

Aid flows to education

Each year, the *EFA Global Monitoring Report* analyses the level and distribution of international aid to education, particularly basic education. Drawing primarily on the international database of the OECD's Development Assistance Committee (DAC), the latest analysis shows a modest upturn in the level of net official development assistance (ODA) disbursements. It also shows substantial differences, however, in the priority that various agencies assign to education generally and to basic education. The chapter also examines the extent to which recent international pledges and initiatives could significantly increase the level of support to basic education.

Total aid - a modest upturn

In 2002, the total level of net disbursements of ODA increased to surpass the level of 1992 (Figure 5.1). From 2001 to 2002, bilateral funds¹ increased slightly more than multilateral aid but were still marginally below their 1992 level, while multilateral aid reached its highest value since that year. Preliminary data indicate that total real ODA will reach its highest level to date in 2003, thanks to several factors, including continuing growth in bilateral grants, the start of reconstruction aid to Iraq and a cyclical fall in the level of contributions to multilateral concessional funds – i.e. those providing loans with a grant

element of at least 25% (OECD-DAC, 2004b). The trend has also been attributed to early initial fulfilment of pledges made in Monterrey (United Nations, 2003a).

In 2003, a high-level dialogue on financing for development took place during the fifty-eighth session of the United Nations General Assembly. The United Nations Secretary-General presented an overview of aid pledges made by donor countries at Monterrey (United Nations, 2003b), which showed that, if they were fulfilled, aid levels would rise by US\$16 billion, or about 30% in real terms, by 2006.² World Bank estimates presented at the IMF/World Bank Development Committee Meeting in 2004 suggest that Monterrey pledges will amount to US\$18.5 billion by 2006 (World Bank, 2004e). Although both figures indicate a significant potential increase, they fall well below the additional US\$50 billion per year estimated to be required to achieve all the Millennium Development Goals (MDGs) – which include two EFA goals.³ Furthermore, there is some concern that much of the extra funds will not be directed to financing the incremental costs of meeting the MDGs. In 2002, about 80% of the increase was taken up by debt relief and technical cooperation, not all of which necessarily benefited programmes designed to achieve the MDGs (World Bank, 2004e).

Bilateral aid to education - commitments and priorities

After particularly low levels of bilateral commitments to education at the turn of the century, the next two years saw a marked increase. In 2002, ODA commitments to education exceeded US\$4 billion for the first time since 1999 and represented about 9% of total commitments (Figure 5.2). It is expected that further increases will follow, given the pledges for education made since Dakar.⁴

As Table 5.1 shows, over 2001 and 2002, eight countries⁵ each committed an annual average of at least US\$100 million to education, together accounting for 85% of bilateral education aid. As the *EFA Global Monitoring Report 2003/4* (UNESCO, 2003a) explained, the OECD-DAC reporting system has some problems fully capturing aid to education, particularly for countries directing much of their aid through support to the recipient country's general budget

1. Unless otherwise specified, in this Report the data on bilateral donors refer to the DAC members minus the Commission of the European Communities (EC: European Commission), which is considered a multilateral donor. The other DAC members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.

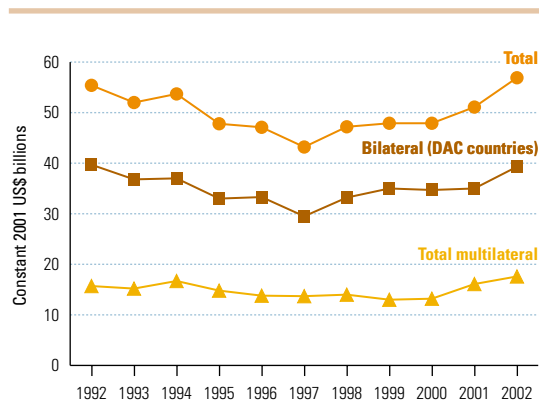
2. This figure includes the United States commitments for the Millennium Challenge Account.

3. The Zedillo Report prepared for the Monterrey Conference estimates that an additional US\$50 billion per year is needed (United Nations, 2001b). Devarajan, Miller and Swanson (2002) suggest US\$40–60 billion per year.

4. The European Commission, Canada, Japan, the Netherlands, Norway, the United Kingdom, the United States and the World Bank have all made new commitments of ODA to education from 2002 (UNESCO, 2002a, Table 5.8).

5. Canada, France, Germany, Japan, the Netherlands, Spain, the United Kingdom and the United States.

Figure 5.1: Total official development assistance (net disbursements in US\$ billions), 1992-2002



Notes: Net disbursements are defined as total disbursements less repayments of loan principal during the period. DAC deflators, used for producing constant price estimates, adjust for both inflation in the domestic currency and changes in the exchange rate between the domestic currency and the US dollar.

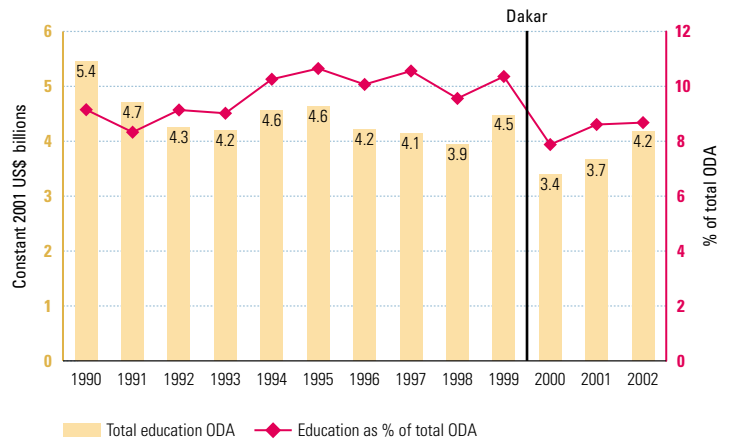
Source: DAC online database (OECD-DAC, 2004a, Table 2a).

(part of which benefits the education sector) or through projects that target more than one sector. In such cases the figure reported for education is almost certainly an underestimate.⁶

Using the case of the United Kingdom’s Department for International Development (DFID), Box 5.1 illustrates the extent to which additional resources to education may miss being captured under current international reporting arrangements. It suggests there is a strong case for developing a standard international approach to reporting (DFID, 2004).

These important caveats should be borne in mind when examining the final column of Table 5.1, which presents an indicator measuring the relative priority donors give to education. It expresses the proportion of aid assigned to

Figure 5.2: Bilateral aid commitments to education, 1990–2002



Note: DAC deflators were used to calculate constant prices.
Source: DAC online database (OECD-DAC, 2004a, Table 5).

Table 5.1: Bilateral aid commitments¹ (total and education), two-year averages for 2001–2002

| Country | Total (Constant 2001 US\$ millions) | Education | % of total education aid | Education as % of total aid ² | Relative priority assigned to education aid ³ |
|----------------------------|--|--------------|-----------------------------|---|---|
| Japan | 10 702 | 883 | 22.5 | 8.7 | 0.9 |
| France | 3 830 | 821 | 20.9 | 24.6 | 2.5 |
| Germany | 3 896 | 611 | 15.6 | 17.9 | 1.8 |
| United States | 10 794 | 300 | 7.6 | 3.6 | 0.4 |
| Netherlands | 3 244 | 250 | 6.4 | 8.8 | 0.9 |
| Canada | 1 481 | 165 | 4.2 | 13.0 | 1.3 |
| United Kingdom | 3 051 | 155 | 3.9 | 5.4 | 0.5 |
| Spain | 1 159 | 138 | 3.5 | 13.0 | 1.3 |
| Norway | 1 035 | 94 | 2.4 | 10.2 | 1.0 |
| Belgium | 605 | 75 | 1.9 | 14.0 | 1.4 |
| Austria | 421 | 61 | 1.6 | 15.1 | 1.5 |
| Italy | 879 | 58 | 1.5 | 7.8 | 0.8 |
| Sweden | 1 121 | 56 | 1.4 | 5.9 | 0.6 |
| Denmark | 857 | 45 | 1.2 | 5.8 | 0.6 |
| Australia | 670 | 45 | 1.1 | 8.8 | 0.9 |
| Ireland | 213 | 42 | 1.1 | 20.7 | 2.1 |
| Portugal | 176 | 32 | 0.8 | 19.5 | 2.0 |
| Switzerland | 678 | 29 | 0.7 | 6.4 | 0.6 |
| Finland | 287 | 28 | 0.7 | 11.8 | 1.2 |
| New Zealand | 84 | 26 | 0.7 | 34.8 | 3.5 |
| Greece | 90 | 8 | 0.2 | 9.3 | 0.9 |
| Total DAC countries | 45 273 | 3 921 | 100 | 10 | 1 |

Notes: Figures are rounded. Data are not available for Luxembourg.

1. Most bilateral agencies report commitments to DAC, but a few, including that of the United Kingdom, report disbursements, which complicates comparison among agencies and within the ODA disbursement figures.

2. The education aid shown in the fourth column of data is expressed as a proportion of the total aid shown in the first column minus multi-sector aid and general programme assistance

3. This is the ratio between the proportion of total aid assigned to education by each agency and the mean for all agencies. The indicator is calculated as follows:

$$\text{Relative priority assigned to education aid} = \frac{EA_i / TA_i}{\sum_{i=1}^{22} EA_i / \sum_{i=1}^{22} TA_i}$$

where: i = a DAC country
 EA = Education aid
 TA = Total aid

Source: DAC online database (OECD-DAC, 2004a, Table 5).

6. Foster (2004) argues that general budget support should be broken down by sector in the same proportion as the allocation of public expenditure by sector by the recipient government. Although this could improve accounting of aid to education at individual donor level, lack of data makes it impossible to conduct this exercise at global level.

Sub-Saharan Africa, East Asia and the Pacific, and the Arab States account for three-quarters of the total bilateral aid committed to education

Box 5.1 Notional sector classification of budget support: the DFID experience

In recent years, the United Kingdom's Department for International Development has sought to ensure that its spending figures for key development sectors reflects expenditure channelled through budget support aimed at poverty reduction. This effort reflects the changing way aid is delivered and responds to three significant facts:

- The rising use of budget support means an increasing proportion of DFID expenditure is not allocated by sector.
- In existing OECD-DAC reporting mechanisms, all forms of aid channelled through national budgets (including budget support) are accounted for as separate instruments rather than classified as expenditure for a sector such as education or health. Thus, aid to those sectors tends to be under-reported.
- There is strong political and public demand for information on how much the United Kingdom spends on different development sectors.

How DFID's approach evolved

As the share of budget support within the DFID programme grew, so did demand for the department to give Parliament sectoral breakdowns for such allocations. Hence DFID analysed budget support by sector and derived a working average for spending on each sector. There was no fixed methodology for this. One approach was to extrapolate from the budget of the recipient government, another to use notional earmarking figures, where available. Among the results was an estimate that 20% of budget support was spent on education.

In early 2004, DFID approved a standard methodology for this process, referred to as notional sector classification of budget support. It is a developmental approach, designed to provide consistent and comparable figures, based on country-specific data. Budget support expenditure is attributed pro rata to the ODA-eligible parts of the recipient government's budget. The focus on ODA-eligible expenditure explicitly excludes elements such as defence. The new methodology, which DFID began using in April 2004, is designed to promote greater transparency on how each country receiving British aid uses it. At the stage of commitment to a budget support programme, recipient countries will be required to allocate the aid by sector. They will later also be required to report on its use by sector. It is explicitly understood that the sectoral allocations are only indicative, being based on notional allocations derived from budget plans.

What this means for education spending

In the three years from 2000/2001 to 2002/2003, DFID provided, on average, some £250 million per year as budget support (including sectoral budget support) in twenty countries. Applying the 20% average for education, DFID estimates that it has channelled £150 million of investment in education through budget support over this period.

Source: DFID (2004)

education by each donor as a percentage of the DAC mean.⁷ A value above 1 means that the donor is giving more importance to education than the average for all agencies, while a value below 1 indicates that the funding agency allocates more of its aid budget to other sectors than the average. The highest value is that for New Zealand, at 3.5, indicating that it gives 3.5 times more priority to education than the average DAC donor. Conversely, the lowest value, 0.4 for the United States, shows that this country gives education a lower than average priority (in relative terms, one-tenth that of New Zealand). Of the the larger donors among the twenty-one DAC countries for which data are available, France, Germany, Canada and Spain give

particularly high relative priority to education in their aid programmes.

Sub-Saharan Africa, East Asia and the Pacific, and the Arab States account for three-quarters of the total bilateral aid committed to education, with 30%, 27% and 18%, respectively. Figure 5.3 shows the regions that receive the highest percentage of aid to education by donor as an average for 2001 and 2002. Sub-Saharan Africa receives the highest share of aid for eleven donors. East Asia and the Pacific is the main recipient for only three donors, but since two of them, Japan and Germany, are the first and third biggest donors to education, the region is second in its overall share of aid. The Arab States region,

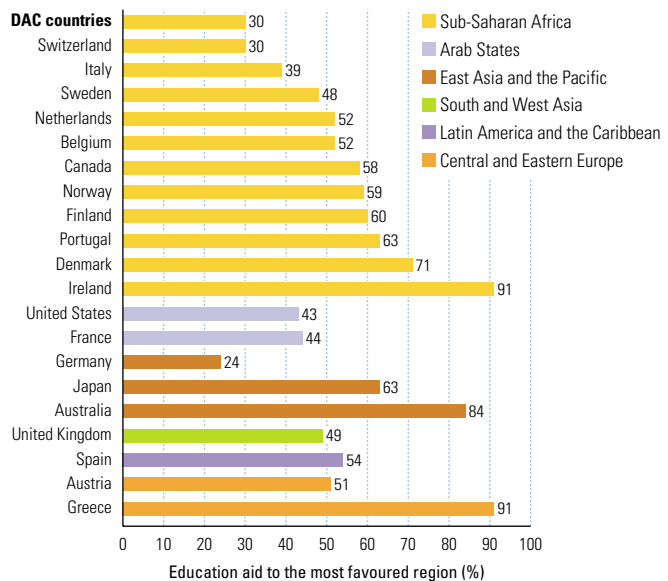
7. The percentage has been calculated after subtracting general programme assistance and multi-sector aid from total aid, since, as noted above, part of these allocations may go to education.

which includes North Africa, is the main education aid target for two major donors: France and the United States. Spain focuses primarily on Latin America, and the United Kingdom allocates almost half its education aid to South and West Asia. The patterns tend to reflect historical associations and current geopolitical interests and do not necessarily imply a clear international understanding of where the greatest need lies – which was the basis of the priority accorded to sub-Saharan Africa and South and West Asia in Dakar (UNESCO, 2000a).

Table 5.2 shows the average annual bilateral support to education and to basic education over 2001–02,⁸ when bilateral aid to basic education was more than US\$900 million per year.⁹ With the exception of Spain, the eight biggest bilateral donors to basic education are also the most important contributors to total education aid.

As with Table 5.1, the last column of Table 5.2 shows the relative priority assigned to basic education by each donor, showing in this case

Figure 5.3: Bilateral education aid commitments: percentage of donor's education aid to its most favoured region, two-year averages for 2001-2002



Source: CRS online database (OECD-DAC, 2004a).

Table 5.2: Bilateral aid commitments to education and to basic education, two-year averages for 2001-2002

| | Bilateral aid commitments (Constant 2001 US\$ millions) | | % of total bilateral aid to basic education | Basic education as % of total education ¹ | Relative priority assigned to basic education aid ² |
|----------------------------|---|-----------------|---|--|--|
| | Education | Basic education | | | |
| United States | 300 | 210 | 22.4 | 72.2 | 2.5 |
| Netherlands | 250 | 182 | 19.4 | 81.6 | 2.8 |
| France | 821 | 146 | 15.6 | 20.3 | 0.7 |
| Japan | 883 | 93 | 9.9 | 12.6 | 0.4 |
| United Kingdom | 155 | 66 | 7.0 | 85.0 | 2.9 |
| Canada | 165 | 56 | 6.0 | 43.3 | 1.5 |
| Germany | 611 | 56 | 5.9 | 9.7 | 0.3 |
| Norway | 94 | 35 | 3.7 | 43.1 | 1.5 |
| Australia | 45 | 20 | 2.1 | 53.1 | 1.8 |
| Spain | 138 | 19 | 2.1 | 21.5 | 0.7 |
| Denmark | 45 | 14 | 1.5 | 68.4 | 2.4 |
| Sweden | 56 | 11 | 1.2 | 38.3 | 1.3 |
| Switzerland | 29 | 10 | 1.0 | 42.2 | 1.5 |
| Belgium | 75 | 7 | 0.8 | 11.1 | 0.4 |
| Finland | 28 | 6 | 0.6 | 65.0 | 2.2 |
| Portugal | 32 | 4 | 0.4 | 16.8 | 0.6 |
| New Zealand | 26 | 2 | 0.2 | 8.8 | 0.3 |
| Austria | 66 | 1 | 0.1 | 1.5 | 0.1 |
| Italy | 58 | 0 | 0.0 | 1.2 | 0.1 |
| Greece | 8 | 0 | 0.0 | 0.0 | 0.0 |
| Total DAC countries | 3 925 | 938 | 100.0 | 29.0 | 1.0 |

Notes: Figures are rounded. Because of the relatively short period covered, the conclusions to be drawn from these data should be treated with caution. Data are not available for Luxembourg and Ireland.

1. Calculated by dividing aid to basic education by aid to total education minus 'level unspecified' aid, which is not shown in the table.

2. Calculated as in note to Table 5.1 except that basic education aid (BA) and education aid (EA) replace education aid (EA) and total aid (TA), respectively.

Source: DAC online database (OECD-DAC, 2004a, Table 5).

8. DAC education aid is classified into three main levels or subsectors: basic education, which includes primary education, basic life skills for youth and adults, and early childhood education; secondary education and post-secondary education. What cannot be assigned to any of these appears in a category labelled 'level unspecified'. Undifferentiated support provided to the whole education sector is included in this last category (OECD-DAC, 2000).

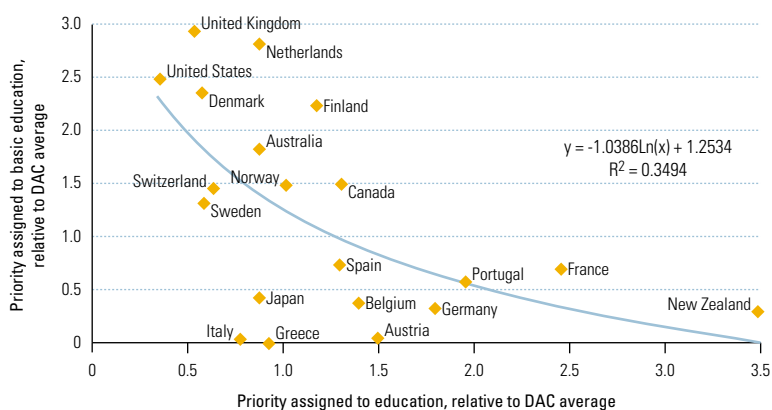
9. Again, the DAC reporting system cannot fully capture aid to basic education; UNESCO (2003a) shows that part of the 'level unspecified' aid can be attributed to basic education.

Table 5.3: Bilateral aid priorities for education and basic education, 2001-2002

| Country | Relative priority assigned to education aid | Relative priority assigned to basic education aid |
|------------------|---|---|
| Group I | >1 | >1 |
| Canada | 1.31 | 1.50 |
| Finland | 1.18 | 2.24 |
| Norway | 1.02 | 1.49 |
| Group II | <1 | >1 |
| Australia | 0.88 | 1.83 |
| Denmark | 0.58 | 2.36 |
| Netherlands | 0.88 | 2.82 |
| Sweden | 0.59 | 1.32 |
| Switzerland | 0.64 | 1.46 |
| United Kingdom | 0.54 | 2.94 |
| United States | 0.36 | 2.49 |
| Group III | >1 | <1 |
| Austria | 1.51 | 0.05 |
| Belgium | 1.40 | 0.38 |
| France | 2.46 | 0.70 |
| Germany | 1.80 | 0.33 |
| New Zealand | 3.49 | 0.30 |
| Portugal | 1.96 | 0.58 |
| Spain | 1.30 | 0.74 |
| Group IV | <1 | <1 |
| Greece | 0.93 | 0.00 |
| Italy | 0.78 | 0.04 |
| Japan | 0.88 | 0.43 |

Note: Data are not available for Luxembourg and Ireland.

Source: Tables 5.1 and 5.2.

Figure 5.4: Comparison of priorities assigned to overall education aid and basic education aid, 2001-2002

Source: Table 5.3.

which donors contribute more to basic education than to education as a whole. The Netherlands, the United Kingdom and the United States

allocate more than 70% of their education aid to basic education and thus, in terms of their overall education aid, give much greater priority to basic education than the average for DAC countries. The three largest contributors to education, however – France, Japan and Germany – give more emphasis to other subsectors (levels) of education, mainly post-secondary (as Table 5.4 will show)

Table 5.3 groups bilateral donors by how they prioritized education and basic education in their aid programmes over 2001–2002. In the first group, Canada, Finland and, to a lesser extent, Norway gave more aid to education and to basic education than the average for all the bilateral agencies. In a second group, seven donors gave education less importance than average, but put relatively high priority on basic education within their overall education allocations. Seven other donors (Group III) did the reverse: they gave high priority to education, but to higher levels rather than to basic education (Table 5.4). The remaining three donors in Group IV fall below the average for both categories; Japan is the only one of the eight major donors in this group.

Figure 5.4 translates the data from Table 5.3 to show a negative correlation between the priority assigned to education and that assigned to basic education: the bilateral donors that are giving relatively more to the education sector as a whole are giving relatively less to basic education. Conversely, the agencies that give relatively higher priority to basic education, on average, give a lower priority to overall support for education.

Table 5.4 shows a more detailed breakdown of education aid. With the exception of Finland, all countries giving relatively high priority to education (Groups I and III in Table 5.3) make post-secondary education the most important level. Of the countries giving lower priority to education, basic education is the most important subsector for Australia, Denmark, the Netherlands, Switzerland, the United Kingdom and the United States.

For the countries giving priority to post-secondary education, a certain proportion of this support is accounted for by what DAC directives call 'imputed student costs' (OECD-DAC, 2000, Box 9.1). This category covers support to

Table 5.4: Composition of bilateral education assistance, two-year averages for 2001-2002 (percentage)

| Donor groupings* | Donors | Level unspecified as % of total | Percentage distribution of aid by level of education (less 'level unspecified') | | |
|---|----------------|---------------------------------|---|---------------------------------|--------------------------|
| | | | Basic education | Secondary education (ISCED 2+3) | Post-secondary education |
| <i>Donors putting high priority onto education aid</i> | Canada | 21 | 43 | 7 | 50 |
| | Finland | 56 | 65 | 17 | 18 |
| | Norway | 14 | 43 | 7 | 50 |
| | Austria | 11 | 1 | 10 | 89 |
| | Belgium | 14 | 11 | 15 | 74 |
| | France | 12 | 20 | 8 | 71 |
| | Germany | 6 | 10 | 10 | 80 |
| | New Zealand | 5 | 8 | 13 | 79 |
| | Portugal | 27 | 17 | 31 | 52 |
| | Spain | 34 | 21 | 31 | 48 |
| <i>Donors putting lower priority onto education aid</i> | Australia | 17 | 53 | 18 | 29 |
| | Denmark | 56 | 68 | 2 | 29 |
| | Netherlands | 11 | 82 | 0 | 18 |
| | Sweden | 49 | 39 | 7 | 54 |
| | Switzerland | 20 | 42 | 27 | 31 |
| | United Kingdom | 50 | 85 | 11 | 4 |
| | United States | 3 | 72 | 0 | 28 |
| | Greece | 39 | 0 | 1 | 99 |
| | Italy | 71 | 2 | 31 | 67 |
| | Japan | 16 | 13 | 15 | 73 |
| Total DAC countries | | 17 | 29 | 10 | 61 |

Notes: Data are not available for Luxembourg and Ireland.

Figures are rounded. Bold figures indicate the level where the percentage is the highest.

Percentages were calculated using the reported subsector figure rather than the figure for total aid.

*The donors shown as putting high priority on aid for education are those listed in Groups I and III in Table 5.3.

The countries shown as putting lower priority on aid are those listed in Groups II and IV in Table 5.3.

Source: DAC online database (OECD-DAC, 2004a, Table 5).

students from developing countries who are attending university in developed countries. Support for tuition fees and living expenses in donor countries is counted as ODA if the presence of students reflects a conscious policy of development cooperation by the host country. Although DAC recommends reporting this as multi-sector aid, most donors still report imputed student costs and scholarships as aid to post-secondary education.

While it has not been possible to determine the share of imputed costs in aid to post-secondary education, it seems clear that this form of education aid is at least partly driven by policies favouring the internationalization of national universities. For example, as far back as 1983, Japan set a goal of increasing the number of international students in national institutions from about 10,000 to 100,000 by the beginning of the twenty-first century (Tsuruta, 2003). Japan's government has provided generous incentives to students from overseas, partly

because of a strong belief that they play an important role in enriching the academic life of all students. The costs of these grants and subsidies to students and their host institutions have been counted as part of aid to education.

Multilateral aid: not much change

Support to education from multilateral agencies (excluding the World Bank) amounted to nearly US\$660 million per year for 2001 and 2002.

This is slightly more than the World Bank's concessional finance to education through the International Development Association (IDA) but is the equivalent of about 17% of total bilateral aid to education (Table 5.1). Table 5.5 shows that the European Commission (EC) dominates multilateral flows to education, excluding the World Bank, even though EC aid to education fell to 4% of total EC aid in 2001–2002 and the absolute amount involved was slightly less than what the Netherlands gave for education in its bilateral programme (Table 5.1). Between

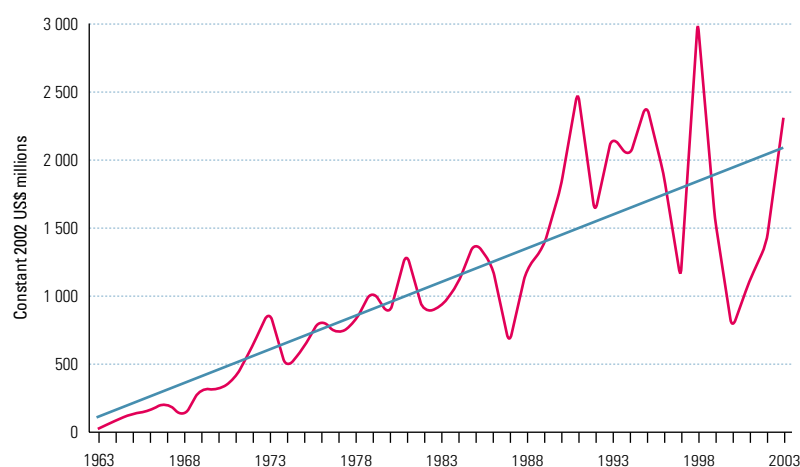
Japan's government has provided generous incentives to students from overseas

Table 5.5: Average annual multilateral aid commitments (excluding World Bank), two-year averages for 1999-2000 and 2001-2002

| Donors | Total (Constant 2001 US\$ millions) | | Education (Constant 2001 US\$ millions) | | Education as % of total | |
|---------------------------------|--|--------------|--|------------|----------------------------|-----------|
| | 1999-2000 | 2001-2002 | 1999-2000 | 2001-2002 | 1999-2000 | 2001-2002 |
| African Development Fund | 499 | 455 | 73 | 70 | 15 | 15 |
| Asian Development Fund | 1 163 | 1 093 | 95 | 90 | 8 | 8 |
| Inter American Development Bank | 494 | 482 | 29 | 28 | 6 | 6 |
| European Commission | 7 191 ¹ | 5 811 | 390 ¹ | 227 | 5 ¹ | 4 |
| UNICEF | 594 | 585 | 49 | 52 | 8 | 9 |
| UNRWA | 303 | 374 | 173 | 178 | 57 | 48 |
| Other | 197 | 556 | 12 | 14 | 6 | 2 |
| Total multilateral | 10 441 | 9 355 | 820 | 658 | 8 | 7 |

1. 2000 only

Source: DAC on-line database (OECD-DAC, 2004a, Table 5).

Figure 5.5: World Bank education lending per year, 1963-2003

Note: The DAC deflator for the United States has been used to produce constant prices series.

Source: Calculated from <http://devdata.worldbank.org/edstats>

1999-2000 and 2001-2002, the only multilateral agency listed that increased its overall level of support to education was the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA), and even its education aid fell as a proportion of its total aid flows. For the remaining agencies, education as a percentage of total aid remained fairly constant between the two periods shown, although both total aid and aid to education fell – the latter by nearly 20%.

The World Bank remains the biggest single external supporter of education. Figure 5.5 shows total World Bank lending for education since 1963.¹⁰ Starting from an average of less

than US\$0.2 billion in the 1960s, lending rose steadily until the mid-1980s. In the 1990s, although the average volume of lending grew, flows became more volatile. For example, after the peak in 1998, when total lending to education reached almost US\$300 billion, lending for education fell back, for two years, to around its average level for the 1970s.

Education is one of the five corporate priorities in the World Bank's overall assistance strategy (World Bank, 2003a). Figure 5.6 shows that the share of total lending devoted to education sector rose from 3% in the 1960s to around 7% in the 1990s.

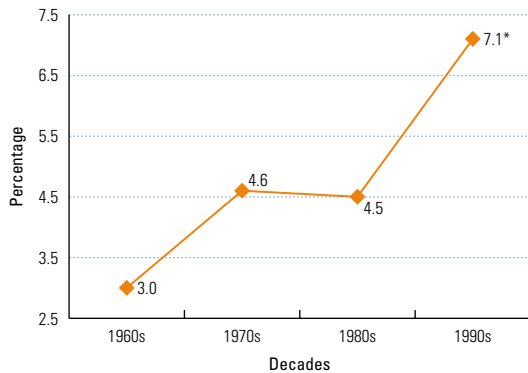
In the first two editions of the *EFA Global Monitoring Report* (UNESCO, 2002a and 2003a), the allocation of World Bank education loans to different education subsectors was estimated using individual project information. Now the World Bank's website provides subsector breakdowns, shown in Figure 5.7.¹¹ Average lending in 2001-2003 was lower than the three-year averages in the entire preceding decade.¹² The figure also shows that the composition of education lending has changed. Although basic education remains the largest subsector, its share dropped slightly over the decade, while general education, which includes projects covering more than one subsector, increased from 4.5% of education lending in 1992-94 to 31.5% in 2001-2003. This rise may reflect the increasing emphasis on support for sector programmes. The extent to which these support basic education will depend on how the recipient government allocates its education budget.

10. The loans concerned are of two types: IDA loans, which are made on concessional terms, and those of the World Bank's main arm, the International Bank for Reconstruction and Development (IBRD), which are unsubsidized. The former are usually counted as aid.

11. Separate figures for IDA and IBRD lending are not available.

12. This may appear to contradict the trends shown in Figures 5.5 and 5.6, but as Figure 5.5 makes clear, aid fluctuates substantially from year to year, so the apparent declining trend in Figure 5.7 reflects lower lending in certain years.

Figure 5.6: World Bank education lending as proportion of total lending, 1960s to 1990s



*The figure for the 1990s was exceptionally high because of the 1998 financial crisis. If the data for fiscal year 1998 are excluded, the figure falls to 6.2%.
Source: World Bank (2003a)

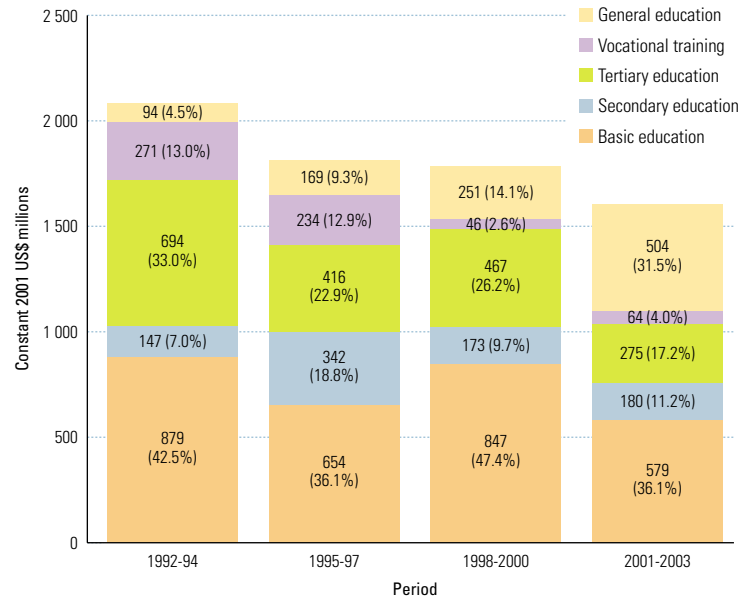
Prospects for bridging the financing gap

Table 5.6 summarizes total bilateral and multilateral aid to education in 1999–2000 and 2001–2002. Total support to education and basic education declined slightly between the two periods, although aid to basic education was maintained at roughly the same level. This variation is explained by the different tendencies of bilateral and multilateral aid. Aid from multilateral agencies as a group decreased for education overall, and particularly for basic education, primarily because the level of EC aid fell. Bilateral agencies' overall education aid was roughly stable but the proportion allocated to basic education grew. This increase almost matches the level of multilateral decline, so total support to basic education was almost unchanged.

As regards future aid requirements for EFA, it is clear that a significant financing gap remains even if new pledges for increased ODA are fulfilled. The United Kingdom government has proposed an International Finance Facility (IFF) to 'front-load' an additional US\$50 billion per year into existing aid programmes, in an effort to meet the MDGs by 2015 (H. M. Treasury, 2003).¹³ The idea is to issue bonds in the international capital markets and repay bondholders from long-term donor contributions. If the additional funding were to be raised from bilateral and

13. In July 2004, the United Kingdom announced that its ODA budget would increase to £6.5 billion a year (over US\$12 billion) by 2007/2008, to reach 0.47 % of gross national income (H. M. Treasury, 2004).

Figure 5.7: Composition of total World Bank education lending, three-year averages for 1992–2003



Notes: The DAC deflator for the United States was used to produce constant price series. General education includes projects covering more than one level. Basic education is defined as pre-primary, primary and non-formal education and adult literacy programmes.

Source: World Bank (2004b)

Table 5.6: Bilateral and multilateral commitments to education, two-year averages for 1999–2000 and 2001–2002 (Constant 2001 US\$ billions)

| | Education | | Basic education | |
|--|-------------|-------------|-----------------|-------------|
| | 1999-2000 | 2001-2002 | 1999-2000 | 2001-2002 |
| Bilateral¹ | 3.96 | 3.97 | 0.73 | 0.95 |
| Multilateral | 1.61 | 1.48 | 0.83 | 0.59 |
| IDA (World Bank) ² | 0.56 | 0.59 | 0.23 | 0.22 |
| European Commission ³ | 0.39 | 0.23 | 0.26 | 0.02 |
| UNESCO | 0.23 | 0.23 | 0.04 | 0.06 |
| Inter American Development Bank ⁴ | 0.03 | 0.03 | 0.01 | 0.01 |
| Asian Development Fund ⁴ | 0.09 | 0.09 | 0.04 | 0.03 |
| African Development Fund ⁴ | 0.07 | 0.07 | 0.03 | 0.03 |
| UNICEF | 0.05 | 0.05 | 0.05 | 0.05 |
| UNRWA | 0.17 | 0.18 | 0.15 | 0.15 |
| Other multilateral ⁴ | 0.01 | 0.01 | 0.00 | 0.01 |
| Total | 5.57 | 5.45 | 1.53 | 1.54 |

1. The share of bilateral education aid allocated to basic education was 18% in 1999–2000 and 24% in 2001–2002. These figures include contributions from non-DAC bilateral agencies: Republic of Korea, Czech Republic and Turkey.

2. The allocation of total World Bank lending (IDA + IBRD) to basic education was 41% in 1999–2000 and 37% in 2001–2002. It is assumed that these percentages can be applied to IDA on its own.

3. Basic education accounted for 66% of EC education aid in 2000 (data for 1999 are not available) and 11% in 2001–2002.

4. The percentages used for IDA commitments to basic education are also used to estimate allocations from the Inter American Development Bank, Asian Development Fund, African Development Fund and other multilateral agencies. IDA and UNESCO commitments are for fiscal years and therefore do not match calendar years exactly. UNESCO data are derived from two-year budgets extracted from UNESCO's Approved Programme and Budget. The data for basic education are the amounts allocated to the Basic Education for All programme and do not include the budget of UNESCO education institutes.

Sources: DAC online database (OECD-DAC, 2004a); World Bank (2004e); UNESCO (2000b and 2002b).

Box 5.2 Philanthropic funding of education

The literature on international aid has paid relatively little attention to the role of philanthropic foundations in development efforts. Neither the scale of their activities nor the magnitude of funding flows is very well known. A recent OECD study, drawing on commissioned analyses covering the United States, Europe and Asia, estimates that such organizations contribute US\$3 billion annually to development. This estimate, however, is subject to many caveats.*

While no sector breakdown is available, the OECD reports that, for the American foundations, which account for more than half of the US\$3 billion, education is the second largest sector, after health and family planning, with 13.7% of total aid flows from United States foundations in 2000. Of this, 84% goes to graduate professional training and higher education, so the support for basic education must be comparatively low. The scant information available on European foundations' support by sector includes two surveys, one of which notes that thirty European foundations were involved in 'education and research' (Schluter, Then and Walkenhorst, 2001) and the other of which reports that seventy-eight had an interest in education (European Foundation Centre, 2002).

*Some foundations prefer to remain out of the public eye, often from a sense that publicizing such work is undignified or improper; hence, the overall picture is incomplete. In addition, private foundations do not always distinguish between developing and transitional countries or between 'development' and other activities (OECD, 2003a).

Source: OECD (2003a)

multilateral agencies in the same ratios as in the recent past, and if recent allocations to education and basic education were maintained, the IFF would bring an additional US\$4.3 billion and US\$1.24 billion per year to education and basic education, respectively.¹⁴

Similarly, if the Monterrey follow-up estimate of an additional US\$16 billion of development aid by 2006 is fulfilled and, again, donors' participation and sectoral breakdowns remain constant, an additional US\$0.4 billion of aid per year to basic education would result¹⁵. The possible gains from the IFF and post-Monterrey pledges combined would mean an increase in total international resources for basic education of US\$1.6 billion a year – double the existing level. Without some shifting of aid-budget priorities, however, even the boldest initiative to increase development funds is unlikely to provide the estimated US\$5.6 billion a year in additional resources required just to achieve UPE and gender parity in schooling (UNESCO, 2002a).

Although ODA is almost certain to be the main type of additional aid to education, the level of international philanthropic support to education

is not insignificant, though this area is under-researched. As Box 5.2 shows, such funding is not directed primarily towards basic education. More information and analysis of non-government support for EFA is needed.

Conclusion

While modest improvements in overall aid levels and the volume of assistance to basic education are trends that deserve a cautious welcome, they do not come close to matching the level of increased external funding that achievement of the EFA goals requires. The pledges made in the light of the Monterrey Consensus hold out some promise for increased levels of funding for basic education, but there is as yet no assurance that funds will be allocated in ways that will fulfil this expectation.

Using aid effectively for EFA

Aid for development outcomes

Although education aid is insufficient and its distribution less than optimal for the achievement of EFA, ODA donors do provide at least US\$5.5 billion each year for education, about 30% of which supports basic education. How these resources are used and whether they are effective in helping individual countries meet the EFA goals is a matter of considerable international interest, in part because the likelihood of additional funds being made available is influenced by the extent to which good use is made of education aid today.

The substantial literature on aid effectiveness is devoted primarily to the impact of specific projects and programmes. However, with the advent of a global coalition committed to achieving the MDGs, a broader international consensus is emerging on aid for which the key performance indicator is sustainable improvements in poor people's lives (UNDP, 2003). This means using aid in support of national and international strategies designed to achieve well-specified development outcomes that increase people's well-being (Managing for Development Results, 2004).

Three core principles of international good practice have emerged to underpin this effort:

14. This set of assumptions is employed for illustrative purposes only. It is likely that not all donors would join the facility and that proportionate contributions would vary.

15. The United Nations (2003b) does not provide a breakdown of individual donors' contributions to the additional US\$16 billion. It cannot be assumed that the sum will be distributed in line with existing aid disbursements; some donors will increase their development aid more than others. Again, these assumptions are for illustrative purposes only.

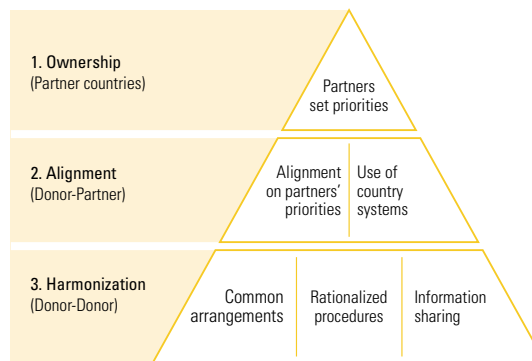
the importance of sound, nationally owned policies; close alignment of funding agency support with national governments' priorities and harmonization of donor practice. Figure 5.8 illustrates these, drawing on the work of the OECD-DAC Task Team on Harmonization and Alignment (OECD-DAC, 2004c), which is part of the follow-up to the Rome Declaration on Harmonization (OECD-DAC, 2003).

At the apex of the pyramid are individual governments' priorities and the policies, which, in low-income countries, increasingly find expression in Poverty Reduction Strategy Papers (PRSPs) and related education sector and basic education subsector plans. Over fifty low- and middle-income countries are developing PRSPs, which are gradually, if not uniformly, providing a basis for aid alignment and a focus for the harmonization of donor policies and assistance programmes. At their best, these strategies are driven by pro-poor outcomes, and build on a strong, broad sense of national ownership.¹⁶ A recent World Bank review concluded that progress continues to depend on effective capacity-building to meet skills needs, on strong country leadership and on sustained commitment by development partners (IMF/IDA, 2003). An OECD-DAC working party has noted that 'the evolving PRS approach is bringing about closer links between external support and national processes...but the process is partial and suggests considerable scope for further alignment' (OECD-DAC, 2003: 4).

Growing evidence suggests that sound national policies designed to eliminate poverty are an increasingly important consideration for funding agencies in determining where their aid goes. A study of forty-one agencies indicates that the agencies putting the most explicit emphasis on poverty alleviation are increasingly stressing the content and balance of recipient government policies more than other agencies (Dollar and Levin, 2004).

This move towards donor alignment with country policies and towards working through national systems is exemplified by the recent memorandum of understanding (MOU) between the Government of Zambia, eight bilateral agencies, the World Bank and the United Nations system (Box 5.3). Based on eight central principles, the MOU covers reform, review,

Figure 5.8: Harmonization and alignment



Source: OECD-DAC (2004c)

capacity-building and procedures in the implementation of aid policy (Zambia, 2004). Work along similar lines is taking place in over fifty countries.¹⁷ In addition, the European Commission is considering a common legal framework for aid implementation procedures (European Commission, 2004).

Aid to education is part of this wider international process, and any analysis of education aid should be set within the context of these international developments, especially where aid is given through sector and budget support rather than project or subsector assistance.

Against this backdrop, the effectiveness of education aid is analysed in three ways: by providing an overview of how OECD-DAC countries distribute their education aid to see whether it is dispersed cost-effectively; by examining the findings of three recent international evaluations of aid to basic education; and by assessing the recent experience of education aid use in a small sample of highly aid-dependent countries.

Distribution of aid to education

All aid agencies make choices about where their aid should be used. The nature of these choices can affect the impact of aid on educational outcomes. One way of examining the aid distribution resulting from these choices is to measure how widely or narrowly such aid is dispersed among a portfolio of potential recipients, as an indicator of 'aid proliferation'

Evidence suggests that sound national policies to eliminate poverty are increasingly important in determining where aid goes

16. See www.worldbank.org/poverty/strategies/overview

17. For details, see www.aidharmonization.org/ah-cla/secondary-pages/cla-country

Box 5.3 Coordination and harmonization of government and donor practices in Zambia

The parties to the MOU agreed on the following broad coordination and harmonization principles:

1. Delivery of development assistance in accordance with Zambia's needs and priorities as outlined in her PRSP.
2. Alignment with GRZ (Government of the Republic of Zambia) systems such as national budget cycles, financial systems and PRSP/MDG monitoring processes, where these provide reasonable assurance that cooperation resources are used for agreed purposes.
3. Working with GRZ to address institutional capacity limitations and other constraints that prevent reasonable assurance on use of cooperation resources.
4. Review of the multiplicity of different donor missions, reviews, conditionalities and documentation with the aim of reducing transaction costs for GRZ.
5. Promotion of coordination and harmonization at all levels.
6. Working towards delegated cooperation ('silent partnerships') among donors at country level, where it is possible legally and administratively.
7. Improvement of information sharing and understanding of commonalities and differences in our policies, procedures and practices.
8. Further formulation of a division of labour, based on the PRSP themes and objectives and formatted along the lines of a Comprehensive Development Framework (CDF).

Source: Zambia (2004)

Table 5.7: Recipients of bilateral aid, 2001-2002

| Donor countries by amount of aid committed* | Total number of recipient countries (A) | Number of recipient countries accounting for 75% of donors' education aid commitments (B) | (B)/(A) in percentage |
|---|---|---|-----------------------|
| <i>Major donors</i> | | | |
| Netherlands | 46 | 6 | 13 |
| United States | 56 | 12 | 21 |
| Japan | 126 | 15 | 12 |
| France | 136 | 21 | 15 |
| <i>Medium-sized donors</i> | | | |
| Germany | 126 | 32 | 25 |
| United Kingdom | 39 | 4 | 10 |
| Sweden | 24 | 5 | 21 |
| Austria | 84 | 10 | 12 |
| Italy | 94 | 11 | 12 |
| Canada | 53 | 12 | 23 |
| Norway | 72 | 13 | 18 |
| Spain | 97 | 15 | 15 |
| <i>Small donors</i> | | | |
| Belgium | 66 | 20 | 30 |
| Greece | 8 | 2 | 25 |
| Denmark | 31 | 3 | 10 |
| Portugal | 38 | 4 | 11 |
| Australia | 30 | 5 | 17 |
| Ireland | 61 | 5 | 8 |
| Switzerland | 30 | 10 | 33 |
| Finland | 45 | 10 | 22 |
| Total DAC countries | 149 | 38 | 26 |
| Average DAC countries | 63 | 11 | 17 |

Note: Data are not available for Luxembourg and New Zealand.

*Major donors are those with commitments of over US\$250 million in 2001–2002; medium-sized donors, below US\$250 million and above US\$50 million; small donors, below US\$50 million.

Source: CRS online database (OECD-DAC, 2004a).

(e.g. Acharya, Fuzzo de Lima and Moore, 2004). A donor that distributes its aid to a large number of countries 'proliferates' more than one that concentrates its efforts on relatively few countries. Aid proliferation has significant implications for transaction costs.

Using a specially prepared data set for 2001–2002 based on the OECD-DAC Creditor Reporting System (CRS) database, it is possible to assess the incidence of aid proliferation in the education sector. The data set shows levels and destinations of aid for twenty bilateral donors and 149 ODA-eligible countries.¹⁸ Table 5.7, showing the recipients of education aid from bilateral donors, indicates that while the twenty DAC countries together gave support to 149 countries in all, the number of recipients per donor varied widely. France, Germany and Japan each made commitments to education in more than 100 countries; at the other end of the spectrum, Greece supported only eight countries. The average was sixty-three. The table also shows that three-quarters of bilateral education commitments went to thirty-eight countries,

18. The analysis is based on all aid commitments to education except those not allocable to specific countries (the latter amount to 12% of education aid for all DAC countries and ranges from 0% for Japan to 42% for Belgium). After the inclusion of Japanese Technical Cooperation, which is not reported to CRS, 90% of all DAC education aid is covered, according to a personal communication with OECD-DAC.

or 26% of all the countries receiving such aid. Three-quarters of the commitments of France, Germany and Japan are allocated to less than one-quarter of their recipient countries.¹⁹

Table 5.8 ranks the twenty DAC countries by the extent to which they disperse their aid budget among recipients. The table uses an index of donor proliferation (IDP),²⁰ which takes into account the number of countries that receive aid and the share that each receives of total education aid by individual donor. Proliferation is greater when aid is shared among a larger number of recipients and each receives a similar share.²¹ The table shows that Germany has a very high level of dispersion in its education aid budget while Sweden, the Netherlands and the United Kingdom, for instance, have a much higher degree of concentration. There are some interesting contrasts. While Japan supports over 120 countries, for example, it is ranked ninth by IDP because most of its aid is concentrated among just a few of those countries.²²

If the proliferation of education aid commitments is set against a measure of the proliferation of total ODA disbursements, a strong correlation emerges (Figure 5.9).²³ This suggests that aid

proliferation in the education sector is partly explained by total aid proliferation: donors with widely dispersed total aid budgets spread out their education aid budgets, too. But proliferation is an interesting characteristic of aid to education in its own right. Compare the ranking of countries in Table 5.8 with the relative priority they accord to basic education in Table 5.3, for example. While seven of the first nine countries in Table 5.8 (Austria, Belgium, Canada, France, Germany, Italy, Japan, Norway and Spain) do not give relatively high priority to basic education, with the exception of Portugal, the bottom nine (Australia, Denmark, Finland, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States) do. Thus, the countries that invest significantly in basic education do so in a relatively small number of countries.

To look at the situation from the point of view of aid recipients, the CRS data can be used to establish the number of bilateral donors with which each recipient is dealing. This is a measure of the 'donor fragmentation' affecting individual countries. Figure 5.10, grouping recipient countries by EFA region, shows that countries dealt on average with seven to twelve bilateral donors in 2001–2002. In most regions there is a significant difference between the

Each recipient country dealt on average with seven to twelve bilateral donors in 2001–2002

Table 5.8: Index of donor proliferation in education aid

| Country | IDP value | Ranking |
|----------------|-----------|---------|
| Germany | 214 | 1 |
| France | 159 | 2 |
| Belgium | 154 | 3 |
| Spain | 139 | 4 |
| Canada | 118 | 5 |
| Norway | 117 | 6 |
| Austria | 116 | 7 |
| Italy | 111 | 8 |
| Japan | 109 | 9 |
| Switzerland | 105 | 10 |
| Finland | 105 | 11 |
| United States | 103 | 12 |
| Ireland | 88 | 13 |
| Australia | 87 | 14 |
| Netherlands | 87 | 14 |
| Sweden | 79 | 16 |
| Portugal | 78 | 17 |
| United Kingdom | 74 | 18 |
| Denmark | 71 | 19 |
| Greece | 63 | 20 |

Notes: Data are not available for Luxembourg and New Zealand. Smaller IDP values mean that aid was concentrated on a smaller group of countries.

Source: Calculated by the EFA Global Monitoring Report Team using data from the CRS online database.

19. Because donors report differently regarding the total number of countries supported, these data should be treated with caution. The main aid agencies usually report commitment data at the level of individual activities, but some provide data at the activity component level (e.g. they split a regional project by components per recipient country). Furthermore, activities such as government/NGO joint financing can widen the geographic spread of aid to education if the donor reports individual projects rather than a total corresponding to the subsidy to all NGOs combined. The more accurate a donor's reporting, the greater the apparent dispersion of its aid. Similarly, donors that provide information on the country of origin of students benefiting from scholarships appear to have more aid recipients than those reporting aggregates. These problems can be minimized by excluding activities of a low monetary value; thus, the number of larger aid recipients, accounting for at least 75% of education aid, is a better indicator.

20. The IDP is a measure of how widely each donor disperses a budget of US\$x, where x can take any value. It is the inverse of the Theil index (an indicator of concentration) multiplied by 100 to eliminate decimal places.

$$IPD = \frac{1}{T} \cdot 100$$

If we define the portion of a donor's total aid going to recipient i as x_i , and the number of recipient countries n , then the Theil index is equal to

$$T = \log(n) - H(x) = \sum_{i=1}^n x_i \log(n) x_i$$

$$0 \leq T \leq \log(n)$$

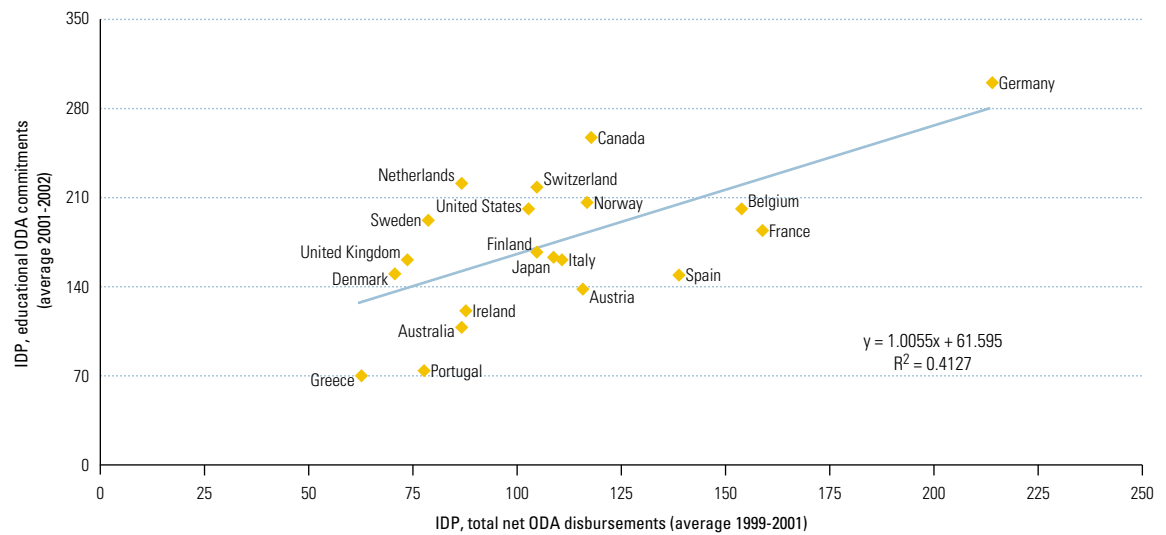
The minimum value of T ($T=0$), or maximum of IPD , is reached when an equal amount of aid is given to all n countries, each receiving a proportion $1/n$. T reaches its maximum ($T = \log(n)$), or minimum of IPD , when the aid is received by only one recipient.

21. The IDP makes it possible to differentiate between countries such as Germany and Japan. Although they operate in the same number of countries, thirty-two countries account for 75% of Germany's commitments to education, while the equivalent number for Japan is fifteen. Thus, Germany has a higher IDP than Japan.

22. In fact, 42% of the Japanese education aid reported to CRS went to China.

23. The data are not strictly comparable because slightly different time periods and types of aid data are used for the index calculation. This does not, however, invalidate the strong relationship observed.

Figure 5.9: Education Index of Donor Proliferation for 2001-2002 against total Index of Donor Proliferation for 1999-2001

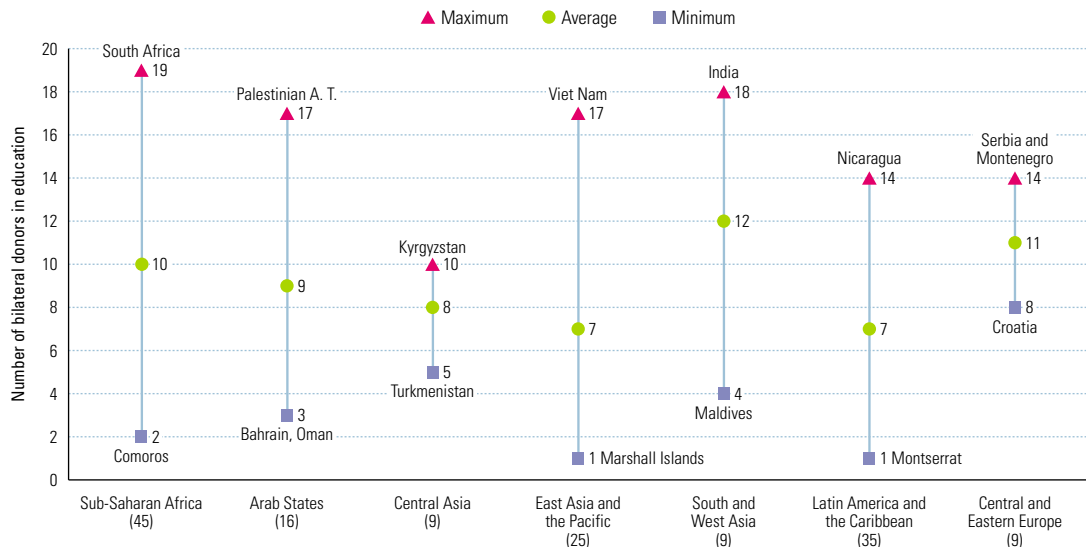


Source: Table 5.8 and Acharya, Fuzzo de Lima and Moore, 2004.

maximum and minimum values. For instance, in sub-Saharan Africa, two bilateral donors supported education in the Comoros and nineteen in South Africa. This may suggest that the smaller the country, the fewer the donors, which would seem to be borne out by the size

of the countries named at the bottom of each regional column. However, in situations of emergency and conflict, this does not hold. For example, a relatively large number of agencies are involved in Serbia and Montenegro and the Palestinian Autonomous Territories.

Figure 5.10: Recipient countries by region and number of bilateral donors making education aid commitments, 2001-2002



Note: The number of countries for each region is shown in brackets.

Source: CRS online database (OECD-DAC, 2004a).

In general, one might expect that the efficiency of aid allocation and its use would be maximized if each donor focused its aid programme on a few recipients and if total world education aid was divided more equally among all agencies. This would be consistent with aid recipients having to deal with only a few individual agencies. Some large countries clearly recognize the potential benefits: India, for example, decided recently to curtail its acceptance of aid from some bilateral donors, judging the transaction costs to be greater than the benefits. There are lessons here both for aid agencies and for other aid recipients with highly fragmented programmes.

The distribution of recipients' costs related to donor fragmentation depends on how much donor harmonization exists and how aid is provided (e.g. through separate projects or through budget support, which have different implications for transaction costs). If governments have to work with many diverse donor procedures, especially where project aid predominates, transaction costs are likely to be high. Having to deal with multiple languages and fiscal calendars may compound the costs, and all of this may have a negative effect on the value of aid (see, for example, Knack and Rahman, 2004).

Conclusion

Patterns of proliferation and fragmentation in aid for education give some insights into how wisely individual agencies use their aid budgets, and into the degree of transaction costs likely to be involved. This type of analysis has further potential value in starting to address a more fundamental question: whether aid is allocated to and concentrated in the countries where the challenge of EFA is most pronounced.

Learning from international evaluations

Three recent international evaluations give complementary insights into the use of aid for basic education: a study of EC education aid compares two main modalities of aid (Development Researchers' Network, 2002); the Joint Evaluation of External Support to Basic Education in Developing Countries identifies effective partnerships as key (Netherlands Ministry of Foreign Affairs, 2003a-f) and an evaluation of United Kingdom aid to primary education assesses performance (Al-Samarrai, Bennell and Colclough, 2002). Although different

in orientation, all three recognize the importance of partnerships for coherent policies designed to achieve major education goals. All acknowledge the complexity and scale of the task as well.

Projects or programmes?

The analysis of EC aid looks at the effectiveness of support to education in countries of Africa, the Caribbean and the Pacific (the ACP countries) from 1993 to 2000. It focuses on the relevance and effectiveness of both project and programme aid (Box 5.4). It examines EC support to sixteen countries,²⁴ representing 50% of the funding allocated to education under the seventh and eighth European Development Funds. The study comes out firmly in favour of an evolving approach to aid known as the 'sector-wide approach' or SWAp,²⁵ calling it 'the optimal way to implement education programme aid'. Such programme aid, the study finds, is more predictable and more easily disbursed than project aid, enabling payment on some recurrent charges (e.g. teachers' salaries), facilitating expenditure at local prices and reducing costs. The report makes clear that programme aid is not effective if governments' policy and management capacity is weak, but where the capacity exists or can be built, programme aid is both an inducement for, and a product of, good policy dialogue.

Effective partnerships

The Joint Evaluation of External Support to Basic Education in Developing Countries was commissioned by thirteen bilateral and multilateral agencies in association with Bolivia, Burkina Faso, Uganda and Zambia. Its central thesis is that sound partnerships underpin the effective use of aid. Although it recognizes considerable strengths in programme aid, it also finds merit in project aid if it is well integrated into sector-wide frameworks (Netherlands Ministry of Foreign Affairs, 2003a-f). Box 5.5 summarizes the study's six main conclusions. The key conclusion is one of caution. It suggests that what donors most lack 'is a willingness and determination to improve basic education through locally developed solutions, which are most relevant to the particular contexts of partner countries and which are built from the "ground-up" rather than through the application of blueprints and templates developed at a global level' (Netherlands Ministry of Foreign Affairs 2003a: xiv-xv).

Programme aid is not effective if governments' policy and management capacity is weak

24. Antigua, Botswana, Burkina Faso, Dominican Republic, Ethiopia, Ghana, Guinea, Mali, Mozambique, Namibia, Papua New Guinea, United Republic of Tanzania, Uganda, Vanuatu, Zambia and Zimbabwe.

25. Though there is no single definition of this approach, generally accepted guidelines include coordinated support to a sector, guided by a single-sector policy and expenditure programme, under government leadership, preferably relying on government procedures for disbursement (Foster et al., 2000; Riddell, 2002; Samoff, 2003).

Box 5.4 European Development Funds: relevance and effectiveness of programme and project aid to education

| | Relevance | Effectiveness |
|---------------|---|---|
| Project aid | <ul style="list-style-type: none"> ● Consistent with national education policy and budget frameworks ● Meets the very specific needs of a target group ● Facilitates pilot activity ● Is used for institution-building for organizations that plan to be self-financing | <ul style="list-style-type: none"> ● Works for lower- to middle-income countries within existing reform and budgetary frameworks ● Assesses approaches and demonstrates best practice |
| Programme aid | <ul style="list-style-type: none"> ● Appropriate for sector plans, especially for basic education, as it allows for increased support for teachers (including salaries) and learning materials, and for attention to the needs of the most disadvantaged ● Appropriate in countries where efforts are focused on increasing access, requiring stable and predictable sources of funding | <ul style="list-style-type: none"> ● Depends on whether support is through a SWAp or in the framework of macroeconomic budget support ● Depends on the choice and effective use of performance indicators ● Depends on government 'maturity', capacities within ministries of education and the weight given to institution- and capacity-building |

Sources: Orivel (2004); Development Researchers' Network (2002).

Box 5.5 Conclusions of Joint Evaluation of External Support to Basic Education in Developing Countries

1. Greater emphasis is needed on the relevance of external support to local needs and capacities for more tailored local solutions within a global consensus on goals.
2. The shift to programme support is an indication of the commitment of external agencies to strengthen partnership. However, this form of support does not necessarily improve partnerships if implemented as a blueprint rather than a process.
3. The movement to supporting basic education through SWAPs and other forms of programme support needs to be accompanied by an understanding of the positive role of project assistance, especially in supporting innovations and providing targeted support to marginalized groups. Projects that can be integrated into programme approaches strengthen the positive aspects of both.
4. A very heavy burden of planning, coordination and monitoring has been made more difficult by uneven progress in agencies' development of common administrative procedures and a reluctance to accept local processes as adequate.
5. Agencies and national partners alike have focused their activities mainly on formal primary schooling, to the detriment of other basic education. Progress has been made in providing access to primary schooling but serious, persistent problems remain in improving the quality of basic education.
6. Agency funding levels have not kept pace with expectations or implied commitments, at least partly because of the complexity of planning and resource allocation processes as well as problems in the absorptive capacity of partner governments.

Source: Netherlands Ministry of Foreign Affairs (2003a)

Box 5.6 DFID aid to primary schooling: issues and lessons

Increased local ownership by government and civil society and better donor coordination

- Tension exists between efforts to maximize local ownership, on the one hand, and increase donor involvement in policy and management, on the other.
- Each government requires a 'champion' with sufficient authority and leadership to prevent donor domination and a one-sided partnership.
- Effective donor coordination requires clarity about the role of a lead agency and continuous, intensive consultation.

Improved sector planning and performance

- A predictable resource envelope is crucial for sector-wide planning, including a medium-term budgetary and expenditure framework.
- Subsector SWAps inhibit overall sector coherence.
- Involvement by multiple ministries and levels of government makes planning difficult.
- Strategies should be output and outcome driven, and incorporate clearly focused work programmes.
- More attention is needed to strengthening the capacity of ministries of education and thus avoiding the formation of de facto parallel structures with overuse of short-term external consultants.

Lower transaction costs

- Overall numbers of expatriate personnel have decreased.
- Agencies need to invest in developing policy analysis, monitoring and communication skills at sector adviser level.
- Lack of confidence in government financial management systems has slowed the movement of funding for sector budgets, reflecting the similarly slow pace of public service reform.
- Fully harmonized implementation procedures are rare.

Better monitoring and evaluation

- Some governments have found joint review processes overly critical.
- SWAps have increased donor imposition of conditions, with disbursement linked to target attainment, but too many conditions make SWAps impossible to enforce.
- Most ministry data are lacking in comprehensiveness and/or accuracy.

Source: Al-Samarrai, Bennell and Colclough (2002)

The Joint Evaluation suggests that partnerships work best when characterized by great openness, honesty and respect²⁶ on the part of donors and governments alike, despite differences in power and influence. Partnerships are promoted or impeded by the extent to which attention is given to the continuity of engagement of donors and ministries, and the development of administrative and technical capacity in agencies and governments. Joint agreement on well-defined roles and responsibilities is critical, as is agency adaptability to context and attention to issues of local relevance.

Assessing performance

A study of aid from DFID, the United Kingdom agency, to primary education from 1998 to 2001 in Bangladesh, Ghana, India, Indonesia, Kenya and Malawi concludes that, while it is too early to assess the impact of relatively new approaches, both the benefits and the risks associated with SWAp-type programme aid are potentially greater than in project aid (Al-Samarrai, Bennell and Colclough, 2002).

The study identifies four key issues for better performance. Like the Joint Evaluation, it finds local ownership and better donor coordination to be important factors. A sector-wide approach underpinned by a predictable medium-term expenditure framework is essential. Common approaches by donors to joint funding and to harmonized aid procedures, the third key factor, are important but remain rare. Finally, the study stresses the importance of much better monitoring and evaluation (Box 5.6).

Getting the modalities right

All three studies assess the relative merits of different aid modalities.²⁷ Broadly, they conclude that, while there is a welcome move in the direction of a more coherent, consistent and coordinated approach to providing support to education, geared to sector or subsector policies, the actual choice of instrument should be sensitive and appropriate to context. This is broadly in line with a recent paper for the World Bank on donor contributions to EFA (Foster, 2004). It argues that

26. A recent analysis of Finnish support for education (Sack, Cross and Moulton, 2003) also identified respect as a key strength.

27. The literature on SWAps and other forms of aid is growing. See, for example, Buchert (2002) on Burkina Faso, Ghana and Mozambique; Samoff (2003) on Burkina Faso; IHSD (2003) on Rwanda, Uganda and Zambia; and Moulton (2003) on World Bank aid to education in Africa. Riddell (2004), among others, notes that the experience of African and Asian countries is different. Most African countries are heavily aid dependent, which has implications for the ability of governments to take clear charge of their own education policies and practices.

Box 5.7 How should financial aid for education be provided?

- **General budget support** is appropriate where the macro policy framework is generally agreed, the central budget process for resource allocation is effective and accountability exists.
- **Sector budget support** may be appropriate if collective decision making on overall budget allocation works imperfectly and/or donor input in sector-level decisions is greater than would be the case with general budget support.
- **Programme support** using government systems is especially important in highly aid-dependent environments, where the costs of dealing with large numbers of donor projects are unmanageable.
- **Project aid** can help pilot new approaches and may be preferred in circumstances where agreement on the policy framework is lacking or severe governance or accountability issues exist.

Source: Foster (2004)

the strengths and weaknesses of public expenditure management are a critical consideration in choosing between general or sector budget support, programme assistance or project aid (Box 5.7). Building management capacity in the education sector thus becomes a critical element of aid, especially in countries where the scale of the EFA challenge is considerable but management capacity is weak.

Countries in emergency

While the case for providing aid to support sound policies and good governance is strong, many poor people live in countries that are poorly governed and characterized by conflict and emergency. In its work on Development Cooperation in Difficult Partnerships, the OECD-DAC has highlighted ten key principles for action in such cases, which warrant attention in the education sector as well as more generally (OECD-DAC, 2002: 6):

- Remain engaged.
- Improve analysis of country issues and conflict.
- Adopt specific strategies to address problems of difficult partnership.
- Promote change that will nurture the political environment that leads to more responsive and capable government.

- Maintain services for poor people to the extent possible, working pragmatically with organizations inside and outside of government that have commitment and capability.
- Assess the case for aid against the 'without aid' risks for the international community and poor people.
- Intensify coordination but make it economical.
- Address coherence issues across government.
- Support locally owned peer pressure mechanisms.
- Consider the role of neighbouring countries and key regional leaders.

Cause and effect – aid and quality

The three studies agreed that identifying clear causal relationships between education aid and education quality is difficult. Assessing aid effectiveness in terms of its impact on quality is also problematic. First, national governments and aid agencies interpret quality in different ways, e.g. expressing it in terms of specific targets or as a set of general objectives. Second, and more practically speaking, even where the quality of inputs and processes can be monitored, it is not always possible, with the data available, to monitor and judge educational outcomes.

The study on EC aid to education, for instance,²⁸ notes that in the five countries its evaluation team visited,²⁹ the only indicators available were measures of input and efficiency; no indicators for learning outcomes existed (Development Researchers' Network, 2002). Difficult as it is to establish cause and effect with project aid,³⁰ doing so with pooled funding and budget support is even more complicated.

The Joint Evaluation concludes (Netherlands Ministry of Foreign Affairs, 2003a: 47-8):

It would perhaps not be an overstatement to say that...achieving quality in basic education has been the most difficult problem for externally supported basic education efforts. ...The globally focused Document Review and each of the four Country Studies [Bolivia, Burkina Faso, Uganda and Zambia] iterate

28. This study defines 'quality in education' as 'a function of increased opportunities (access) and availability of educational inputs (classrooms, teachers, textbooks, etc.), the quality of these inputs, the quality of the learning outcomes and, finally, ...the quality of [the] education system's administration'.

29. Botswana, Burkina Faso, Dominican Republic, Uganda and Zambia.

30. One recent exception is a study linking the provision of textbooks and improved school infrastructure by the World Bank in Ghana to levels of attainment and achievement (World Bank, 2004b). An overview of aid to India (Singh, 2003) suggests that the long-term relationship between India, the World Bank, the European Union, DFID, UNICEF and the Netherlands in piloting and then developing the District Primary Education Programme provided strategic support for policy and service delivery issues, attention to girls and socially and geographically disadvantaged groups, information-based planning, and programme development through rigorous evaluation and review, and that these might not have become such significant elements of national and state policy otherwise.

very strongly that efforts to expand access and improve coverage with the use of national and externally provided resources have met with much more apparent success than efforts to improve quality at each level of the system.³¹

The study suggests four factors that help explain this conclusion:

- weak links between programme design and systematic analysis of what works locally, especially regarding teacher education, curriculum reform, development of materials, pedagogical approaches and the internal management of schools;
- the prevalence of 'pilot study cultures' in which innovations are carried out with project funds, studied at local level but not linked to larger programmes for national funding or extended to the whole system;
- perceptions that formal schooling is insufficiently relevant to prepare primary school leavers to participate in the work force, especially in rural areas.;
- the large size of many primary schools, which seems to be detrimental to quality.

These findings seem to imply that external models of good practice, and their application in aid programmes, are insufficiently attuned to local circumstances, though government policies may also be inappropriate or inefficient.

Thus, the impact of education aid on quality may need to be assessed differently. Evidence of coherent education sector policies that can be financed is an important intermediate indicator of attention to quality. Such policies are likely to have clear objectives for access, equity and quality, with well-defined targets and indicators, even if these are reviewed and changed in the light of experience. The indicators then become important benchmarks for governments in their pursuit of education objectives and for agencies in their assessment of progress. In this regard attention to regular monitoring and review takes on particular significance. Aid that contributes to good policy and governance, technically sound monitoring processes and the strengthening of capacity for outcome-driven programmes is a significant means of improving quality in education.

Plans, partnerships and quality

No shortage of plans

If, as the OECD-DAC model suggests, good national policy is the starting point for the effective use of aid, there is no apparent shortage of national education sector and subsector plans on which to build effective aid-related partnerships. Table 5.9 presents the incidence of plans by EFA region and Table 5.10 by country category. As Table 5.9 shows, 105 countries (59% of the total excluding Western Europe and North America) are recorded as having education

31. While this study does not define education quality, it notes that quality is not only about measurable outcomes in literacy and numeracy but also has multiple dimensions concerning aims and objectives of education in each country.

Table 5.9: PRSPs and education plans by EFA region

| | Context | | | | PRSP | | Education sector plan | EFA action plan | EFA Fast-Track Initiative |
|---------------------------------------|-----------|-------------------------|---------------------------------------|---------------------------------|-----------|-----------|-----------------------|-----------------|---------------------------|
| | LDCs | Countries in transition | Countries in armed conflicts in 2002* | E-9 (high population countries) | I-PRSP | PRSP | | | |
| Sub-Saharan Africa (45) | 31 | 0 | 12 | 1 | 10 | 18 | 42 | 40 | 6 |
| Arab States (20) | 4 | 0 | 3 | 1 | 1 | 2 | 8 | 15 | 2 |
| Central Asia (9) | 0 | 8 | 0 | 0 | 0 | 6 | 5 | 7 | 0 |
| East Asia and the Pacific (33) | 8 | 0 | 3 | 2 | 2 | 2 | 14 | 25 | 1 |
| South and West Asia (9) | 5 | 0 | 6 | 3 | 1 | 3 | 4 | 5 | 0 |
| Latin America and the Caribbean (41) | 1 | 0 | 1 | 2 | 1 | 4 | 26 | 18 | 3 |
| North America and Western Europe (26) | – | – | – | – | – | – | – | 5 | 0 |
| Central and Eastern Europe (20) | 0 | 19 | 2 | 0 | 2 | 3 | 6 | 5 | 0 |
| World (203) | 49 | 27 | 27 | 9 | 17 | 38 | 105 | 120 | 12 |

*An armed conflict is defined here as a political conflict in which armed combat involves the armed forces of at least one state (or one or more armed factions seeking to gain control of all or part of the state), and in which at least 1,000 people have been killed by the fighting during the course of the conflict. An armed conflict is added to the annual list of current armed conflicts in the year in which the death toll reaches the threshold of 1,000. (Project Ploughshares, 2003)

Source: Compiled by EFA Global Monitoring Report team from sources posted at www.efareport.unesco.org.

Table 5.10: PRSPs and education plans by country classification

| Category and regions | Number of countries | Education | | Education sector plan | EFA action plan | EFA Fast-Track Initiative |
|---|---------------------|-----------|-----------|-----------------------|-----------------|---------------------------|
| | | I-PRSP | PRSP | | | |
| Least-developed countries | 49 | 11 | 20 | 43 | 39 | 7 |
| Sub-Saharan Africa | 31 | 8 | 16 | 29 | 27 | 5 |
| Arab States | 4 | 1 | 2 | 3 | 3 | 2 |
| East Asia and the Pacific | 8 | 1 | 1 | 7 | 8 | 0 |
| South and West Asia | 5 | 1 | 1 | 3 | 1 | 0 |
| Latin America and the Caribbean | 1 | 0 | 0 | 1 | nd | 0 |
| Countries in transition* | 27 | 2 | 8 | 11 | 10 | 0 |
| Central Asia | 8 | 0 | 5 | 5 | 6 | 0 |
| Central and Eastern Europe | 19 | 2 | 3 | 6 | 4 | 0 |
| Countries in armed conflicts in 2002 | 27 | 4 | 9 | 18 | 21 | 1 |
| Sub-Saharan Africa | 12 | 3 | 5 | 11 | 9 | 1 |
| Arab States | 3 | 0 | 0 | 0 | 2 | 0 |
| East Asia and the Pacific | 3 | 1 | 0 | 3 | 3 | 0 |
| South and West Asia | 6 | 0 | 3 | 2 | 5 | 0 |
| Latin America and the Caribbean | 1 | 0 | 0 | 1 | 1 | 0 |
| Central and Eastern Europe | 2 | 0 | 1 | 1 | 1 | 0 |
| E-9 (high-population) countries | 9 | 2 | 1 | 7 | 7 | 0 |
| Sub-Saharan Africa | 1 | 0 | 0 | 1 | 0 | 0 |
| Arab States | 1 | 0 | 0 | 0 | 1 | 0 |
| East Asia and the Pacific | 2 | 1 | 0 | 2 | 2 | 0 |
| South and West Asia | 3 | 1 | 1 | 2 | 2 | 0 |
| Latin America and the Caribbean | 2 | 0 | 0 | 2 | 2 | 0 |

*In this table, countries in transition include Central and Eastern Europe minus Turkey and Central Asia minus Mongolia.

Source: Compiled by EFA Global Monitoring Report team from sources posted at www.efareport.unesco.org.

sector plans, while 120 (59% of all EFA countries) have EFA plans and 55 countries have full or interim PRSPs. In sub-Saharan Africa, where EFA indicators are poorest, virtually every country has an education plan. Furthermore, as the breakdown in Table 5.10 shows, 43 out of 49 least-developed countries (LDCs) have an education plan and, perhaps a little surprisingly, two-thirds of the countries in which armed conflicts were taking place in 2002, or 18 out of 27, had education sector plans, though many may be quite dated.

Tables 5.9 and 5.10 indicate that education plans exist in a majority of developing countries, including those with some of the poorest EFA indicators, though it is unclear to what extent education plans are integrated in PRSPs and whether they provide the basis for financing and programme-implementation decisions. Some plans are clearly broad statements of intent, written in some cases to meet international requirements. This makes it difficult to review the status and implementation of national EFA and other

education sector plans (UNESCO, 2004a).³² Such work is needed, however, and to this end, an international database will be developed to inform future editions of the *EFA Global Monitoring Report*. Meanwhile, using reports from UNESCO offices, it is possible to gauge some developments concerning EFA plans and planning at regional and subregional levels (Box 5.8). The reports suggest that work remains to be done to include all the EFA goals fully in education plans.

While there is no shortage of planning activity, more important in the context of this chapter is the extent to which good planning in aid-dependent countries is providing a basis for better alignment and coordination of aid.

Policy dialogue for coherent sector strategies

Many countries in sub-Saharan Africa are highly aid-dependent. Table 5.11 illustrates this phenomenon for three countries. In some instances, aid may finance more than 50% of

32. The EFA High-Level Group indicated at its meeting in 2003 that it would find such a review useful.

Box 5.8 EFA plan developments: some regional experiences

■ Political commitment:

Of fourteen EFA plans and draft plans in the **Arab States**, those of Yemen and Jordan committed the government to finance and implement the plans. In **Latin America**, participation by finance and planning ministries was limited except in Costa Rica, the Dominican Republic and Ecuador. In **sub-Saharan Africa**, a review prepared for the Eighth Conference of Ministers of Education of African Member States (MINEDAF VIII) in 2002 noted that EFA plans were not always clearly integrated with wider national sector plans.

■ Participation:

Despite commitments made in Dakar regarding consultation with civil society, information sharing was more prevalent than longer-term consultation. In the **Arab States** only Saudi Arabia's plan pointed explicitly to some wider consultation process. For **sub-Saharan Africa**, the MINEDAF review emphasized participation by other partners (other ministry departments, local bodies, private sector, civil society, teachers, parents, religious bodies, etc.) in fewer than half the plans surveyed. In **Latin America**, where a more detailed analysis has been undertaken, participation was concentrated in initial planning and plan validation but not the diagnostic process. Parents, students, the media and many government departments had a minimal role, and teacher participation was uneven. National EFA coordinators and civil society organizations pointed to excessive centralization and scant representation from outside major cities. Eleven of eighteen countries surveyed had EFA Forums, which in some cases (e.g. in Ecuador, Guatemala, Honduras and Nicaragua) served as mechanisms for wider debate on education and human development. The initiative for founding forums came from government, civil society organizations/NGOs (in El Salvador) and international organizations (UNICEF and UNESCO in Ecuador and Chile). In Brazil, existing channels for participation and policy dialogue were deemed sufficient.

■ EFA goals:

In most of the **Arab States** surveyed, national ECCE goals were only labels, with no target groups, implementation timelines or indicators specified and no budgeting data or

funding sources. The gender goal was limited to primary education and only the plans of Egypt, Sudan and Yemen emphasized girls' education. In the **Pacific**, EFA goals on ECCE and education quality had priority in the fourteen EFA plans of Pacific Island states.* Learning opportunities and life-skills programmes for youth and adults were the third highest priority, reflecting a need for appropriate curricula in these areas. All plans also addressed adult literacy and gender disparities but gave them less priority. In **sub-Saharan Africa**, diagnosis of challenges to EFA in education supply and demand needs to be strengthened in many plans, particularly for literacy and the training of youth and adults.

■ Monitoring and review:

In the **Arab States**, with some exceptions, EFA plans did not include time-bound action programmes and, except in Yemen, integration of EFA plans within wider national strategies for economic and social development and poverty reduction was weak. In most cases the EFA plans did not include cost estimates, and only two specified clear monitoring and assessment mechanisms with easily measurable indicators. In **Latin America**, most countries still had to define follow-up and monitoring mechanisms. In the **Pacific Island states**, EFA plans were reviewed and adjusted annually to reflect progress and new priorities. In **sub-Saharan Africa**, most plans included measurable targets and action programmes and, to a lesser extent, cost estimates, but performance indicators and monitoring mechanisms still had to be defined.

* All the Pacific Island states with EFA plans are working together through the Pacific Islands Forum on a Pacific Islands Forum Basic Education Action Plan. The governments of the island states are preparing or strengthening sector-wide strategies consistent with national objectives and regional and international goals. These efforts are supported by the Pacific Regional Initiatives for the Delivery of Basic Education (PRIDE), a programme co-funded by the European Commission (under the ninth EDF Regional Indicative Programme) and New Zealand Aid. The major implementing partner is the University of the South Pacific. Special attention is being paid to resolving common problems and enhancing education agencies' capacity for planning and delivering good-quality basic education (Chandra, 2004; Pacific Islands Forum Secretariat, 2001).

Sources: UNESCO-BREDA (2003), document review from twenty-one countries; UNESCO-Santiago (2004), survey questionnaires from nineteen countries (Latin America only); UNESCO-Beirut (2004a), document review from fourteen countries (not counting North Africa).

sector budgets. Furthermore, aid-dependent countries are supported by a relatively large number of donor agencies and other organizations, including NGOs. This is the environment within which dialogue on education sector policy takes place.

In 2000, Mozambique depended on external funds for 28% of its education sector expenditure, and

there are risks of this level of dependence increasing over the next decade (Takala, 2004). This means the quality and effectiveness of the aid relationship are vitally important. The relationship is being developed through a SWAp, whose history (Box 5.9) shows that the process has been complex; but strong government leadership is bringing progress on policy and plan development.

Table 5.11: Aid dependence in education in three African countries: budgets and agencies

| Country | Aid dependence | Agencies supporting education in the country |
|------------|---|---|
| Mozambique | 28% of education budget externally funded | Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom African Development Bank, European Commission, Islamic Development Bank, United Nations agencies, World Bank |
| Uganda | 54% of primary education recurrent budget externally funded | Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Spain, United States European Commission, World Bank, UNICEF |
| Zambia | 43% of education budget externally funded | Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Spain, United Kingdom, United States African Development Bank, Save the Children, UNICEF, World Bank |

Sources: Mozambique: Buchert (2002); OECD-DAC (2004a); Takala (2004); European Commission (2001).
Uganda: Netherlands Ministry of Foreign Affairs (2003d); OECD-DAC (2004a).
Zambia: Netherlands Ministry of Foreign Affairs (2003c); OECD-DAC (2004a); Zambia Ministry of Education (2002).

Zambia's recent history in this area has been even more complicated. After ten years of policy reform, the Basic Education Sub-Sector Investment Programme (BESSIP)³³ was agreed with all major funding partners in the late 1990s. Its development has been accompanied by some problems stemming from donor fragmentation and aid proliferation. It was conceived as a programme in which aid funds would be pooled and managed by the Ministry of Education, but funding agencies' financing requirements eventually had to be accommodated in four main ways (Table 5.12). An analysis of how funds were allocated to the nine major BESSIP programme components further highlights the complexity of the situation (Table 5.13). It shows a rough division between pooled funding for such 'softer' elements as training and curriculum development, and project funding for infrastructure development and other 'hardware' components. The high proportion of non-pooled funding for HIV/AIDS

Box 5.9 Evolution of the sector approach in education in Mozambique

Mozambique's high dependence on external funding has had a fundamental influence on the development of its education sector. Until the mid-1990s, as many as fifty agencies funded hundreds of projects, making it hard for the government to set priorities and leading to serious imbalances in resource allocation, both geographically and among subsectors. Operational responsibility for project implementation was typically entrusted to separate units, each with weak links to the core government administrative systems. Meanwhile the Ministry of Education's capacity to contribute to project planning and monitoring was overstretched.

In 1995, the government issued a new National Education Policy, covering the entire sector. It was followed by a SWAp called the Education Sector Strategic Plan (ESSP) – the product of a process led by the ministry and involving consultation with its main external partners, local NGOs and other civil society representatives. The SWAp was strongly espoused by some external funding agencies. ESSP I, prepared for 1999–2003, was in fact not truly sector wide: it covered only primary school (grades 1–7) and non-formal basic education. More recently, however, it has been complemented by strategies for general secondary and vocational education.

Though it has taken more time than expected to harmonize the funding agencies' management procedures, the agencies have established a common planning and monitoring cycle with annual review meetings and a series of joint technical missions has taken place. A major step forward was the establishment of the Education Sector Support Fund – an off-budget arrangement for the pooling of several agencies' contributions. This seen as an intermediate stage on the way to sector, or even general, budget support and eventually as a means of improving equity in the allocation of funds to different parts of Mozambique. Initially the fund is targeting activities to improve quality in basic education, including familiarizing primary teachers with the new curriculum, training adult literacy instructors and producing materials for adult literacy classes. Some non-earmarked funds support flexible procurement of technical assistance, contracted directly by the ministry.

ESSP also provides a policy framework for externally funded projects designed to contribute to its implementation. They are managed according to agency-specific procedures, but are better coordinated than when they were stand-alone projects. The process is not easy, but all parties acknowledge the progress that has been made.

Source: Takala (2004)

33. BESSIP defines 'basic education' as grades 1–9. It is one of the six education components of Zambia's PRSP, approved in 2002.

prevention and for nutrition can be explained by support from donors that do not pool funds (UNICEF and the United States). The actual flow of funds also illustrates some of the uncertainties relating to aid flows, including the relatively slow pace of disbursement, which to some extent reflects the degree of donor confidence in the Ministry of Education (Table 5.14).

Tables 5.12–5.14 show part of a complex story in which, gradually and sometimes sporadically, the Ministry of Education has moved towards control over its own national policy – to a point where the World Bank has declared its confidence regarding the continuity of the BESSIP process, even with changes in political leadership in Zambia (World Bank, 2002c). National management mechanisms have emerged: e.g. a Joint Steering Committee overseeing policy development, a Programme Co-ordinating Committee with oversight of overall BESSIP management and a Management Implementation Team for day-to-day matters. All three bodies include donor representation. In addition, the government and the donors have reached agreement on a joint monitoring process. The effectiveness of these mechanisms has been enhanced by a technical assistance programme to build capacity within the ministry (Volan, 2003; Netherlands Ministry of Foreign Affairs, 2003c).

The extent to which the Zambian example demonstrates strong mutuality of purpose and a genuine partnership involving a relatively large number of donors, ministries and local civil society representatives is an open question. Some believe the strength of the partnership depends on the personalities of the key individuals involved (Riddell, 2002). A strong dialogue about the national education policy has certainly been established and considerable progress has been made towards greater alignment of donor funding in support of BESSIP. Greater donor coordination is also gradually evolving. The new MOU referred to in Box 5.3 may spur more effective coordination.

A comprehensive view of quality

One important potential advantage of a sector-wide approach to policy development is the emergence of a broad, comprehensive view of education quality and how it can be improved. In Mozambique, for instance, such a strategic

Table 5.12: Types of funding under BESSIP, 2001

| | Control of funds | Features | Donors* |
|--------|---|--|---|
| Case 1 | Pooled funding: funds controlled by ministry, deposited in a common bank account | Possible to earmark | Denmark, Finland, Ireland, Netherlands, Norway, United Kingdom |
| Case 2 | Funds controlled by ministry, in separate accounts, for all agreed BESSIP components | | World Bank |
| Case 3 | Funds controlled by ministry, in separate accounts, for limited number of BESSIP components | Project-like earmarking of funds to specified activities | Ireland, Netherlands African Development Bank, OPEC |
| Case 4 | Separate funds managed by individual donors | Conventional project fund management and flow | Denmark, Finland, Japan, United Kingdom, United States Red Barna, UNICEF |

Sources: L. T. Associates (2002a); Netherlands Ministry of Foreign Affairs (2003c).

*Where inconsistencies occur in categorization of donors between the two sources, the first source is used.

Table 5.13: BESSIP budget by component and funding type, 2002

| | Budget (US\$ thousands) | Pooled (%) | Non-pooled (%) |
|----------------------|----------------------------|---------------|-------------------|
| Overall management | 5 829 | 60.7 | 39.3 |
| Infrastructure | 38 412 | 12.6 | 87.4 |
| Teacher development | 13 247 | 52.8 | 47.2 |
| Education materials | 5 738 | 30.0 | 70.0 |
| Gender and equity | 10 118 | 53.4 | 46.6 |
| Health and nutrition | 2 930 | 28.9 | 71.1 |
| Curriculum | 593 | 77.4 | 22.6 |
| Capacity-building | 3 957 | 81.5 | 18.5 |
| HIV/AIDS | 4 745 | 39.6 | 60.4 |
| Total | 85 571 | 33.8 | 66.2 |

Source: L. T. Associates (2002b)

**Table 5.14: Zambia Ministry of Education expenditure, 1998–2002
(Constant 2001 Kwacha billions)**

| | | 1998 | 1999 | 2000 | 2001 | 2002 |
|---------------|--------|------|------|------|------|-------|
| Domestic: | Budget | ... | ... | 264 | 362 | 412 |
| | Actual | 270 | 250* | 254* | 346* | 396** |
| External aid: | Budget | ... | ... | 209 | 255 | 305 |
| | Actual | 2*** | 72* | 100* | 139* | 168** |

*Includes case 4 funding. **Estimate, ***Government of Zambia accounts.

Source: Ministry of Education Planning Unit data, cited in Netherlands Ministry of Foreign Affairs (2003c).

Box 5.10 Policy dialogue on quality in Mozambique**A sector-wide strategy for improving quality**

Improving the quality of education is one of three main components of the Education Sector Strategic Plan (the others are expanding access and developing institutional capacity). ESSP I (1999–2003) took a comprehensive view of education quality in a context of accelerated enrolment growth that could have overwhelmed capacity to the point of jeopardizing minimum quality standards. ESSP is a commitment to policies designed to both maintain and enhance quality through:

- systematic monitoring of quality through national surveys of learning achievement;
- thorough revision of the primary curriculum;
- high priority on development of pre-service and in-service teacher training and subsequent pedagogical support;
- higher salaries and better conditions of service for teachers;
- better training for school directors;
- provision of textbooks and other essential materials to all pupils, and kits of basic materials to teachers.

Building on existing knowledge

Knowledge about quality is based on annual collection of data for quality-related indicators and newly established national studies of learning achievement. Curriculum reform was launched when the sector-wide approach was adopted.

Sector-wide analysis

Taking a sector-wide approach has facilitated comprehensive analysis of complex issues and helped in defining ways to overcome the fragmentation of activities that arose from one project to another. Dialogue on teacher education and the development of the teaching profession has been productive. Trade-offs between sustainable expansion and preserving or improving quality in basic education have also been examined, especially in respect of teacher qualifications and remuneration.

Building capacity

Institutional capacity-building aimed at improving quality in basic education, in the context of ESSP, has developed through policy dialogue, implementation and monitoring, rather than through a well-conceived, systematic long-term plan. It has been enhanced by technical assistance with preparation of subsector strategies for teacher education and adult education, and by project support to curriculum development and learning achievement studies at the National Institute for Educational Development.

Source: Takala (2004)

view is developing as a direct result of policy dialogue. A clearer overall view of the meaning of quality serves as a foundation for more effective programming and donor assistance (Box 5.10).

Monitoring quality

Uganda, like Mozambique and Zambia, is heavily dependent on external aid. Between 1998 and 2002, 54%–61% of its primary education budget was aid funded. Under its Education Strategic Investment Plan (ESIP) the Ugandan Ministry of Education, in dialogue with partner agencies, has defined a set of indicators, some of which concern the quality of primary education.³⁴ Table 5.15 itemizes these indicators, which suggest that progress so far in improving quality has been rather limited, though it should be recalled that extraordinary expansion in primary enrolment, from 3.1 million in 1996 to 7.4 million in 2002, is the fundamental context for these trends.

Immediately after the introduction of free primary education in 1997, pupil/teacher ratios rose significantly and untrained teachers were deployed en masse. National upgrading of teachers and better teacher deployment and management, plus slower rates of enrolment growth have helped to lower pupil/teacher ratios to their current levels.

As Table 5.15 indicates, Uganda places considerable weight on teaching quality (with indicators on pupil/teacher ratios and teachers' qualification and training), pupil achievement (mastery of key curriculum content – literacy and numeracy in particular – at grades 3 and 6) and school profile (minimum school quality standards defined by the ministry). In addition to annual monitoring of national progress on key indicators, the government (working with funding agencies) carries out six-monthly monitoring reviews to set targets for assessment.

34. Under ESIP, a National Assessment System has been set up to monitor pupil achievement, and the School Inspectorate has been restructured as the Education Standards Agency, with responsibility for overall quality control.

Table 5.15: Initial ESIP indicators relating to quality, 2000/2001-2003/2004

| Indicator | Source of data | Status 2000/2001 | Status 2001/2002 | Status 2002/2003 | Status 2003/2004 |
|---|--|------------------|------------------|------------------|------------------|
| <i>Percentage of primary school teachers with the required academic background (finished grade 7 or above):</i> | EMIS ¹ | | | | |
| a) Total | | 98 | 98 | 98 | 97 |
| b) Men | | 98 | 98 | 98 | 98 |
| c) Women | | 98 | 98 | 98 | 97 |
| <i>Percentage of primary school teachers who are professionally certified according to national standards, i.e. have at least a grade III teaching certificate:</i> | EMIS ¹ | | | | |
| a) Total | | 75 | 75 | 74 | 75 |
| b) Men | | 73 | 73 | 73 | 73 |
| c) Women | | 78 | 78 | 77 | 77 |
| <i>Pupil/teacher ratio:</i> | EMIS ¹ | | | | |
| a) Primary | | 55:1 | 58:1 | 55:1 | 52:1 |
| b) Secondary | | 17:1 | 20:1 | 18:1 | 18:1 |
| <i>Percentage of pupils having reached at least grade 3 who have mastered nationally defined basic competencies in:</i> | NAPE ² / UNEB ³ | | | | |
| a) Literacy | | 18 | ... | | |
| b) Numeracy | | 39 | ... | | |
| c) Science | | ... | 85 | 20 | |
| d) Social studies | | ... | 96 | 39 | |
| <i>Percentage of pupils having reached at least grade 6 who master nationally defined basic competencies in:</i> | NAPE ² / UNEB ³ | | | | |
| a) Literacy | | ... | ... | | |
| b) Numeracy | | ... | ... | | |
| c) Science | | 13 | 17 | | |
| d) Social studies | | 42 | 32 | | |
| <i>Percentage of schools meeting minimum quality standards</i> | Inspectorate | | | | |
| | | 66 | 66 | – | – |

1. Education Management and Information System.

2. National Assessment of Progress in Education.

3. Uganda National Examination Board.

Source: Uganda Ministry of Education and Sports (2003a)

For example, at the tenth Education Sector Review, in November 2003, district-level targets were set on pupil/teacher ratios, pupil/classroom ratios and the ratios of pupils to core textbooks (Uganda Ministry of Education and Sports, 2003b).

Ethiopia has a similar approach. Under its Education Sector Development Programme (ESDP) I and II, it has identified five main categories of performance indicator: budget and expenditure, access, quality, efficiency and equity. Among the six quality indicators, three relate to the qualifications of teachers at different levels, two deal with pupil/textbook ratios and one is on assessment of learning at grade 4 (Ethiopia, 2003).

It is not the intention here to reflect on whether Uganda or Ethiopia is demonstrating progress in improving the quality of education. Rather, these examples and that of Mozambique represent the growing number of cases in which some funding agencies use the government's own core indicators as the basis for measuring progress, instead of targets specific to an individual donor activity or programme. Not all agencies are at the point where this approach fits easily with their philosophy or their aid monitoring and reporting procedures and regulations. But the approach is consistent with both the OECD-DAC work on harmonization and alignment, and with the notion of partnership that underpins the Joint Evaluation.

In a growing number of cases, funding agencies use the government's own core indicators as the basis for measuring progress

Uganda and Ethiopia are relatively advanced in having reached agreement on a set of core indicators to which all the main partners in ESIP and ESDP subscribe. A recent study covering Bolivia, Ethiopia, Namibia, Pakistan and Tunisia observed that agreement on core indicators is 'beset by difficulties, primarily because definitions and underlying concepts vary significantly from country to country' (Span Consultants, 2003: 8). The study concluded that acceptance and use of a common set of indicators depends on whether:

- data availability and quality are adequate, both in the education sector and outside of it;
- the incentives for educational institutions to misrepresent data can be overcome;
- data collection and analysis capacity is sufficient at all levels of the system.

Building capacity

Just as there is a growing consensus on the need for a system-wide view of quality, so too there is increasing agreement on the need for a more strategic approach to building capacity. The emerging view is that capacity-building should be integrated with system development rather than conceived as isolated, short-term training activities associated with individual projects.

One recent study sees capacity development as an issue that is not limited to those working in educational institutions and programmes (Buchert, 2002). Government officials and aid agency personnel will need to enhance their skills if government resources and aid are to be combined effectively in pursuit of education goals. This is a major human development agenda in its own right.

Individual countries' experience in this respect vary. Burkina Faso's Ten Year Plan for the Development of Basic Education includes provisions on building managerial, administrative and evaluative capacity, but in practice external technical assistance still holds sway. Several key officials from Mozambique underwent training at the UNESCO International Institute for Educational Planning early in the development of ESSP, although capacity-building requirements were apparently identified only as the SWAp

evolved. In Ghana in the mid-1990s, understanding of the Free, Compulsory and Universal Basic Education Programme was very uneven across the Ministry of Education. This was partly due to unequal sharing of information and dispersed planning functions within the Ministry.

Looking at a particular subsector, a multi-country study on teacher education (Lewin and Stuart, 2003) concluded that external assistance was often the only source of exposure to new ideas and practices for both lecturers and managers at teacher training institutions. Realizing national goals is very difficult unless the building of key institutional capacity is a part of sector reform and quality improvement nationwide. In the United Republic of Tanzania, the Primary Education Development Plan (2002–2006) recognizes human resource development as central and identifies the teacher as the main instrument for bringing about qualitative improvements in learning. The plan puts priority on professional development of teachers, tutors, inspectors and other leaders in education, within the framework of overall government strategy (United Republic of Tanzania, 2001).

Conclusion

While there is a body of agency literature that records success in meeting programme objectives, it is much more difficult to find substantive evidence of a clear relationship between aid and better learning outcomes at national and international level. SWAps and budget support hold out some promise but have yet to deliver. Projects involve significant weaknesses but have their place, particularly in supporting innovation.

For the present, governments and aid agencies in aid-dependent countries are defining intermediate measures of good practice: sound policy, clearly defined objectives, national targets and indicators, well-managed monitoring and review processes and consistent attention to building strong institutional capacity. The growing body of evidence coming out of regular monitoring reviews should give some idea of whether better coordinated, sector-based aid is proving more effective than previous approaches. That is a topic to which this Report will return in the future.

There is increasing agreement on the need for a more strategic approach to building capacity

International coordination

Assessing success

Imagine a retrospective evaluation, conducted in 2015, of how international coordination had affected progress towards EFA. Such a review would require judgements as to whether:

- the international community mobilized substantial new *resources* to help in achieving the six EFA goals, especially for countries lacking the resources to implement national plans for EFA;
- the global store of *knowledge* about policies that strongly help improve equitable access to an education of good quality has been enhanced, shared and used;
- international aid is better *harmonized and aligned* and has been used effectively to support sound, nationally owned education-sector policies;
- EFA has been fully integrated in wider international discourse and action in support of the MDGs and poverty eradication.

These priorities are essentially those set out in the global initiative recommended at the World Education Forum in Dakar (UNESCO, 2000a). The aim was an initiative that would increase aid and make its flow more predictable, quicken debt relief, improve coordination of education aid provision (including through sector-wide approaches) and establish regular EFA monitoring processes. Although a global initiative in the sense intended at Dakar has not come to fruition, proactive and well-coordinated international action designed to address the needs identified by the World Education Forum is as necessary in 2004 as it was at the beginning of the millennium.

The Fast-Track Initiative (FTI) offers one distinctive international response to this challenge. After a relatively protracted debate over its core objectives and functions, it has emerged as a mechanism with objectives that can be assessed in terms of resource flows, knowledge, types of aid and its wider development influence. UNESCO is the other main international actor. It benefits from a strong

mandate, given to it by the international community at Dakar, but, as this Report's predecessor explained, it has seen its primary role as facilitating international dialogue and demonstrating the importance of partnerships for EFA through its own diverse programmes (UNESCO, 2003a). These two endeavours are considered in turn.

The Fast-Track Initiative

The FTI is an international partnership designed to accelerate progress towards the achievement by 2015 of universal primary completion (UPC, another way of expressing a core EFA goal, UPE). Launched by the Development Committee of the World Bank and International Monetary Fund at its 2002 spring meeting, the FTI passed two important milestones in 2004. Its partner agencies agreed a framework to guide its development (World Bank-FTI Secretariat, 2004), and the Development Committee concluded, albeit with some caution, that the FTI deserved the strong support of the international community.³⁵

As noted in previous EFA Global Monitoring Reports (UNESCO, 2002a and 2003a), the FTI was conceived initially as a direct response to the commitment made in Dakar that 'no countries seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources' (UNESCO, 2000a). It has since come to be seen as a test case of the Monterrey Consensus as regards the need to establish new development partnerships to meet the MDGs (United Nations, 2000).

As of 2004, the FTI partnership comprises over thirty multilateral and bilateral agencies and regional development banks, though their levels of engagement vary considerably.³⁶ It also counts the Global Campaign for Education among its supporters and is seeking to extend its partnership with civil society.

Since its latest meetings, in Oslo (November 2003) and Washington (March 2004),³⁷ the FTI has acquired greater clarity of intent and a broad base of international support. It is now defined as being global in character and open to all interested funding agencies and low-income countries.³⁸ It promotes six core aims and will follow five guiding principles (Box 5.11), the latter

35. The Fast Track Initiative (FTI) was designed to address the data, policy, capacity and resource gaps that constrain progress in achieving Education for All. Its implementation has highlighted the potential as well as the challenges associated with scaling up the MDG agenda more generally and in particular, the need for credible, effective and predictable financing in support of adequate policies and programs. The experience of FTI so far has demonstrated that it should be anchored in countries' Poverty Reduction Strategies if it is to be effective. We urged all countries, developed and developing, to take the additional steps required to make this initiative succeed and requested the Bank Board to continue to monitor progress' (World Bank/IMF, 2004).

36. The partners are the funding agencies of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, the Russian Federation, Spain, Sweden, Switzerland, the United Kingdom and the United States, along with the European Commission, Asian Development Bank, African Development Bank, DAC-OECD, Inter American Development Bank, UNAIDS, UNDP, UNESCO, UNICEF and the World Bank (World Bank, 2004c).

37. The FTI involves three types of regular meetings. Annual partnership meetings (Oslo, 2003; Brasilia, 2004) bring together representatives of the FTI countries, funding agencies and NGOs to give strategic policy direction. Steering Committee meetings involve two co-chairs – one from the G8 Presidency and one from a non-G8 country – plus the World Bank, UNESCO and one outgoing co-chair, to oversee coordination. Funding agency meetings have been instrumental in developing the FTI Framework (World Bank-FTI Secretariat, 2004).

38. Low-income refers to the World Bank classification for the determination of IDA eligibility (World Bank-FTI Secretariat, 2004).

Box 5.11 Fast-Track Initiative: goals and principles

■ Goals

The FTI aims to accelerate UPC by promoting:

- **more efficient aid for primary education** through actions of development partners to maximize coordination, complementarities and harmonization in aid delivery and reduce transaction costs for FTI recipient countries;
- **sustained increases in aid for primary education** where countries demonstrate the ability to utilize it effectively;
- **sound sector policies in education** through systematic review and indicative benchmarking of recipient countries' education policies and performance;
- **adequate and sustainable domestic financing for education** within the framework of a national poverty reduction strategy, medium-term expenditure framework or other country statement as appropriate;
- **increased accountability for sector results** through annual reporting on policy progress and key sector outcomes, using a set of appropriate indicators in participating countries, and sharing of results.

Globally, the FTI also aims to promote:

- **mutual learning on what works** to improve primary education outcomes and advance EFA goals.

■ Guiding principles

- **Country ownership:** The FTI is a country-driven process, with the primary locus of activity and decision-making at the country level. It fosters a long-term development partnership at the country level between the government and other partners, in support of the country's effort to accelerate progress towards EFA goals, focusing on UPC. The FTI presents a framework to further coordination, complementarities and harmonization of partner efforts, in a manner that strengthens country governments' ability to manage their own development process more effectively.

- **Benchmarking:** The FTI encourages the use of indicative benchmarks (the FTI Indicative Framework) locally adapted to enlighten debate, in-country reporting on policies and performance, and mutual learning on what works to improve primary education outcomes which can provide lessons learned across countries for the acceleration of UPC.
- **Support linked to performance:** The FTI links increased funding to country performance. It is the first global initiative to operationalize the Monterrey Consensus as a partnership between developing countries and the donor community, at the international and country level. The FTI is intended to provide more sustained, predictable and flexible financial support to countries that have demonstrated commitment to the goal of UPC, have adopted policies in full consideration of a locally adapted FTI Indicative Framework, and have demonstrated a need for, and the capacity to use effectively, incremental external resources.
- **Lower transaction costs:** The FTI encourages donor actions to provide resources to developing countries in a manner which minimizes the transaction costs for recipient countries. The FTI promotes improved coordination, complementarity and harmonization in donor practices and financing to flexibly support country-owned education-sector strategies. The FTI implies moving towards a sector-wide approach, wherever appropriate, in fast-track countries.
- **Transparency:** The FTI encourages the open sharing of information on the policies and practices of participating countries and donors alike, through indicative benchmarking, systematic cross-country monitoring, strengthened donor collaboration and harmonization, and making best efforts to provide resources in a predictable and sustained manner.

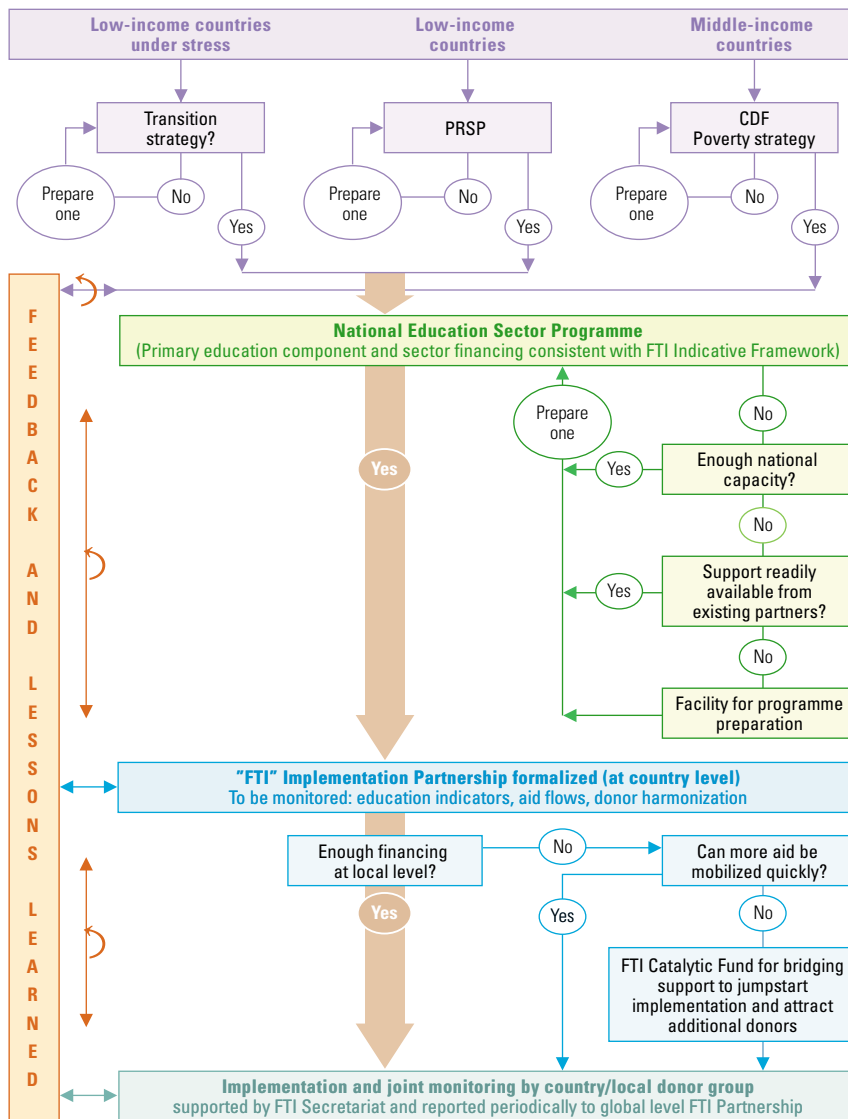
Source: World Bank-FTI Secretariat (2004: 2-3)

being closely aligned with the OECD-DAC objectives on harmonization. The aims are ambitious in their coverage, setting UPC within wider education-sector and poverty-reduction frameworks. They are intended to have an impact equivalent to the indicators of success set out at the beginning of this section on international coordination.

The FTI is conceived as an international partnership designed to support the development

and implementation of national education-sector policies through well-coordinated technical and financial support at the country level. Figure 5.11, which is from the FTI Framework Document, shows how the FTI process is intended to add value by supporting the development of national education-sector programmes, monitoring aid flows, enhancing donor coordination and, should it prove necessary, mobilizing additional resources internationally.

Figure 5.11: The EFA-FTI process



Source: World Bank-FTI Secretariat (2004: 6)

The FTI needs to be consistent with, and complement, wider international work on donor harmonization

As the Development Committee of the World Bank and IMF has acknowledged, the two-year process that led to agreement of the FTI Framework Document illustrates the challenges involved in giving effect to the principles of the Monterrey Consensus. The FTI demonstrates this in relation to six of its defining characteristics:

- While the FTI has a clear, subsector, *single-goal focus* in UPC (a fact that continues to draw criticism because some see this as too narrow an interpretation of EFA), it also stipulates that

policies and strategies designed to attain this goal should be very clearly articulated in national education-sector and poverty-reduction strategies.

- As the FTI supports *donor harmonization* with government policies and programmes,³⁹ it needs to be consistent with, and complement, wider international work on donor harmonization.

- The FTI is open to all interested agencies and low-income countries but remains a process that

39. An FTI working group is to be formed to this end, focusing on SWAps, budget support and financial baseline data, so as to provide a more accurate picture of aid flows in FTI countries.

Table 5.16: Status of countries in relation to FTI, February 2004

| Current FTI countries, 2003 | Potential FTI countries, 2004 | Potential FTI countries, 2005 |
|--|---|--|
| Burkina Faso Gambia Ghana Guinea Guyana Honduras Mauritania Mozambique Nicaragua Niger Viet Nam Yemen | Albania Armenia Bangladesh Bolivia Cambodia Cameroon Chad D. R. Congo Djibouti Ethiopia Guinea-Bissau India Madagascar Malawi Mali Mongolia Nepal Pakistan Rwanda Senegal Tajikistan U.R. Tanzania Uganda Zambia | Benin Bosnia and Herzegovina Georgia Kenya Lao PDR Lesotho Nigeria Rep. of Moldova Sao Tome and Principe |
| 12 | 24 | 9 |

Note: All the countries in the left hand column of the table have had a PRSP approved and a sector plan endorsed by FTI that takes account of the Indicative Framework and has a mechanism in place that allows FTI to track donor flows of aid to education.

Source: www1.worldbank.org/hdnetwork/efa/PPT/fti%20expansion.ppt.

works on the basis of *eligibility* and *endorsement*. National sector plans and their primary education components are reviewed to determine whether a country is ready to be invited to join the Initiative. Table 5.16 shows that, as of February 2004, twelve countries had been endorsed and thirty-three others could potentially join the Initiative in 2004. The FTI's all-encompassing

approach will undoubtedly continue to raise expectations on what it will deliver.

- The FTI is developing frameworks for *country level assessment* and using the Indicative Framework for EFA/Education Sector Plans developed by the World Bank as a key benchmarking tool. This framework (Table 5.17) has been expanded in the past year to take quality and efficiency into account, measuring student flows, hours of instruction and construction cost per classroom. The Indicative Framework has been a significant part of the policy dialogue with the initial FTI countries, though now the emphasis is on applying it flexibly and with attention to context. It will be important to ensure that FTI tools are aids to policy rather than checklists to observe.

- The FTI provides a new means of identifying and providing *technical support*. One possible development, for instance, is a Facility for Programme Development that would enable countries to undertake preparatory studies, capacity-building and national consultation processes early in the development of education-sector plans. In this regard, the FTI is a new technical facility, but it should avoid duplication of existing technical assistance work in individual countries.

- The FTI's direct-funding and resource-mobilization role now appears more modest than many developing countries had expected. It has become more a *donor of last resort*, either encouraging agencies working in a country

Table 5.17: Policy benchmarks* for universal primary completion by 2015

| | | |
|------------------|---|---|
| Service delivery | Average annual teacher salary Pupil/teacher ratio Non-salary spending Average repetition rate Annual hours of instruction | 3.5 x per capita GDP 40:1 33% of recurrent education spending 10% or lower 850–1000 hours |
| Student flow | Girls' and boys' grade 1 intake rate Girls' and boys' primary completion rate | Trend rate to 100% by 2010 Trend rate to 100% by 2015 |
| System expansion | Construction cost per classroom (furnished and equipped, including sanitation) | US\$10,000 or less |
| System financing | Government revenue Education spending Primary education spending | 14%–18% of GDP 20% of government revenue 50% of total education recurrent expenditure |

*Benchmarks to be applied flexibly, depending on country circumstances and trend rates towards sustainability by 2015.

Source: World Bank (2004c)

to mobilize additional national and donor resources or drawing the international community's attention to shortfalls.⁴⁰ A multi-donor trust fund set up in 2003 finances the FTI Catalytic Fund to help prime the pump of short-term funding and thereby leverage longer-term financing. Expectations as to the resource benefits accruing to FTI countries will need to be met or assuaged.

Recent developments in the FTI point to a real appreciation of the fact that a uniform model of support for UPC and EFA is insufficiently sensitive to context and need. Some donors are growing more amenable to investing modestly in a risk-taking mechanism to provide quick, incremental support to countries whose short-term policy development and programme implementation are blocked by lack of funding. So far, however, there are no signs that the FTI is seen as a channel for major education-aid disbursement.

Remaining questions

Some larger questions remain. While proposals to establish a global fund were rejected in Dakar, the debate on the FTI from its launch in 2002 until Oslo in 2003 focused on the need to assure substantially increased levels of financing for education. Dakar and Monterrey (and the related G8 commitments) raised high expectations in this regard. While some bilateral agencies have responded positively within their existing ODA ceilings, the additional funds raised globally remain far short of the US\$5.6 billion per year of additional aid required just to achieve UPE and eliminate gender disparities⁴¹ and do not even cover the immediate needs of the initial FTI countries, as has been noted elsewhere in this chapter.⁴² As has been shown, the upturns in overall ODA and in support for basic education are modest and, while initiatives such as the United States's Millennium Challenge Account⁴³ are welcome additions, it is clear that funding for EFA will continue to fall short. The fact that the World Bank and IMF Development Committee suggested no specific actions finance ministers might take to let the FTI Initiative make a real difference in resource terms underlines this (World Bank/IMF, 2004).⁴⁴

A second question concerns the extent to which the FTI will or can become a framework for all

education sector work in developing countries, and the means of approving sector plans. The FTI Framework Document states:

The FTI encourages a general consensus among in-country donors to endorse a country's sector plan. When the in-country donors are satisfied that key issues have been adequately addressed, the sector plan is considered endorsed for FTI support. The lead donor is requested to ensure the preparation of a report of the conclusions of the review meeting, for the Government and the FTI partnership (through the FTI Secretariat) for broader dissemination and information. (World Bank-FTI Secretariat 2004: 9)

Whether the World Bank and the programming departments of bilateral and other multilateral agencies truly accept this remains unclear. There is a risk of FTI procedures being seen as an additional hoop through which both governments and agencies have to jump, particularly if substantial additional resources do not automatically result. An FTI working group on communications has been set up to ensure that the FTI's purposes and procedures are clearly understood.

Third, questions remain as to whether eligibility criteria will limit the inclusion of countries where

There is a risk of FTI procedures being seen as an additional hoop through which both governments and agencies have to jump

40. As of April 2004, the EFA-FTI Catalytic Fund had received US\$236 million (from the Netherlands, Norway, Italy and Belgium) for 2004–2007. The fund is intended to provide transitional grant financing for two to three years at most. In 2004, the United Kingdom committed some US\$21 million to the Catalytic Fund and a new trust fund to support the FTI Secretariat, which is based at the World Bank. France has also pledged US\$100,000 to the Secretariat over two years. All the available money has been used or allocated. In 2003, US\$6 million was disbursed to the Niger and US\$5 million was committed to Mauritania. For 2004, grant agreements have been signed with Mauritania (US\$2 million) and Yemen (US\$10 million) and are being finalized with the Niger, the Gambia, Nicaragua and Guyana (a total of US\$22 million). Meanwhile, Pakistan, Ghana, Ethiopia and Timor-Leste, among other countries, have requested support from the Catalytic Fund. (World Bank, 2004d; World Bank-FTI Secretariat, 2004; World Bank, 2004c).

41. Existing flows to basic education totalled some US\$1.4 billion in 2000. The *EFA Global Monitoring Report 2002* estimated that an additional US\$5.6 billion per year was needed to close the gap, making US\$7 billion in all (UNESCO, 2002a, Table 5.7).

42. For the first ten countries endorsed for FTI support, the financing gap is estimated at US\$204.5 million for 2004 and US\$231.5 million for 2005 (World Bank, 2004c).

43. The United States launched the Millennium Challenge Account (MCA) in response to the Monterrey Consensus. The eligible countries exclude Cape Verde and Vanuatu but otherwise there is close correspondence with the FTI-eligible countries. The MCA provides grants to countries that 'rule justly, invest in their people, and encourage economic freedom' (www.mcc.gov). The initial funding for fiscal year 2004 is US\$1 billion, and the intent is to increase the amount to US\$5 billion by fiscal year 2006. Countries accepted for the FTI may need to develop new proposals for MCA funding.

44. In the recent Copenhagen Consensus meetings, where experts discussed how best to spend US\$50 billion on development, no education projects were among the final ranking, and the concluding report stated: 'Experience suggests that it is easy to waste large sums on education initiatives.' This may indicate just how far the arguments for EFA have to extend beyond education circles (Copenhagen Consensus, 2004).

Developing countries continue to ask whether the international community is fulfilling its part of the contract established in Dakar and Monterrey

the EFA challenge is greatest.⁴⁵ Catalytic funding to give impetus to new policies may be a good start on addressing this issue. In addition, a stronger focus on integrating primary education plans with wider sector and anti-poverty reforms should help ensure that due attention is paid to systemic reform in the education sector as a whole, not at subsector level alone.

Some developing countries continue to ask nevertheless whether the international community is fulfilling its part of the contract established in Dakar and Monterrey. It remains to be seen whether innovative bridging funding can make a true difference to countries that would otherwise be neglected, whether new ways of assessing policy and measuring progress against benchmark criteria will result in substantive improvements in national practice and whether closer monitoring of aid flows and needs can help spur mobilization of new resources and greater equity in their allocation. But it is clear that the FTI is attempting to respond to the four priorities set out at the beginning of this section and will be judged on its ability to make a difference in all four areas.

UNESCO

The mandate given to UNESCO at the World Education Forum – to continue its role in coordinating EFA partners and in maintaining their collaborative momentum – remains challenging and complex. In a recent strategic review of its post-Dakar role, written for its Executive Board, UNESCO notes that five main areas of activity are at the centre of its current international role (UNESCO, 2004e):

- broadening and deepening the partnerships and alliances within the EFA movement by bringing in new or under-represented partners (e.g. civil society and the private sector);
- building consensus;
- harmonizing the partners' contributions and participation;
- promoting dialogue on emerging issues;
- ensuring that the post-Dakar coordination mechanisms are welcoming, useful and effective.

Earlier editions of the *EFA Global Monitoring Report* (UNESCO, 2002a; UNESCO, 2003a) have reflected on various difficulties associated with defining and managing these processes in ways that can make a real difference in progress towards achieving the EFA goals.⁴⁶ In its strategic review, UNESCO also recognizes some of the limitations of focusing primarily on dialogue facilitation. It concludes: 'it is increasingly clear that UNESCO's lead co-ordination role needs to be enhanced and needs to be exercised in a more assertive, proactive and creative manner, drawing not only upon UNESCO's Dakar mandate but also its role as the specialized agency for education within the United Nations System' (UNESCO, 2004e: para. 116).

The strategic review can be expected to stimulate debate on UNESCO's opportunities to strengthen its leadership role by developing a stronger, more influential policy voice. This is an important way for UNESCO to enhance its visibility, influence and authority, not only in EFA coordination mechanisms but also in its wider dealings within the United Nations system and vis-à-vis the World Bank, governments, bilateral agencies and civil society.

Strengthening this function will not be without its difficulties. As UNESCO is not a funding agency, it lacks the immediate international leverage and influence of the World Bank and the major bilateral funding agencies, which can more easily command the attention of aid recipients and agencies. UNESCO's influence is likely increasingly to derive from its policy work on strategies for achieving the EFA goals. It brings to this work a dispassionate, evidence-based approach that is not tied to a single issue or a particular political agenda.

In recent years, wherever UNESCO has articulated clear and well-defended policy positions, its standing and influence have been enhanced. Its work on the right to education, on language policy and on education and emergencies, for example, commands respect and influences international practice. The applied research work of the UNESCO Institutes,⁴⁷ in areas such as education planning, HIV/AIDS, statistical indicator development, adult education and curriculum analysis, also stands UNESCO in good stead. In addition, innovative work at the regional level on topics such as girls' education,

45. This issue was also raised in earlier editions of the *EFA Global Monitoring Report*.

46. One significant recent advance is a move towards greater integration of high-level EFA-related mechanisms. For example, in November 2004 the EFA High-Level Group and the FTI Partners' Group will hold back-to-back meetings in Brasilia, and may eventually establish a single planning mechanism.

47. These include the UNESCO Institute for Statistics in Montreal, the International Institute for Educational Planning in Paris, the International Bureau of Education in Geneva and the UNESCO Institute for Education in Hamburg.

health and education and the educational needs of minorities has influenced government policies and programmes.⁴⁸

Other types of policy work could further enhance UNESCO's ability to command international attention in world forums and strengthen its ability to promote better EFA policy coordination. Among these are the articulation and analysis of national and international strategies for EFA, including work on investment choices, on overall sector planning, on the governance and efficient use of resources for education and on further demonstration of the links between education and broader policies for social and economic development.

In this context, UNESCO's role as guardian of the international EFA agenda is significant. UNESCO rightly emphasizes that programmes driven solely by the need to achieve UPE provide insufficient response to the Dakar goals. But much further work is needed to demonstrate how governments can best develop broad sector strategies to meet all the EFA goals, as well as frameworks for the necessary expenditure. In much of the world, the financing of EFA remains uncharted territory. Related issues include better identification of synergies within the education sector and between basic education and poverty reduction. The rhetoric of partnerships for better education is often not backed up by sound analysis of what makes them work. Changes in the modalities of aid and its coordination receive scrutiny mainly by aid agencies themselves rather than from a more neutral external standpoint. More immediately, UNESCO's leadership role in the United Nations decades for literacy (from 2003) and education for sustainable development (from 2005) gives it a chance to initiate high-profile work in two significant policy arenas. These and other strategic issues offer fertile ground for a new policy agenda.

Some recent examples of influential international policy work illustrate the potential benefits. UNICEF's promotion of 'adjustment with a human face' (Cornia, Jolly and Stewart, 1987) was based on high-quality analysis that ran counter to what was then the conventional wisdom at the World Bank and IMF. UNICEF became influential in the adjustment debate internationally, even though it had relatively few core staff members working exclusively on policy

analysis. Similarly, the United Nations Development Programme, through its Human Development Report, has become an influential voice in the development debate, although it started from what was arguably a less promising basis for effective prognosis than that of UNESCO. More recently, the World Bank's work developing policy benchmarks in its Indicative Framework for achieving universal primary completion has been both influential and controversial in international debate, especially in countries seeking assistance via the FTI.

In each of these cases, expertise from both within and outside the respective agencies was brought together in ways that enabled dedicated work to be done on major issues of international development policy. UNESCO can harness expertise in Paris, at its Institutes and in its regional and cluster offices to direct and carry out such work. It can also draw upon an extraordinary diversity of international networks and research bodies. Thus, it clearly has a very real opportunity to undertake policy work that could not only be highly significant and influential in its own right, but could also strengthen UNESCO's international EFA coordination role substantially, enable the organization to be more proactive in such endeavours as the FTI working groups and enhance its own technical programmes at the regional and country levels. The benefits of cultivating a core capacity for work on macro-level policy issues, and of pursuing an organization-wide approach to international coordination, could produce significant dividends for UNESCO and for the international community more generally.

Other international activities

EFA Flagships

The nine initiatives known as EFA Flagships⁴⁹ constituted the main theme of the fourth meeting of the EFA Working Group, held in Paris in 2003 (UNESCO, 2004c). A booklet published after the meeting defined a flagship initiative as a structured set of activities, carried out by voluntary partners under the leadership of one or more of the United Nations specialized agencies, to address specific challenges in achieving the EFA goals (UNESCO, 2004d).

Some flagships have been seeking recently to strengthen their mandates and working

United Nations decades for literacy (from 2003) and education for sustainable development (from 2005) offer fertile ground for a new policy agenda

48. One example is the work of UNESCO-Bangkok on HIV/AIDS and school health.

49. The Initiative on the Impact of HIV/AIDS on Education; Early Childhood Care and Education; the Right to Education of Persons with Disabilities; Towards Inclusion; Education for Rural People; Education in Situations of Emergency and Crisis; Focusing Resources on Effective School Health (FRESH); Teachers and the Quality of Education; the ten-year United Nations Girls Education Initiative (UNGEI) and Literacy in the Framework of the United Nations Literacy Decade.

Galvanizing political will and commitment in all nations, which lies at the heart of the Dakar Framework for Action, remains the most pressing need

methods. The International Labour Office, UNESCO and Education International reached a Memorandum of Agreement defining their respective roles and responsibilities on Teachers and the Quality of Education. UNICEF established an international advisory group on improving integration of the United Nations Girls' Education Initiative (UNGEI) activities with national and regional programmes, and is preparing to mark 2005 as gender parity year. The initiative designed to accelerate the education sector response to HIV/AIDS in Africa has been supporting the development of plans and follow-up actions at subregional and national level (e.g. in Gabon in May 2003; Abuja and Ondo, Nigeria, June 2003; Mozambique, February 2004; and Ethiopia, February 2004). An informal consultation of United Nations agencies working on disability and education was convened in March 2004.

As the booklet on flagships notes, it is too early to judge the impact of these nine initiatives, but eventually their added value should be assessed through the range of activities undertaken at country level, their appropriation by governments and their synchronization or integration with national priorities and wider development frameworks.

E-9 Initiative

The E-9 Initiative⁵⁰ was revitalized in 2003, ten years after its launch. The nine countries (Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria and Pakistan) originally came together with support from UNESCO, UNICEF, the United Nations Population Fund and the World Bank to promote political commitment for EFA after Jomtien, to facilitate information exchange and to mobilize aid. Together these countries account for over 71% of the world's adult illiterates and more than half of its out-of-school children. After an evaluation concluded that there was a lack of ownership of the initiative among its member countries and little sign of donor support (Bibeau, Kester-McNees and Reddy, 2003), it was agreed to establish a focal point in each country to coordinate E-9 activities and ensure that clear links existed with other international EFA mechanisms, such as the High-Level Group and the Working Group on EFA, the FTI and the EFA Flagships (E-9, 2003). It was also agreed to re-energize technical cooperation in specific areas

and the sharing of best practices and to encourage involvement by other partners, such as civil society organizations and the private sector. UNESCO was directed to lead the coordination of donor partners.

Other forums

In October 2003, education ministers from 53 Commonwealth countries representing 1.7 billion people agreed the Edinburgh Action Plan,⁵¹ which, among other provisions, encourages countries to share their understanding of what constitutes an 'excellent education system.' In May 2004, at a forum organized by the Southeast Asian Ministers of Education Organization, UNESCO and UNICEF, ten education ministers from South-East Asian countries endorsed the Bangkok Declaration, reaffirming their commitment to a shared vision of quality and equity in education and a determination to promote a comprehensive definition of quality within their systems.⁵² At the Arab Regional Conference on Education for All, held in Beirut in January 2004, all participating countries reaffirmed their commitment to the Arab Framework for Action adopted in Cairo in 2000 (UNESCO, 2000a). The participating countries also adopted a platform of action at the state, regional and international levels and identified high-priority projects in individual countries that deserve international support (UNESCO-Beirut, 2004b).

Conclusion

International efforts to improve coordination for EFA remains focused on mechanisms and initiatives. Some progress has been made but it is not yet commensurate with the challenge, especially in translating international dialogue into national action. Galvanizing political will and commitment in all nations, which lies at the heart of the Dakar Framework for Action, remains the most pressing need. ■

50. See www.unesco.org/education/e9/initiative

51. See www.thecommonwealth.org/Templates/STPDInternal.asp

52. *Bangkok Post*, 30 May 2004.