that innovative financing initiatives are more likely to be successful the more they try to solve a challenge/need, link together resource mobilization with implementation modalities, and are relatively simple/provide potential for standardization and scale.

As a next step ECW will map innovative finance opportunities and create a short list within the next 3-4 months. Based on an initial mapping of some 100 innovative financing mechanism and instruments, it is expected that opportunities will arise around:

- **Emergency finance and crisis response:** ECW provides flexible first response funding at the onset of a crisis. First response funding has the challenge that it requires quick access to funding and the ability to rapidly disburse funds. Timing and volumes of funding are unpredictable. Potential solutions for this challenge are lines of grants provided by financial intermediaries or the markets. These lines of grants would be backed by long-term donor guarantees. (Alternatively, crisis insurance could be considered but costs are expected to be prohibitively high.)
- **Resource mobilization:** Free education requires grant money, which is hard to get and comes at a premium. Education in emergencies and protracted crises may provide funding opportunities through linking the cause of refugees to travellers (i.e. local

voluntary Hotel Levy), channelling remittances to education, including exploring opportunities of cash transfers and virtual currencies

- ***New investment opportunities:*** Innovative finance can offer good investment opportunities and provide value for money to a diverse set of investors, including public donors and strategic philanthropic and impact investors. Financing education in emergencies and protracted crises is hard as implementation risks are high and ever changing circumstances require knowledge and capacity on the ground to achieve results. Financing can help manage risks and engage/bring together broad coalitions of complementing partners. For example, Development Impact Bonds shift delivery risks to investors, which can be useful when implementers have little control over results due to a risky operating environment. Results-based financing can incentivize implementers to achieve a set of agreed targets.

Question for guidance for HLSG:

- **As we develop a full resource mobilization strategy, does HLSG agree with the approach set out in this paper to reach ECW's resource mobilization targets?**

Annex: Aid to Education and Humanitarian Aid⁴

| Aid to Education | Disbursements in US\$ millions | | | Share to Fragile States | | |
|----------------------------|--------------------------------|----------------|----------------|-------------------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| Germany | 1,502.4 | 1,541.0 | 1,856.1 | 28.5% | 29.1% | 26.5% |
| France | 1,233.1 | 1,205.9 | 1,109.8 | 21.8% | 24.5% | 22.4% |
| United Kingdom | 1,431.4 | 1,264.1 | 1,001.7 | 60.7% | 55.5% | 57.3% |
| United States | 868.5 | 1,060.2 | 967.6 | 43.0% | 49.7% | 45.2% |
| EU Institutions | 729.5 | 653.7 | 767.7 | 18.7% | 22.4% | 21.0% |
| Japan | 586.3 | 459.0 | 428.6 | 35.0% | 44.8% | 29.7% |
| Australia | 322.6 | 438.1 | 333.5 | 43.7% | 31.1% | 30.1% |
| Norway | 210.0 | 222.5 | 311.2 | 34.6% | 32.1% | 34.9% |
| Canada | 218.9 | 207.6 | 247.2 | 63.9% | 51.5% | 55.6% |
| Korea | 214.8 | 216.4 | 233.7 | 38.1% | 35.6% | 39.2% |
| Austria | 123.2 | 124.6 | 134.2 | 14.5% | 11.5% | 12.7% |
| Switzerland | 85.7 | 106.6 | 114.5 | 43.1% | 47.3% | 48.9% |
| Italy | 45.6 | 59.6 | 97.8 | 50.8% | 55.6% | 41.6% |
| Netherlands | 186.7 | 142.5 | 97.7 | 26.4% | 9.2% | 5.7% |
| Sweden | 95.9 | 140.5 | 89.3 | 56.3% | 30.4% | 52.8% |
| Denmark | 116.6 | 96.5 | 78.9 | 20.9% | 29.6% | 35.6% |
| Belgium | 92.1 | 85.4 | 78.8 | 52.4% | 53.6% | 60.2% |
| New Zealand | 66.8 | 62.1 | 74.0 | 35.6% | 36.7% | 35.7% |
| Finland | 44.7 | 63.1 | 62.1 | 47.0% | 48.6% | 60.2% |
| Poland | 59.1 | 38.6 | 49.2 | 61.4% | 37.0% | 33.6% |
| Other OECD DAC | 220.1 | 212.4 | 212.0 | 44.0% | 47.3% | 47.6% |
| Total OECD DAC + EC | 8,453.9 | 8,400.3 | 8,345.5 | 37.2% | 37.0% | 34.7% |
| United Arab Emirates | 90.1 | 126.4 | 109.7 | 95.5% | 65.8% | 61.3% |
| Kuwait (KFAED) | 26.3 | 38.1 | 31.3 | 46.8% | 34.2% | 57.9% |
| Romania | | 51.3 | 29.7 | | 2.5% | 11.2% |
| Other Non-DAC | 0.7 | 18.4 | 10.2 | 37.3% | 55.5% | 34.3% |
| Total Non-DAC | 117.1 | 234.2 | 180.9 | 84.2% | 46.0% | 51.0% |

⁴ Calculated based on OECD DAC CRS data

| Humanitarian Aid | Disbursements in US\$ millions | | | Share to Fragile States | | |
|----------------------------|--------------------------------|-----------------|-----------------|-------------------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| United States | 5,028.4 | 6,065.9 | 6,142.5 | 76.8% | 52.7% | 63.2% |
| United Kingdom | 1,287.7 | 1,716.7 | 1,942.8 | 64.7% | 73.9% | 78.1% |
| Japan | 689.4 | 710.2 | 1,087.2 | 60.1% | 42.7% | 39.1% |
| Germany | 504.5 | 745.4 | 805.7 | 78.7% | 67.1% | 69.3% |
| Canada | 475.5 | 564.5 | 674.0 | 56.4% | 59.7% | 60.2% |
| Netherlands | 126.4 | 251.3 | 473.3 | 51.6% | 47.5% | 37.1% |
| Switzerland | 331.7 | 373.7 | 426.8 | 42.8% | 46.6% | 48.1% |
| Norway | 306.8 | 344.1 | 401.5 | 53.5% | 63.5% | 54.9% |
| Sweden | 362.1 | 487.3 | 377.5 | 72.6% | 66.8% | 73.6% |
| Australia | 205.1 | 234.3 | 238.7 | 53.0% | 42.7% | 34.1% |
| Denmark | 202.9 | 229.3 | 181.9 | 50.1% | 45.5% | 33.4% |
| Belgium | 120.3 | 67.2 | 138.3 | 70.3% | 83.8% | 71.0% |
| Italy | 56.2 | 62.4 | 110.1 | 42.7% | 46.1% | 61.2% |
| Ireland | 87.2 | 88.4 | 89.7 | 63.4% | 66.3% | 73.2% |
| Finland | 93.4 | 106.9 | 88.3 | 68.3% | 65.7% | 69.3% |
| Spain | 46.7 | 63.4 | 51.7 | 36.4% | 63.0% | 41.0% |
| Korea | 26.7 | 69.4 | 51.5 | 63.1% | 66.5% | 68.6% |
| Luxembourg | 42.0 | 40.6 | 42.6 | 55.8% | 55.2% | 56.6% |
| France | 34.9 | 42.2 | 36.3 | 53.0% | 62.3% | 55.2% |
| Other OECD DAC | 47.0 | 61.8 | 68.8 | 35.7% | 38.4% | 30.5% |
| European Union | 1,572.3 | 1,920.8 | 1,713.9 | 70.4% | 68.9% | 68.7% |
| Total OECD DAC + EU | 11,647.2 | 14,245.7 | 15,143.3 | 69.1% | 58.6% | 62.1% |
| Turkey | | | 2,737.8 | | | 99.1% |
| United Arab Emirates | 84.7 | 527.2 | 511.1 | 29.5% | 37.3% | 75.1% |
| Other Non-DAC | 2.2 | 27.4 | 29.9 | 42.2% | 88.0% | 55.5% |
| Total Non DAC | 86.9 | 554.6 | 3,278.8 | 29.8% | 39.8% | 95.0% |