

# **Aid at a Turning Point How Much, to Whom for What?**

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# Aid at a Turning Point: How much, to whom, for what?

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**Lecture at CICE Seminar Room,**  
**IDEC 6<sup>th</sup> Floor, Hiroshima University**  
**Time: 4:30-6:00 pm, October 17<sup>th</sup>**  
**2018**



Aid to education should accelerate progress towards high enrolment and enhanced learning outcomes. But it is also possible that aid can trap countries in a recurrent cycle of external financing and dependence. More than 30 countries have received as much as half their national budgets in external assistance for over 30 years. The most recent proposals from the Education Commission anticipate a massive increase in grants and loans to education in low-middle income countries and enhanced flow to the poorest countries. There has been little analysis of what money would be spent on and particularly how much would be grants and how much loans, and if it would be repaid. Without new and more strategically focussed approaches more aid to education may not lead to sustainable educational development but to more dependence.

This presentation is based on large scale data sets and participant observation in the development of multi-lateral strategies for aid. Key questions are:

- ☐ what are what are recent patterns educational development in countries that receive aid to education and is more or less needed?
- ☐ has aid to education been changing as a result of commitments to the Sustainable Development Goals?
- ☐ what should happen to aid as national incomes in poor countries increase?
- ☐ under what conditions might aid be more effective and efficient and lead to a reduction in the need for more aid to reach the SDGs?



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# Publications



WORKING PAPER #2  
AUGUST 2017

The Educational  
Challenges of Transition:  
Key Issues for Low- and  
Lower-Middle-Income  
Countries and GPE  
Toward 2030

Available Free at

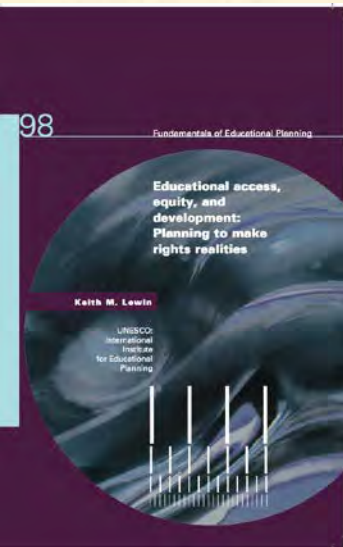
<http://www.globalpartnership.org/content/educational-challenges-transition-key-issues-2030>

Available Free at

<http://unesdoc.unesco.org/images/0023/002350/235003e.pdf>

Other publications at

<http://keithlewin.net/downloads>



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# Aid and Sustainable Development

- Who should give aid to education and who should they give it to?
- What educational problems can aid help to resolve?
- How has aid to education been changing as a result of commitments to the Sustainable Development Goals?
- What should happen to aid as national incomes in poor countries increase?
- What kind of aid to education is needed to achieve the SDGs?

# Views of Planet Earth



## **Wealth and Development**

**The Bottom Billion live on less than \$1.25 a day**  
**The Wealthiest 9 people are worth more than the**  
**total wealth of 4 Billion people**

# Whose Problem is Sustainable Development?

**Rich countries or poor countries?**

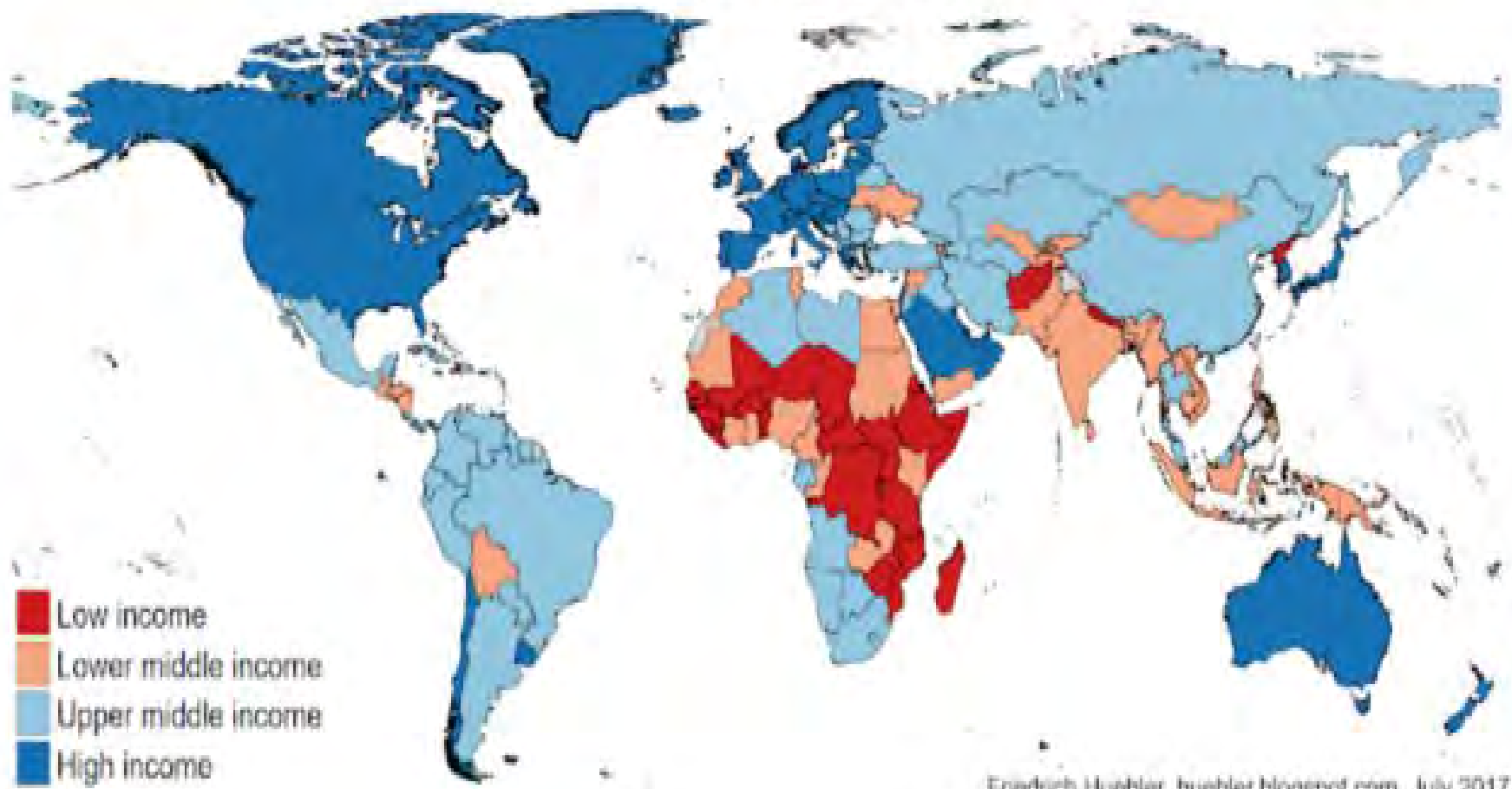
**Rich people and poor people?**

**National governments or aid agencies?**

**Civil Society or individuals?**

# Do Wealth and Poverty Gaps Justify Aid?

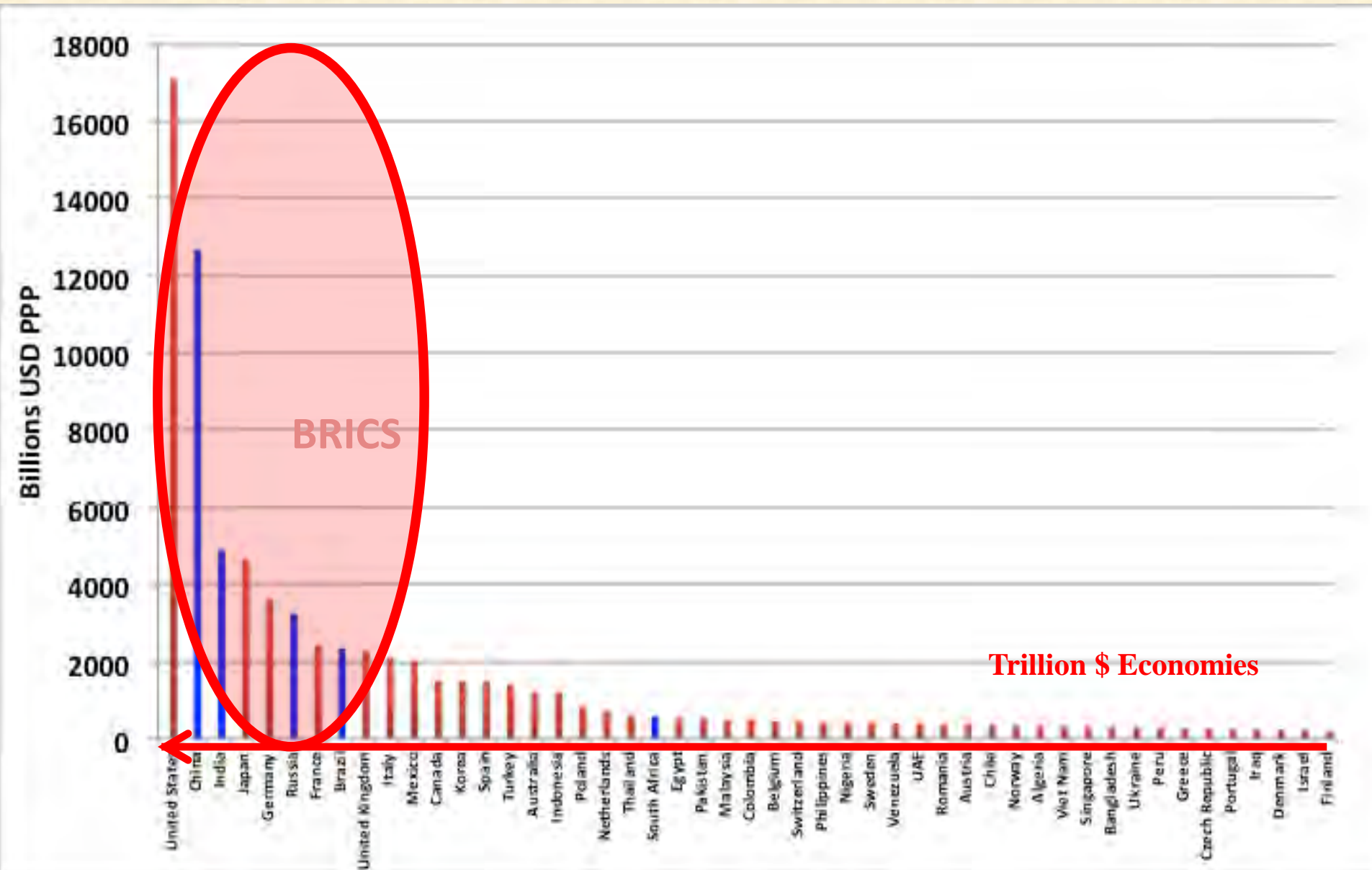
Countries by income level, 2016



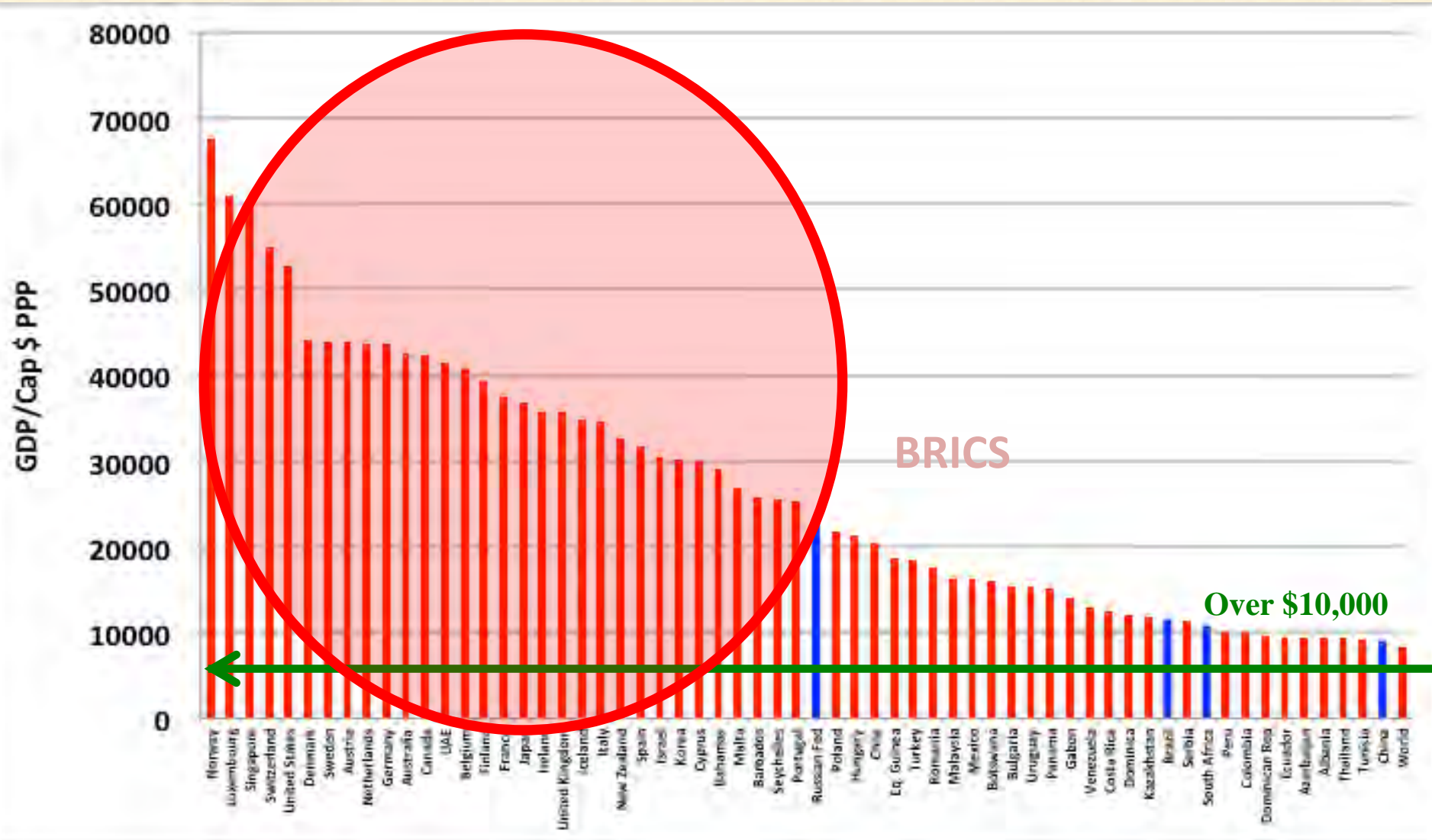
Friedrich Huebler, huebler.blogspot.com, July 2017



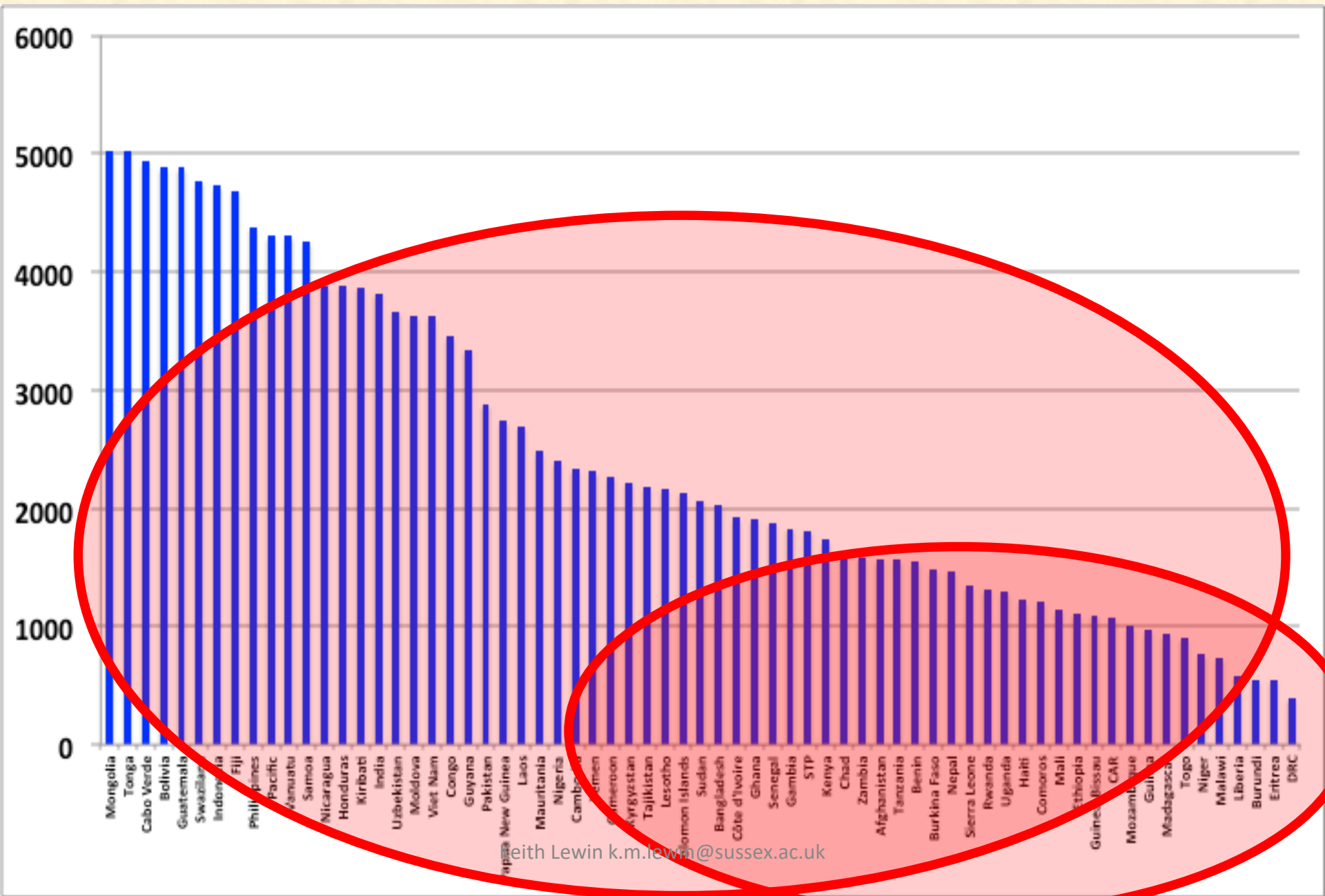
# Richest Countries - GDP and Trillion \$ Economies



# Richest in GDP per Capita



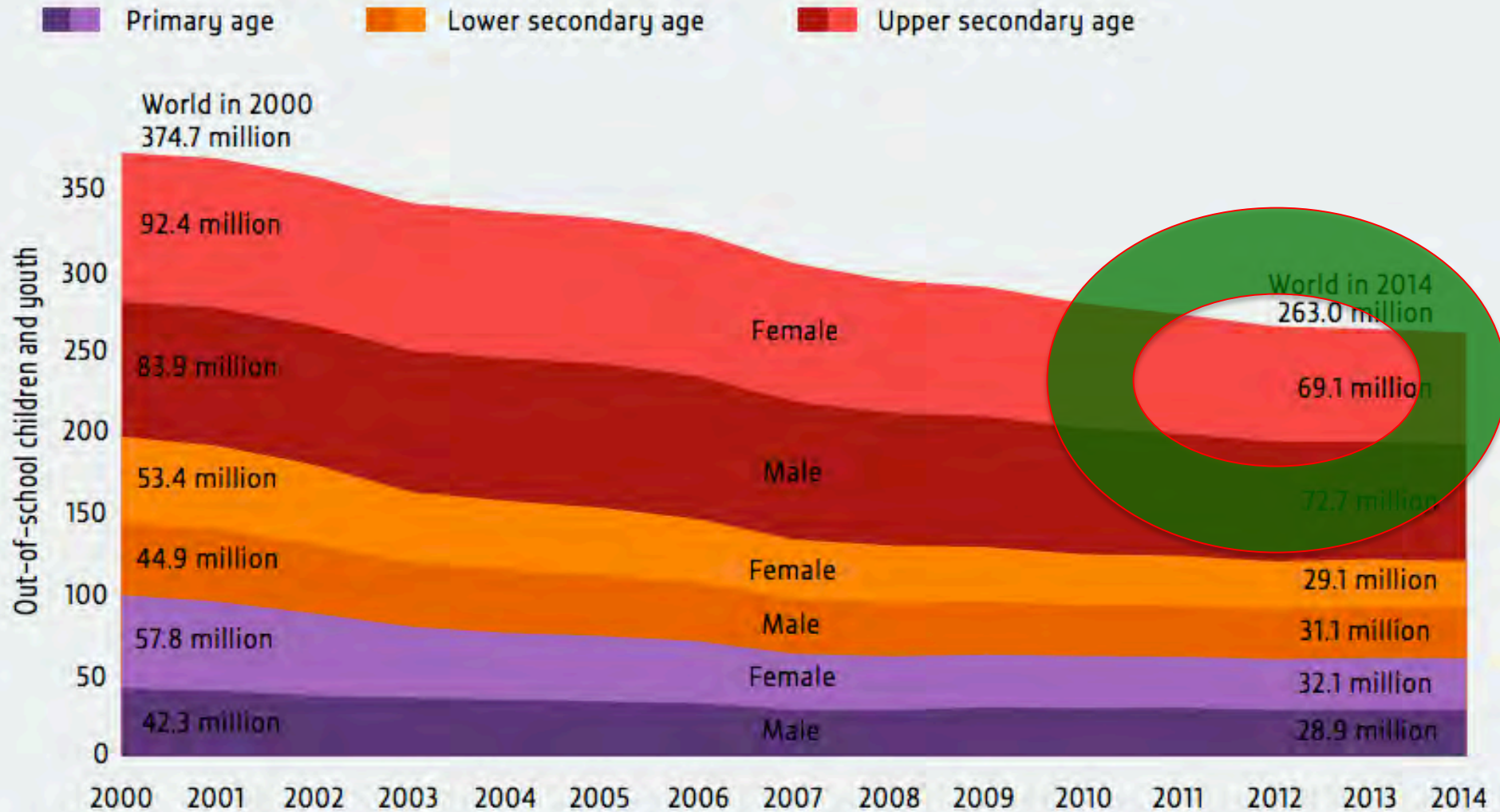
# Poorest Countries



# **Status Report on Education in Low Income Countries**

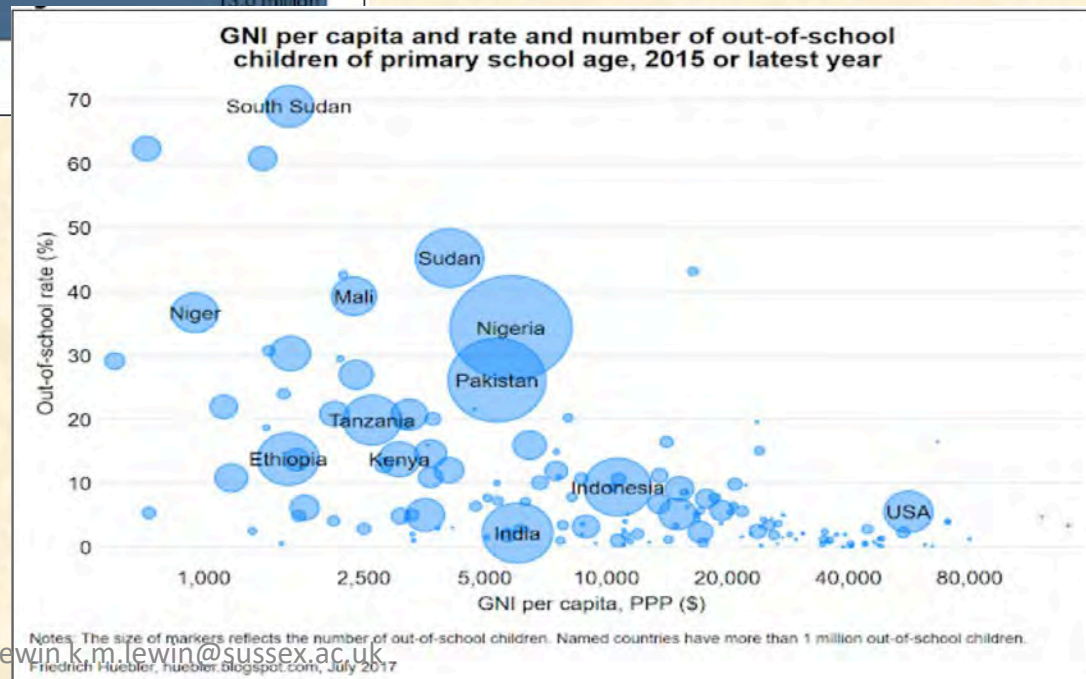
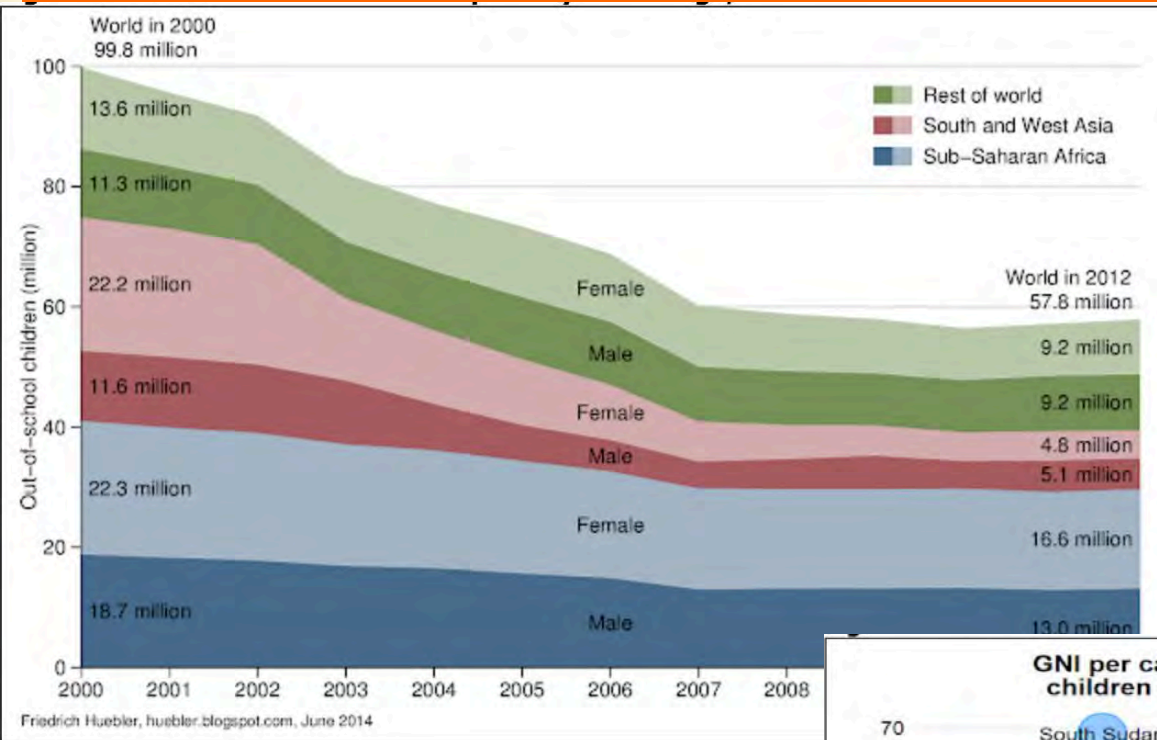
# Out of School Children

Global number of out-of-school children and youth, 2000-2014





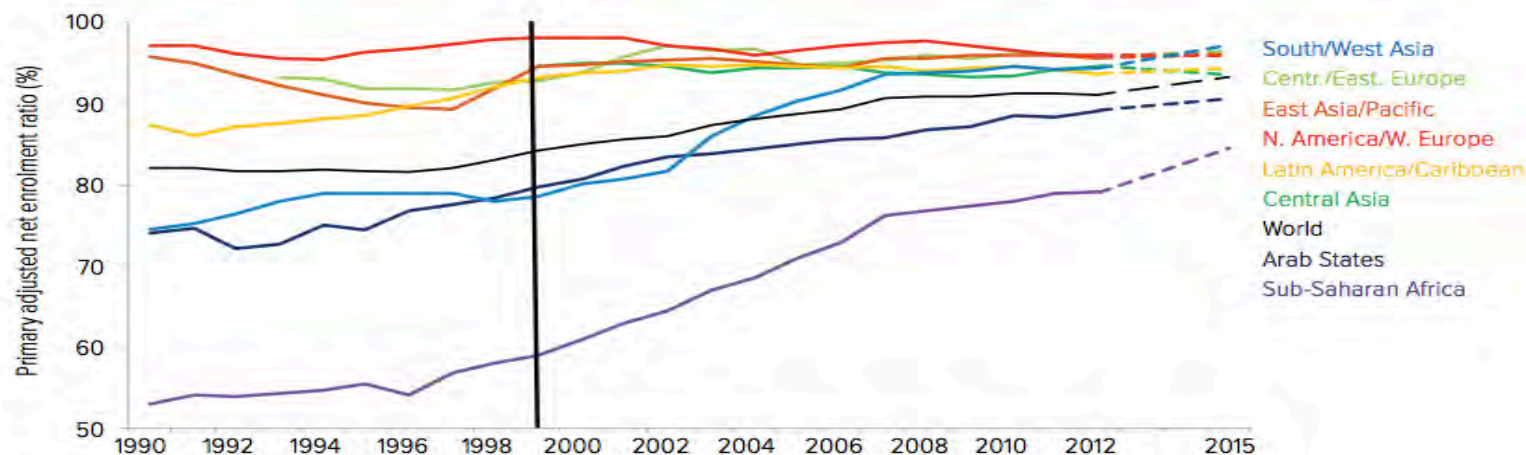
# Educational Exclusion Persists





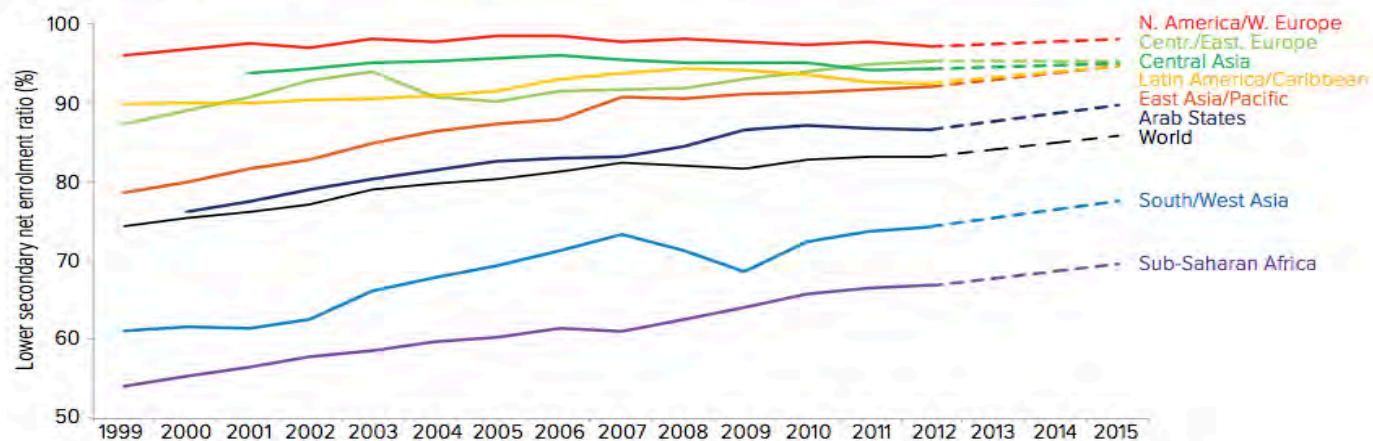
# Enrolment Rates in Education

Primary adjusted net enrolment ratio, world and regions, 1990–2012 and 2015 (projection)



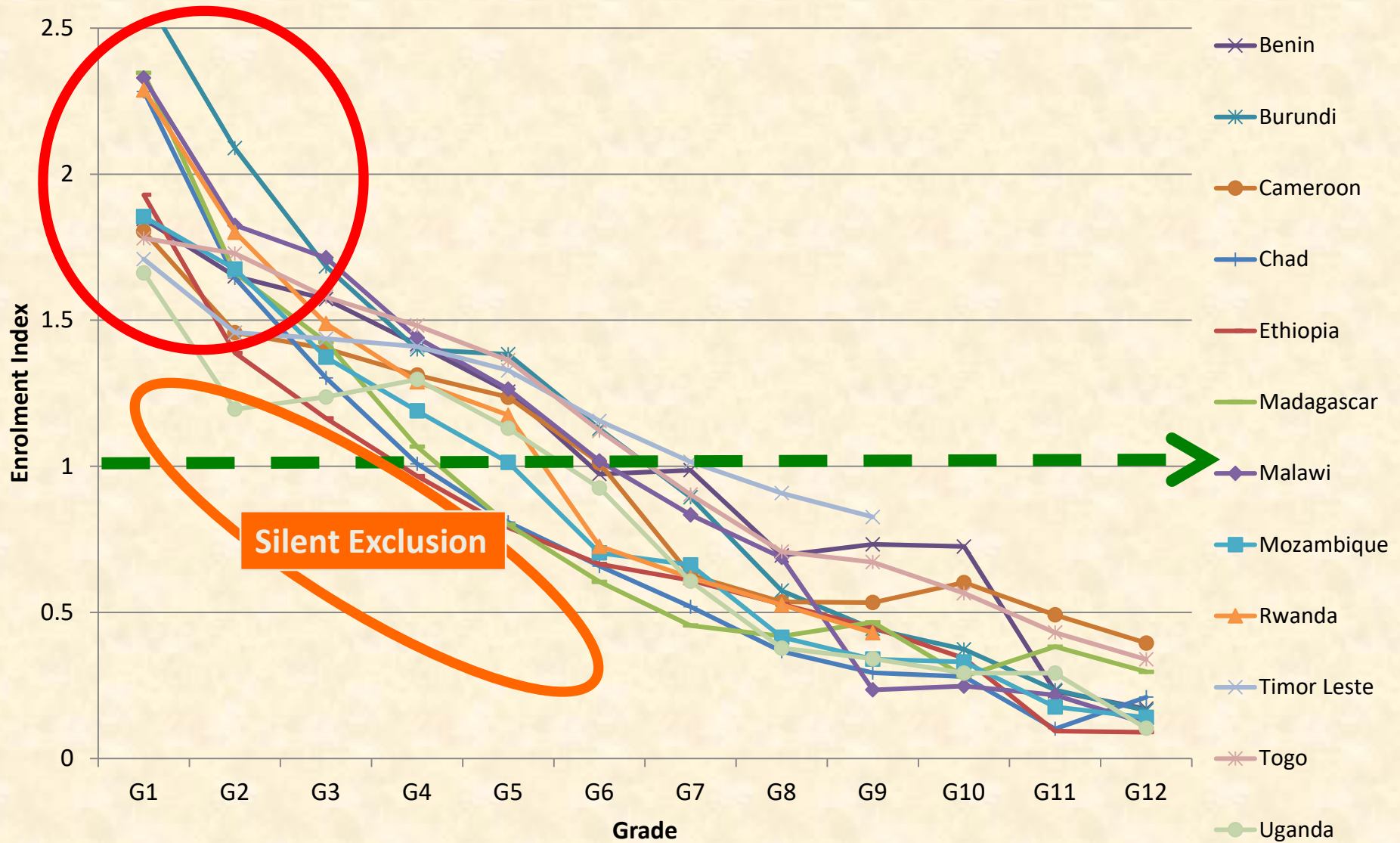
Sources: UIS database; Bruneorth (2015).

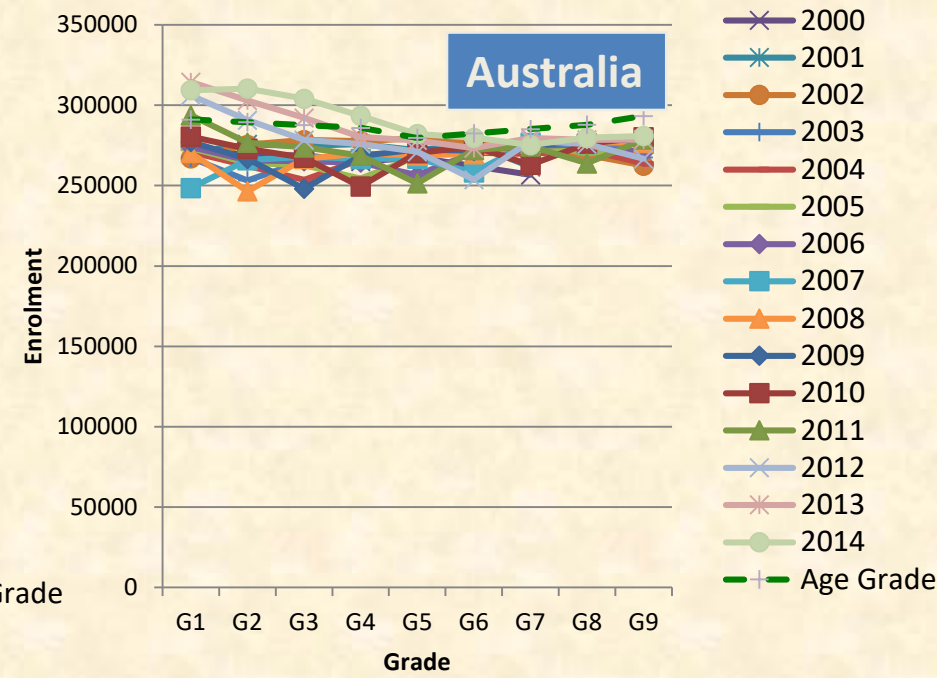
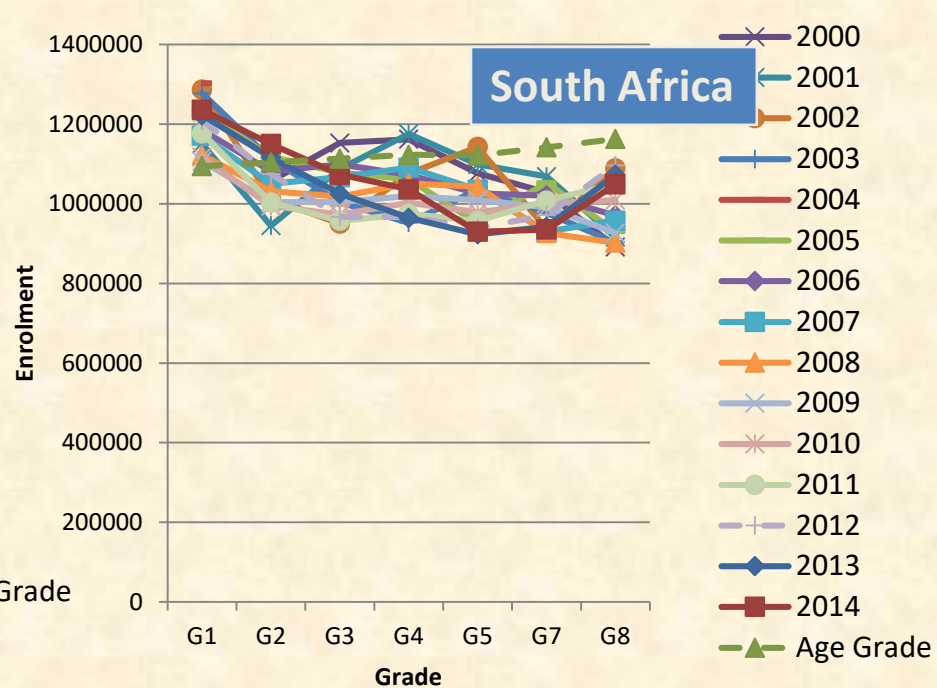
Lower secondary total net enrolment ratio, world and regions, 1999–2012 and 2015 (projection)



Sources: UIS database; Bruneorth (2015).

# EFA Countries - Over Enrolment and High Drop Out



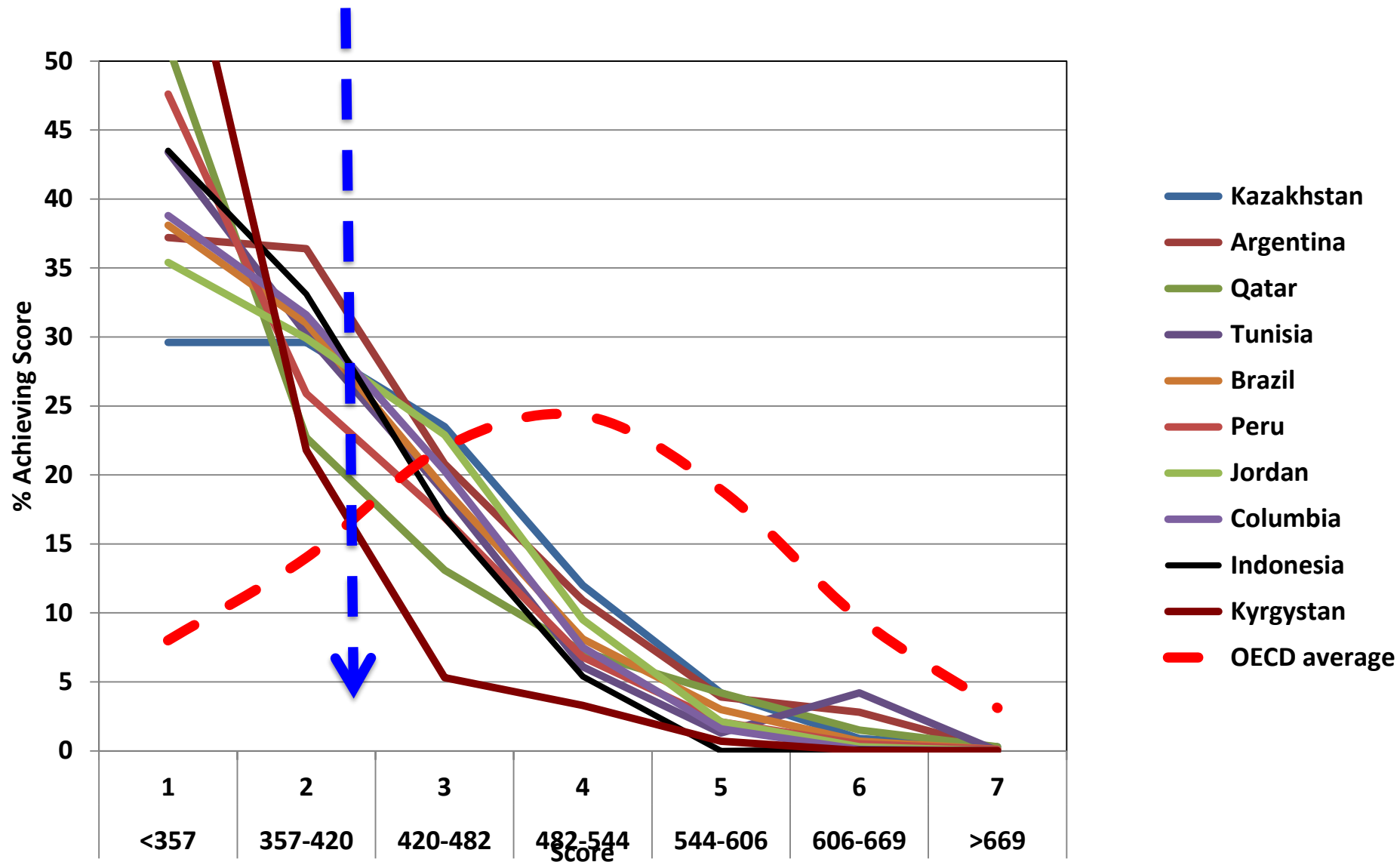




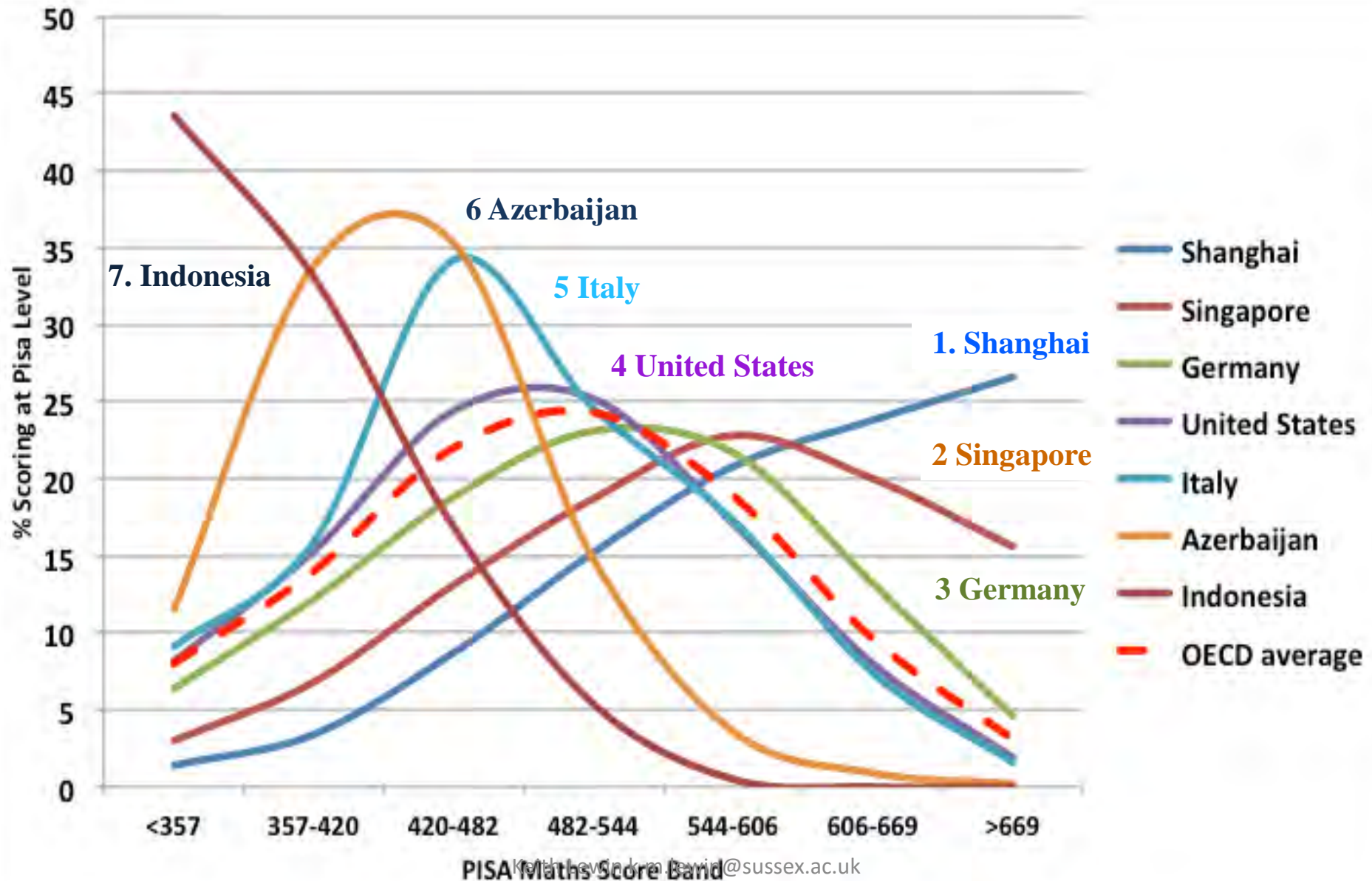
# Completion Rate by Wealth Lower Secondary



# Where is sustainability?



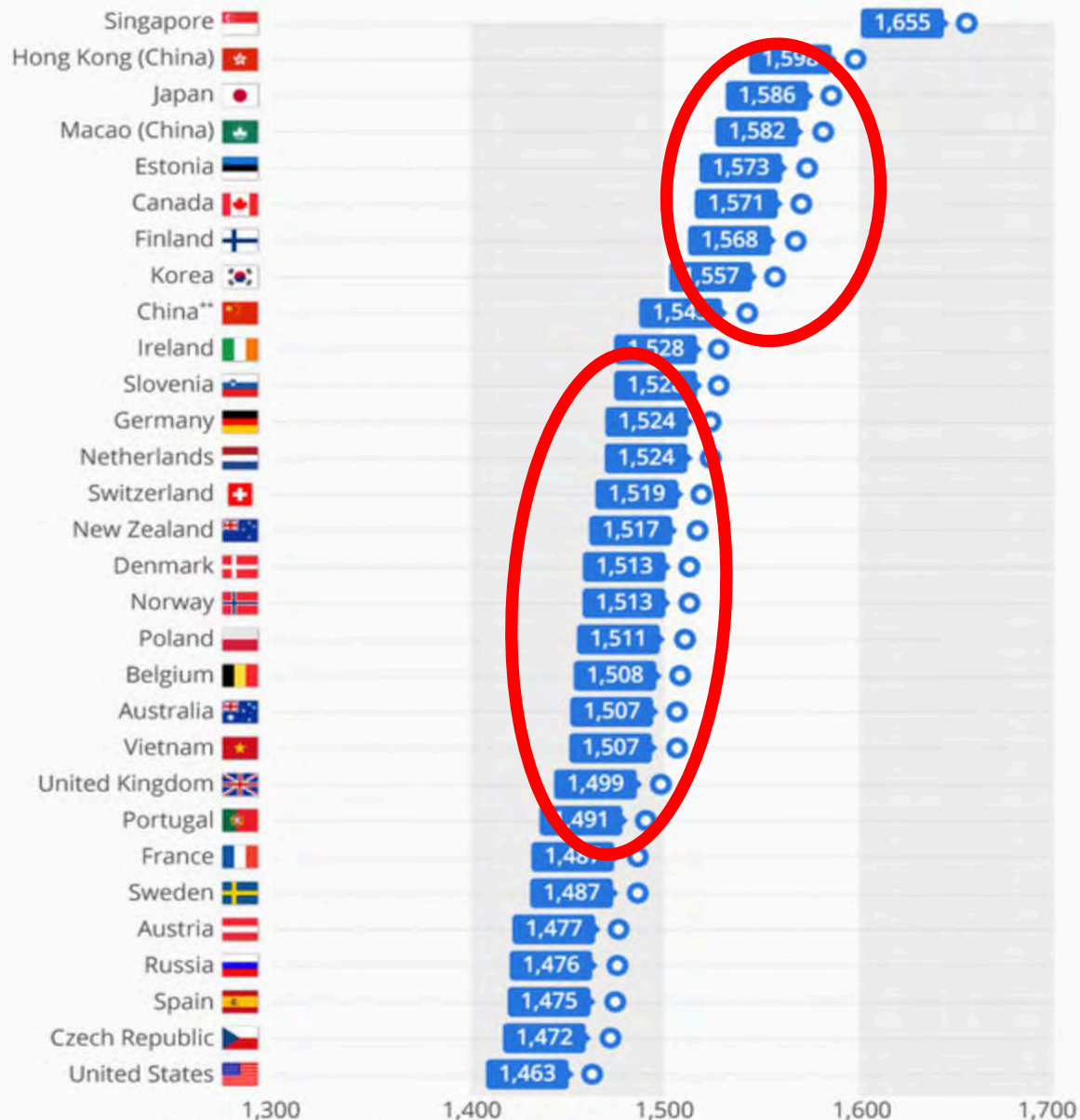
# Pisa Maths – Six Patterns of Performance





# OECD PISA: The Top Rated Countries/Regions 2016

Sum of mean science, reading and mathematics scores from the OECD PISA Results 2015\*



\* PISA=Programme for International Student Assessment

\*\* Beijing, Shanghai, Jiangsu, Guangdong



# Education Status Report – Aspirations for 2030

- Most children now enter school except in the most fragile states
- About 60 million children of primary school age remain out of school
- SSA lags behind other regions in relation to primary school participation
- Half of all children fail to complete lower secondary school in SSA and low enrolment South Asia
- About half the countries in SSA and most in SA are approaching gender parity in enrolments at primary level
- Levels of achievement at 15 years are equivalent to six years of schooling; the best score at OECD levels, the worst fail to score
- Participation remains strongly influenced by poverty; rich children can have 10 times the chance of poor children of reaching secondary school
- Silent exclusions grow as more children enrol to higher levels and experience curricula designed for the academically capable
- Competition for qualifications, and privatisation, risks quality and relevance. Education becomes a private rather than public good

# Aid and Sustainable Development

## Pause for Thought

- Who should give aid to education and who should they give it to?
- What educational problems can aid help to resolve?

# The Short Story of Aid to Education

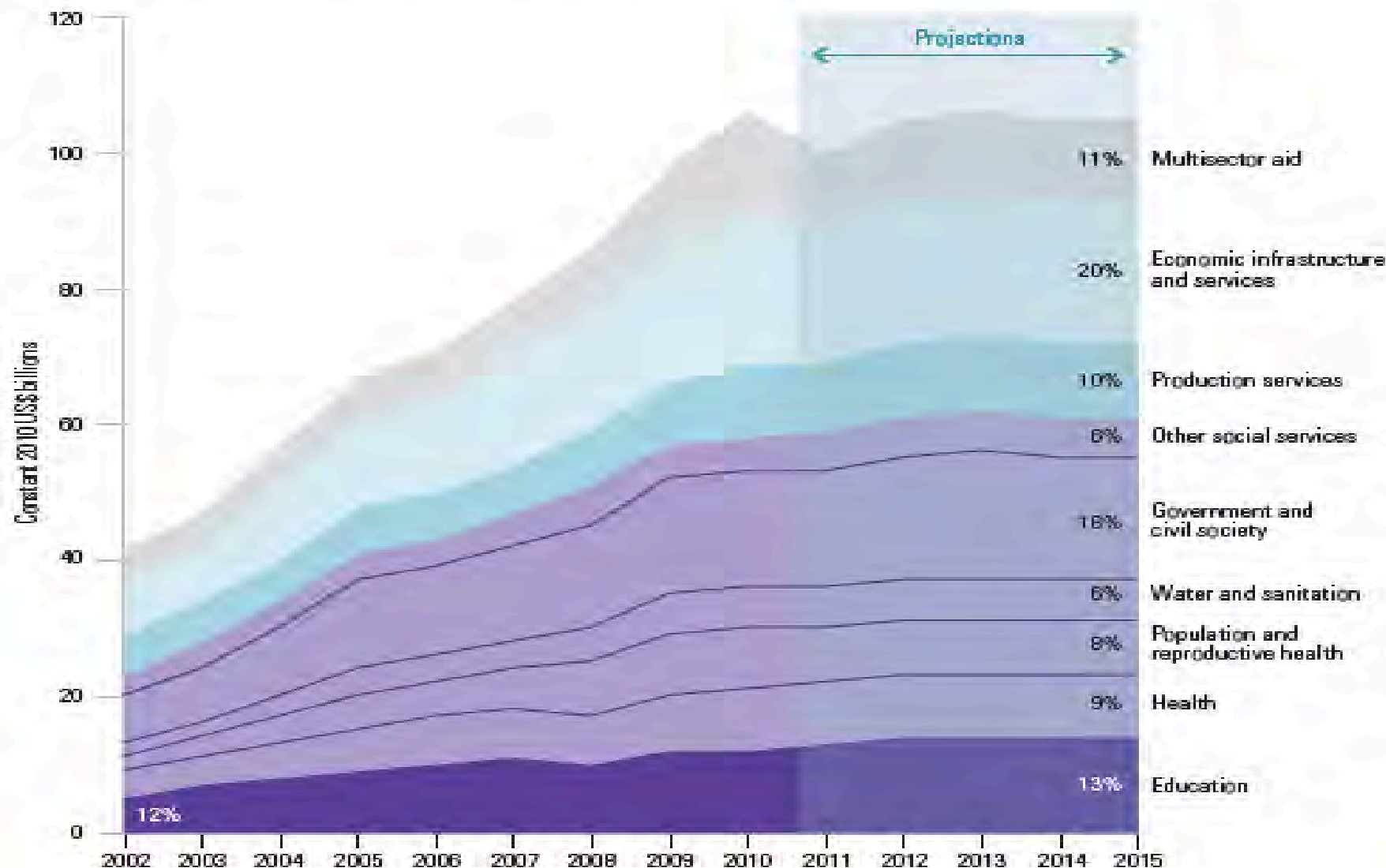
# Short Story

- Sustainable educational development depends on sustainable financing
- Aid can accelerate development; it can also encourage dependence
- A small group of about 30 countries have consistently depended on aid for 30 years
- In the 1980s Africa received twice as much in aid as it collected in revenue. By 2015 Africa collected twice as much in revenue as it received in aid
- About half of the low income countries in SSA will become low middle income by 2030
- At least 20% of countries in SSA are now “fiscal states” capable of supporting public services from domestic revenue
- Aid to education has peaked and may fall as the appetite softens
- The total public cost of SSA systems is USD80 billion; USD120 billion is needed for SDGs
- The GPE replenishment (USD2.5 billion) raised 0.3% of GDP SSA for aid to education
- Total government revenues in SSA are about 300 billion a year
- SSA loses USD 50 billion annually to tax evasion, fraud, transfer pricing and money laundering
- A 1% increase in domestic revenue would be USD 3 billion equivalent to half of all aid to basic education
- Sustainable financing from domestic revenue must be a primary goal of long term aid

# Aid by Sector has ceased growing and may fall

**Figure 2.7: Projections show overall aid levels flattening out**

Total education as a share of total sector allocable aid, 2002 to 2010, with projections, 2011 to 2015

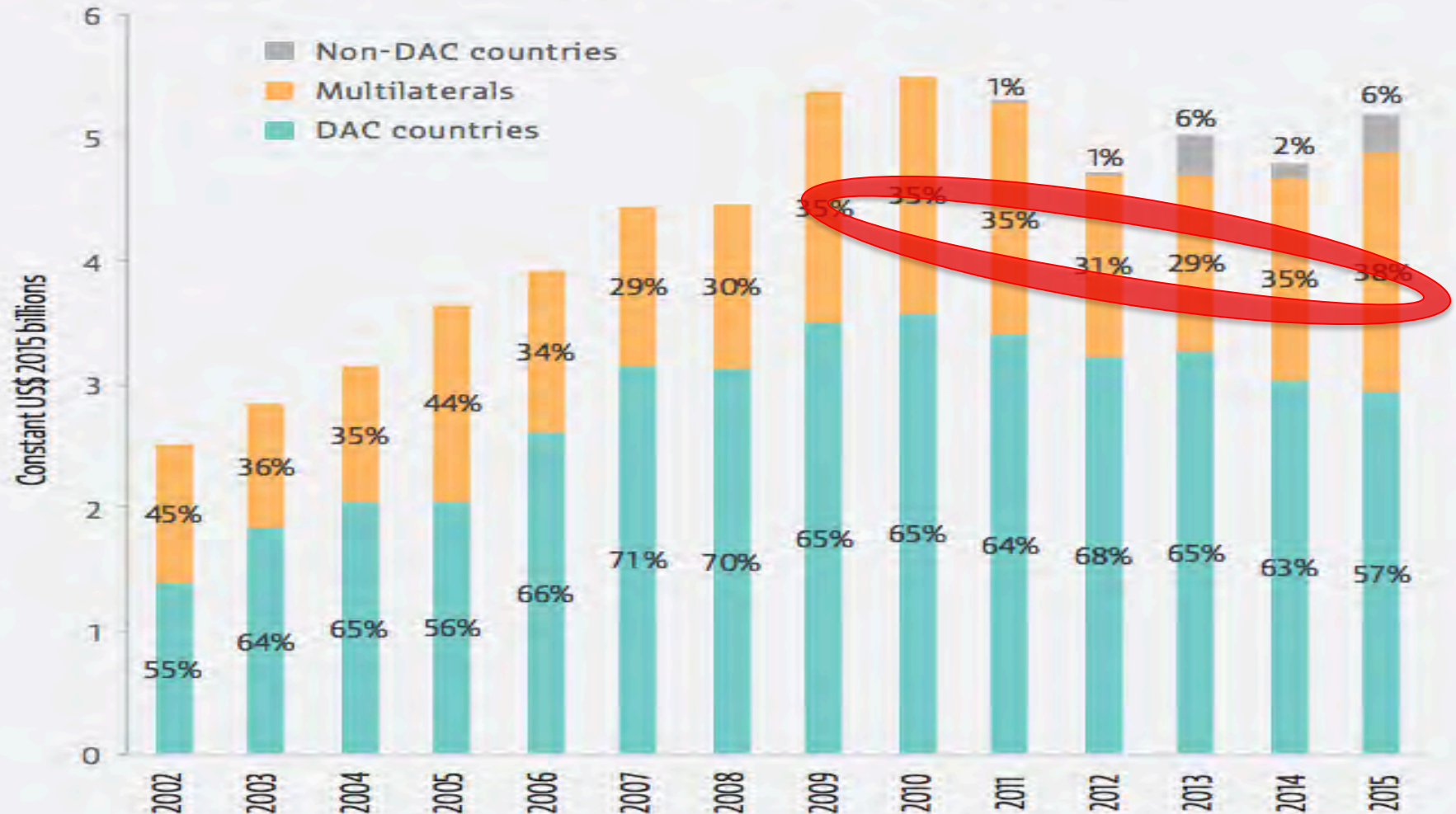




# DAC Countries have reduced support for Basic Education

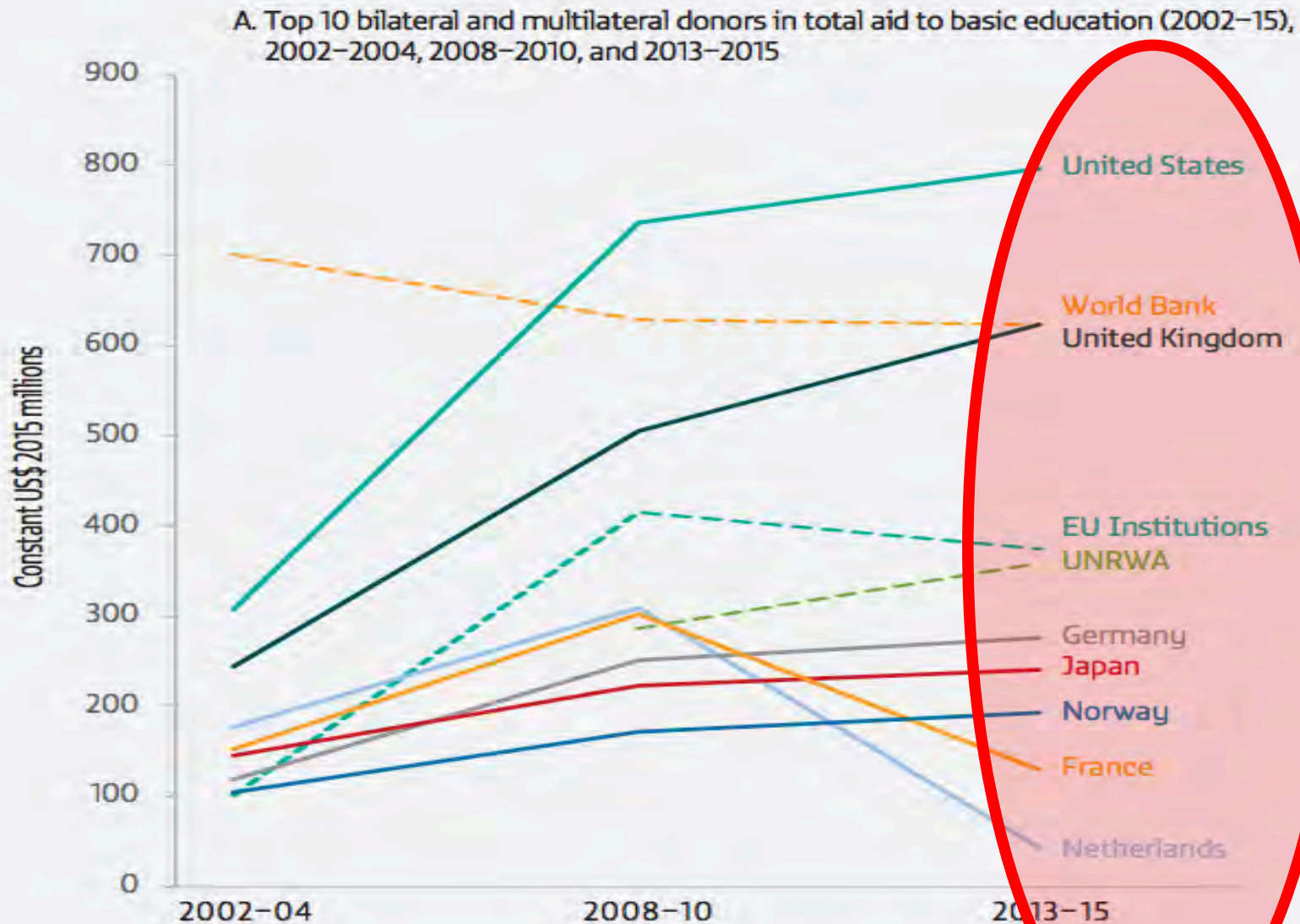
**DAC countries have been reducing their support to basic education since 2010**

*Total aid to basic education, by donor type, 2002–2015*



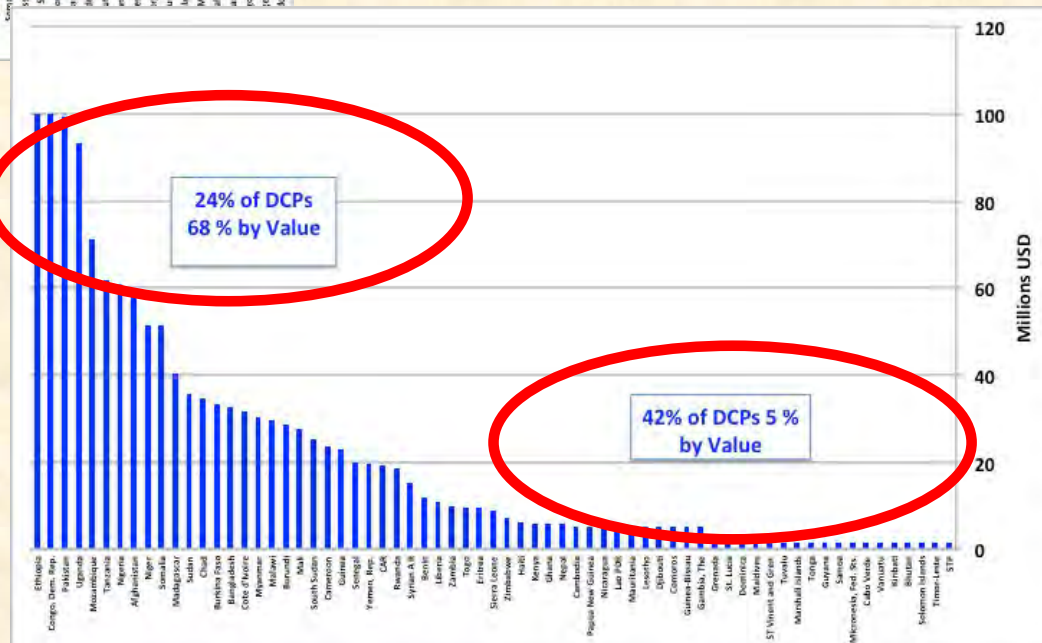
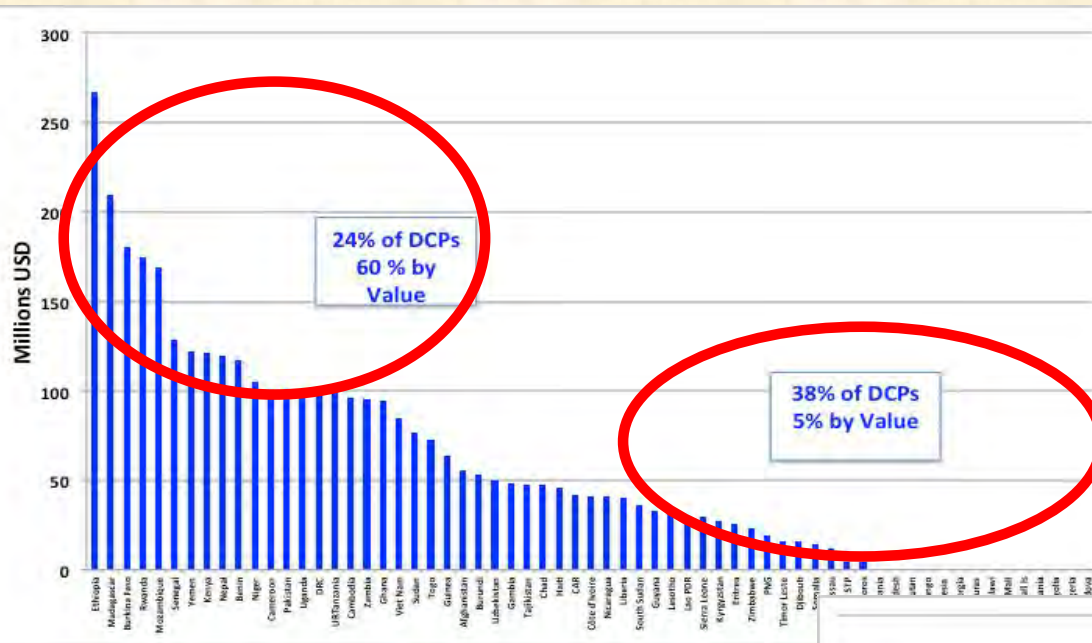
Source: GEM Report team analysis based on OECD Creditor Reporting System (2017).

# Aid to Education - DAC



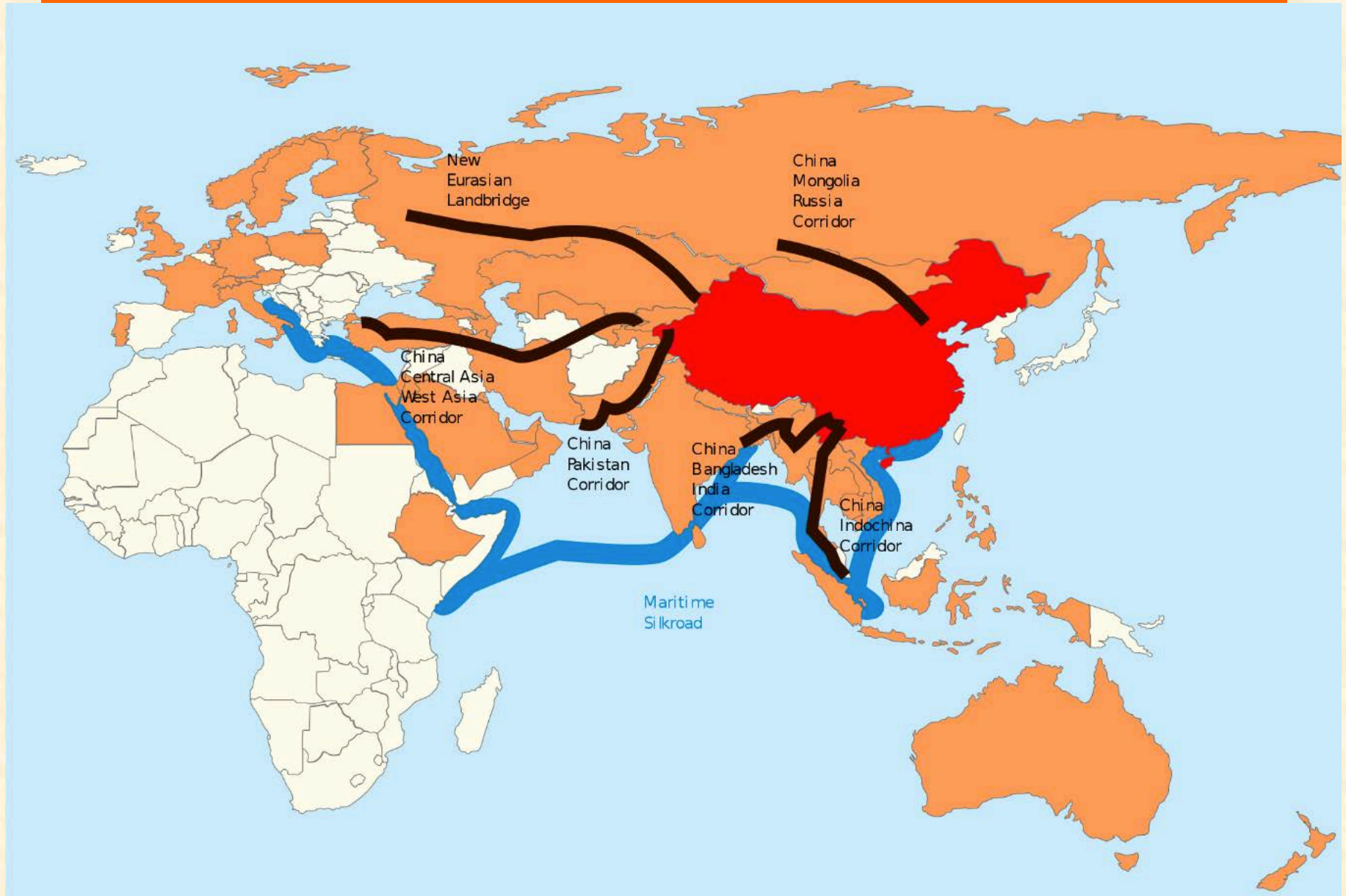
# Aid is Concentrated

# GPE Grants 2002-2013 and 2017-2020



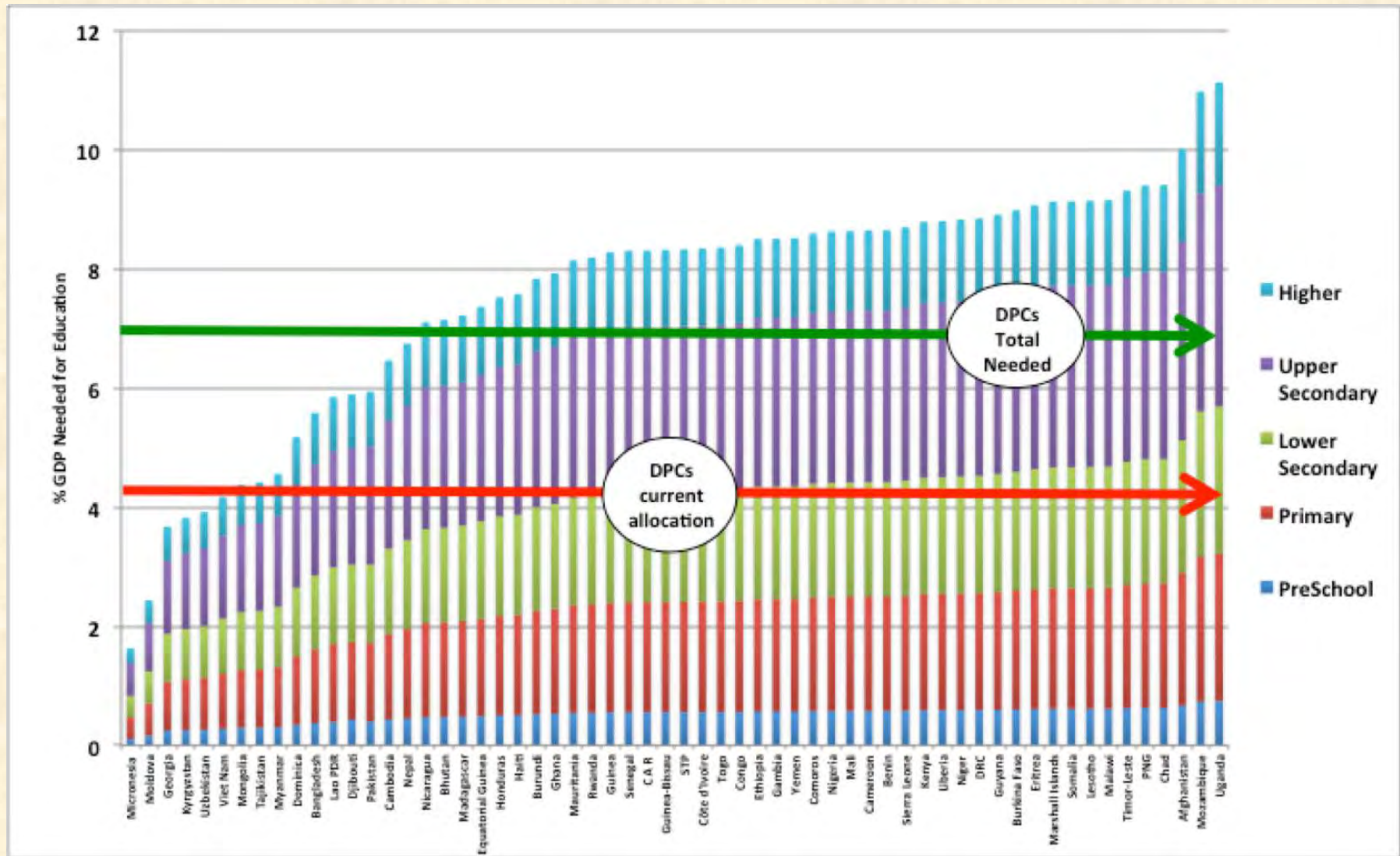


# The Belt and Road



**What are the gaps between what governments spend and what they need to spend?**

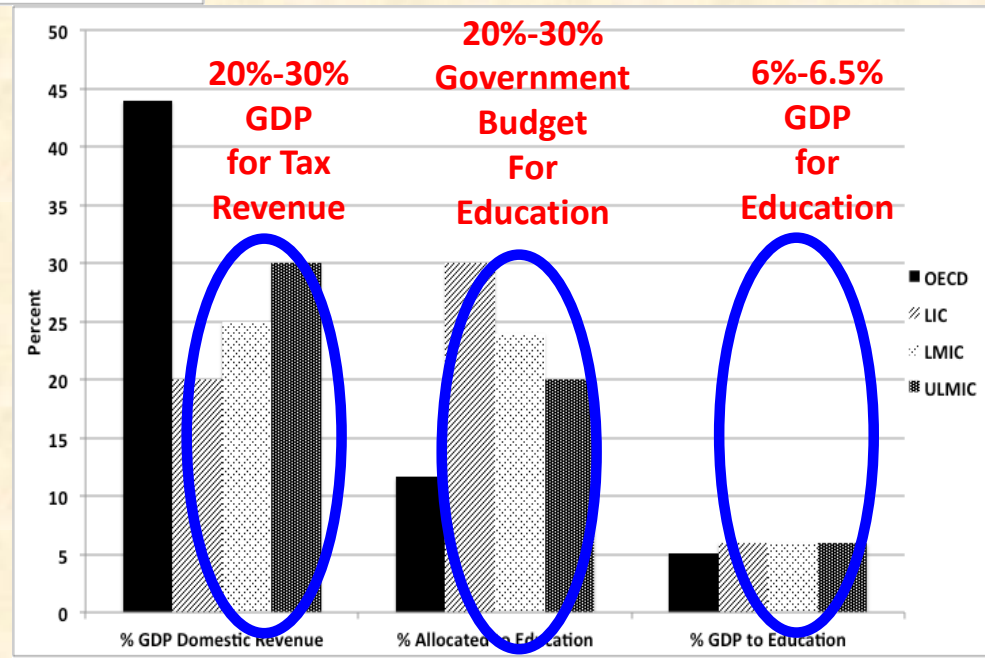
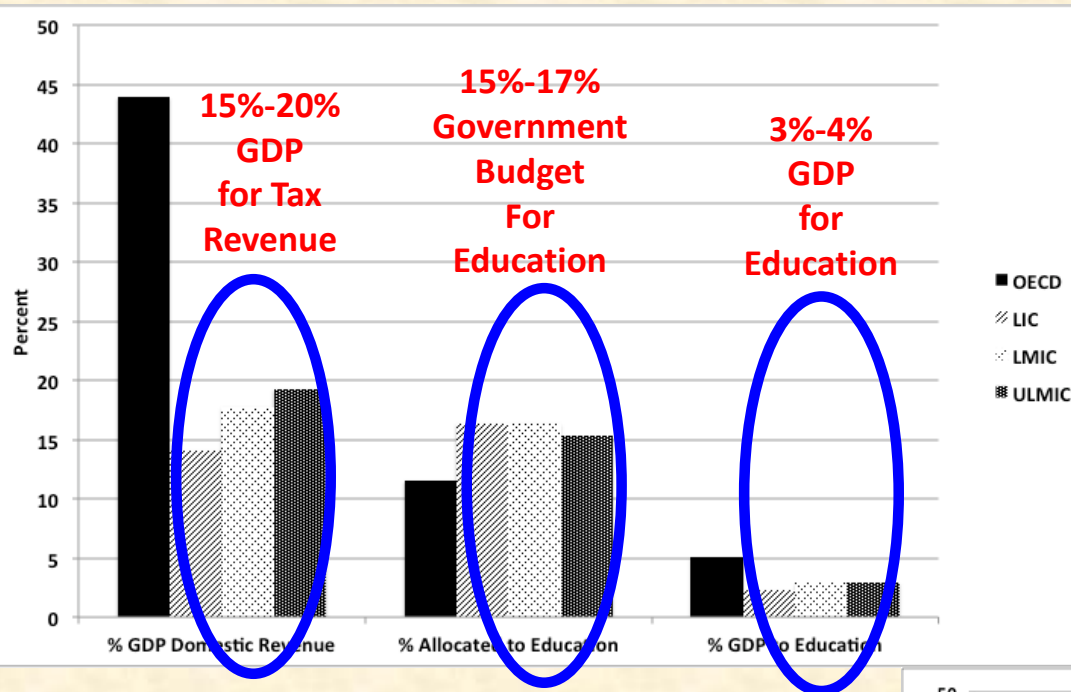
# Amounts of GDP Needed for High Enrolment



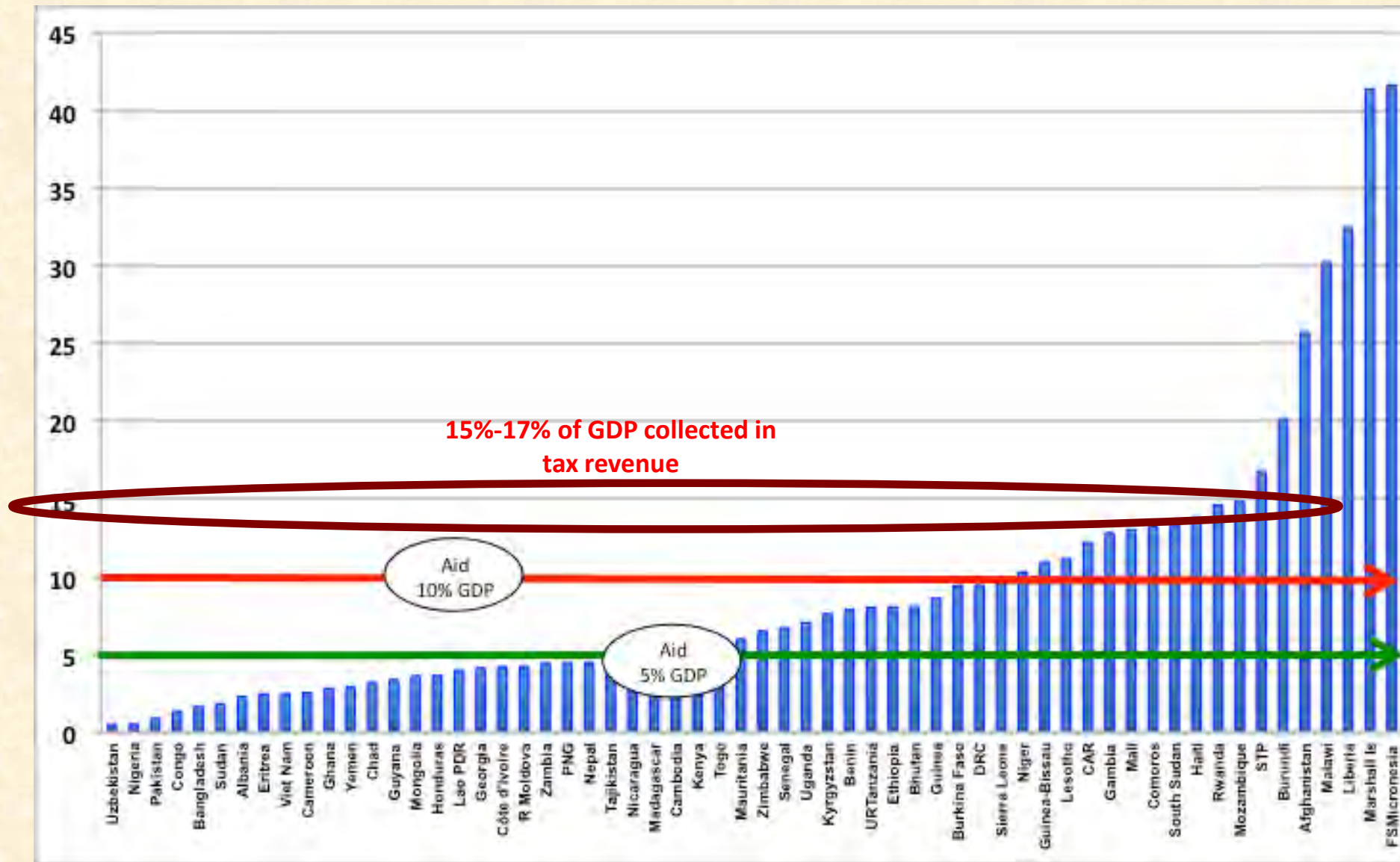


# Financing Sustainable Educational Development

**OECD, Low, Low-Middle and Middle Income Countries**



# Aid as a Proportion of GDP



# Takeaways

- More than a third of LICs will graduate to LMICs by 2030
- At least 6% of GDP is likely to be needed to finance SDG 4 narrowly defined
- LICs/LMICs allocate about 4% GDP; 40% percent of LICs/LMICs spend < 4% of GDP on education.
- Less than 20 % of LICs/LMICs spend more than 20% of public budgets on education. Static since 1985.
- 10% of countries in SSA receive more than 20% of GDP from external finance and half receive more than 5%; Tax is 10-15% of GDP. More aid may increase dependence
  - How Much – Less than 5% of GDP in total aid; fiscal reform towards domestic revenue of 20% GDP; up to 6% of GDP for education
  - To Whom – LICs with low education indicators and +ve direction of travel and plausible development plans; not to heavily indebted and already dependent?
  - For What – catalytic inputs to learning infrastructure and efficiency and effectiveness gains with sustainable exit routes, capital grants for specific purpose, and investment in fiscal reforms, but not for recurrent costs and teachers salaries
- The total number of aid recipients should fall as they graduate from external support
- “Peak Aid” should be replaced by greater domestic financing of education

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- What should happen to aid as national incomes in poor countries increase?
- What kind of aid to education is needed in the future in relation to the SDGs?