

# Sixth meeting of the Working Group on Education for All (EFA)

Keynote Address by Richard Manning,  
Chair, Development Assistance Committee, OECD

19 July 2005

## Introduction

Importance of this event: centrality of EFA to every aspect of sustainable development, growth and poverty reduction; significance of MDGs on basic education and gender equality.

Timing and relationship to the other key development-related events of 2005, leading up to UN Summit session mid-September (and of course the High Level Group in November).

Will try to address what you can reasonably expect over the next five years in terms of donor behaviour in two respects: **aid volume** and **aid delivery**.

## Aid Volume

No shortage of headlines, communiqués, events. What do they mean?

**First, aid as measured by the DAC (official development assistance), is going to rise sharply.**

*Slide 1* shows the history:

- long period when ODA was around 0.33% of DAC Gross National Income (GNI), and thus growing at about same rate as OECD economies
- the “peace dividend that wasn’t” after the Cold War and the first Gulf War
- new stability of ODA/GNI at two-thirds of earlier levels from 1997, and hence resumption of gradual growth
- beginnings of a more significant upturn since 9/11 and the Monterrey Financing for Development Conference in March 2002 (announcements by EU – 0.39% by 2006 – US – Millennium Challenge Account and President’s HIV/AIDS Initiative – and Canada – 8% growth policy)

Also shows our estimates of future trends to 2010:

- back to around 0.28% by 2006
- perhaps 0.36% by 2010

Key drivers of this:

- EU Council decisions of 24 May 2005: EU-15 to achieve minimum of 0.51% by 2010 (and 0.7% by 2015); EU-10 to achieve 0.17% by 2010 (and 0.33% by 2015)
- announcements by US (no aggregate given but Gleneagles promised doubling aid to Africa, substantial expansion of MCA, and more aid for HIV/AIDS, humanitarian crises and malaria), Japan (\$10 billion extra over next 5 years) and Canada (8% annual increase to 2010).
- announcements by smaller DAC donors, Norway (1% of GNI), Switzerland (0.4% of GNI), and New Zealand (0.28% for 2007/8)

**Conclusion: period from 2002 to 2010 likely to see by far the most rapid rise in DAC ODA in real terms since DAC founded in 1960.**

Brief comment on donors outside the DAC:

- Middle East Funds [some \$3 billion in 2003]
- New Member States of the European Union [0.17% target by 2010 equates to about \$1 billion]
- Emerging donors [no good data, but will clearly grow].

**Second, the make-up of this increase needs careful assessment.**

Some big decisions already taken:

- Tsunami response will mean a jump in flows in 2005-2007
- Iraq debt relief package will have major effect over 2005-2007/8 (DAC conventions allow the face value of commercial debt written off to be scored as ODA: could be \$25 billion, in round numbers, to calculate here)
- likely Nigeria debt relief package also going to have big effect (Sudan debt large too)

How far will above be additional to DAC governments' ODA plans reflected in slide 1?

Innovative Finance much discussed: International Finance Facility, Landau Report, Lula Initiative etc. What are likely effects?

- IFF Immunisation Pilot
- EU air travel 'tax'
- other

Additionality of above :

- IFF scores as ODA **contribution** by donor country only when bondholders paid, but delivers additional ODA **flow to recipient** from outset
- air 'tax' etc will count as ODA contribution by donor country if both **compulsory** and **earmarked**.

## Aid Delivery

Some key trends:

- 1980's: projects, notably infrastructure, and structural adjustment operations both major delivery methods: most aid to education for tertiary level/scholarships
- 1990's: PRSPs and HIPC; more emphasis on social sectors, including basic health and education: rise of sector-wide approaches; emergency aid increases
- 2000's: more emphasis on harmonization, joint budget support, sectoral initiatives (Global Fund for AIDS, TB and Malaria; Fast Track Initiative for Education), but also rise in TC, emergency aid and debt relief.

DAC focus since 2001 on the aid effectiveness agenda:

- ownership
- alignment
- harmonization
- managing for results
- mutual accountability.

## Results of the Paris High-Level Forum

Implications for EFA:

- developing countries need to give it priority in own decision-making. This includes not just funding, but policy environment (fees etc), structures and support for initiatives at all levels
- many different aid instruments can be relevant – and are likely to continue, though with increasing pooling of analytical work, TC and funding
- donors should apply Paris HLF approaches to reduce transaction costs to recipients, get their own act together and cooperate for results
- value of civil-society channels
- need to be very serious about results: more and better impact evaluation needed
- international sectoral initiatives can help, but **there is no substitute for local commitment.**

Richard Manning  
DAC/OECD  
July 2005