

May 2017

Aid to education is stagnating and not going to countries most in need

Domestic expenditures in low and lower middle income countries cannot cover the costs of reaching Sustainable Development Goal 4 (SDG 4), and so aid must make up the shortfall. But aid to education has been stagnant since 2010, and the aid that is given often does not go to the countries most in need, worsening the prospects for achieving global education goals.

The governments of low and lower middle income countries have increased their spending on education since 2000 (UNESCO, 2015a). Even if they continue to do so in coming years, the *Global Education Monitoring Report* estimated that these countries would face an annual financing gap of US\$39 billion in 2015–2030. In low income countries, this is equivalent to 42% of the total cost of providing quality pre-primary, primary and secondary education to all children (UNESCO, 2015b). Aid to education in low and lower middle income countries needs to be six times higher than 2012 levels, an estimate confirmed by the International Commission on Financing Global Education Opportunity (Education Commission, 2016). But instead, donors continue to place a lower priority on aid to education.

This paper analyses current levels and trends of aid to education using data from three sources: the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) and its Creditor Reporting System (CRS) database; the Global Partnership for Education (GPE), which has just launched its 2020 replenishment effort; and the United Nations Office for the Coordination of Humanitarian Assistance (OCHA). The most recent data is mainly from 2015, which should serve as a benchmark for monitoring progress during the implementation of the 2030 Agenda for Sustainable Development.

Aid to education has dropped in priority for the sixth year in a row

Total global official development assistance (ODA) rose from US\$145 billion in 2014 to US\$152 billion in 2015, an increase of 5% in real terms. The increase is partly explained by the migration and refugee crisis in Europe, which peaked in 2015: A 1988 DAC rule on aid reporting allows donor countries to categorize certain expenses related to refugees as ODA for the first year after their arrival. Germany, Greece and Italy reported that over 20% of their ODA in 2015 was spent on refugee costs (OECD, 2016).

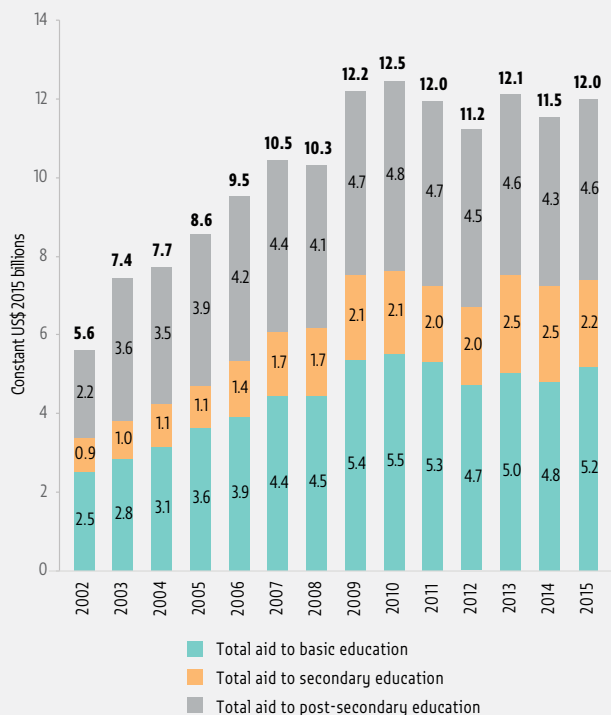
The cumulative increase of ODA between 2010 and 2015 is 24%. However, even as overall aid increases, aid to education is stagnating (**Figure 1**). In 2010, aid to education reached its highest level since records on disbursement were established in 2002. It decreased in 2011/12 in the aftermath of the financial crisis, and has only slowly recovered since then. Between 2014 and 2015, aid to education grew by US\$500 million, or 4%, to reach US\$12 billion. But it is still 4% below its 2010 level – significantly less than the amount needed to achieve SDG 4.

In 2015, the share going to basic education, which includes support to pre-primary and primary education as well as adult education and literacy programmes, was one percentage point below its 2010 peak. By contrast, the share going to secondary education has increased over the past decade: It has risen from 12% in 2005 to 19% in 2015, reaching its highest share of 21% in 2014 (**Figure 2**).

FIGURE 1:

Aid to education continues to stagnate

Total aid to education disbursements, by level of education, 2002–2015

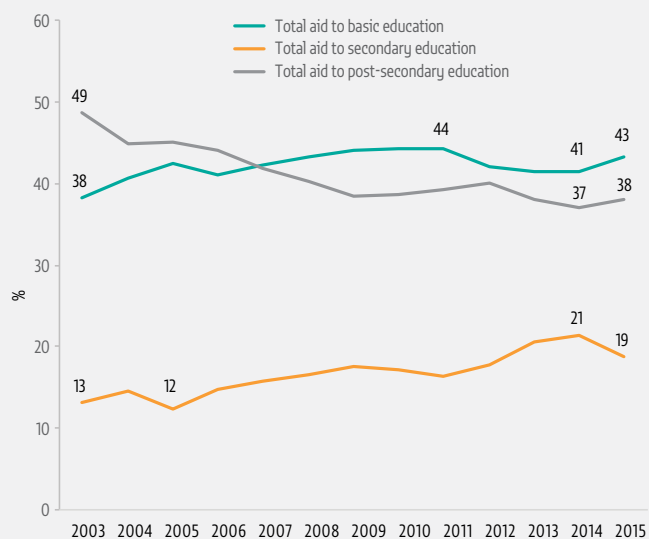


Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

FIGURE 2:

Despite a dip in 2015, more aid is being allocated to secondary education

Share of aid to education by level, 2002–2015



Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

There is little evidence to suggest that the migration and refugee crisis in Europe and the stagnation in aid to education are linked (OECD, 2016; 2017). Rather, donors are simply shifting their priorities away from education. Education’s share in total aid (excluding debt relief) has fallen for six years in a row, from 10% in 2009 to 6.9% in 2015. By comparison, the share of aid to the health and population sector increased from 11.4% in 2004 to 15.9% in 2013, followed by a sharp fall to 12.6% in the following two years. The share of the transport sector, which was two-thirds the level of education in the mid-2000s, has since 2012 been equal to or higher than education’s share (Figure 3).

Aid to basic education must be better allocated

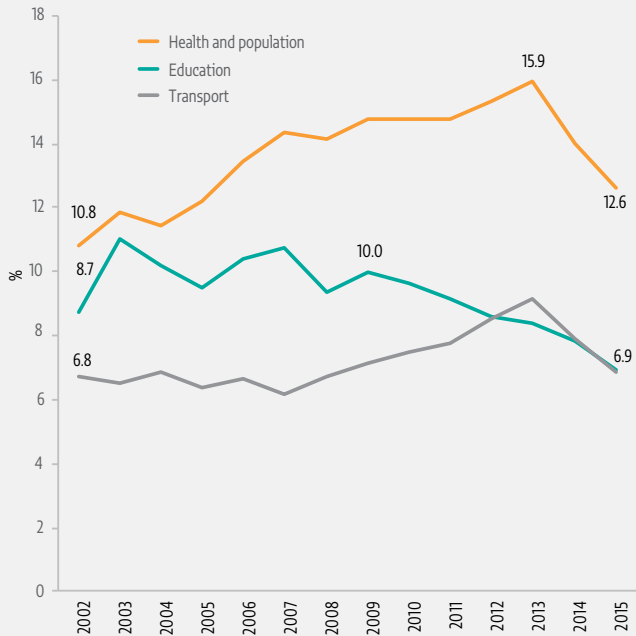
In 2015, total aid to basic education increased by 8% to US\$5.2 billion, up from US\$4.8 billion in 2014 (Figure 4). Bilateral donors still play a leading role, disbursing 62% of the total (including both DAC and non-DAC members). But multilateral donors are becoming more important.

The amount of aid provided to basic education by bilateral DAC donors has been declining – in 2015, it was 18% lower than in 2010. The United States and the United Kingdom are the two largest bilateral DAC (and G7) donors to basic education, and they have prioritized basic education since 2008–2010. Nevertheless, in 2015, they decreased their aid to basic education by 11% (to US\$782 million) and by 9% (US\$534 million) respectively (Figure 5A). Three of the G7 countries were outside the list of top ten donors to basic education in 2015 (Figure 5B): Japan was in 11th place, France was in 13th and Italy was in 21st.

At the same time, several non-DAC bilateral donors have emerged since 2013, and by 2015 accounted for 9% of bilateral aid and 6% of total aid to basic education. For example, the United Arab Emirates disbursed US\$227 million of aid to basic education per year on average in 2013–2015.

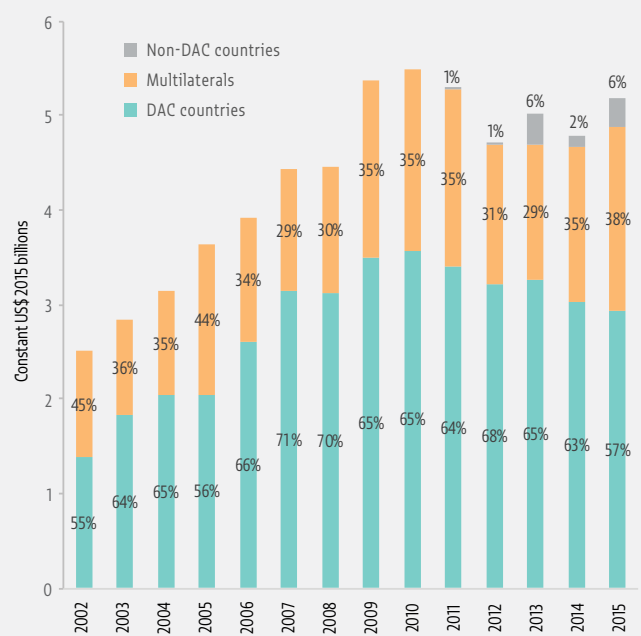
Meanwhile, multilateral aid has returned to 2010 levels. As a result, multilateral donors accounted for 38% of total aid to basic education in 2015, as compared to 35% in 2010. The World Bank is the largest multilateral donor, providing US\$782 million in 2015, which represents an increase for the third year in a row, though still at levels similar to 2008–2010.

FIGURE 3:
Donors continue to give less priority to education
Share of education, health and population, and transport in total aid, 2002–2015



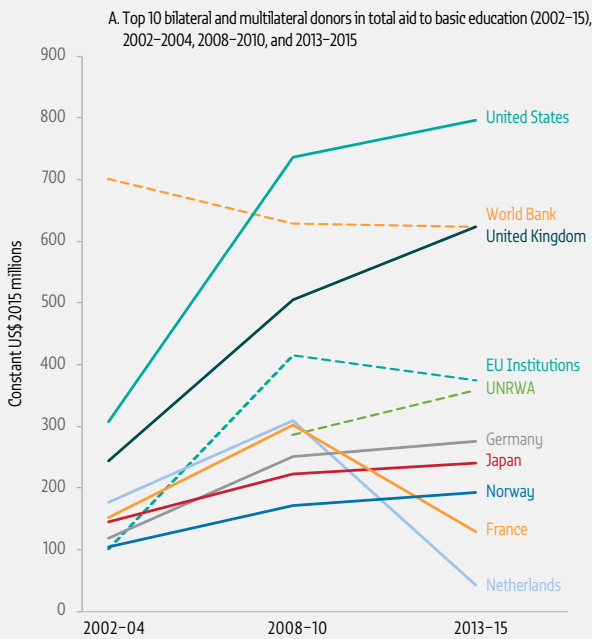
Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

FIGURE 4:
DAC countries have been reducing their support to basic education since 2010
Total aid to basic education, by donor type, 2002–2015

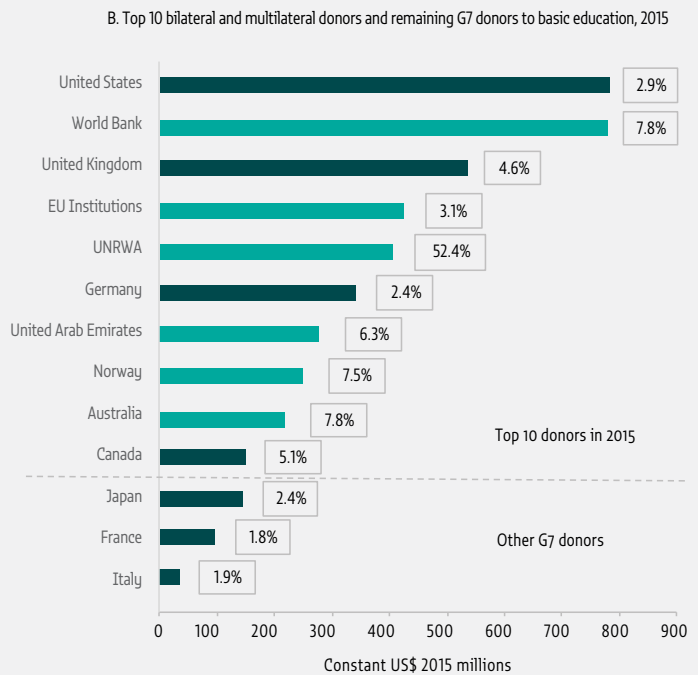


Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

FIGURE 5:
The United States and the United Kingdom buck the trend by emphasizing basic education
Total aid to education disbursements, by level of education, 2002–2015



A. Top 10 bilateral and multilateral donors in total aid to basic education (2002–15), 2002–2004, 2008–2010, and 2013–2015



B. Top 10 bilateral and multilateral donors and remaining G7 donors to basic education, 2015

Note: G7 countries are represented with black bars in Figure 5B. Percentages in boxes represent the share in total aid allocated by each donor to basic education.
Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

DONORS DO NOT TARGET BASIC EDUCATION AID SUFFICIENTLY TO COUNTRIES MOST IN NEED

There are different ways to monitor the share of total aid to education allocated to low income countries, which is a thematic indicator for SDG 4.5, the target that aims at ensuring equal access to education. One approach is to focus on the 32 countries classified as low income by the World Bank, all but 5 of which are in sub-Saharan Africa. By this measure, low income countries received 19% of total aid to education and 23% of aid to basic education in 2015. Both shares had remained constant for 10 years, but they fell sharply in 2015 (from 21% total aid and 29% basic education aid in 2014), representing a 13% decrease in overall aid to education and a 16% fall in aid to basic education in low income countries (Figure 6).

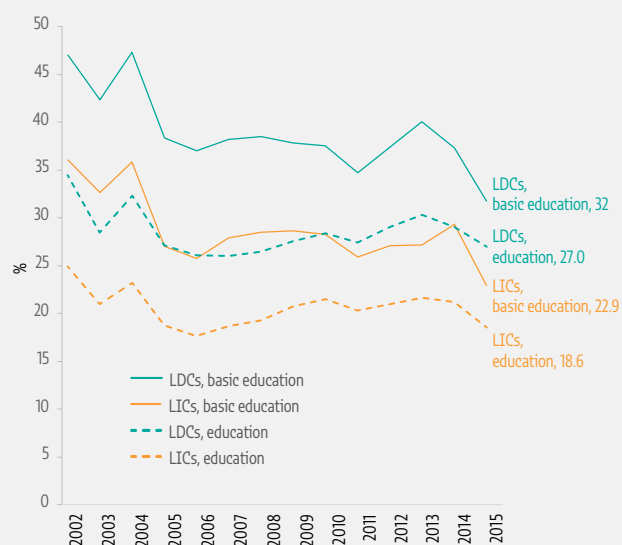
One issue with this approach is that the countries identified by the World Bank as low income change over time. An alternative approach is to focus on the countries classified by the United Nations as least developed, since the membership of this group changes less frequently. In December 2016, the group consisted of 48 countries, of which only Equatorial Guinea and Vanuatu are expected to exit by 2020. Least developed countries received 27% of

total aid to education and 32% of aid to basic education in 2015 (down from 29% and 37%, respectively, in 2014).

A third approach is to examine the distribution of aid to basic education by region. Sub-Saharan Africa, the region with over half of the world’s out-of-school children, remains the largest recipient of aid to basic education, accounting for US\$1.3 billion or 26% of the total in 2015. And yet this represents almost half its share in 2002. Northern Africa and Western Asia, home to 9% of out-of-school children, has received a disproportionately high share (rising from 5% in 2002 to 22% in 2015), with notable increases going to Jordan, Lebanon and Palestine. The proportion of aid to basic education that is not explicitly assigned to specific countries has also increased, from 4% in 2002 to 13% in 2015 (Figure 7). This, to a large extent, is because of the emergence of the Global Partnership for Education (Box 1).

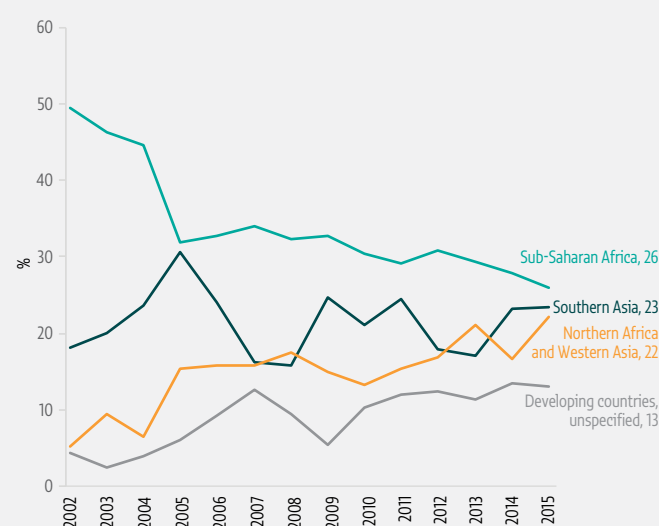
Income status and region are only proxies of need. A more direct approach to monitoring basic education aid allocation would examine whether aid is allocated to countries in proportion to the cost of reaching their out-of-school populations. This is not a straightforward task, but one plausible, if a little rough, option would be to use three

FIGURE 6:
The share of aid to basic education to low income countries fell sharply in 2015
Share of low income countries (LICs) and least developed countries (LDCs) in total aid to education and to basic education disbursements, 2002–2015



Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

FIGURE 7:
Sub-Saharan Africa receives a declining share of aid to basic education
Share of aid to basic education, by selected regions, 2002–2015



Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

BOX 1

The increasing role of the Global Partnership for Education

Between 2004 and 2016, the Global Partnership for Education (GPE) disbursed US\$3.6 billion to the education sector for 302 grants through 6 funding mechanisms, of which ‘implementation grants’ accounted for about 95% of the total. GPE grants mainly support programmes up to the level of lower secondary education, although in some countries GPE aid has supported upper secondary education as part of its whole sector and system-strengthening approach.

Although aid to education has generally stagnated since 2010, GPE disbursements increased by 14% on average from 2010 to 2015. As a result, in 2015, GPE disbursements made up 12% of basic and secondary education ODA in its partner countries, as compared to 6% in 2010 (**Figure 8**). GPE disbursements have increased from US\$16 million in 2004 to US\$446 million in 2015, making the organization the second-largest multilateral donor to basic and secondary education after the World Bank.

With about 77% of its disbursements directed to sub-Saharan Africa and nearly 60% to countries affected by fragility or conflict, GPE is very effective in reaching countries that are most in need. The GPE allocation model is based on two key elements: the needs of the education sector in the partner country and the income level of the country in question. For example, while both Ethiopia and Pakistan have high out-of-school populations, Pakistan received relatively low GPE cumulative disbursements in 2010–2015 because of its status as a lower middle income country. In February 2017, GPE introduced a new allocation model based on a needs index. This combines the primary and lower secondary school age population with the lower secondary completion rate and income per capita, and makes an adjustment for fragile and conflict-affected countries.

GPE has taken steps to incorporate its aid statistics into the CRS database, including harmonizing the GPE grant coding system with the International Aid Transparency Initiative standards. Since GPE funds are provided by donors that already report to the CRS, GPE is working with DAC to find the best way to report its aid so as to minimize double counting of disbursements.

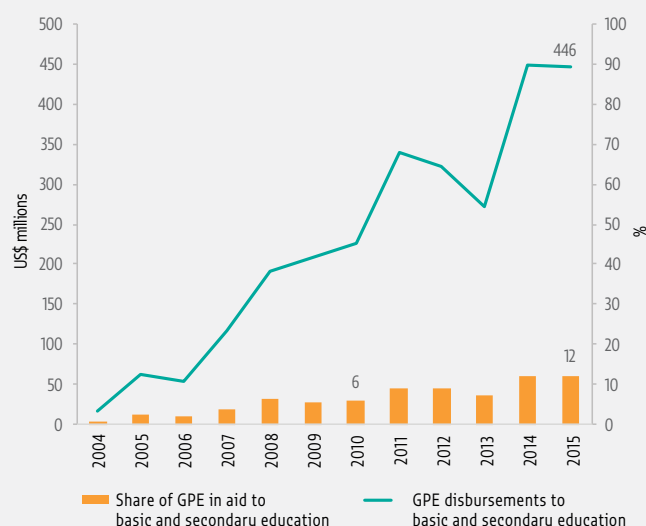
pieces of information. First, take the country's expenditure per primary school student. Multiply this by the number of out-of-school children in the country, to provide a hypothetical total cost of educating these children. Finally, compare this figure with the volume of aid to basic education disbursed to the country that year.

There are several issues with this kind of comparison. First, the per capita cost of primary education varies for different reasons in different countries, making cross-country comparisons somewhat unreliable. For example, the per primary school student expenditure in Senegal is 5.5 times the expenditure in Guinea, but that understates the magnitude of Guinea's need. Note that this only

FIGURE 8:

The share of GPE aid to basic and secondary education in its partner countries has doubled since 2010

GPE aid to basic and secondary education and as a percentage of basic and secondary education ODA in GPE countries, 2004–2015



Note: GPE disbursements are deflated using OECD-DAC data. A deflator is calculated as the ratio of ODA in US\$ current to the ODA in constant US\$ for GPE countries. GPE disbursements in 61 country members only consider grants that are allocated to specific countries. The year of GPE disbursements does not correspond fully to the year of other donor disbursements in the OECD-DAC database. Source: GPE Secretariat analysis based on OECD Creditor Reporting System (2017) and GPE data.

considers public expenditure, while countries also differ in the size of household contributions. Second, the cost of educating out-of-school children is higher than the cost of educating children already in school, which means that countries would need more funding than the calculation indicates. And third, at least part of the aid to education is captured in public expenditure (and in estimated expenditure per student), but this is not done in a uniform way across countries.

But even with those caveats, the comparison has value. Ideally, aid to basic education should be aligned with the amount it would take to educate all out-of-school children. For example, the cost of schooling the 49% of children who

are out of school in Burkina Faso would be close to US\$182 million, but the country received only US\$17 million in 2012. By contrast, the cost of schooling the 2% of children who are out of school in Zimbabwe would be US\$11 million, yet the country received US\$31 million in 2012 (Figure 9). This means that there is scope for donors to rationalize aid allocations further in order to better take into account countries' level of need.

Aid to secondary education fell by almost one-tenth in 2015

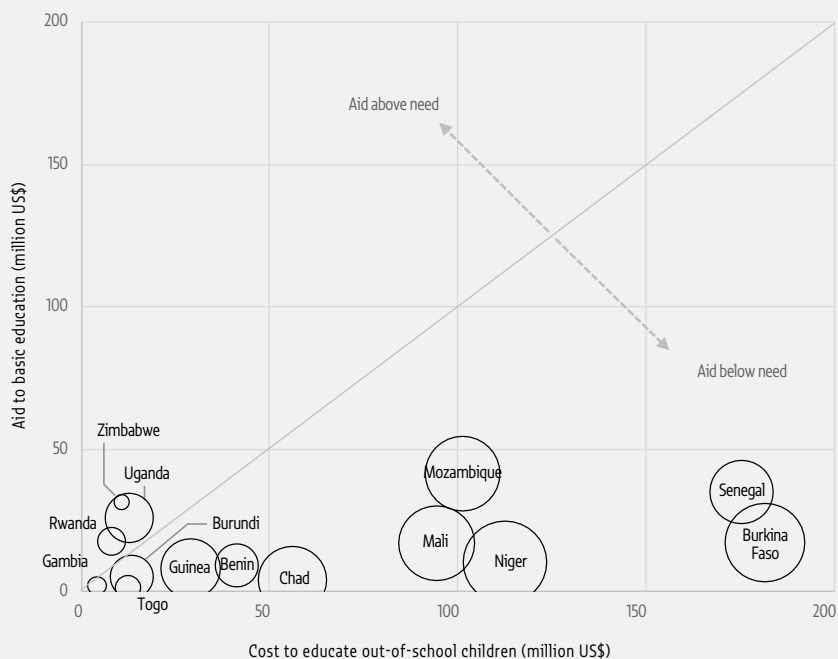
In 2015, total aid to secondary education decreased by 9% to US\$2.2 billion, falling to levels similar to 2009–2010 (Figure 10). Of this amount, 62% was disbursed by bilateral donors (including DAC and non-DAC members). The top two DAC bilateral donors were Germany (US\$264 million) and France (US\$203 million), although France's offering

was one-third down in 2013–2015 compared with 2008–2010 (Figure 11A). Of the G7 countries, three were outside the top 10 donors to secondary education in 2015: Canada was 11th, the United States was 15th and Italy was 18th. Bilateral DAC donors' aid to secondary education was 14% lower in 2015 than in 2009.

At the same time, several non-DAC bilateral donors have emerged since 2013, and by 2015 accounted for 11% of bilateral aid and 7% of total aid to secondary education. For example, the United Arab Emirates disbursed US\$112 million of aid to secondary education per year on average in 2013–2015.

Significantly, multilateral donors' aid to secondary education has increased 25% since 2009, despite a 10% decrease between 2014 and 2015. As a result, multilateral donors accounted for 38% of total aid to basic education in 2015 compared to 32% in 2009. The top three multilateral

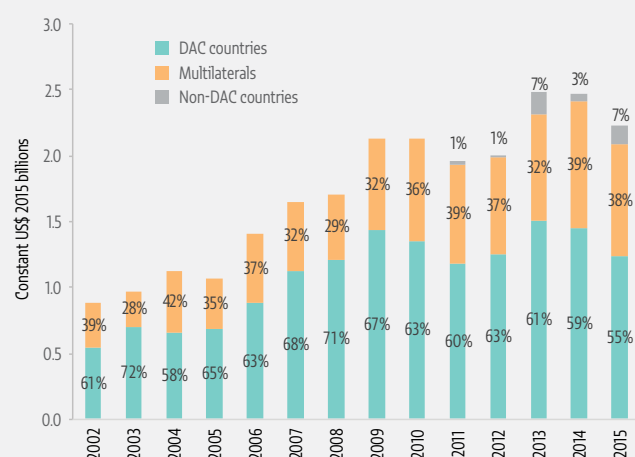
FIGURE 9:
Aid to basic education falls short of need in many low income countries
 Comparison of hypothetical cost of educating out-of-school children with aid to basic education, selected low income sub-Saharan African countries, 2014 (or nearest year)



Note: For some countries, the data for out-of-school children, expenditure per primary school student, and aid to basic education expenditure differ by one year. The size of the bubble reflects the number of out-of-school children.
 Source: GEM Report team analysis based on OECD Creditor Reporting System (on aid), UIS (on expenditure per student), the World Inequality Database on Education (on out-of-school children) and the United Nations Population Division (on cohort size).

FIGURE 10:**Non-DAC donors are emerging as donors to secondary education**

Total aid to secondary education, by type of donor, 2002–2015



Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

donors were the World Bank (US\$334 million), the European Union institutions (US\$208 million) and the Asian Development Bank (US\$160 million) (**Figure 11B**).

Humanitarian aid to education increased by more than half in 2016

In the past five years, funding requests for education in emergencies have increased by 21%, as a result of both long-standing and new humanitarian crises. For example, at the end of 2015, there were 65 million forcibly displaced people, the highest number since the Second World War. Disbursements for education in emergencies reached a peak of US\$245 million in 2010, and fell by two-thirds in 2011–2012. But funding has recovered since 2013, and it increased by a further 55% in 2016 to reach a historic high of US\$303 million (**Figure 12A**).

However, funding for education in emergencies is still not sufficient. Education in emergencies received 2.7% out of a total amount of US\$19.7 billion of humanitarian aid, well below the target of 4% (**Figure 12B**). And it continues to receive a lower than average share of the amount requested: In 2016, the sector received 48% of what it had requested in terms of humanitarian aid, as compared to an average of 57% across all sectors.

The aid to education landscape is changing

Current levels of aid to education fall well short of the amount needed to achieve key SDG 4 targets. Faced with a chronic funding gap, the education sector must urgently seize opportunities. As well as existing programmes, some emerging funding schemes offer potential to help redress the balance.

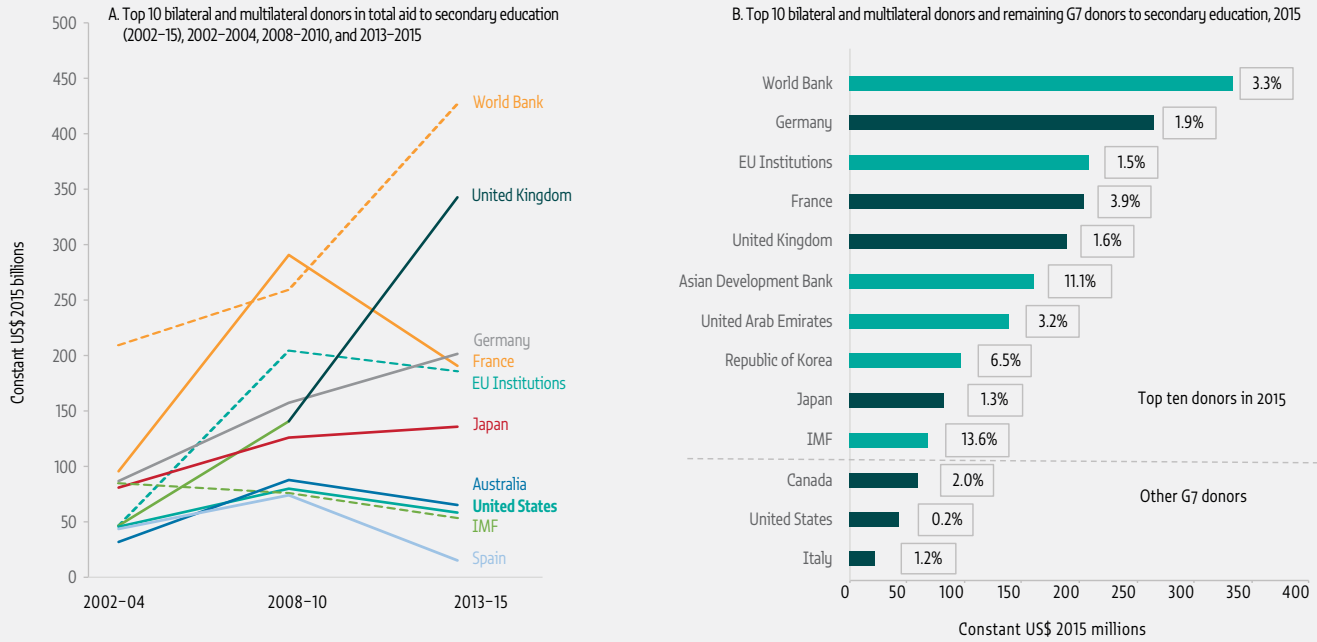
First, the Global Partnership for Education has launched its replenishment campaign, to be completed by early 2018. It seeks to raise US\$3.1 billion for 2018–2020 to implement its Financing and Funding Framework, which was adopted in early 2017. The Framework is meant to enable GPE to provide funding to up to 89 countries with the highest educational poverty and increase the scale of investments in global public goods for education and social accountability initiatives. Combined with other plans to leverage additional funds, GPE hopes to be able to disburse US\$2 billion annually by 2020, four times higher than the amount currently disbursed (GPE, 2017).

Second, the International Commission on Financing Global Education Opportunity has proposed the establishment of an International Finance Facility for Education (IFFEd). This would resemble the Heavily Indebted Poor Countries initiative, which offered US\$100 billion in debt relief to 38 of the world's poorest countries in the early 2000s, and the International Finance Facility for Immunisation initiative, which mobilized more than US\$5 billion of funding.

IFFEd would work at two levels. It would use donor guarantees to help increase the lending capacity of development banks. And it would blend grants with development bank loans (in other words, it would 'buy down' the loans) so as to make the terms similar to those of concessional loans. By using about US\$2 billion in guarantees and about US\$2.5 billion in buy-downs, IFFEd could leverage around US\$10 billion a year in additional concessional financing by 2020. The focus would be on lower middle income countries, for whom the interest on loans offered by development banks (3.5%) and capital markets (8%) is perceived to be too high (Education Commission, 2017).

Finally, the Education Cannot Wait (ECW) fund was established after the World Humanitarian Summit in 2016 to transform the delivery of education in emergencies. It is provisionally hosted by the United Nations Children's Fund (UNICEF), which acts as the Fund Manager, provides a Fund

FIGURE 11:
The Asian Development Bank, Japan and the Republic of Korea prioritize secondary education



Note: G7 countries are represented with black bars in Figure 11B. Percentages in boxes represent the share in total aid allocated by each donor to secondary education. Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

FIGURE 12:
Humanitarian aid to education reached a historic high in 2016
Selected statistics on consolidated and flash appeals requests and funding for the education sector, 2000–2016



Source: Office for the Coordination of Humanitarian Affairs (2017).

Support Office and houses the Secretariat. ECW offers three types of support: an 'acceleration facility' to invest in global public goods, such as awareness, coordination and crisis preparedness, as well as new approaches and tools; a 'first response window' to rapidly deploy funds at the onset of a crisis (which has already been used to fund US\$20 million interventions in Afghanistan, the Central African Republic, Madagascar, Peru, Somalia, Uganda and Ukraine); and a 'multi-year window' to help bridge the divide between humanitarian and development efforts. It aims to raise US\$3.85 billion by 2020. As of April 2017, it had raised US\$113 million out of a first-year target of US\$153 million (ECW, 2017).

Donors will need to work in a concerted and coordinated way to ensure that these three initiatives complement each other and do not add unnecessary administration costs or lead to duplication of effort. But new financing facilities are not enough: Donors also need to increase their efforts to turn around the fortunes of international funding of education. To do this, two concrete steps will be critical. First, donors must live up to their commitments and ensure that they allocate at least 0.7% of their gross national income to aid, and 10% of that to education. And second, they must ensure that their allocations are proportional to the financing gap that countries are facing, so that in the effort to meet SDG 4, aid to education goes where it is needed most.

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