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Aid brief 2009: Recent trends in aid to education

This note highlights some findings by the Education for All Global Monitoring Report team on recent trends in aid to education. It is based on analysis of the most recent disaggregated aid data from the OECD-DAC Secretariat.

Aid commitments for education are stalling

Total aid commitments to education amounted to US\$12.1 billion in 2007 (in constant 2007 prices). In real terms, this was below its 2006 level (at US\$12.3 billion) and only slightly above its 2004 level (at US\$12.0 billion). In the period just after the Dakar conference on Education for All, aid for education rose rapidly with an increase of 42% between 1999-2000 and 2003-2004. Since then, total aid to education has stagnated, with aid commitments to education representing 14% of all sector aid in 2006-2007.

Aid to basic education declines sharply

Total aid commitments to basic education declined from US\$5.5 billion in 2006 to US\$4.3 billion in 2007, representing a decrease in real terms of nearly 22%. Over time, aid to basic education has generally followed the same trend as aid to education. This is the first time since the Dakar conference that aid to basic education has declined much more than overall aid to education. While 45% of all aid to education was allocated to basic education in 2006, the corresponding share in 2007 was only 36%. This has resulted in a lower priority to basic education in total sector aid. The share of 5% to basic education in total sector aid in 2007 is the lowest since Dakar.

Behind this decline in aid to basic education, a huge drop in bilateral commitments
Bilateral aid commitments to basic education fell by 31% between 2006 and 2007, to below US\$3 billion in 2007. Behind this striking downward shift are some important changes in individual donor commitments. In particular, compared to the impressive commitments to basic education from the Netherlands and the United Kingdom in 2006, these two donors committed considerably less in 2007. Apart from a substantial increase in commitments to basic education from the United States, too few other bilateral donors stepped in to sustain the 2006 level of aid to basic education in 2007. As a result, bilateral aid commitments for basic education dropped sharply between 2006 and 2007.

Multilateral aid to education and basic education increasing

Multilateral agencies, funded largely by DAC donor governments, committed US\$3.3 billion to education in 2007, of which US\$1.3 billion was for basic

education. For aid to education, the US\$3.3 billion amount represented a significant 42% increase compared to 2006. Multilateral aid commitments to basic education also increased between 2006 and 2007, but far less than for overall aid to education (+13%).

Low priority to equity in aid for education

Collectively, donors appear to attach a low priority to low-income countries. In 2007, the group of low-income countries received less than half of all aid to education, or US\$5.8 billion. Compared to overall aid to education, low-income countries are given higher priority in aid to basic education. However, nearly one third of all aid to basic education (US\$1.3 billion) was still allocated to middle-income countries in 2007.

Aid requirements to achieve EFA

At the Dakar conference, donors pledged that all credible national plans for basic education would be adequately supported by external aid. The current global economic downturn makes it even more urgent for donors to fulfill these aid promises. The aid requirement for achieving just three of the EFA goals (UPE, ECCE and literacy) in low-income countries has been estimated at US\$11 billion. In 2007, aid to basic education in all low-income countries was just US\$2.6 billion and would need to more than quadruple to fill the existing external financing gap.