

Huddled together in a village school in Hà Nam province, Viet Nam.



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PART II. **Monitoring Education for All**

## Chapter **4**

# International support: making better use of more aid

Ideally, programmes to achieve the EFA goals would be funded entirely from domestically generated resources. However, if the goals are to be met by 2015, aid is essential. About US\$11 billion per year is needed right now if early childhood and adult literacy programmes are to expand and if all children are to complete primary school. Recent promises of additional aid are encouraging, but the resources have yet to materialize. Meanwhile, aid to basic education remains at less than half the amount needed annually. Moreover, there are many constraints: not enough of the aid reaches the low-income countries, nor is it sufficiently predictable; renewed attention to economic growth means increased competition from other sectors; and a lack of capacity in the education sector results in relatively low disbursement rates. At the same time, both donors and developing country governments have begun to adopt new ways of working in order to increase aid effectiveness.

## Expectations and promises

In 2005 several high-profile reports and meetings raised expectations of an accelerated commitment to increase the levels and effectiveness of development aid, including through debt relief. In particular, the G8 Summit in July 2005 confirmed earlier promises by European Union members and resulted in others that would mean a US\$50 billion, or 60%, annual increase in Official Development Assistance (ODA)<sup>1</sup> by 2010 – including a doubling of total aid for African countries – and further increases to 2015. Simultaneously, a commitment was made to write off all debts owed by a large group of the poorest countries to the International Monetary Fund, the World Bank’s International Development Association and the African Development Fund.

Later in the year, the United Nations General Assembly’s ‘Millennium+5’ summit and the annual meetings of the International Monetary Fund and the World Bank carried these initiatives forward. The decisions taken at the G8 and United Nations summits did not specify how the new aid flows would increase resources to education, though the final G8 communiqué did refer to the Fast Track Initiative, described later in this chapter, and to universal primary education.

More recently, in March 2006, the United Kingdom Government promised the equivalent of US\$15 billion over the next ten years for education and called upon other governments to contribute similarly to provide the external aid required to reach the EFA goals. At their meeting in Saint Petersburg in July 2006, the G8 countries committed themselves to help ‘identify the resources necessary’ for countries to ‘pursue their sustainable educational strategies’.

The UN summit also addressed the question of aid effectiveness. In doing so, it referred to the Paris Declaration on Aid Effectiveness, adopted by over one hundred industrialized and developing countries in March 2005. The declaration contains concrete obligations to structure and coordinate aid more closely in line with the strategies of recipient countries, reduce transaction and processing costs, untie aid and strengthen the accountability of donor and recipient governments to their citizens and parliaments. Donors agreed to these obligations in principle and participants adopted twelve targets for 2010. OECD’s Development Assistance Committee (OECD-DAC) will monitor progress.

Will the aid promises be met? The best news so far relates to debt relief for the poorest countries. In January 2006, the International Monetary Fund delivered US\$3.4 billion of relief to nineteen countries and in March the World Bank Development Committee finalized arrangements that will result in an estimated saving of US\$37 billion over forty years for seventeen countries. The amount will increase as more countries qualify.<sup>2</sup> In addition to this particular debt relief framework, and significant relief for Iraq and Afghanistan, the Nigerian Government and its creditors signed an agreement in late 2005. Overall, the OECD-DAC’s view is that, while aid will increase over the next five years, full achievement of the aid promises ‘cannot be assumed as a done deal’ (OECD-DAC, 2006b: p. 18). Real ODA would need to grow 50% faster between 2004 and 2010 than the average annual growth rate from 2001 to 2004 (World Bank, 2006a). Further, the composition of any increase in aid is hard to predict. Between 2001 and 2004, debt relief, technical cooperation, and emergency and food aid represented 70% of the increase; and over half of the total increase was directed to Afghanistan and Iraq (World Bank, 2006a). Another consideration is that if increased aid is to benefit the poorest countries’ efforts to reach the EFA goals, it will be needed in a form that allows not only for an increase in expenditure on education, but also for an increase in the share of aid going to the poorest countries.

## What’s new in aid to education since Dakar?

### Total aid to developing countries is increasing

Disbursements of ODA to all developing countries fell during the early and mid-1990s, stabilized to 2000, then increased (Figure 4.1). Between 2000 and 2004 disbursements grew from US\$57 billion to almost US\$72 billion (2003 constant prices). In 2004, bilateral donors delivered almost three-quarters of the total and multilateral organizations one-quarter. The share of total ODA going to the seventy-two countries categorized by the OECD-DAC as low-income remained stable over 2000–2004 at around 46%, though the share for the very poorest of these, the fifty least developed countries or LDCs, increased from 26% to 32% (Figure 4.2).<sup>3</sup> Over half of all aid is allocated to countries in the lower- and upper-

**The United Kingdom promised an extra US\$15 billion in aid for education**

1. Explanations of many terms used here are provided in the introduction to the aid tables in the annex. This chapter examines only public official flows from OECD donor countries and multilateral organizations. Important developments in South-South aid and cooperation, and private international flows for basic education will be reviewed in the next *EFA Global Monitoring Report*.

2. Debt relief is included within ODA and accounts for around 10% of it. The effect of debt relief is to allow countries to retain domestic resources that would be used to service debt and so to increase domestic expenditure, including on basic education.

3. The OECD-DAC statistics differentiate among three groups of developing countries (and territories): fifty LDCs, twenty-two ‘Other Low Income Countries’ and seventy-nine middle-income countries.

middle-income categories, a fact that underlines the political considerations in aid distribution.

Figure 4.3 shows the distribution of ODA across regions in 2000 and 2004. Sub-Saharan Africa maintained its position as the main recipient in 2004 with one-third of the total, but South and West Asia also benefited from large increases. However, the region receiving the largest increase in aid was the Arab States, mainly a result of increases for Iraq. Aid flows to all other regions were constant, and thus fell as proportions of the total. Turning to commitments, and to future flows of ODA, 32% of the increase between 2000 and 2004 was to the fifty LDCs and a further 45% to the twenty-two other low-income countries. The increase in multilateral commitments was almost entirely for these groups.

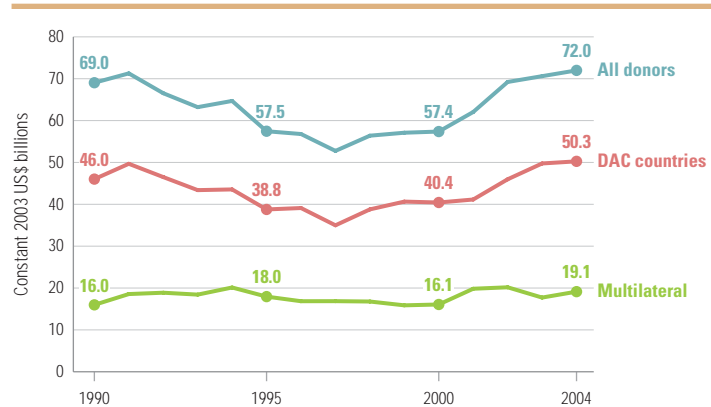
ODA is a composite of (a) financial resources that are distributed across such sectors as education, health, agriculture and roads; (b) direct budget support; (c) debt forgiveness and emergency and food aid; and (d) free-standing technical cooperation. Almost three-quarters of the total ODA in 2004 was allocated to sectors (including sector technical cooperation), though in recent years the share of sector aid has fallen as debt relief and emergency aid have increased at a faster rate (Figure 4.4).

### Total aid to education – and to basic education – is also increasing

Aid commitments to education for all developing countries expanded significantly between 2000 and 2004, from US\$4.6 billion to US\$8.5 billion (2003 prices)<sup>4</sup> – an increase of 85% (Figure 4.5). Even higher growth occurred in the flows to low-income countries. These increased from US\$2.5 billion to US\$5.5 billion and by 2004 accounted for almost two-thirds of all education aid. The increases raised the share of aid for education among all sectors for all developing countries from 10.6% in 2000 to 13.6% in 2004 (Figure 4.6). More relevant in terms of additional support for the EFA goals is that education's share of total sector aid to the LDCs rose from 12.7% to 17.3%. These increases both in the absolute levels of aid to education and in the shares suggest that advocates have had some success in raising awareness of the importance of education in the international community.

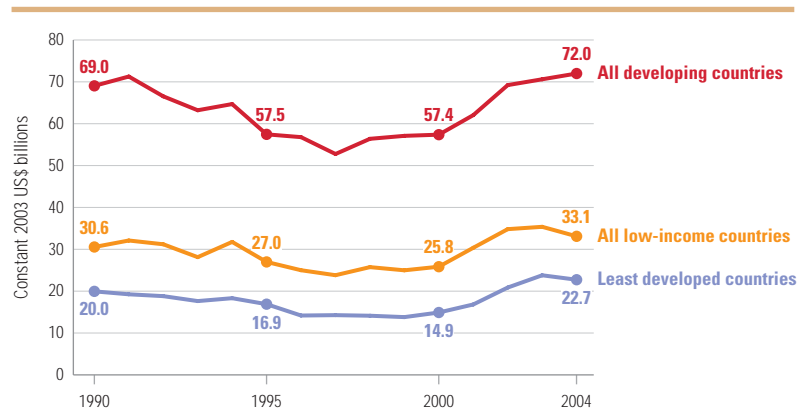
4. All aid to education data in this chapter are in 2003 prices.

Figure 4.1: Total ODA, 1990–2004 (net disbursements in constant 2003 US\$ billions)



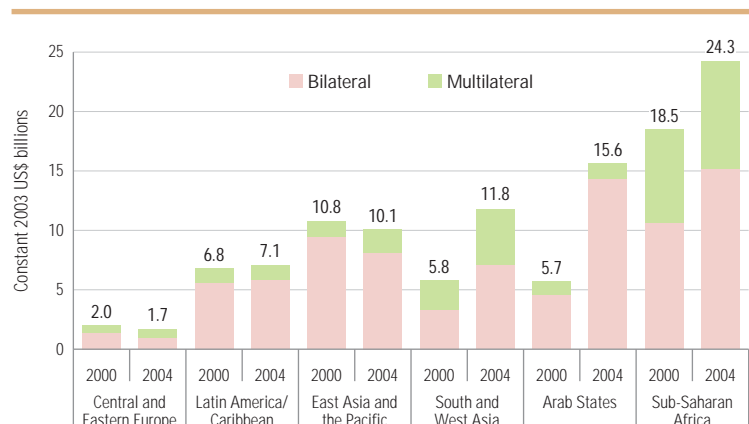
Source: DAC online database (OECD-DAC, 2006c), Table 2a.

Figure 4.2: Distribution of total ODA disbursements by income group, 1990–2004



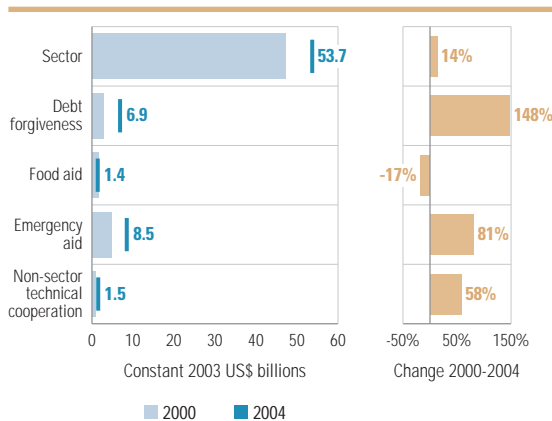
Source: DAC online database (OECD-DAC, 2006c), Table 2a.

Figure 4.3: Distribution of total ODA disbursements, selected regions, 2000 and 2004 (constant 2003 US\$ billions)



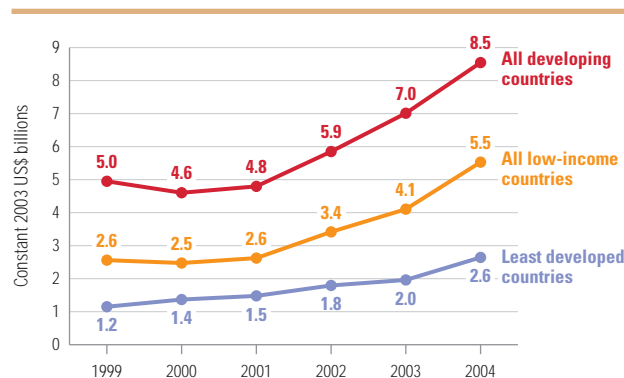
Source: DAC online database (OECD-DAC, 2006c), Table 2a.

**Figure 4.4: Total ODA disbursements by type, 2000 and 2004**



Source: DAC online database (OECD-DAC, 2006c), Table 2a.

**Figure 4.5: Distribution of aid commitments to education by income group, 1999-2004**



Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Basic education now represents 39% of direct aid to education**

In the LDCs, much of the increase in aid to education has gone to basic education (Figure 4.7), commitments for which have increased from US\$0.5 billion to US\$1.6 billion, with most of the growth coming since 2002. A similar trend is visible across all developing countries: direct aid commitments for basic education increased at a higher rate than total aid for education, from US\$1.4 billion in 2000 to US\$3.3 billion in 2004. This positive trend in the past few years has resulted in basic education becoming the major recipient of direct aid to education, accounting for 39% in 2004 for all developing countries, compared with 30% in 2000.<sup>5</sup> The change is even greater for the LDCs, whose share of total education aid devoted to basic education increased from 37% in 2000 to 59% in 2004 (Figures 4.5 and 4.7). These shifts further underline the increased attention that donors and governments of poor countries are giving to EFA.

In addition to direct allocations to each level of education, significant amounts are included in the category 'level unspecified'. Between 2000 and 2004 these totalled between US\$1 billion and US\$1.5 billion annually. The category includes some support to basic education but, as last year's Report explained, the share is unknown. Here it is assumed that about half of 'level unspecified' aid is dedicated to basic education. Total aid to basic education for all developing countries would thus have been augmented by around US\$0.6 billion in 2004 and for all low-income countries by some US\$0.3 billion.

What about general budget support? In recent years, particularly in several sub-Saharan African

countries, some project and sector programme aid has been replaced with direct budget support, over which the recipient government has greater control.<sup>6</sup> In 2004, direct budget support to all developing countries amounted to US\$4.7 billion, including US\$4.2 billion to all low-income countries. The Fast Track Initiative Secretariat estimates that 20% of general budget support goes to the education sector and that around half of that is allocated to basic education (FTI Secretariat, 2006). This would imply that direct budget support to education was about US\$0.9 billion in developing countries in 2004, of which US\$0.8 billion was for all low-income countries, and that half of these amounts went to basic education.

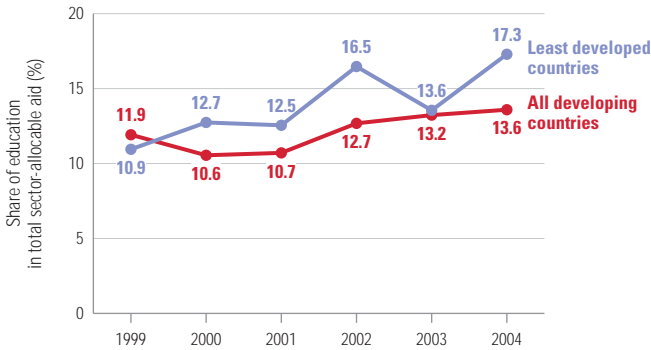
Combining all categories of aid, the amount to education for all developing countries is estimated to have increased from US\$5.6 billion in 2000 to US\$9.5 billion in 2004; for low-income countries the increase was from US\$3.4 billion to US\$6.4 billion (Table 4.1). With regard to basic education, aid to all developing countries is estimated to have increased from US\$2.6 billion to US\$4.4 billion, while for low-income countries the increase was from US\$1.8 billion to US\$3.4 billion. These amounts compare with total ODA commitments in 2004 of US\$91.0 billion (OECD-DAC, 2006c: Table 3a).

While the share of technical cooperation in education ODA commitments has been falling, it is still very significant – 42% for all education and 27% for basic education in 2004 (Figure 4.8). The share is much greater for higher-income developing countries, and mainly funds scholarships and traineeships, than for low-

5. Basic education in the OECD-DAC aid statistics comprises early childhood education, primary education and basic life skills for youth and adults. Chapter 8 discusses aid to early childhood education in detail.

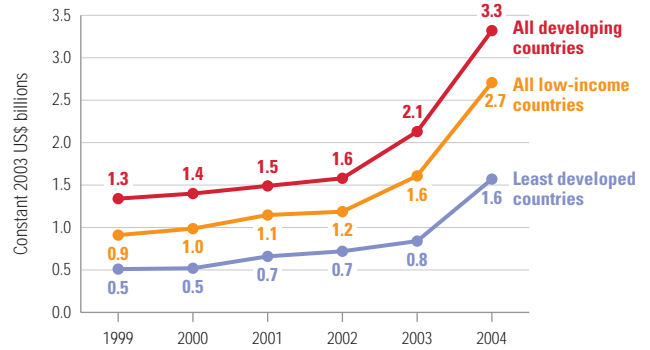
6. The OECD-DAC defines direct budget support as 'a method of financing a partner country's budget through a transfer of resources from an external financing agency to the partner government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary processes' (OECD-DAC, 2005a).

**Figure 4.6: Share of education in total sector-allocable aid commitments, 1999-2004**



Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Figure 4.7: Distribution of aid commitments to basic education by income group, 1999-2004**



Source: CRS online database (OECD-DAC, 2006c), Table 2.

income ones. In sub-Saharan Africa, for example, technical cooperation represents just over 20% of total ODA, compared with over 60% in East Asia (OECD-DAC, 2006b).

In sum, since 2000 ODA has increased and a greater share has been allocated to the poorest countries. In addition, positive changes have occurred across the education sector. They include increases in (a) the share of education in the total amount of aid committed to sectors and (b) the share of aid to education which is directly allocated to basic education. Overall, however, the share of ODA committed directly to basic education is just 3.6% of the total – 4.8% if the wider definition is used – and one-third of this goes to middle-income developing countries.

**Different donors, different priorities**

Donors are not a homogenous group. Table 4.2 shows the contribution of each donor to total bilateral aid for the education sector as a whole and for basic education. In both cases, just a few donors dominate. In 2003–2004, France, Germany, Japan, the United Kingdom and the United States together contributed 72% of all bilateral aid to education. For basic education, over two-thirds was contributed by Canada, Japan, the Netherlands, the United Kingdom and the United States. If aid to basic education is to increase significantly, more donors will need to become more heavily involved, or these three major donors will need to increase their contributions, or both.

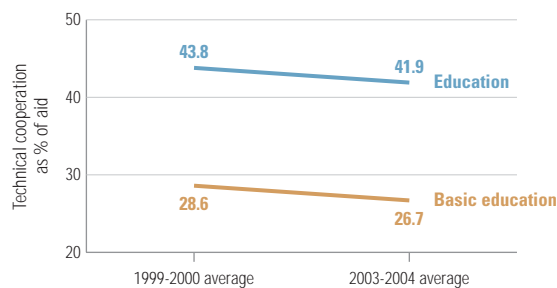
Overall, roughly one-third of all education aid goes to LDCs, one-third to other low-income countries and the remainder to middle-income

**Table 4.1: Estimates of total ODA commitments for education and basic education by income group, 2000 and 2004 (constant 2003 US\$ billions)**

| Education sector         |                      |                      | Basic education          |                      |                      |
|--------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|
|                          | Developing countries | Low-income countries |                          | Developing countries | Low-income countries |
| <b>2000</b>              |                      |                      | <b>2000</b>              |                      |                      |
| Direct                   | 4.60                 | 2.48                 | Direct                   | 1.40                 | 0.98                 |
| From budget support      | 1.00                 | 0.93                 | From 'level unspecified' | 0.68                 | 0.38                 |
| <b>Total</b>             | <b>5.60</b>          | <b>3.41</b>          | From budget support      | 0.50                 | 0.47                 |
|                          |                      |                      | <b>Total</b>             | <b>2.59</b>          | <b>1.83</b>          |
| <b>2004</b>              |                      |                      | <b>2004</b>              |                      |                      |
| Direct                   | 8.55                 | 5.53                 | Direct                   | 3.32                 | 2.70                 |
| From budget support      | 0.94                 | 0.85                 | From 'level unspecified' | 0.56                 | 0.29                 |
| <b>Total</b>             | <b>9.49</b>          | <b>6.38</b>          | From budget support      | 0.47                 | 0.43                 |
|                          |                      |                      | <b>Total</b>             | <b>4.35</b>          | <b>3.42</b>          |
| <b>Change since 2000</b> | <b>69.3%</b>         | <b>87.2%</b>         | <b>Change since 2000</b> | <b>68.1%</b>         | <b>86.6%</b>         |

Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Figure 4.8: Share of technical cooperation in aid commitments to education and basic education, 1999-2000 and 2003-2004 averages**



Source: CRS online database (OECD-DAC, 2006c), Table 2.1.

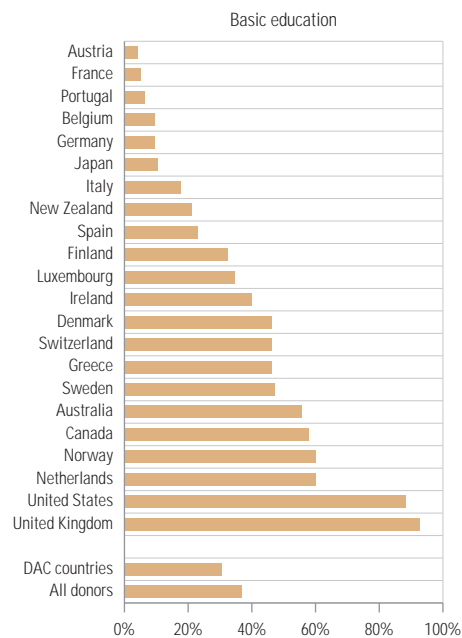
**Table 4.2: Shares of donors in bilateral aid commitments to education and basic education, 2003-2004 average**

| Donor             | Share of the country in DAC countries' aid to education (%) | Share of the country in DAC countries' aid to basic education (%) |
|-------------------|---|---|
| Luxembourg        | 0.4   | 0.5   |
| New Zealand       | 0.6   | 0.4   |
| Switzerland       | 0.7   | 1.0   |
| Ireland           | 0.8   | 1.1   |
| Finland           | 0.9   | 0.9   |
| Portugal          | 1.0   | 0.2   |
| Italy             | 1.0   | 0.6   |
| Denmark           | 1.1   | 1.7   |
| Greece            | 1.3   | 1.9   |
| Austria           | 1.3   | 0.2   |
| Australia         | 1.7   | 3.2   |
| Sweden            | 1.9   | 2.9   |
| Belgium           | 2.1   | 0.6   |
| Spain             | 2.1   | 1.6   |
| Norway            | 2.9   | 5.6   |
| Canada            | 3.9   | 7.4   |
| Netherlands       | 4.1   | 8.0   |
| United States     | 7.3   | 21.0  |
| United Kingdom    | 8.6   | 26.0  |
| Germany           | 16.9  | 5.4   |
| Japan             | 19.1  | 6.7   |
| France            | 20.3  | 3.3   |
| All DAC countries | 100   | 100   |

Note: DAC countries only.

Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Figure 4.10: Distribution by education level**



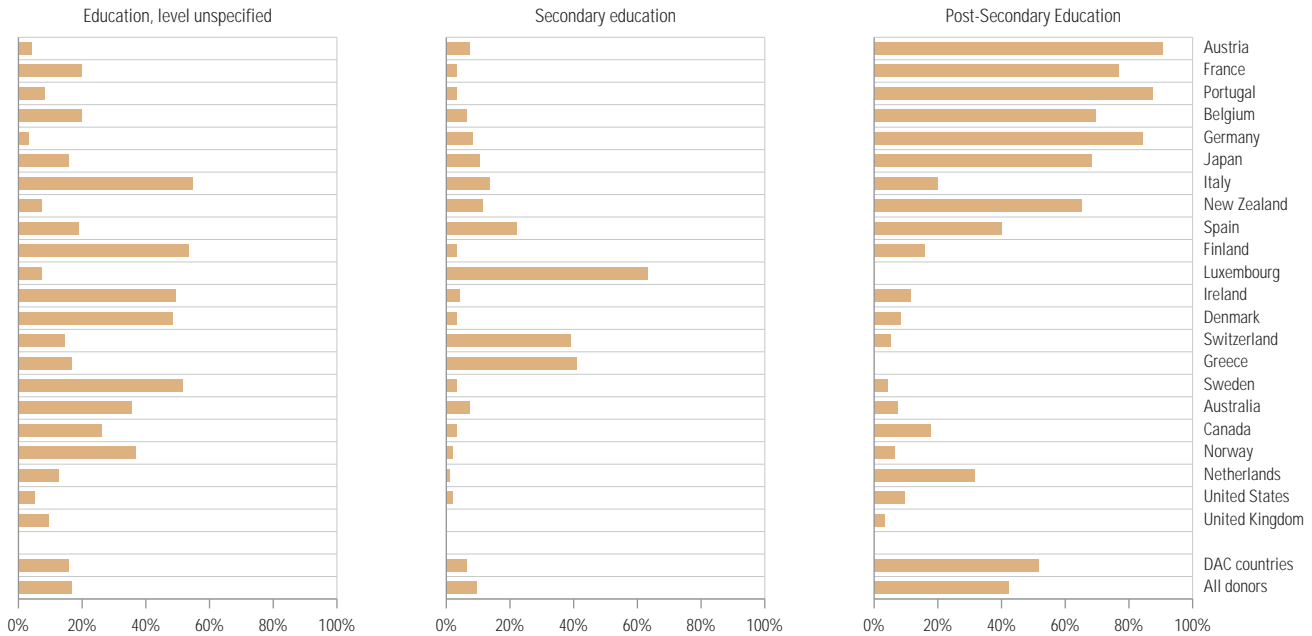
Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Figure 4.9: Share of education aid across income group by donor, 2003-2004 average**



Source: CRS online database (OECD-DAC, 2006c), Table 2.

## of total aid to education by donor, 2003–2004 average



developing countries (Figure 4.5). Individual donors vary substantially in how they distribute their aid among these groups. In spite of repeated calls for a greater concentration of education aid in the poorest countries, half of the bilateral donors shown in Figure 4.9 allocate more than half of their aid for education to middle-income countries. On the other hand, eight donors allocate less than 30% to countries in this group.

Donors' priorities across education levels also vary widely, as Figure 4.10 shows. Overall, almost two-fifths of total allocable education aid is for basic education. For bilateral donors as a group the share is slightly lower, and for nine of the twenty-two DAC donors it is less than one-quarter. On the other hand, for six donors the share is over 60%. The situation is complicated by the large share of 'level unspecified' for several donors. Encouraged by DAC, donors are continually seeking to disaggregate these allocations further.

While the grants and concessional loans of the multilateral aid organizations are largely funded by the bilateral donors and as such are covered by the previous discussion of total aid, it is interesting to see what priority the multilaterals give to education in their overall aid programmes (Table 4.3). Generally, the share for education in

2003–2004 (11.8%) is similar to that of the bilateral donors and the reduction in the share of sector-allocable aid for education that occurred between 1999 and 2001 has been substantially reversed, reaching 13.5% in 2004 (see annex, Aid Table 4). The share of multilateral education aid that goes to basic education (52%) is higher than that of the bilaterals (38%).

After the International Development Association, the European Commission is the biggest multilateral donor for education. Its support is in the form of grants. Provisional 2005 data indicate that almost half of its disbursements for education were for basic education while a further 13% were for 'level unspecified'. Post-secondary education received 27%. Commitments were highest for sub-Saharan Africa (30%) and South and Central Asia (19%), with non-EU European countries receiving 13%. The largest commitments were for Bangladesh, Eritrea, India, Pakistan, Papua New Guinea and Turkey. Aid for education was almost equally divided among specific projects (37%), technical cooperation (33%) and sectorwide programmes (30%). The Commission allocates greater shares of its education aid to sub-Saharan Africa and to basic education than do donors overall.

**Donors' priorities across education levels vary widely**

**Table 4.3: Multilateral ODA: commitments of major donors to education, 2003-2004 average**

|  | Total ODA                   | Aid to education                     |                             | Aid to basic education               |  |
|--|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|--|
|  | Constant 2003 US\$ millions | Amount (constant 2003 US\$ millions) | Education as % of total ODA | Amount (constant 2003 US\$ millions) | Basic education as % of total aid to education |
| International Development Association        | 9 590.4                     | 1 023.6                              | 14.0                        | 676.7                                | 66.1   |
| European Commission                          | 8 083.5                     | 469.5                                | 8.4                         | 155.5                                | 33.1   |
| Asian Development Fund                       | 1 629.9                     | 243.5                                | 16.1                        | 94.4                                 | 38.8   |
| African Development Fund                     | 1 397.9                     | 164.7                                | 13.8                        | 49.8                                 | 30.3   |
| UNICEF                                       | 618.2                       | 55.7                                 | 15.1                        | 55.2                                 | 99.0   |
| Inter-American Development Bank Special Fund | 431.9                       | 36.7                                 | 9.6                         | 4.6                                  | 12.5   |
| <b>Total multilateral</b>                    | <b>21 751.8</b>             | <b>1 993.6</b>                       | <b>11.8</b>                 | <b>1 036.2</b>                       | <b>52.0</b>                                    |

Source: CRS online database (OECD-DAC, 2006c), Table 2.

### Aid to education from the developing country perspective

In this section, the focus switches to the countries that receive ODA for their education sectors. Three questions are posed. First, which countries receive the largest amounts of education aid and what are their characteristics? Second, for individual countries, what is the importance of aid to the education sector and to basic education in relation to total aid receipts, and how does it vary across countries and regions? Third, how dependent on aid for the education sector are countries becoming?

Table 4.4 shows the twenty countries receiving the highest amounts of education aid commitments in 2003–2004 (the amounts are averaged for the two years). The geographical spread is wide: eight are in sub-Saharan Africa, five in South and West Asia, three each in North Africa and in East Asia, and one in Central and Eastern Europe. Seven of the twenty countries are LDCs, seven are other low-income countries and six are lower-middle-income countries, including four in the top ten. In the next highest twenty countries, half of the recipients are lower-middle-income. Thus, no very significant concentration of education aid on the poorest countries can be observed as yet. The aid tables in the annex provide more information on the education aid received annually by 148 countries between 1999 and 2004, in total and per person for 2003–2004.

Countries vary greatly in the number of bilateral donors contributing to their education sector. Table 4.5, showing this information for the seventy-two poorest countries, reveals significant differences. Thirty-six of these countries have two donors or less, twenty-five

have three to six and eleven have seven to twelve. The countries with the most bilateral donors are Ethiopia, Mali, Mozambique and the United Republic of Tanzania. Of the countries with two or fewer donors, fifteen also lack any multilateral donor presence, apart from UNICEF and/or UNESCO. This revealing distribution poses important questions about the capacity of global aid to raise education levels in a wide range of countries, an issue revisited in the final section of this chapter.

The education sector increasingly has to compete with other sectors, and with other forms of ODA, for external financial support. In 2004, education in developing countries received 10.2% of total ODA and around 13.6% of sector ODA. Roughly two-fifths was for basic education. These averages, however, are heavily influenced by the situation in a few large aid-receiving countries and hide very diverse experiences among countries and regions. Table 4.6 provides more detailed information. For a sample of seventy-nine poor and middle-income countries (here shown aggregated by region), the average share of total ODA directly allocated to the education sector in 2004 was 12.4% and education's share of all sector ODA was around 16.1%. However, for almost half of these countries (thirty-five), the share of sector-allocable ODA going to education was less than 10% while for 14 countries it was over 25%.

The relative importance given to education in total aid is not the same for all regions. Countries in South and West Asia and the Arab States in 2003–2004 received a much larger share for education (over 20% of total aid and over 30% of sector-allocable aid) than did countries in other regions. In sub-Saharan Africa, the average

No very significant concentration of education aid on the poorest countries can be observed as yet

**Table 4.4: Twenty countries receiving the highest total amounts of aid for education, 2003-2004 average**

|                | Aid to education<br>(constant 2003<br>US\$ millions) |
|----------------|--|
| China          | 826.2  |
| Bangladesh     | 516.0  |
| India          | 472.1  |
| Morocco        | 280.2  |
| Viet Nam       | 244.2  |
| U. R. Tanzania | 189.3  |
| Pakistan       | 150.4  |
| Algeria        | 143.2  |
| Ghana          | 131.9  |
| Tunisia        | 119.7  |
| Cameroon       | 114.9  |
| Nepal          | 114.5  |
| Indonesia      | 113.6  |
| Zambia         | 113.2  |
| South Africa   | 110.5  |
| Turkey         | 108.1  |
| Kenya          | 107.0  |
| Ethiopia       | 104.6  |
| Afghanistan    | 104.1  |
| Senegal        | 99.3   |

Source: CRS online database (OECD-DAC, 2006c), Table 2.

**Table 4.5: Number of bilateral donors to education in the seventy-two poorest recipient countries**

| Number of donors | Total number of countries | Examples   |
|------------------|---------------------------|--|
| 12               | 1                         | U. R. Tanzania   |
| 11               | 2                         | Ethiopia, Mozambique   |
| 10               | 1                         | Mali   |
| 9                | 3                         | Bangladesh, Burkina Faso, Zambia   |
| 8                | 2                         | Pakistan, Uganda   |
| 7                | 2                         | Indonesia, Nicaragua, Senegal  |
| 6                | 5                         | Afghanistan, Benin, D. R. Congo, Rwanda, Viet Nam  |
| 5                | 4                         | Angola, Kenya, Niger, Sudan  |
| 4                | 8                         | Eritrea, Ghana, Guinea, India, Malawi, Nepal, Timor-Leste, Yemen   |
| 3                | 8                         | Bhutan, Burundi, Cambodia, Cameroon, Chad, Haiti, Lao PDR, Vanuatu   |
| 2                | 11                        | Cape Verde, Djibouti, Georgia, Lesotho, Madagascar, Mauritania, Mongolia, Nigeria, Papua New Guinea, Somalia, Togo   |
| 1                | 14                        | Central African Republic, Congo, Côte d'Ivoire, Guinea-Bissau, Guyana, Kiribati, Liberia, Myanmar, Republic of Moldova, Sao Tome and Principe, Solomon Islands, Sri Lanka, Tajikistan, Tonga |
| 0                | 11                        | Armenia, Azerbaijan, Comoros, Gambia, Kyrgyzstan, Maldives, Sierra Leone, Saint Lucia, St Vincent/Grenad., Uzbekistan, Zimbabwe  |

Source: FTI Secretariat (2005).

**Table 4.6: Aid for education and basic education as share of total aid and sector aid in seventy-nine countries, 2003-2004 regional averages**

| Regional average                               | Share of education in total aid (%) | Share of education in total sector-allocable aid (%) | Share of basic education in total aid (%) | Share of basic education in total sector-allocable aid (%) |
|--|-------------------------------------|--|---|--|
| Sub-Saharan Africa (22 countries)              | 11.0                                | 16.2   | 2.5                                       | 3.6  |
| Arab States (9 countries)                      | 24.0                                | 31.8   | 1.1                                       | 1.5  |
| Central Asia (7 countries)                     | 7.1                                 | 8.9  | 1.7                                       | 2.1  |
| East Asia and the Pacific (8 countries)        | 14.2                                | 15.8   | 1.2                                       | 1.4  |
| South and West Asia (5 countries)              | 21.1                                | 31.5   | 10.0                                      | 12.4   |
| Latin America and the Caribbean (23 countries) | 8.6                                 | 9.8  | 1.5                                       | 1.9  |
| Central and Eastern Europe (5 countries)       | 11.0                                | 12.5   | 1.7                                       | 2.0  |
| All developing countries                       | 12.4                                | 16.1   | 2.3                                       | 2.9  |

Sources: CRS online database (OECD-DAC, 2006c), Table 2; annex, Statistical Table 11.

share for education across twenty-two countries was just 11% of total aid and 16% of sector-allocable aid. The distribution of aid among the different levels of education also varies by country and region. In South and West Asia, countries on average used almost 50% of education aid for basic education, compared with just over 20% in sub-Saharan Africa and in Latin America and the Caribbean. In the Arab States and in East Asia and the Pacific, the share was

lower. The very large differences between countries in the importance given to education need to be investigated further if a better understanding is to be achieved of the likely impact on the EFA goals of increased overall levels of ODA.

How important is aid to financing countries' education systems? The answer is difficult to provide, since countries vary in the ways they report aid and expenditure from domestic

**Ethiopia, India and Uganda are examples of strong government ownership of education sector policies**

revenue and the impact on education of direct budget support can only be approximated. However, using information on domestic education expenditure as provided to the UNESCO Institute for Statistics and on disbursements of education aid as reported by the OECD-DAC for sixty countries, some rough estimates can be made. In twenty-four of the countries, aid accounts for over 10% of total current expenditure on education, and in seven for over 20% (Figure 4.11). Some consequences of the size of these shares, particularly relating to the long-term unpredictability of aid, are returned to later in this chapter. The contribution of aid to expenditure in basic education is generally lower than for the education sector as a whole (Figure 4.12).

### Streamlining aid to education

Previous editions of the *EFA Global Monitoring Report* have argued that any analysis of the effectiveness of aid in the education sector should be viewed within the wider context of international efforts to improve the quality and effectiveness of aid as a whole, as exemplified by the OECD-led Paris Declaration on Aid Effectiveness (see page 86).

Efforts to carry forward the Paris Declaration are led by the OECD-DAC's Working Party on Aid Effectiveness, established in 2003. Work on monitoring progress on twelve qualitative and quantitative indicators includes an international survey every two years from 2006 to 2010. Draft questionnaires were tested in Cambodia, Ghana, Nicaragua, Senegal, South Africa and Uganda before the survey was launched in May 2006 in all countries that indicated interest. The OECD is to publish the consolidated results in December 2006. The survey comprises a donor questionnaire, a government questionnaire and a worksheet for each participating country. In addition to the survey work, subregional consultative workshops are being held, for example in Uganda and Mali.

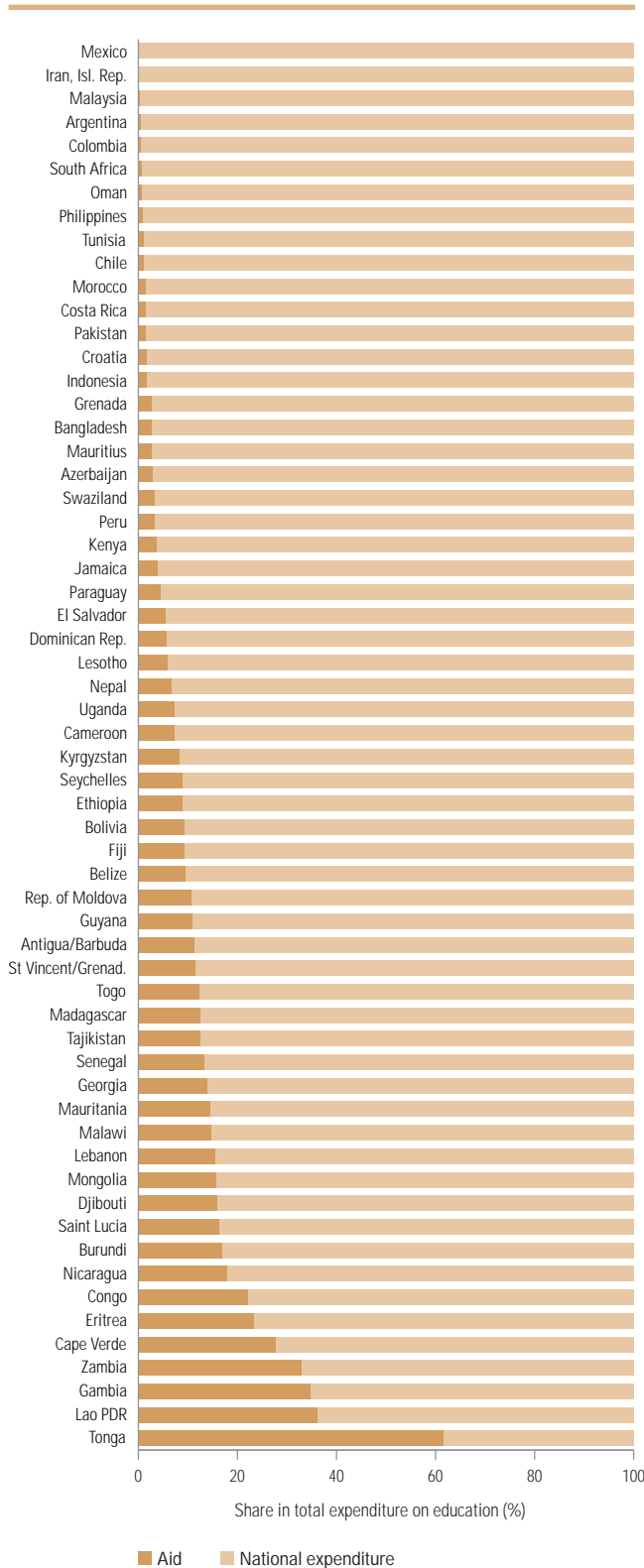
In March 2006, the DAC published *Managing for Development Results, Principles in Action: Sourcebook on Emerging Good Practice* (OECD-DAC, 2006d), in which examples of work at national and sector level, and in development agencies are presented. The Country Implementation Tracking Tool, another DAC initiative, looks at national efforts to streamline

policy and practice, including at sector level (OECD-DAC, 2006a), in more than sixty countries. In some of them (Ethiopia, India and Uganda are examples), where there is experience of sectorwide programmes going back as far as ten years, evidence of many of the principles in the Paris indicators already exists. These include strong government ownership of education sector policies, channelling of aid into government sector budgets, reduction of duplication of effort ('parallel project implementation units') and carrying out of joint field missions, joint analytic work and mutual progress assessments.

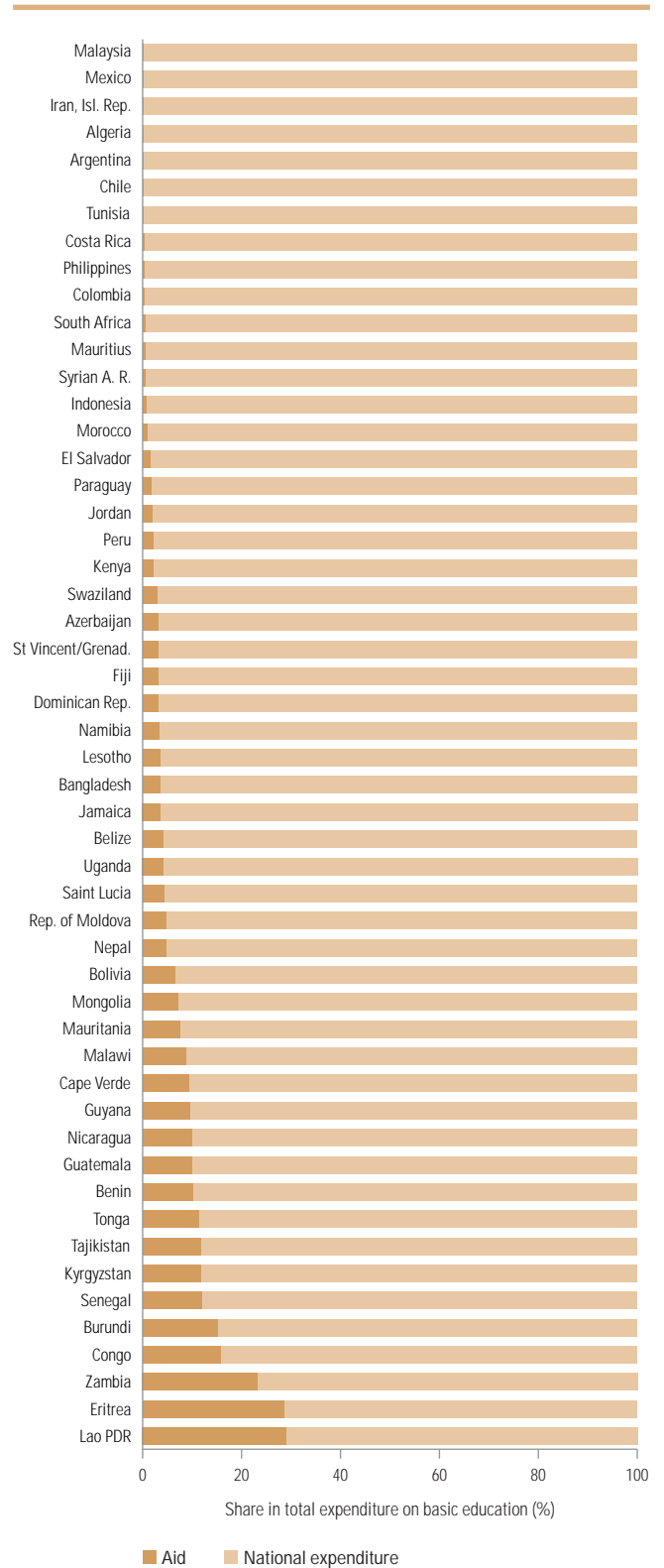
So far, few studies exist of the changes taking place and the lessons emerging for donors and governments in their efforts to maximize the benefits of the new procedures. Those that have been made focus mainly on direct budget support, whose flows tend to be triggered by indicators of actions or outputs in several sectors, often including education (IDD and Associates, 2006; Lawson et al., 2005; USAID, 2005). In general, the assessments are positive, but the studies say relatively little about sector experiences. One, on Mozambique, demonstrates the problems arising when all donors participate but some do not really subscribe to the harmonization agenda (Killick et al., 2005).

Before examining promising mechanisms for managing aid in the education sector more effectively, it is useful to review briefly the complex and diverse nature of current aid arrangements. Usually, external funding for education is provided directly for a discrete set of activities identified in advance – the traditional externally supported project. Alternatively, funds are added to the government budget but earmarked for a given subsector, such as primary or secondary education, and spread across a whole programme. Going one step further, they may be used to provide additional support to a comprehensive programme that affects the whole education sector. Finally, aid may not be sector-specific at all but rather transferred to the government as general budget support for distribution as the government sees fit. In some cases, all these arrangements and others exist at once: Table 4.7 presents the example of Ethiopia. Indeed, the situation of multiple forms of aid is particularly common in countries with several donors and such examples show why

**Figure 4.11: Shares of aid and national spending in total expenditure on education, 2004**



**Figure 4.12: Shares of aid and national spending in total expenditure on basic education, 2004**



Sources: CRS online database (OECD-DAC, 2006c) Table 2: annex, Statistical Table 11.

Sources: CRS online database (OECD-DAC, 2006c) Table 2: annex, Statistical Table 11.

**Table 4.7: Donors supporting the Ethiopian education system by subsector and type of aid, 2004/05 to 2009/10**

|                          | Subsector  | Type of support  |
|--------------------------|--|--|
| Belgium                  | Teacher training   | Grant (pooled)   |
| Finland                  | Teacher training<br>Primary  | Grant (pooled)<br>Grant and technical assistance   |
| France                   | Tertiary<br>Primary<br>Secondary   | Project grant and technical assistance<br>Grant<br>Grant                                 |
| Ireland                  | Teacher training<br>Primary<br>Multi-subsector                                   | Grant (pooled)<br>Grant (pooled)<br>Grant (pooled)                                       |
| Italy                    | Primary<br>TVET<br>Tertiary  | Grant and project<br>Grant and project<br>Grant and technical assistance                 |
| Japan                    | Primary<br>TVET  | Project and technical assistance<br>Technical assistance                                 |
| Netherlands              | Teacher training<br>Tertiary<br>Primary<br>Non-formal<br>Multi-subsector         | Grant (pooled)<br>Project<br>Project and grant<br>Project<br>Grant (pooled)              |
| Sweden                   | Primary<br>Teacher training<br>Multi-subsector                                   | Grant (pooled)<br>Grant (pooled)<br>Grant  |
| United Kingdom           | Tertiary<br>Multi-subsector<br>Non-formal<br>Teacher training<br>Multi-subsector | Project<br>Technical assistance<br>Grant<br>Project and grant (pooled)<br>Grant (pooled) |
| United States            | Teacher training<br>Primary<br>Non-formal  | Grant<br>Grant<br>Grant  |
| African Development Fund | Primary<br>Multi-subsector   | Concessional loan and technical assistance<br>Concessional loan                          |
| European Commission      | Tertiary<br>Primary<br>Multi-subsector   | Project grant<br>Project grant<br>Grant (pooled)   |
| UNDP                     | Multi-subsector  | Grant  |
| UNESCO                   | Teacher training<br>Tertiary<br>TVET   | Technical assistance<br>Technical assistance<br>Technical assistance                     |
| UNICEF                   | Primary  | Grant  |
| World Bank (IDA)         | Tertiary<br>TVET   | Concessional loan<br>Concessional loan   |

Note:

'TVET' stands for 'technical and vocational education and training'.

'Multi-subsector' means a range of activities within a particular level, e.g. primary.

'Pooled grants' are mainly for the Teacher Development Fund.

'Grants' mainly support the Education Sector Development Programme and are received directly by the Ministry of Education.

'Project grants' tend to be managed by unique project implementation units.

Source: Yizengaw (2006).

there is pressure for greater harmonization. Harmonization will take time, but in the meanwhile governments need encouragement and examples of successful experiences on which to model their coordination efforts.

### Joint monitoring reviews: small steps in the right direction?

A common characteristic of recent efforts to simplify aid arrangements in the education sector and to increase donors' alignment with government, and with each other, is the joint monitoring review process. Joint reviews are associated with attempts to encourage donors to combine their support around sectorwide programmes and to adopt common practices of aid management, primarily (though not exclusively) in countries with high dependence on aid. Joint reviews provide an arena for increased government-donor dialogue. They also offer a periodic assessment of the performance of the education sector (or subsector or large project) against an agreed set of objectives, targets and performance indicators. The reviews are expected to:

- increase country ownership and provide more effective support of national priorities;
- promote a more efficient division of labour among aid agencies;
- improve the efficiency and transparency of (harmonized) frameworks for monitoring and evaluation;
- improve accountability to funding sources and government partners.

Though it is not aid-dependent, India has the longest experience of joint reviews in the education sector, having held over twenty since 1995. There, the government is clearly in charge; in some other countries the process appears to be more donor-driven.

### How common are joint monitoring reviews?

At least forty countries have or are expected to have education sectorwide programmes in place in 2006 (Packer, 2006). Of these, thirty are in sub-Saharan Africa. Countries with regular joint review mechanisms include Bangladesh, Benin, Burkina Faso, Cambodia, Ethiopia, Ghana, India, Kenya, Madagascar, Malawi, Mali, Mozambique, Namibia, Nepal, the Niger, Rwanda, Uganda, the United Republic of Tanzania, Viet Nam and Zambia.

**What stakeholders are involved?**

A sample of reviews undertaken in 2005 shows that the number of participants varies considerably. In India, with a programme supported by three donors, the government appointed ten members in 2005 and the donors a further ten. Teams of two or three people visited eight states. At the other extreme, 121 people took part in the joint monitoring review mission in Rwanda, which was held entirely in the capital, Kigali. The range of stakeholders was very broad, including members from lower administrative levels in the education system and from civil society. In Ethiopia, sixty members were divided into six groups to visit selected regions. In Malawi, of sixty-eight participants, roughly a third were from donor agencies or international NGOs. Reviews are people-intensive. Most joint reviews involve all agencies working in the education sector, whether they provide budget support, work through projects or contribute through technical assistance.

Very specific documentation is prepared for joint monitoring reviews, either because of requests made during the previous review or to enable analysis of particular themes during the current one. For example, in Ghana in 2004, a 131-page performance report was prepared, along with a 51-page progress and assessment framework that provided data on each set of activities under the major policy headings. In addition, quarterly budget summaries were provided, along with a ranking of the performance of individual districts against specific performance criteria. In the first review of a new national programme in India, in 2005, the government provided extensive documentation and reports by each of the eight states to be visited, focusing primarily on the programme's main development objectives.

**Processes and issues**

The reviews take different approaches. In some, the emphasis is on monitoring progress systematically against national targets; in others, it is on implementation practice and management. Reviews in Ethiopia, India and Uganda, for instance, appear to have concentrated more on targets while those in Madagascar and Rwanda have had a greater focus on implementation. Some reviews include field visits, others do not. While field visits are complex, time-consuming and relatively costly,

they make it much easier to identify inequities in levels of financing and performance across a country and to showcase good local practice.

A look at the aides-mémoires for Ethiopia, India and Rwanda gives additional insight into what issues were considered most important. The Rwandan aide-mémoire explicitly sets the review process within the wider context of poverty reduction. India's reviews are clearly structured around a small set of national, higher-order education outcomes relating to access, equity and quality in elementary education. The needs and demands of the most disadvantaged children receive considerable attention in all three cases, as do financial management and accountability. Running through the reports for the three countries is the thread of weak or severely constrained capacity for introducing reforms, improving quality and managing systems. In Ethiopia, the report states that the lack of a long-term plan for comprehensive capacity-building at regional and *woreda* (district) level constitutes a major bottleneck and that adequate resources are not provided for capacity-building. In the other two countries, capacity development is addressed more in relation to particular issues, such as teacher training.

**How influential are the reviews?**

It is difficult to judge to what extent joint monitoring reviews are influential and initiate change. Perhaps as a result of the reviews' comprehensive nature, the reports often fail to distil messages in a way that prioritizes needs and identifies what is possible and what is practical. Studies over time are required to test the extent to which recommendations have been accepted, put into practice and had an impact. Government participants in the Indian and Ethiopian reviews have reported that they do lead to action, and in Uganda changes in the way grants move to schools and are used by local communities resulted in part from review findings. There is less evidence that the reviews feed into wider national processes, such as those associated with poverty reduction strategies. Nor is it yet known to what extent the reviews influence donor practice. A systematic study of the review processes and outcomes could be beneficial for both governments and donors in their efforts to improve the effectiveness of aid in the education sector.

**121 people took part in the joint monitoring review mission in Rwanda, which was held entirely in the capital, Kigali**

## Scaling up aid for education

Among the factors that will influence future levels of aid and how it is distributed across sectors will be evidence that developing country governments have the capacity to spend these funds in the ways agreed upon. Disbursement rates are relatively low in the education sector for all developing countries, even lower for basic education, and lower still for basic education in the LDCs (FTI Secretariat, 2006).

### Capacity

Some institutions have argued that limitations in absorptive capacity should not be an obstacle to the scaling up of aid, provided efforts to improve capacity are undertaken simultaneously (UNDP, 2005). Others are less optimistic, pointing to the growing complexity of programmes as governments switch attention from the relatively straightforward strategy of achieving broad increases in access and start to concentrate more on the hardest-to-reach children, measures to retain all children in school and improving achievement levels. Of necessity, all these measures will have to be applied in a context of increasing demand for the expansion of secondary and tertiary education. To move forward effectively on all these fronts requires strengthening both policy-making and implementation capacity.

How can donors help? Donors can influence the capacity available to governments by increasing the quality of their own technical support and by working to revise the content and form of technical cooperation. Unfortunately, while ODA commitments for education are increasing, donors are reducing the number of their staff with sector skills. This is the case in both bilateral and multilateral agencies, and reflects the increasing shift towards programme aid and direct budget support. There are risks in this trend. Some of the benefits gained from emphasizing the maximum use of national systems and providing sectorwide support could be undermined. Moreover, providing aid in this way may reduce capacity-building efforts in countries where such efforts are not accorded national budgetary priority. Any move to downgrade capacity development efforts while augmenting broad sector support would likely be self-defeating.

Changes that could help donors minimize these potentially negative effects include (Fredriksen, 2005):

- using, retaining and strengthening existing national and regional capacity, rather than creating new capacity through long-term technical assistance and external training;
- supporting knowledge exchange so practitioners can benefit from international good practice;
- giving grants to national teams;
- improving coordination among donor agencies;
- helping address the causes of brain drain out of the education sector as well as out of the country.

Given the declining share of technical cooperation, including for capacity-building, in aid for education there is an urgent need to re-examine the ways in which the remaining resources are used.

### Aid dependence

Very different issues arise from the extent and implications of aid dependence. The receipt of aid involves a trade-off: it allows an objective to be reached faster but potentially reduces governments' influence over how resources are used and introduces greater unreliability. The Government of India refused offers of substantial amounts of aid for primary education until 1993, because of concern that it would lose sovereignty over policy decisions. Even after that, aid was less than 2% of total expenditure on primary education.

In several countries donors provide over 20% of the total education budget (Figure 4.11). For the twenty country plans so far endorsed by the Fast Track Initiative, on average one-quarter of the costs will need to be covered by aid and the share goes as high as 63%. An initial attempt in 2002 by the World Bank to calculate the financing gap for reaching universal primary education by 2015 concluded that aid would need to reach an average of 42% of total expenditure on primary education and much more in some countries. Such levels of dependence underline the importance of efforts to increase alignment between donor activities and national programmes.

### Predictability

Even with greater alignment, however, countries that are highly dependent on aid must still face the problem of its volatility and unpredictability. An analysis of aid flows between 1975 and 2003 in seventy-six countries showed that the aid received

**Downgrading capacity development while augmenting sector support would be self-defeating**

by developing countries was far more volatile than domestically generated revenue and that aid disbursements were only weakly related to commitments (Bulir and Hamann, 2006). Both volatility and the gap between aid commitments and disbursements appear to have increased in recent years. Between 2000 and 2003, lenders promised 50% more than was actually disbursed. More worrying, the differences tended to be larger for countries with lower per capita income.

These trends partly arise from implementation bottlenecks and constraints within recipient countries. In addition, 'donor development agencies that make aid commitments are different from those that approve aid funding (parliaments) and disburse aid (ministries of finance)' (Bulir and Hamann, 2006: p. 4). Donors need to work harder to provide guarantees of longer-term, more predictable financial aid so that countries can take the decisions necessary to increase both the demand for and the supply of education without worrying about having to reverse them if aid is reduced. It may also be prudent for developing country governments that are highly reliant on aid to assess which activities are the most important to sustain and should therefore be funded domestically.

### **The Fast Track Initiative: encouraging a global compact**

The Fast Track Initiative (FTI) was established in 2002 to encourage a global compact that would lead to the development of 'credible' education sector plans and to greater – and more predictable – external financial support. The World Bank hosts its secretariat, and over thirty donors share its governance and costs. Last year's *EFA Global Monitoring Report* concluded that, while the political visibility of and rhetorical support for the FTI had increased substantially, no significant increases in resources for its Catalytic Fund or Education Programme Development Fund had yet resulted.<sup>7</sup> Nor could the FTI yet claim wider success in leveraging significant additional external funds for basic education. In addition, the 2006 Report pointed to often anecdotal evidence that agencies' in-country education advisors questioned the value added by the initiative either in bringing in extra funding or in enhancing policy dialogue, particularly in countries where the latter is well established. More positively, the Report recognized that the FTI had become an important coordinating mechanism for the donor agencies and a positive influence on donor harmonization.

Over the past year the FTI has continued to evolve. Technical support of various kinds has been provided to seventy-four countries to help them develop education sector plans; concept notes on capacity development, fragile states, HIV/AIDS and an expanded financing mechanism have been prepared; and the education plan appraisal guidelines and framework documents have been revised to provide a more holistic approach to gender issues. Sector plans have now been endorsed by local donor groups for twenty countries and the plans of a further twelve countries are expected to be endorsed by the end of 2006.<sup>8</sup> By the end of 2008, the secretariat estimates, the plans of fifty-nine countries may have been through this process.

In addition, the FTI has added some value by making extra resources available for improving the quality of education sector planning and programme development, and, in a few cases, by providing additional funds for endorsed plans through the Catalytic Fund. So far, however, the amounts in the Catalytic Fund remain quite small (though pledges have been accelerating recently) and a limited number of countries have benefited. As of August 2006, total donor payments into the fund were US\$230 million, though with a further US\$450 million pledged by a total of eleven donors by the end of 2008. Six donors had pledged over US\$10 million each. Of these, the European Commission, the Netherlands and the United Kingdom were responsible for 85% of total pledges. Disbursements as of August 2006 amounted to US\$96 million to eleven countries; in addition, formal commitments amounted to US\$130 million. The number of donors to the Education Programme Development Fund increased from two to eight over the past year, and commitments for 2005–2007 total US\$46 million, almost half from Norway.

Though there has been some growth in the resources available, it is now apparent that the Catalytic Fund, as initially conceived, is not sustainable. It was designed as a temporary source of funding for countries with few donors, the expectation being that good performance would attract additional donors. In practice, new ones have not been forthcoming and, since there is a trend among donors to reduce the number of countries they support, the problem is likely to grow. Similarly, the hoped-for solution of 'silent partnerships', in which donors with no programmes in a country would allocate funds for basic education through a donor that did have

**A limited number of countries have benefited from the FTI Catalytic Fund**

7. The Catalytic Fund provides up to three years of transitional support for education sector plans in countries with four or fewer bilateral donors, each contributing a minimum of US\$1 million in aid. The Education Programme Development Fund finances technical assistance to help countries develop the plans.

8. The countries with endorsed plans are Burkina Faso, Djibouti, Ethiopia, the Gambia, Ghana, Guinea, Guyana, Honduras, Kenya, Lesotho, Madagascar, Mauritania, Mozambique, Nicaragua, the Niger, the Republic of Moldova, Tajikistan, Timor Leste, Viet Nam and Yemen. Those expecting endorsement by the end of 2006 are Albania, Benin, Bhutan, Burundi, Cambodia, Cameroon, Mali, Mongolia, Rwanda, Sao Tome and Principe, Senegal and Sierra Leone.

**There is evidence of greater internal efficiency in the FTI countries**

a presence, have proved more complicated than expected. To overcome the situation in which a country receiving payments from the fund suddenly faces a cut-off, donors are now considering extending the funding period. While this makes sense, it would significantly alter the nature of the fund and, without large increases in contributions, an extension for existing recipients would reduce the number of potential new ones.

While the recent increases in ODA commitments to basic education cannot be attributed solely to the influence of the FTI, they are consistent with the added international attention to basic education financing that it has stimulated. The increases begin to demonstrate the feasibility of the FTI's 'virtual fund' model, increasing overall resources for basic education through a country-by-country approach rather than through a single 'global fund' such as the one for malaria, tuberculosis and HIV/AIDS. Further, the considerable efforts that have gone into designing the FTI processes have positioned the education sector well in the event that the recent promises of additional aid are fulfilled.

The FTI's potential impact is not limited to the generation of external funding. Another expectation is that, as countries take note of the indicators and benchmarks included in the indicative framework, which provides the background for the design of education plans and their endorsement by local donors, policy-making will improve and countries will move faster towards the EFA goals. There are signs this may be occurring. Although the period is short, analysis of the experiences of the first eight FTI-endorsed countries indicates that progress has been made towards the benchmarks for teacher salaries, percentage of recurrent expenditure devoted to education, proportion of recurrent spending not devoted to salaries and average repetition rate (Umansky and Crouch, 2006). On the other hand, no progress has yet been recorded in pupil/teacher ratios and the proportion of total education expenditure devoted to primary education. A comparison of performance on several indicators between these eight countries and a control group of countries shows that gross enrolment ratios have increased more rapidly and there is some evidence of greater internal efficiency in the FTI countries.

Ultimately, however, efforts to improve the framework of the FTI and to increase its effectiveness will have a limited impact on EFA efforts unless donors undertake an aggressive,

high-level push to make the commitments required for FTI to become a fully global compact. Among changes this might require are (Sperling, 2006):

- commitment of funds for EFA in ways similar to those of the debt relief model, with debts automatically eliminated for countries that meet a specific set of obligations;
- more predictable and longer-term funding, including an expectation that current three- to five-year funding programmes will be rolled over if performance agreements are met;
- provision of funds, either through the FTI or bilaterally, for a quick response when governments take far-reaching steps such as abolishing fees, to ensure that the outcome is not dramatic increases in class size and decreases in quality of schooling;
- a need to embrace more consistently high-population countries such as India, Nigeria and Pakistan.

### **Global EFA coordination: the role of UNESCO**

Each year the Report presents and comments on the activities of UNESCO in relation to its mandate to coordinate EFA. The 2006 Report suggested that the Executive Board's call for 'a concise global plan to achieve the EFA goals, including resource mobilization', through dialogue with the other convening agencies of the World Education Forum (Dakar), reflected high – and probably unrealistic – expectations (UNESCO, 2005). At the same time it pointed to opportunities to place EFA at the forefront of the international dialogue on development in the coming year: through advocacy at the 'Millennium+5' summit; by strengthening connections among UNESCO, the FTI, the E-9 countries and the High-Level Group; by exercising leadership in promoting good practices of technical cooperation and greater harmonization; and through ongoing initiatives in literacy, education for sustainable development, teacher training in sub-Saharan Africa, and HIV/AIDS and education.

Although activities are under way in each of these domains, UNESCO has yet to move into the central leadership position for EFA that was initially envisaged. The organization is generally trusted by developing country governments, yet its direct influence on the ability of countries to reach the EFA goals has been limited, including

in capacity development, where one would have expected it to excel. An institutional reform programme now being implemented may reverse this situation. The reform aims to put EFA at the core of all UNESCO education activities and to strengthen UNESCO's field presence and orientation considerably by (a) decentralizing authority and resources to the field (especially the four existing regional bureaux, to which a fifth has been added in Bucharest for Europe and North America), (b) reducing overlap and providing clear accountability for topic areas and programmes, and (c) changing the internal organizational culture into one that generates openness and flexibility, in a context of clear alignment of programmes with institutional and global priorities. The outcome of the reform launched in June 2006 may determine whether UNESCO can become effective in two particular EFA-related areas in coming years: further development of a global action plan and regional EFA reviews.

The call for a global action plan by members of UNESCO's Executive Board in March 2005 emerged from a desire to increase coordination among stakeholders in the EFA movement, particularly those who convened the Dakar meeting in 2000: UNESCO, UNICEF, UNDP, UNFPA and the World Bank. In response, UNESCO initiated a consultative process aimed at harmonizing the approaches of these multilateral organizations in supporting the development and implementation of EFA national plans. To this end it has prepared an EFA Global Action Plan, which the heads of the four UN coordinating agencies for EFA, plus a World Bank representative, discussed in draft at a meeting of the United Nations Development Group Principals in July 2006. Support for the finalization of the plan was provided at the G8 submit in St Petesburg. A more fully developed version will be presented to the High-Level Group Meeting on Education for All in November 2006.

Overall, the plan is designed to achieve greater consistency at global level and provision of more effective support to EFA at national level. At its heart are the concept of 'one country, one plan'; a strategic focus on the countries having the greatest needs; a concern for the whole EFA agenda; and the intent to create a clear division of labour among international agencies in supporting national EFA plans and efforts.

UNESCO's own contributions, in addition to convening the High-Level Group, the EFA Working Group, the E-9 meetings and other EFA-related

gatherings, will be directed at literacy, education for work, teacher training, technology and learning outcomes. Activities will concentrate on capacity-building, monitoring and evaluation, and national planning processes. The global leadership roles for UNESCO include:

- supporting national leadership by reinforcing the role of its Education Sector as a clearinghouse of ideas and by strengthening its field operations to give better support to governments;
- promoting South-South cooperation, particularly through the E-9 countries, in the areas of teaching and learning best practices, innovative financing and innovations in information and communications technology; and through exploring potential donor support for this cooperation;
- coordinating activities to reduce national financial and capacity gaps of the countries least likely to achieve EFA;
- promoting policy analysis based on evidence and research by gathering, collating and disseminating information through headquarters staff and UNESCO institutes.

It is unclear whether the EFA Global Action Plan will result in greater interagency coordination or will mainly guide UNESCO's own future. In either case it will be important to reform the supporting international machinery as well, especially the High-Level Group, so that it becomes more action-oriented and less of a forum for general discussion whose outcomes cannot be monitored.

UNESCO has also signalled its intent to coordinate country assessments of progress towards the EFA goals halfway towards the target date of 2015. The Asia-Pacific Regional Bureau has begun monitoring country progress with a focus on 'reaching the unreached'. The Latin America and the Caribbean Regional Bureau will work within the framework of the Regional Project for Education in Latin American Countries (PRELAC), which plans to report in March 2007 on the relevance of educational services, equity and the right to education, effectiveness in achieving educational goals and management efficiency. The Caribbean is planning a regional EFA report by the end of 2007. Similarly, the Africa Regional Bureau expects to make a substantial review in 2007 focusing on the 'external efficiency of education'. These country assessments may prove very useful; however, it is not yet clear what incentives exist for countries to participate, as there has been no indication of how they might

**UNESCO  
is preparing  
an EFA Global  
Action Plan**

benefit from the review findings. Finally, there is as yet no mechanism for bringing countries together to help set priorities at the global level, either for EFA in general or for UNESCO's programmes in particular.

### \$11 billion a year is needed

The most comprehensive and reliable basis for assessing the global cost of providing a quality universal primary education, and the requirements for external financial support, is the study by Bruns et al. (2003). By calculating the number of school age children to 2015, the inputs required to provide schooling for all of them and then assuming the increase in domestic resources that governments should be responsible for, the authors arrived at an estimate of US\$3.7 billion per year, on average, as the additional external funding requirement for low-income countries.

An assessment of this study by the 2002 *EFA Global Monitoring Report* arrived at a significantly higher figure (UNESCO, 2002a). First, it was argued that the implicit annual growth rate of government education expenditure over the fifteen-year period used in the study was overly optimistic. In addition, extra resources would be required to (a) induce households to increase their demand for schooling for girls, and more generally for children from poorer households, by reducing the costs to them; (b) cope with the full impact of the HIV/AIDS pandemic on education systems, particularly in many sub-Saharan African countries; and (c) rehabilitate systems in countries affected by conflict, natural calamity and general instability. These considerations, the Report estimated, would require an extra US\$3.1 billion a year of external finance bringing the annual total to US\$6.8 billion.

The initial estimates used 2000 as the base year (UK Department for International Development, 2005). Between 2001 and 2004, additional ODA commitments to basic education in low-income countries were well below those required. To make up for this deficiency, from 2005 the annual level of external support would need to increase to around US\$9 billion to 2015 (at 2003 prices). In addition, completion of a decent-quality primary education by every boy and girl does not cover all the EFA goals; allocating US\$1 billion for each of the literacy and early childhood goals would result in an average annual external funding requirement of some US\$11 billion.<sup>9</sup>

How realistic are these estimates? A partial check is provided by the education sector plans prepared for, and endorsed through, the FTI (FTI Secretariat, 2005). By 2008, the total required expenditure for primary education in the twenty plans currently endorsed is estimated at US\$4.9 billion. On average, national governments expect to fund 76% of this domestically (the range is from 37% to 83%). The total external support required is estimated at US\$1.2 billion annually. However, only three of these twenty countries have a population of over 20 million. The FTI expects twenty-five other countries to submit and obtain endorsement of their plans by the end of 2008. Their total annual external requirement is estimated at US\$2.7 billion.

Of the twenty-seven remaining countries in the low-income category on the OECD-DAC list, several have very large populations (Bangladesh, India, Indonesia, Nigeria, Pakistan, Uganda, the United Republic of Tanzania and Zambia). Others, such as Côte d'Ivoire, Haiti, Somalia and Sudan, are in conflict or are regarded as 'fragile' in some way. The combination of several highly populated low-income countries with many whose educational infrastructure is in poor condition will translate into very large expenditure needs. These 'revised' estimates, then – at least US\$9 billion a year to approach universal primary education in all countries by 2015, at least US\$11 billion a year to progress towards the other EFA goals as well – appear conservative.

The share of basic education in total ODA for low-income countries will need to more than double if there is to be accelerated progress towards the goals. Such an increase will not occur automatically. As Figure 4.6 showed, education's share of total ODA that is allocated to sectors increased from 10.6% to 13.6% between 2000 and 2004. Over the same period, the share for basic education in the education sector's total allocation increased from less than one-third to about two-fifths. As a result, the amount for basic education in low-income countries in 2004 had increased significantly over previous years, but only to US\$2.7 billion or about US\$3.4 billion if half of all 'level unspecified' flows to the education sector and a portion of budget support are included. If, as recent international pledges suggest, the total amount of aid increases by 60% from its 2004 level by 2010, and the share to basic education remains constant, the total allocation for basic education will be US\$5.4 billion, less than half of the US\$11 billion estimated requirement.

The share of basic education in total ODA for low-income countries will need to more than double

9. The 2006 Report put the minimum number of illiterate adults at 771 million and estimated that making 550 million of them literate through programmes to 2015 would require around US\$2 billion a year. Here we assume half of this would be financed by aid.

While the general outlook for an increased level of ODA is favourable, including the portion for supporting sector activities, the competition for it is increasing. This competition takes several forms. First, evidence in recent government poverty reduction programmes indicates that the emphasis on education, health, water and other social expenditure is increasingly accompanied by more focus on infrastructure and other activities regarded as contributing more directly to economic growth. Second, the emphasis on secondary and tertiary education is increasing. While attention has been given internationally to attainment of the EFA goals, several countries whose primary school completion levels are still low plan a major expansion of their secondary and tertiary subsectors. Almost half of bilateral aid to education is allocated to tertiary education already, though much of it is for scholarships to attend donor institutions.

The overall size of the financing gap and the increasing competition are not the only problems. While the multilateral development banks, the UN agencies and, to a lesser extent, the EC work almost exclusively with low-income countries, the bilateral donors, whose programmes constitute three-quarters of total ODA, distribute their resources very unequally. While some countries have ten or more active donors in the education sector, many more have two or fewer (Table 4.5), and the trend among bilateral donors is to reduce the number of countries in which they have programmes. Eight of the first twenty countries whose plans were endorsed by the FTI have a maximum of two donors. If bilateral donors continue directing their support to smaller numbers of countries, more resources must be channelled to the FTI Catalytic Fund, to some new mechanism with a global reach or to the multilateral agencies, if the aid that becomes available for education is to be used in the countries where the need is greatest.

The volatility and short-term nature of aid were discussed earlier. It is particularly important for governments to be able to count on the sustainability of resources to support their education sector initiatives. Countries need help to expand enrolments rapidly while at the same time providing the conditions that lead to lower dropout rates and higher learning achievement. Schools and other infrastructure need to be built *now*, teacher-training colleges need to be up and running *now*, curriculum reform and material design need to be undertaken *now*. The recent

United Kingdom commitment of US\$15 billion for education over the next decade is encouraging. The gesture inspired the finance and education ministers of twenty African countries, meeting in Abuja, Nigeria, in June 2006, to develop ten-year education programmes by September 2006. Several have already been prepared for the FTI and, overall, it would probably be best to continue using the FTI rather than to develop new processes and mechanisms.

In addition to increased aid levels and more effective management of aid processes, more emphasis needs to be given to evaluating education activities and programmes supported by donors. For governments, it is in their interest to understand more systematically the nature, level and causes of changes resulting from expenditure. For donors, it is likely that their own citizens will increasingly demand evidence of results as increases in aid budgets are proposed.

## Conclusion

At US\$11 billion a year, the price tag for fulfilling the EFA agenda is higher than originally expected. Even if aid promises are met, the resources allocated for basic education will be inadequate if the current share of education in total aid and its distribution across levels and income groups are maintained, and further harmonization does not occur. The share of total aid going to basic education must at least double and be more focused on low-income countries rather than on middle-income ones. Aid modalities need to be further streamlined, and competition from the full Millennium Development Goals agenda and the infrastructure lobby addressed. Developing countries must demonstrate that their education sectors are capable of absorbing the aid required.

A closer alignment of donor activities with national programmes and other changes in the way aid is delivered are needed to minimize risks arising from growing aid dependence. The FTI continues to develop the frameworks to bring together credible education sector plans and additional external resources. Greater efforts will be needed internationally to convince donors to increase the volume and predictability of aid for basic education. Governments of low-income countries must be persuaded to give greater priority to education in their discussions with donors, and to allocate to it a greater share of the savings from debt relief. ■

**The price tag for the EFA agenda is US\$11 billion a year**