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Education Aid Effectiveness: The Need to Rethink the Allocation of Education Aid to Enhance its Impact

Editorial

Most of the international debate on education aid focuses on advocacy for increasing the *volume* of such aid, especially to attain the Education for All (EFA) and Millennium Development Goals (MDGs). And most of the concerns regarding aid effectiveness focus on enhancing the *technical efficiency* of delivery and use of aid by reducing aid fragmentation through greater coordination and harmonization, developing more efficient aid instruments, channeling more aid through national systems, and ensuring greater aid predictability. Donor agencies have also worked with aid recipient countries to improve the efficiency with which the aid that is provided for a *given purpose* is used by strengthening country ownership, improving governance, and developing institutional capacity. Since 2005, this work has been conducted within the framework of the "Paris Declaration on Aid Effectiveness."

It is important to improve the technical efficiency of aid through the above types of measures. However, by far the largest share of education expenditures is funded by domestic resources in most low-income countries. Therefore, what can be gained from more efficient delivery and use of aid is limited if the aid is not *allocated efficiently* to ensure that it:

- *Adds to – rather than substitutes for –* domestic funding, and
- *Is deployed strategically* where it can promote most effective use of *total domestic and external education funding* in reaching national and global development goals.

Little attention is given in the international aid debate to assessing these *allocative efficiency* aspects of education aid. How should aid be allocated, for example, by education sub-sector, purpose, and country, *to maximize the catalytic impact of any given level of aid?* And even less attention is paid to how different ways of using a given level of aid may mitigate *harmful aid dependency risks* arising from the unprecedentedly high level and long duration of aid dependency in many countries especially in Sub-Saharan Africa (SSA). Even if aid is delivered and used efficiently, its effectiveness is reduced if the aid is not used where it can have the strongest catalytic impact or if it is used in a manner that creates harmful aid dependencies.

This special issue of the JICE explores the scope for enhancing the effectiveness

of education aid within this more holistic framework. In doing so, the purpose is *not* to discuss what an "appropriate level" of aid for education might be, but to explore ways of increasing the effectiveness of *any given level of aid* through more strategic allocation and use. For *individual countries*, this means rethinking the distribution of aid between different levels and types of education, between financial and technical aid, and between different purposes to maximize the impact of aid on total resource use in the sector. At the *international level*, this means reassessing the unequal distribution of aid among countries, as well as the limited attention giving to developing/revitalizing partnerships, networks, and institutions producing *regional and global public goods* in the education sector.

In the "overview article" following this editorial I try to clarify some questions involved in a reflection on how to enhance the allocative efficiency of education aid. For example, what is the difference between *technical* and *allocative* efficiency of education aid? What is the degree of fungibility between *aid* and *domestic funding* and the degree of *additionality* of aid to domestic funding? In which areas does aid have *comparative advantage* over domestic funding, and how should aid priorities evolve to respond effectively to emerging challenges? Does efforts by donors to target aid on particular purposes conflict with the call of the "Paris Declaration" to align aid with national strategies, institutions and procedures? What should be the trade-off between, respectively, *technical* and *financial* aid; aid for countries "*on track*" versus those "*off-track*" to reach the EFA goals; and aid for *individual countries* versus support for *global and regional public goods?*

The article notes that the international aid architecture does not have an effective mechanism for monitoring the extent to which decisions on aid allocation made by each donor country and agency add up to anything approaching an "optimal" distribution of *total* education aid by e.g., education sub-sector, purpose, and country, in order to maximize the impact of aid on national and global development goals. In particular, little progress has been made in addressing concerns about the need to improve the provision and funding of *global public goods* in the education sector, including the declining capacity of aid agencies to provide high-quality technical support. This undermines the overall effectiveness of education aid, including by limiting the impact of country-specific aid because of the positive synergy between such aid and public goods provided through various types of international technical cooperation[1]. Similarly, despite the unprecedented length of high aid dependency in SSA countries, the frequent calls for more aid is not

[1] The shortage of funding for regional activities was recognized by African ministers of finance and of education at a conference in July 2009, organized jointly by the African Development Bank, the Association for the Development of Education in Africa (ADEA) and the World Bank to discuss education financing during the current economic slowdown. Several ministers noted that because countries compete for external aid to address national concerns, they give too little attention to mobilizing resources for addressing pan-African issues, and ministers argued for allocating more resources for this purpose both by donors *and* by African countries (World Bank, 2010, page xi).

accompanied with systematic efforts to ensure that the aid is used strategically to enhance its catalytic impact, including by mitigation harmful effects of the prolonged high levels of aid dependency.

The article concludes by calling for a more proactive international effort to clarify the scope for enhancing the effectiveness of education aid through more efficient allocation and use, and for more effective global coordination to implement any strategy resulting from such work. It notes that since the 2000 Dakar Education Forum, there has been much focus on, and progress in, increasing aid effectiveness by helping low-income countries to develop better quality sector plans, more evidenced-based decision-making processes, and stronger implementation capacity. The same degree of attention has not been paid to the potential for increasing the catalytic impact of education aid through better quality decision-making and follow-up on aid allocation and coordination matters *by donor countries and agencies*. To do so should be the next phase in the ongoing struggle to enhance the effectiveness of education aid.

The next two articles discuss how three OECD countries – Japan, Korea, and Mexico – used external expertise and funding to catalytically enhance their education development.

Kazuhiro Yoshida analyzes the approach followed by Japan to internalize advanced Western technology and to develop its human resource at the time Japan embarked on its major efforts to industrialize during the later part of the 19th century, known as “the Meiji era”. The author examines how Japan addressed three major challenges present-day developing countries face with respect to skills development: training policies, relevance of training, and financing of public provision of training. Based on a case study of the development of the iron and steel industry in Japan, the article describes the strategic choices made by the government with respect to aspects such as: technology; its dual roles of both directly managing the industry and stimulating the growth of private industry; the extent to which the government made conscious efforts to use the existing socio-economic system related to the industry; and how it used local resources rather than depending on foreign loans to fund training abroad, use of foreign experts and importation of Western technology. The government initially depended on foreign experts, but gradually replaced them with nationals who were initially trained abroad and later at institutions developed at home to train higher level and, later, middle-level skilled workers.

It is interesting to note that many of the factors that were central to the success of the countries that achieved sustained economic growth at a high level over the last half century were present in the policies and approaches adapted by Japan during the Meiji era. Japan’s experience during its early industrialization is also interesting from the point of view of the importance given to learning from other countries and cultures long before

the existence of development aid. The experience also illustrates well how success in using technology developed under other cultural and socio-economic contexts depends on the extent to which a country manages to adapt such technology to local technology and socio-economic conditions. The capacity to do so has also proven crucial to successful use of imported technology by present-day developing countries as well as by some European countries that started their industrialization process comparatively late, such as Norway[2].

Kye Woo Lee's contrasts the use of external assistance for education in the Republic of Korea with that of Mexico, focusing on borrowing for education from the World Bank. Many studies have examined the role of investment in education in explaining Korea's impressive economic growth record during the last half of the 20th century. The author notes that, expressed in per capita terms, Korea did not spend more on education than other countries at a comparable level of income, and nor did Korea allocate a greater share of foreign assistance, including from the World Bank, to the education sector. Rather, Korea used its education investments more effectively than most other countries, including by aligning the priorities and sequencing of education investments very closely with national development strategies[3]. In particular, Korea used World Bank funding consistently and efficiently over time to upgrade skill levels of the labor force in response to labor market demands, and in a way that rapidly built institutional capacity through strong leadership and ownership by government institutions. Korea also gave high priority to analytical work to underpin its education investments, often working in close cooperation with the World Bank.

The author concludes that this greater emphasis on analytical work to ensure high-quality education policies, combined with conducting the analytical work, policy formulation, and implementation in ways that built national capacity and ownership, contributed to the more efficient investment in education in Korea than in Mexico. In turn, this difference in the effectiveness of such investments helps explain the difference in economic growth between the two countries.

In the next article, **Kenneth King** studies China's support for education and training in Africa, with particular emphasis on South Africa and on how China's approach differs from that of traditional Western donors. Much attention has been given to China's huge

[2] For example, Bergh et al. (1980, 123-124) note that: "Norwegian industrial development since 1830 clearly illustrates the importance of the ability to assimilate large doses of foreign technology at an acceptable rate. The mechanisms of diffusing and adapting well-established technology to local conditions … seem to have functioned well. Norway profited from the advantages of a late start, having been able to exploit both knowledge and equipment developed by others".

[3] Fredriksen and Tan (2008) arrived at a similar conclusion when comparing East Asian and Sub-Saharan African countries' on aspects such as education policies; sequencing of education reforms and aligning them with overall national development strategies; capacity-building; and catalytic use of external resources.

investments in Africa this decade; much less attention has been given to China's rapidly increasing support for education and training. However, as noted by King, while often included among "emerging donors," China's support for Africa dates back to the 1950s, though it has increased rapidly over the last decade, especially through the Forum for China-Africa Cooperation (FOCAC). But in addition to support provided within this pan-African framework, China maintains strong bilateral relationships with almost all African countries.

In analyzing the differences between China and more traditional donors such as France and the UK, King notes that China does not cooperate with a special sub-set of countries based on historical, linguistic, economic, or geographical ties. Rather, like Japan, China would argue that its cooperation is basically responding to demands from countries. In addition, unlike traditional agencies such as DfID and USAID (but like Japan, though this is changing), Chinese education aid is largely managed by generalists rather than education specialists. Furthermore, education cooperation is not considered a stand-alone sector; this is illustrated by the fact that, unlike other major donors, China does not appear to have an "education sector policy" governing its education aid. A lot of this support is provided through important capacity-building elements associated with large Chinese investment projects. Finally, King highlights the particular role that China's "Confucius Institutes" play in the country's international cooperation, including responding to a widespread interest in many countries for acquiring expertise in Chinese. This interest is in turn inseparable from the very visible presence of Chinese enterprise, industry, and commerce throughout Africa.

As noted by King, China does not actively participate in aid harmonization efforts. As discussed in the "overview article", in order to limit aid volatility and ensure that new aid is used where it has the highest impact, it is important for recipient countries to ensure that the aid received from new donors is coordinated with support received from other partners. Also, new donors may want to explore giving higher priority than traditional donors to supporting, for example, peer learning and knowledge exchange through "south-south" cooperation, as well as other regional and global public good functions.

The two following articles focus on the provision of global public goods in the education sector. The one by **Nicholas Burnett** discusses both the urgency and the complexity of reforming UNESCO, the organization established to play the leading global public good function in the education sector. The author draws on his personal experience as UNESCO's Assistant Director General for Education during the period 2007-09. He argues that the world needs more public goods in education, especially statistics, research and shared experience, and that UNESCO should be the place to turn for these public goods. However, the organization's politicization and limited technical and human resources mean that it cannot at present fulfill that role, a role now partially

filled by others, all of whom wish that UNESCO were a stronger institution. UNESCO also spends too much time defending its education "mandate" as it was defined when the agency was established and it was alone in the sector, and not sufficient time at adapting to the realities of the current situation and at playing well its leadership role in the present aid architecture.

Despite these difficulties, reform is possible as two achievements of the past decade demonstrate: The establishment of the UNESCO Institute for Statistics and of the Education for All Global Monitoring Report. But the fact that both had to be established at arm's-length distance from UNESCO also illustrates some of the problems hampering the organization's effectiveness. Success will require tackling several issues simultaneously, many of them concerning more UNESCO's overall budget and human resources policies and practices than issues specific to its education sector. Therefore, successful reforms of the education sector will require both strong leadership by the Director General and increased awareness by UNESCO's governing bodies and senior management about the urgency to reform the institution. The author also notes that some transitional finance will be required to facilitate structural change but that such funding should be linked to efficiency gains.

While not directly dealt with in Burnett's article, because of the synergy noted above between country-specific aid and global public good functions, even the effectiveness of *country-specific aid would be likely to improve* if donors were to work more systematically to strengthen the capacity of regional and global public good education institutions.

Digby Geoffrey Smith addresses the global public good question from a different angle. He notes that the MDGs drive the international development agenda in the education sector. Given that the MDGs include only two education goals – universal completion of primary education and gender equity in primary and secondary education – does this focus on the MDGs distort the sector's ability to promote broader global public goods, such as political, environmental, and demographic stability? Is this focus on a part of the education system likely to be beneficial or harmful to the impact of education on such broader global public goods? This question goes beyond the more limited public good aspects dealt with in the other articles, which focus on ensuring that education aid enables all countries to benefit from global knowledge assets and expertise, so as to maximize the aid's impact on the sector's ability to reach national and international development goals.

In analyzing this question, Smith discusses how different types of investments in different levels and types of education are likely to impact political, environmental, and demographic stability, and applies this analysis to the situation in SSA as well as to the particular case of education and population growth in Yemen. He concludes that while

reaching the MDGs is crucial in promoting these broader public goods, this focus would be even more helpful if it were better integrated in a broader sectoral approach giving adequate attention to investments in other types and levels of education as well. This said, the author notes that any constraints on investments in other levels and types of education that might arise from the focus on the MDGs are likely to be minor compared with those arising from factors such as poor policies, weak management, and insufficient accountability.

The next two articles provide examples of effective networks to promote regional knowledge-sharing, peer learning, and "south-south" cooperation. **Marito Garcia** and **Alan Pence** describe the development of a network on Early Childhood Development (ECD) in SSA based on a multi-pronged approach comprising regional partnerships, south-south learning, and a virtual training program to build leadership capacity among managers of ECD programs. The authors start by explaining why, over the last twenty years, good quality ECD has increasingly been recognized as fundamental to reaching many societal goals, including improved education and health outcomes. This is followed by a summary of the network's history, goals, and key results. The article concludes by discussing the challenges in meeting the needs and expectations of the Network's many constituencies as well as the time and resources required to build and maintain an effective network.

The large number of partnership and knowledge-sharing activities organized within the framework of this network provides an excellent example of how productive this type of networks can be. The article also illustrates well the need for long-term commitment to establish and maintain effective networks and how a few very dedicated people can use the "convening power" of international agencies and well-known academic institutions to facilitate networking and partnerships to the benefit of education development in poor countries.

Azian Abdullah, Devadason Robert Peter, Khar Thoe Ng, and Wahyudi describe the work of the Regional Centre for Education in Science and Mathematics (RECSAM), located in Malaysia. This is one of more than a dozen regional centers established by the Southeast Asian Ministers of Education Organisation (SEAMEO) and located in various member countries to promote regional cooperation in a variety of fields. Since its inception in 1967, RECSAM's main function has been to help member states enhance the quality of science and mathematics education in primary and secondary schools. This is done through knowledge-exchange and peer learning comprising training, research, and development activities for teachers, administrators, and other education professionals. The article describes the content of these activities as well as the challenges faced by the Centre in responding to the evolving and varied needs of the member countries. One key challenge is the ability to mobilize the resources required to deliver on the Centre's

mandate as a *public good institution* charged with helping to build the foundation for developing the technically and scientifically trained human capital that is increasingly needed to support the fast-growing, increasingly knowledge-based economies of the SEAMEO countries. The success of RECSAM in this regard illustrates well the increasing importance of this type of regional cooperation, especially in a field so crucial to education quality and relevance at all levels of the education system.

Shortage of predictable and sustainable funding for regional and global public goods in the education sector is a recurrent theme in this special issue of the JICE. Many donor countries have tried various mechanisms to address this problem. One approach is to channel some of their ODA through special "Trust Funds" located in international agencies and earmarked for various "soft" investments at the national, regional and/or global level. The article by **Olav Seim** and **Birger Fredriksen** describes one such Fund – The Norwegian Education Trust Fund for Sub-Saharan Africa (NETF) – set up by Norway in 1998 and managed by the World Bank. Over its ten years of existence the NETF disbursed about US$46 million to support analytical work, policy formulation, and sector program preparation at the country level, and a variety of peer learning and knowledge generation and exchange activities at the regional level. This article describes the rationale for establishing this Fund, what it financed and why, what it achieved, and what lessons can be drawn with respect to the use of this type of mechanism to provide targeted support of this type. The article concludes by calling on the international education aid community to urgently rethink how the institutions and networks designed to provide regional and global public goods in the education sector can be revitalized and strengthened in terms of governance, effectiveness, and funding.

The last article by **N. V. Varghese** turns to discussing effective use of aid in *higher education*. The high priority given by donors to such aid in the 1960s and 1970s – largely based on graduate training in donor countries – was followed by a period of declining support when attention shifted to the Education for All agenda in the 1990s. However, higher education is once again becoming a rising aid priority. This reflects the increased importance of support for skills development to help countries compete in the modern, increasingly knowledge-based global economy. However, the author notes that there is a need to rethink how such aid should be allocated and used to become more effective in achieving this objective. Currently, aid for higher education remains concentrated on a few countries with fairly developed higher education systems, or is spread thinly on many institutions in countries with less developed systems. The author argues that to become more effective, the aid should focus on developing and implementing *national policies and system-wide improvements* rather than on targeted interventions for selected faculties and institutes. Again, similar to the arguments made in many of the other articles in this special issue, to maximize the catalytic impact of any given level of aid, this is a call to rethink not only how aid for higher education is used *within* a given country but also how

such aid is distributed *among* countries.

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In summary, this special issue of the JICE calls for enhancing the effectiveness of education aid by giving much more attention to ensuring that such aid is allocated strategically to maximize its catalytic impact on total resource use in the education sector. Progress in this area should be the next phase in the ongoing effort to enhance the effectiveness of education aid.

However, to achieve this will require both more proactive international efforts to clarify the scope for such allocative efficiency gains, and more effective global coordination to implement needed changes in aid allocation priorities. It is my hope that this special issue of the JICE can help stimulate discussions among the various stakeholders in the international education aid community on how progress can be achieved in both areas.

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