Center for
Universal Education
at BROOKINGS

Prospects for Bilateral Aid to Basic Education Put Students at Risk

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1. INTRODUCTION

The future of bilateral aid to basic education is at risk, placing the educational opportunities of many of the world's poorest girls and boys on the line. Some donor governments are reducing overall bilateral assistance, others are phasing out long-standing partnerships with particular developing countries and several are abandoning education as a priority sector altogether. All of this, it appears, is being carried out with little donor coordination, resulting in the substantial reduction of external education support and technical assistance for countries where it is desperately needed. While there are several donors increasing their aid to basic education, such as the United Kingdom and Australia, the overall picture looks bleak with bilateral aid to basic education stagnating, at best, and, at worst, significantly declining in the coming years. Current and future multilateral contributions to basic education are not expected to fill the financing gap left by donors' withdrawal from the sector in several countries, barring a major effort to raise funding for the Education for All-Fast Track Initiative's (EFA FTI) trust fund and a significant increase in World Bank International Development Association (IDA) loans for education. Taken together, this likely spells difficult times ahead for the education systems of many developing countries, some of which are losing basic education support from up to five bilateral donors at once.

These reductions are poorly timed, arriving precisely when many developing countries are most in need of aid to reach the Education for All (EFA) and the education Millennium Development Goals (MDGs) by 2015. In 2000, at the World Forum on Education in Dakar, Senegal, over one thousand participants agreed to work cooperatively to help developing nations achieve six education-related goals. The six EFA goals include a call to support early childhood education, universal primary education, basic life skills, adult literacy, gender equality, and education quality. That same year, the Millennium Development Goals (MDGs) were adopted by the international community and added an increased focus to two of the EFA goals, namely universal primary education and gender parity in school. In support of these goals, representatives from 164 countries in Dakar signed a pledge that "no countries seriously committed to Education for All will be thwarted in their achievement of [these] goal[s] by lack of resources." [1] Given the current widespread reduction in support for education however, this scenario seems increasingly likely to happen.

In spite of some impressive increases in enroling children into primary school over the past decade, over 67 million children are still out of primary school, with many more dropping out before they acquire basic skills such as literacy and numeracy. By some estimates, approximately 200 million students are enrolled in schools of such poor quality that they learn very little.[2] If the population growth of young people continues to follow current trends, at least 27 million children will be born into low-income countries each year, vastly increasing the youth age demographic. This "youth bulge" will no doubt add considerable pressure on education systems to absorb increasing numbers of children reaching school-age. According to UNESCO's Education for All Global Monitoring Report (GMR), as the number of youth in developing countries rises, more children will be out-of-school in 2015 than are out-of-school today. As such, the gains made to enrol more children in primary school since 2000 will be lost unless serious consideration is given to increasing the capacity of school systems to support the increased number of children and youth.[3] The initial success of increasing global enrolments by 52 million since 2000 – a product of renewed political commitment and increasing resources for education – will not be sustained without continued support to improve access and second-stage efforts to improve education quality. Protecting the recent gains in education will require donors to re-commit to the Education for All agenda, increase their investments in basic education development, and put aid effectiveness principles into practice by coordinating aid flows in predictable, coordinated ways.

In light of the challenge the current reductions in bilateral aid to education are posing to the achievement of universal quality education, the Center for Universal Education and the Education for All Fast Track Initiative have undertaken a preliminary analysis of the current trends in donor aid to education. This paper starts by setting out the financing need in developing countries, in the context both of progress made throughout the past decade, and of the remaining progress yet to be made to strengthen education systems in low and middle income countries. Our analysis uses public reports and the results of a short survey of donors (See Annex 1) to create a forecast of the overall picture of bilateral aid to basic education over the next few years, as well as the impact on individual developing countries.[4] Specifically, we focus on low- and low middle-income countries, as defined by the World Bank classifications. This initial analysis reveals that donors are pulling out of the education sector in several countries simultaneously, with little coordination or effort to ensure that funding is not dramatically cut. However, with many countries still coping with large numbers of out-of-school children, and more which have yet to ensure that the education provided is of good quality, the timing for donor withdrawal

could not be worse. The fragile gains made in the past decade may be lost altogether if this trend is not mitigated by increased and better coordination of aid to education.

2. BASIC EDUCATION IS A NECESSARY INVESTMENT FOR DEVELOPMENT

The arguments for investing in Education for All are clear. Education has been proven to reduce poverty, improve health outcomes, and promote gender equality:

- Each year of schooling translates into a 10 percent increase in potential income
- An increase of one standard deviation in student mathematics and literacy scores can increase annual GDP by 2 percent
- In Africa, children of mothers who complete primary education are 40 percent more likely to survive to age 5 and are 50 percent more likely to receive potentially life-saving immunizations
- One year of schooling reduces fertility rates by 10 percent
- Each additional year of school has the potential to raise a woman's income by 15 percent
- HIV/AIDS rates are halved among men and women who complete primary education[5]

Basic education, defined by the Global Monitoring Report to include primary education, basic life skills for youth and adults, and early childhood education,[6] is a vital foundation for a healthy education sector and a robust economy. Of course, no country will develop successfully through a reliance on education alone, but choosing to neglect basic education can also have damaging consequences. Quality basic education is a necessary stepping-stone to higher education and sustained economic growth. In fact, the acquisition of basic cognitive skills such as literacy and numeracy has been strongly and positively linked to individual earnings, equality of income distribution and economic growth.[7] Without it, countries have difficulty expanding their knowledge economy, building important 21st-century skills and creating a qualified workforce—all of these important drivers of economic and social development. Thus, expanding access to and improving the quality of basic education are compelling, necessary, and urgent national and global objectives to fuel overall development.

3. EVEN WITH PROGRESS IN BASIC EDUCATION, A LARGE FINANCING GAP REMAINS

Good progress has already been made toward the EFA goals with increasing numbers of children enrolled in primary school and major gains in several countries facing large gender disparities in education. Developing countries have increased domestic financing to education, indicating their commitment to Education for All. In twenty six Sub-Saharan African countries for which data is available, real public expenditure on education rose on average 6 percent annually between 1999 and 2009.[8] While education expenditure accounts for an average of 4.7 percent of the world's GDP, in Sub-Saharan Africa it has now reached the second highest regional percentage in the world after North America and Europe with 5 percent of the region's GDP devoted to the education sector.[9] Developing countries provide the majority of financing used to educate their children and youth. Many highly prioritize education, for example, Burundi spends 8.3 percent of its GDP on education, Lesotho spends 12 percent, and Timor Leste spends 16.8 percent.[10] However, there are other countries that admittedly could do better; for example, in 2009 Pakistan only spent 2.7 percent of its GDP on education, Cambodia spent 2.1 percent and Central African Republic spent just 1.3 percent.[11]

In spite of increased financial commitments by developing countries, there is an on-going and significant need for external financial assistance in education. Many developing countries rely heavily on Official Development Assistance (ODA) to help finance their education sectors. In Sub-Saharan Africa, fifteen countries have a ratio of education ODA to public expenditure on education of over one-fourth.[12] This ratio indicates that for every

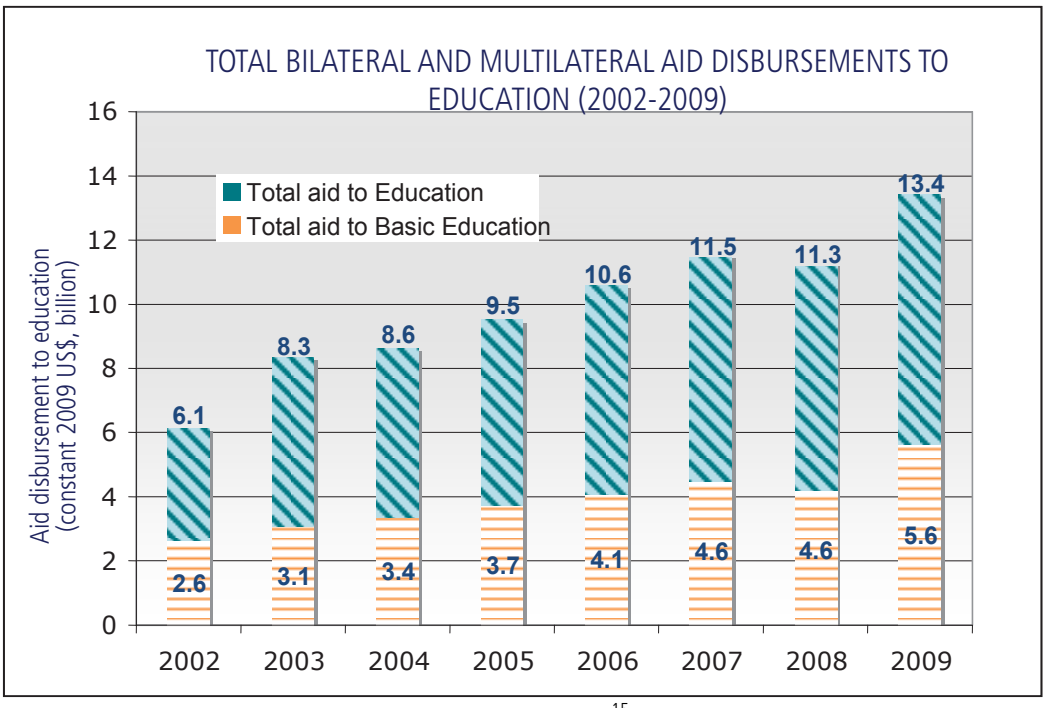
public dollar spent on education, the government receives 25 cents or more from external education aid sources. Although not all ODA to education will be spent in public expenditure (some aid is allocated to non-governmental groups, for instance), presumably a part of this ODA to education does go through the public account. Therefore, it is likely that any changes in bilateral aid to education, in particular to countries with high ODA-to-public spending ratios, will have a significant impact on those countries' abilities to provide access to quality Education for All of their young people.

The 2011 Global Monitoring Report also estimates that another US$16 billion in external aid is needed annually to fill the financing gap required to achieve the Education for All goals by 2015.[13] So far, donors are coming up far short of this estimate and worrisome trends in bilateral aid indicate an urgent situation for basic education in the near future.

4. BILATERAL AID TO BASIC EDUCATION: THE STORY SO FAR

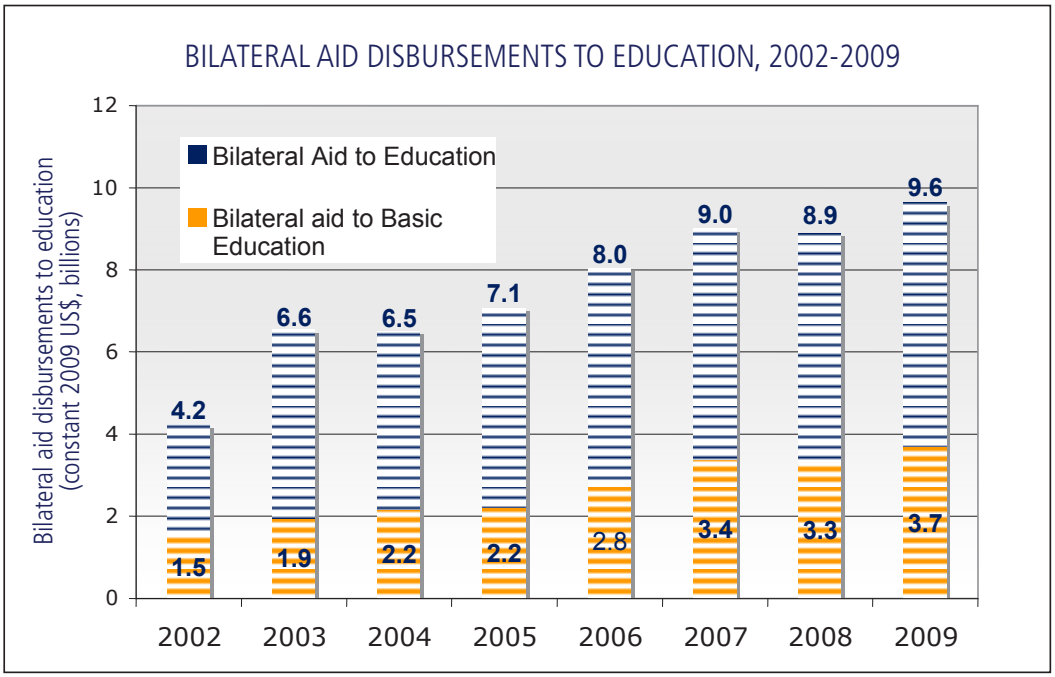
According to recent projections, at best, bilateral aid to basic education for the world's poorest countries may flat-line, and at worst it will decrease significantly. Some major education donors are pulling out of the sector or significantly reducing aid, and increases in bilateral aid to education by other donors may not cover the losses. Total aid to education, including bilateral and multilateral aid, has followed a general upward trend in recent years, other than in 2008 when there was a slight decrease (see Chart 1). Disbursements to education have more than doubled since 2002, from US$6.1 billion to US$13.4 billion in 2009. Data on ODA to education in 2010 will likely reflect significant increases, perhaps partly due to a one-time US$1.05 billion World Bank IDA loan to India for education.[14] However, despite overall increases in 2010 and a commitment by the World Bank to make an additional $750 million available for primary education over the next five years, initial evidence shows that Bank education financing in 2011 will actually drop to less than half of the 2010 amount, further threatening the scale of financing available in the sector. As the single largest multilateral education financier, the reduction in World Bank total education lending and even sharper decreases in its basic education financing will have a dramatic impact on ODA levels to education.

Although aid to basic education has more than doubled since 2002, basic education as a share of total aid to education seems to have stagnated in recent years, at just over 40 percent of total education aid since 2007. The majority of education aid is concentrated in post-basic and vocational education. Aid data can be misleading too; some donors report university scholarships to students from developing countries to study in the donor country as aid, yet this aid does not reach education sectors in developing countries.



Source: Calculations based on OECD-DAC Creditor Reporting System[15]

Bilateral aid is a major component of ODA to education, comprising more than 70 percent of disbursements in 2009, with the remaining channeled through multilateral arrangements.[16] Bilateral aid not only provides direct funding to developing countries, but also provides staff and technical partnerships between donor and developing countries, partnerships that risk termination when aid is cut. As donor countries pare down the lists of their developing country partners, implications are not only financial, but technical and policy-based as well. Thus, developing countries are set to lose much more than financial assistance when they are eliminated from donors' rosters. While bilateral aid to education has also followed an upward trend since 2002, the share to basic education has remained at around one-third of aid to education (see Chart 2). This means that with decreases in external education financing, the amount allocated to basic education is likely to decrease in proportion.



Source: Calculations based on OECD-DAC Creditor Reporting System[17]

5. POOR DONOR COORDINATION LEAVES SIGNIFICANT EDUCATION GAPS AT COUNTRY-LEVEL

In the past two years, several donors have decided to reduce or eliminate aid to education and many have reduced the number of developing countries to which they will provide education aid. As an institutional decision, this may not have immediately perceived negative value, as there are normally good rational reasons for doing so within agencies. On the other hand, there appears to have been little communication or coordination between donors about the collective impact their individual actions may have, despite their expressed commitment to aid effectiveness principles. At the country level, this can have particularly devastating implications. This unpredictability and lack of coordination is made abundantly clear, for example, in the cases of Burkina Faso, Cambodia, and Nicaragua, each of which will have lost five bilateral donors within the past two years. Some donors, such as the Netherlands, are de-prioritizing education altogether, claiming it is not their comparative advantage. Yet Dutch leadership and expertise in education has been described by many as instrumental in helping move the field forward and accomplishing some of the hard-earned education gains over the last decade. Assessing comparative advantages, as called upon by aid effectiveness principles, requires a close look across donor agencies, not only identifying internal agency priorities or strengths.

In 2005, the international community came together in Paris for the Second High Level Forum on Aid Effectiveness and created what is known as the "Paris Declaration." This declaration was reaffirmed in 2008 and was followed up with the Accra Agenda for Action, signed by 136 donor and developing countries, multilateral agencies, and civil society organizations. The Paris and Accra declarations emphasize five principles of aid effectiveness: (i) ownership by developing countries; (ii) alignment of aid to their national priorities; (iii) harmonization among donors; (iv) results-based management; and (v) mutual accountability. These principles are

meant to improve the efficiency and impact of aid, in particular by encouraging donors to coordinate with each other to concentrate their efforts and deliver aid in line with their respective comparative advantages. Donor harmonization is important and in theory should reduce costly fragmentation of aid. A developing country is better served through one or two high-quality programs, rather than with many smaller programs. Thus, in the Paris and Accra declarations, donors commit to "work together to reduce the number of separate, duplicative missions to the field…" and to "make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks."[18] In practice, this translates to individual donors engaging with fewer countries and sectors, as they endeavor to reduce duplicative programs and do only what they do best. Aid effectiveness principles also encourage donors to reduce their geographical scope and concentrate aid in fewer developing countries, ideally those low- and low middle-income countries that truly need aid. So while many bilateral donors are focused on having more effective development assistance, the detailed coordination needed to ensure that changes in individual agency policies do not leave collective education gaps appears to be missing. Too many low- and low middle-income countries, like Benin and Burkina Faso, are losing several bilateral donors each, and, consequently, significant amounts of basic education aid.

Predictability of aid is low as well. Without aid predictability, developing countries that depend heavily on external financing for education cannot be confident in their future ability to scale-up or even maintain national education sector plans. The volatile nature of aid threatens country plans to build classrooms, hire teachers, buy textbooks, or implement school feeding programs. Students may suddenly find themselves without materials or an instructor, and the chances of reaching the millions of children who have so far been excluded from the classroom could be significantly reduced. The Paris and Accra declarations call on donor countries to increase the transparency and predictability of aid; yet the process for gathering data for this report alone indicates a long way to go toward those principles.

6. THE TROUBLED FUTURE OF OVERALL BILATERAL AID TO BASIC EDUCATION

From currently available information, the apparent trend in bilateral aid to basic education shows a stagnation or decrease in the next few years, with the top two education donors reducing the number of developing country partners and/or their bilateral aid to education (see Chart 3).[19] Given the scale of resources and technical assistance provided by the United States and the Netherlands, any down-scaling of their support for basic education will have a large impact on aid to the sector. Both countries have shown strong leadership and commitment to the cause of improving basic education over many years, unsurprisingly, there is widespread concern that even with strong basic education contributions from the U.K. and Australia, a reduction of support and commitment from the U.S. and the Netherlands may lead to serious impacts in many countries.

The Netherlands, as mentioned previously, has eliminated basic education as a development priority and as a result it will cut most, if not all, bilateral aid to the sector (the future of its contribution to multilateral education programs is unclear). In the short term the Netherlands will cease providing aid to half of the countries where it had done so previously and education aid in some of the remaining developing countries will be or is being phased out.

The United States, like the Netherlands, has also historically been a top contributor of bilateral aid to basic education. Future aid reductions of up to 20 percent come from an overall budget reduction in ODA, but specifics are unclear, including whether the United States will stop providing any basic education aid to any particular developing country.[20] A $684 billion spending cap on "security category" appropriations administered under the recent debt ceiling legislation will certainly lead to reduced funding for foreign assistance generally and likely to the basic education account.[21]

Denmark has committed to maintaining its education aid and appears poised to provide important political leadership in the sector through their role co-hosting the EFA-FTI Pledging Event in Copenhagen in November 2011 (which aims to raise $8 billion in basic education aid). The Danish government's total aid to basic education is expected to remain unchanged, although Denmark will reallocate $26 million of bilateral aid to education for four countries (Benin, Burkina Faso, Nepal, and Zambia) to the Education for All - Fast Track Initiative, doubling its annual contribution to the multilateral entity to about US$ 52 million.[22] While overall financing for

education from Denmark will be maintained, the loss of important Danish technical assistance to these four countries and to another potential 11 countries (including Bhutan, Vietnam, Nicaragua, Bolivia, and Cambodia and others as yet unconfirmed) is concerning.[23]

On the other side of the balance sheet, Australia, the United Kingdom, Germany, and France will increase or have already increased bilateral aid to basic education in various amounts. New Zealand may increase bilateral aid to basic education, although negotiations are currently underway.

Australia plans to spend US$5.3 billion on education between 2011 and 2015, an average of US$1.3 billion annually, in an effort to increase ODA to 0.5 percent of Gross National Income by 2015. Australia will allocate 19 percent of its total ODA, (US$887 million) to education in 2011-12, 57 percent of which will go toward basic education. The majority of education (US$50 million) aid will be targeted to the Pacific region.[24] This represents a major increase in both total aid to education and in the share to basic education.

The United Kingdom will also increase aid to education significantly, although exact amounts are unclear due to the change in government in 2010 and re-assessment of the original UK Department for International Development (DfID) Education Strategy 2010-2015. However, a March 2011 Bilateral Aid Review acknowledged a request to continue with the pledges made in the earlier sector strategy. Those pledges allocated US$1.6 billion per year to education for the next five years, US$925 million of which would go toward bilateral aid to education in 2010-2011, in particular to Africa. About 70 percent of DfID's bilateral aid would be reserved for basic education. While the exact figures are not yet available, the new British government has remained dedicated to prioritizing basic education and has indicated that aid to education will continue to increase through 2015, when it will account for nearly 25 percent of all UK foreign aid. Country operational plans released in the spring of 2011 for 24 low-income DFID recipient countries indicate incremental increases between November 2010 to 2014/15 which will bring bilateral aid to education from US$484 million to at least US$1.1 billion, with additional country plans (e.g. for Malawi) expected to be added to these totals.

Germany is expected to significantly increase total aid to education, including an increase in bilateral aid, and, in particular, will double education aid to Africa by 2013 to reach almost US$ 200 million annually.[25] It is unclear how large of an increase to expect for basic education, however, since Germany has traditionally focused on vocational and post-secondary education, and its new education strategy is still very focused on those sub-sectors.

France, another donor that has traditionally allocated the vast majority of its education aid outside of basic education, plans to scale up bilateral aid in general and aid to education in particular.[26] Yet French aid to basic education has increased since 2002 so there may be moderate increases in that area in future years.

Chart 3 below summarizes the basic education aid changes for some of the world's largest bilateral donors, including a description of the developing countries that will be impacted specifically by the loss of donor education aid. Where information on the directional change in bilateral basic education and developing country partner reductions of bilateral donors is not available, the donor country has been left out of the table.

CHART 3: CHANGES IN BILATERAL AID TO BASIC EDUCATION
(IN DESCENDING ORDER OF TOTAL AID TO BASIC EDUCATION)

DONOR	RANK IN TOTAL AID DISBURSEMENTS TO BASIC EDUCATION FROM DAC DONORS, AVERAGE 2006-2009[27]	ANTICIPATED DIRECTIONAL CHANGE IN BILATERAL BASIC EDUCATION AID	LOW- AND LOW MIDDLE-INCOME COUNTRIES WHICH WILL HAVE BILATERAL EDUCATION AID PHASED OUT[28]
United States	#1	Decrease - based on overall budget cuts and reduced prioritization of education vis-à-vis other sectors	Unknown
Netherlands	#2	Decrease – reduced prioritization of education	Bangladesh, Benin, Bolivia, Burkina Faso, Democratic Republic of Congo, Egypt, Ethiopia, Georgia, Ghana, Guatemala, Indonesia, Kosovo, Moldova, Mongolia, Mozambique, Nicaragua, Pakistan, Rwanda, Senegal, Tanzania, Vietnam, Zambia; Possibly: Mali, Uganda, Yemen
United Kingdom	#3	Increase	Angola, Burundi, Cameroon, Cambodia, China, Gambia, Indonesia, Iraq, Kosovo, Lesotho, Moldova, Niger, Vietnam
France	#4	Increase in overall education aid, share to basic unknown	unknown
Germany	#6	Increase in overall education aid, share to basic unknown	unknown
Spain	#7	Decrease - based on overall budget cuts	unknown
Australia	#10	Increase	unknown
Denmark	#13	Decrease – move from bilateral to multilateral channels, total education aid level to remain the same	Benin, Bhutan, Bolivia, Burkina Faso, Cambodia, Mozambique, Nepal, Nicaragua, Vietnam, Zambia

7. PARTICULAR COUNTRIES WILL BE GREATLY AFFECTED BY EDUCATION AID CUTS

Through analyzing the limited information available, it can be determined that, thus far, over 40 low- and low middle-income countries have recently lost or are losing in the near future at least two bilateral donors[29] (see Annex 3). Chart 4 shows a selection of the countries with the poorest education indicators that are poised to lose at least one major basic education donor and a large share of aid to basic education. Countries with very strong education sectors are not included here, even though they may also lose a large portion of basic education aid in the near future. The rationale behind this decision is to identify those particular countries that risk a sharp reduction in the external financing for their education sector and related cuts in important expenditure areas which will slow progress toward universal quality education.

A more comprehensive version of Chart 4 can be found in Annex 2.

CHART 4: COUNTRIES WITH LOW EDUCATION INDICATORS LOSING BILATERAL AID TO BASIC EDUCATION

	PRIMARY COMPLETION RATE, 2009	DONORS PLANNING TO PHASE OUT (OR WHO RECENTLY PHASED OUT) AID	SHARE OF AVERAGE ANNUAL TOTAL AID TO BASIC EDUCATION, 2006-2009, FROM DEPARTING DONORS	IS A TOP THREE BASIC EDUCATION DONOR TO COUNTRY DEPARTING?[30]
Burkina Faso	43%	Belgium, Canada, Denmark, Italy, Netherlands	53%	Yes, Netherlands and Canada
Nicaragua	75%*	Canada, Denmark, Finland, Netherlands, Sweden	35%	Yes, Netherlands
Zambia	87%	Canada, Denmark, Netherlands	31%	Yes, Netherlands
Benin	62%	Canada, Denmark, Netherlands	22%	Yes, Netherlands
Mozambique	57%	Denmark, Netherlands	18%	Yes, Netherlands
Cambodia	83%	Belgium, Canada, Denmark, Germany, United Kingdom	18%	Yes, Belgium
Bangladesh	52%	Netherlands	16%	Yes, Netherlands
Vietnam	92%	Denmark, Netherlands, Sweden, United Kingdom	14%	Yes, United Kingdom
Rwanda	54%*	Canada, Netherlands	13%	Yes, Netherlands
Ghana	83%	Italy, Netherlands	11%	Yes, Netherlands

*2008 data

In the most striking example, Burkina Faso is losing or has already lost a total of five donors, which provided 53 percent on average of total aid to basic education from 2006 to 2009. Clearly Burkina Faso is losing a significant portion of its aid to basic education, but what makes this more problematic is its high ratio of education aid to public expenditure on education, at just over one-third. This ratio indicates that Burkina Faso is fairly dependent on aid for its education sector. These donor withdrawals not only represent a huge loss in potential money, staff, and technical assistance, but also indicate a lack of cooperation among donors. Burkina Faso has very poor education statistics: 63 percent primary net enrolment rate and only 43 percent primary completion rate. This means that 63 percent of school-age children attend primary school, and only 43 percent of children who do enrol actually complete the last grade of primary school. Therefore, it is a country where donors should stay, not leave. The improvements that Burkina Faso has made in primary enrolments and gender parity risk being reversed with such a large aid withdrawal. Even worse, there is no clear replacement of this aid.

Cambodia will also lose five donors to basic education, among them Belgium, a major education donor to the country. Those five donors provided on average almost one-fifth of total basic education aid to Cambodia from 2006 to 2009. Its primary education sector is strong in terms of access, but significant challenges regarding quality and marginalized populations remain, with the average number years of schooling just 3.4 for the poorest 20 percent of the population. Cambodia has set ambitious targets for education quality, thus it would be premature for donors to pull out of the education sector before solid advancements are made in that area.

Nicaragua is also set to lose five donors, whose average share to total basic education aid was 35 percent over 2006 to 2009. This large potential reduction in aid may be problematic for Nicaragua as its primary completion rate is still only 75 percent, well below the regional average, and 53,000 children of primary school age are still out-of-school. As a country with over 20 percent illiteracy and with the poorest quintile completing only 2.5 years of school on average, Nicaragua needs sustained support to continue improving its educational status.[31] External financing has been critical to making gains in primary education coverage, improving teacher qualifications and purchasing didactic materials for pre-primary and primary public schools; however, lack of school

infrastructure and qualified teachers (both of which benefit from external investments) will continue to pose challenges to Nicaragua if it reduces its current expenditures on education.

Vietnam is losing four donors, including a major education donor in the United Kingdom which will phase out aid by 2016. The average share of total basic education aid from these donors is 14 percent. Vietnam has a strong primary education sector in terms of access, though like Cambodia, Vietnam is working toward improving quality of education, so donor phase-outs in education may be premature. Continuing widespread inconsistencies in the quality of education across the country, as well as persistent inequalities in access to secondary school are challenges in Vietnam unlikely to be overcome with potential cuts to the education budget as a consequence of reduced external financing.

For Zambia, the three departing donors funded about one-third of total aid to basic education. Zambia appears to be highly dependent on aid for education, with a ratio of education aid to public expenditure on education of just over one-half. Despite major progress in the past decade during which time Zambia increased the primary enrolment rate by 25%, there are still over 81,000 children of primary school age who are out-of-school. The United Kingdom will keep Zambia as a bilateral partner, but any increases in education aid may not cover the losses from other donors. In Benin, these same three donors funded over twenty percent of total aid to basic education. With a primary completion rate of only 62 percent and nearly 100,000 primary-school aged children still out-of-school, Benin is not in a good position to be experiencing aid reductions.

8. DONORS MUST INCREASE AND COORDINATE EDUCATION AID

Without adequate coordination of education aid, two serious problems confront the international community in its efforts to achieve the Education for All goals. The first is the significant recent reductions in bilateral aid to education by major donors such as the Netherlands and the U.S. The second urgent issue is the simultaneous withdrawal of multiple sources of education aid in several countries, leaving large financing gaps at a time when developing countries need external education financing in this final push to achieving the education goals set for 2015. Low- and low middle-income countries with struggling education sectors like Burkina Faso, Cambodia, Nicaragua, and Benin are poised to lose a large amount of bilateral aid in the near future with no clear replacement for that aid. While there will also be increases in bilateral aid to basic education from other donors, these increases may not make up for the losses. These rough estimates based on initial data from donors indicate that uncoordinated donor decisions about their aid to education could be disastrous for children around the world. With reductions in bilateral aid to basic education in the near future, countries that have enjoyed significant improvements in education risk regressing on those improvements, especially if there is no clear replacement of the aid to be lost.

Basic education, with its immense health, economic, and social benefits, must be a global priority. Yet, even in the best of circumstances, the Global Monitoring Report estimates that there will be more out-of-school children in 2015 than today – and uncoordinated and unpredictable reductions in education aid threaten to further undermine the progress that has been made to improve education over the last decade. For the sake of the 67 million children still out of primary school, and the millions more already in school, it is time for donors pulling out of the education sector to act responsibly and reverse the course they have set. Donors must provide predictable and coordinated education aid – or the consequences will be felt by children who will be deprived of the quality education they were promised in Dakar.

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ANNEX 1: DONOR QUESTIONNAIRE

The following questionnaire was sent to 19 bilateral donors plus the European Commission on April 21, 2011, and then again on May 12. Partial or full responses were received from 8 bilateral donors.

1) Looking forward, do you plan to increase or decrease total bilateral aid to basic education (primary and lower secondary only)?

__ Increase __ Decrease

1a) If you do plan to increase or decrease aid, by how much and by when?

Amount change: _____ (Please specify currency)
Effective date: _____

2) Looking forward, for which countries do you plan to increase, decrease, or eliminate bilateral aid to basic education, and by what date?

COUNTRY	INCREASE, DECREASE, OR ELIMINATE AID TO BASIC EDUCATION?	AMOUNT OF AID INCREASED, DECREASED, OR ELIMINATED (SPECIFY CURRENCY)	DATE BY WHICH THE CHANGE IN AID WILL TAKE EFFECT

3) If you noted a decrease in total bilateral aid to education in question 1, which option(s) indicate the particular shift in funding?

_____ Overall decrease in bilateral aid to education
_____ Funds will be shifted to another non-education sector (eg. Health)
If so, to which sector(s)? _____
_____ Shift to another education donor mechanism (eg. FTI fund)
If so, to which donor mechanism(s)? _____
_____ Negotiated agreement with other donors
If so, please explain: _____
_____ Other
If so, please explain: _____

ANNEX 2: LOW AND LOW-MIDDLE INCOME PARTNER COUNTRIES RECENTLY PHASED OUT OR TO BE PHASED OUT FROM 2 OR MORE BILATERAL PARTNER PROGRAMS

COUNTRIES WITH **2** BILATERAL PARTNER PROGRAMS PHASING OUT		COUNTRIES WITH **3** BILATERAL PARTNER PROGRAMS PHASING OUT	COUNTRIES WITH **4** BILATERAL PARTNER PROGRAMS PHASING OUT	COUNTRIES WITH **5** BILATERAL PARTNER PROGRAMS PHASING OUT
Angola Armenia Bhutan Bolivia Costa Rica Cuba El Salvador Ethiopia Georgia Ghana Haiti India Indonesia	Ivory Coast Kenya Lesotho Macedonia Malawi Moldova Mongolia Mozambique Niger Rwanda Tanzania Thailand	Benin Cameroon Egypt Namibia Pakistan Sri Lanka Tunisia Zambia	Peru South Africa Vietnam	Burkina Faso Cambodia Nicaragua

ANNEX 3: SELECTION OF COUNTRIES TO LOSE EDUCATION AID

	DONORS TO PHASE OUT (OR WHO RECENTLY PHASED OUT) AID[32]	PRIMARY NET ENROLMENT RATE, 2009[33]	PRIMARY COMPLETION RATE, 20092	RATIO OF ODA FOR EDUCATION TO TOTAL PUBLIC EXPENDITURE ON EDUCATION, 2008[34]	AVERAGE ANNUAL TOTAL AID TO BASIC EDUCATION FROM DROPPED DONORS, 2006-2009, 2009 US$ CONSTANT MILLIONS[35]	DROPPED DONORS' SHARE OF TOTAL AVERAGE ANNUAL AID TO BASIC EDUCATION, 2006-2009	IS A DEPARTING DONOR A TOP THREE DONOR FOR TOTAL BASIC EDUCATION AID TO THAT COUNTRY?[36]
Bangladesh	Netherlands	86%	52%	.14	24.75	16%	Yes, Netherlands
Benin	Canada, Denmark, Netherlands	95%	62%	.30	7.28	22%	Yes, Netherlands
Burkina Faso	Belgium, Canada,[37] Denmark, Italy, Netherlands	63%	43%	.34	54.16	53%	Yes, Netherlands and Canada
Cambodia	Belgium, Canada, Denmark, Germany, United Kingdom	95%	83%	.20	4.43	18%	Yes, Belgium
Ghana	Italy, Netherlands	76%	83%	Insufficient information	8.57	11%	Yes, Netherlands
Mozambique	Denmark, Netherlands	91%	57%	Insufficient information	26.08	18%	Yes, Netherlands
Nicaragua	Canada, Denmark, Finland, Netherlands, Sweden	92%[38]	75%6	Insufficient information	16.47	35%	Yes, Netherlands

	DONORS TO PHASE OUT (OR WHO RECENTLY PHASED OUT) AID[32]	PRIMARY NET ENROLMENT RATE, 2009[33]	PRIMARY COMPLETION RATE, 20092	RATIO OF ODA FOR EDUCATION TO TOTAL PUBLIC EXPENDITURE ON EDUCATION, 2008[34]	AVERAGE ANNUAL TOTAL AID TO BASIC EDUCATION FROM DROPPED DONORS, 2006-2009, 2009 US$ CONSTANT MILLIONS[35]	DROPPED DONORS' SHARE OF TOTAL AVERAGE ANNUAL AID TO BASIC EDUCATION, 2006-2009	IS A DEPARTING DONOR A TOP THREE DONOR FOR TOTAL BASIC EDUCATION AID TO THAT COUNTRY?[36]
Rwanda	Canada, Netherlands	96%6	54%6	.50	6.73	13%	Yes, Netherlands
Vietnam	Denmark, Netherlands, Sweden, United Kingdom	94%[39]	92%7	Insufficient information	18.08	14%	Yes, United Kingdom
Zambia	Canada, Denmark, Netherlands	91%	87%	.51	26.97	31%	Yes, Netherlands

ENDNOTES

1 UNESCO, Dakar Framework for Action (Paris: UNESCO, 2000), 9.

2 Center for Universal Education at Brookings, A Global Compact on Learning: Taking Action on Education in Developing Countries (Washington, DC: Brookings, 2011).

3 UNESCO, 2011 Global Monitoring Report: The Hidden Crisis: Armed Conflict and Education (Paris: UNESCO, 2011).

4 Preliminary conclusions are based upon information from a limited number of donor countries. Other donors have not yet made decisions on future bilateral aid to education, or have not made those decisions public.

5 The preceding figures are from Education for All Fast Track Initiative, "More Financing for Education" (http://www.educationfasttrack.org/replenishment [June 2011]).

6 UNESCO, Education for All Global Monitoring Report 2011 (Paris: UNESCO, 2011), 347. This report uses the OECD Development Assistance Committee (DAC) definition of basic education, as listed in the 2011 Global Monitoring Report, for the purposes of accurate reporting of Official Development Assistance (ODA) figures.

7 Hanushek, E., and L. Woessmann, Do Better Schools Lead to More Growth? Cognitive Skills, Economic Outcomes,and Causation. (Munich: CESifo Group, 2009).

8 UNESCO Institute for Statistics, Financing Education in Sub-Saharan Africa (Montreal: UIS, 2011.

9 UNESCO Institute for Statistics, Financing Education in Sub-Saharan Africa (Montreal: UIS, 2011), 32.

10 World Development Indicators (http://data.worldbank.org [June 2011]).

11 World Bank, retrieved 2011. Public Spending on Education, total (% GDP) http://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS

12 UNESCO Institute for Statistics, Financing Education in Sub-Saharan Africa (Montreal: UIS, 2011), 128.

13 UNESCO, Education for All Global Monitoring Report 2010 (Paris: UNESCO, 2010), 11. The six Education for All goals are: (1) expand early childhood care and education, (2) Provide free and compulsory primary Education for All, (3) Promote learning and life skills for young people and adults, (4) Increase adult literacy by 50 per cent, (5) Achieve gender parity by 2005, gender equality by 2015, (6) Improve the quality of education.

14 World Bank, "Annual Report 2010: South Asia" (http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTANNREP/EXTANNREP2010/0,,print:Y~isCURL:Y~contentMDK:22626336~menuPK:7116877~pagePK:64168445~piPK:64168309~theSitePK:7074179,00.html [June 2011]).

15 Calculations are based on the formula used in the 2011 Global Monitoring Report: Total aid to education = direct aid to education + 20% of general budget support. Total aid to basic education = direct aid to basic education + 10% of general budget support + 50% of 'level unspecified' aid to education.

16 Calculations from OECD-DAC Creditor Reporting System (CRS) (http://stats.oecd.org/Index.aspx?DatasetCode=CRSNEW [May 2011]).

17 Calculations are based on the formula used in the 2011 Global Monitoring Report: Bilateral aid to education = direct bilateral aid to education from DAC donors + 20% of general budget support from DAC donors. Bilateral aid to basic education = direct bilateral aid to basic education from DAC donors + 10% of general budget support from DAC donors + 50% of 'level unspecified' aid to education from DAC donors.

18 Paris Declaration on Aid Effectiveness and Accra Agenda for Action (Paris: OECD, 2008/2005), 6.

19 The future of bilateral aid to basic education is still unclear, and many donor countries have been unable to provide firm answers to the questionnaire they were given in order to produce this report. In some cases, parliamentary debates are currently underway, and in others, politics may supersede transparency. Furthermore, it can be difficult for some donors to extract information on aid to basic education from other education levels. Yet enough information has been gleaned from the questionnaires that were returned, as well as from donor websites and strategic plans, when available, to make some key predictions. These predictions only cover a few donors, and more donors may reduce aid due to budget cuts in the global recession, or might increase education aid.

20 Response to donor questionnaire, May 2011.

21 Exact cuts to the basic education account are still unknown. http://one.org/c/us/policybrief/4008/

22 The exact pledge is DKK 270 million. Ministry of Foreign Affairs of Denmark, Priorities of the Danish Government for Danish Development Assistance (Copenhagen: Ministry of Foreign Affairs, 2010), 3 (http://amg.um.dk/NR/rdonlyres/1C903D5E-3A75-453F-BACB-8EBF8B55F7F2/0/Priorities_danish_development_assistance20112015.pdf [May 2011]).

23 Ministry of Foreign Affairs of Denmark, "Denmark's Partner Countries" (http://www.um.dk/en/menu/DevelopmentPolicy/DanishDevelopmentPolicyCountries/ [May 2011]).

24 The exact pledge is AU$ 842 million. Rudd, K. Aid Budget Statement 2011-12 (2011).

25 The exact pledge is about €136 million. Ten Objectives for Education: BMZ Education Strategy 2010-2013 (Draft) (http://www.bmz.de/de/zentrales_downloadarchiv/Presse/BMZ_Bildungsstrategie_Entwurf_engl_3.pdf [June 2011]); Hauff, Peter, "Germany to Focus on Education," D+C, April 2011 (http://www.inwent.org/ez/articles/194249/index.en.shtml [June 2011]).

26 Ministry of Foreign and European Affairs, Development Cooperation: A French Vision (Paris: Ministry of Foreign and European Affairs, 2011) (http://www.afd.fr/jahia/webdav/site/afd/shared/PRESSE/communiques/PDF/DCCD%20ENG.pdf [June 2011]).

27 Total aid to basic education = direct aid to basic education + 10% of general budget support + 50% of 'level unspecified' aid to education.

28 Most of these countries will be eliminated from overall bilateral aid, not just in education.

29 This list was created from donor responses and public documents on donor websites, when available, and is by no means comprehensive. Some "dropped" countries may continue to receive bilateral aid for education, and some additional countries may be eliminated from donor rosters not listed here.

30 Top three donors in average total aid to basic education from 2006 to 2009.

31 UNESCO Global Monitoring Report. Deprivation and Marginalization in Education (DME), Nicaragua, retrieved 2011. http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/GMR/html/dme-4.html

32 Source: Donor country questionnaires or public documents.

33 Source: World Bank World Development Indicators. Net enrolment ratio is the ratio of children of official school

age, based on the International Standard Classification of Education 1997, who are enrolled in school to the population of the corresponding official school age. Primary completion rate is the percentage of students completing the last year of primary school. It is calculated by taking the total number of students in the last grade of primary school, minus the number of repeaters in that grade, divided by the total number of children of official graduation age.

34 Source: UIS, Financing Education in Sub-Saharan Africa, 2011, for Sub-Saharan African (SSA) countries, 2008 data; author calculations from World Bank World Development Indicators for non-SSA countries, 2009 data.

35 Source: OEDC-DAC Creditor Reporting System. Total aid to basic education = direct aid to basic education + 50% of aid to "education, level unspecified + 10% of general budget support.

36 Top three donors in average total aid to basic education from 2006 to 2009.

37 While Burkina Faso is no longer a "country of focus" for Canada, there will be small education projects there in the near future.

38 2008 data.

39 Source: UNICEF country statistics.