



..... 3
CHAPTER
.....

Domestic and External
Financing for Education

3.1 Introduction

This chapter presents an overview of domestic and external resources for education in GPE developing country partners between 2008 and 2012. On average, expenditure on education increased over the period and improved significantly once countries joined the Global Partnership for Education. Yet results vary widely by country; many countries that are still far from achieving universal primary education spend less than 20 percent of public resources on education.¹ Three main factors determine the domestic resources available for education: the strength of commitment to education, fiscal capacity, and the efficiency in the use of resources.

While domestic spending provides the most important contribution to education, many countries rely heavily on aid. Unfortunately, aid to education decreased for the second year in a row and has been cut more severely for basic education in developing country partners, particularly in fragile and conflict-affected

countries (FCACs). The Global Partnership's financial support to the education sector increased significantly, however. This chapter shows that in 2012, the Global Partnership disbursed US\$354 million to basic education and became the biggest donor to the subsector in developing country partners. By the end of 2014, projections show that disbursements should reach US\$506 million.

The chapter is divided into five sections, including this introduction. Section 3.2 compares patterns of expenditure on education across developing country partners. It also analyzes the factors behind individual performance, with a focus on commitment to education, fiscal capacity and resource allocation efficiency. Section 3.3 presents recent trends in aid to education and examines individual donors' financial contributions. Section 3.4 explores the catalytic effect of the Global Partnership. Section 3.5 outlines the key findings of this chapter.

3.2 How much is spent on education?

This section presents a comparative overview of domestic expenditure on education among GPE developing country partners. The objective is to examine the resource allocation trends in the education sector between 2008 and 2012.² The analysis relies on international comparable data provided by the UNESCO Institute for Statistics (UIS). Data are not available for some

countries, either because those countries have not supplied data to UIS, or because the data provided to UIS are not of sufficient quality to publish. This lack of good quality financial data represents a major challenge, not only for this type of analysis, but also for countries' own efforts to build effective education systems.³

3.2.1 Spending enough matters

Data on public education expenditure relative to GDP and to overall public expenditure were available for 35 developing country partners. The 24 countries without relevant data were excluded from the following analysis, including

15 of the 28 GPE FCAC partners (Table 3.1). Therefore, the results should be interpreted carefully because they may not accurately reflect the situation in all the developing country partners.

The lack of good quality financial data represents a major challenge for countries' efforts to build effective education systems.

¹ Bruns, Barabra, Alain Mingat and Ramahatra Rakotomalala (2003) recommend that countries spend 20 percent of public resources of education.

² When 2012 data are unavailable, those of the most recent year are used.

³ To address this challenge, the Global Partnership is supporting the collection, reporting and use of data through coordinated investment to improve the national capacity for monitoring and evaluation. This is a major piece of the Global Partnership's Data Strategy (<http://www.globalpartnership.org/content/data-strategy-improved-education-sector-planning-and-monitoring>), and a key component of its new Funding Model (<http://www.globalpartnership.org/content/principles-and-options-revision-gpe-funding-model>).

Table 3.1: **GPE developing country partners missing data on education expenditure***

Afghanistan*	Congo, Dem. Rep. of*	Liberia*	Somalia*	Vietnam
Albania	Eritrea*	Mozambique	South Sudan*	Yemen, Republic of
Burundi*	Guinea-Bissau*	Nicaragua*	Sudan	Zambia*
Cambodia	Haiti*	Nigeria*	Timor-Leste*	Zimbabwe
Comoros	Honduras*	Papua New Guinea*	Uzbekistan*	

Note: Data missing are public expenditure on education as percentage of GDP or of total public expenditure.

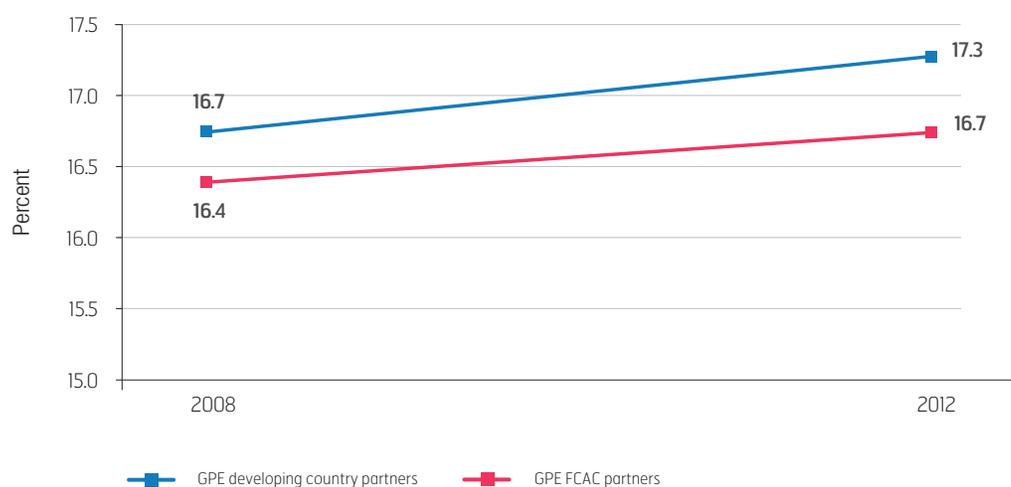
Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The asterisk (*) denotes that public expenditure on education as a share of GDP and/or as a share of public expenditure are not available in UIS for the entire period of analysis. The data for the rest of the countries in the table are only available for two or less years over the period of analysis.

Changes in education's share of total government expenditure provide a good indication of each country's commitment to education. In the developing country partners with available data, education's share of public expenditure rose on average from 16.7 percent in 2008 to 17.3 percent in 2012.⁴ In the 13 GPE FCAC partners with available information, education's share rose more slowly, from 16.4 percent in 2008 to 16.7 percent in 2012 (Figure 3.1).

While the trends show a gradual increase in public expenditure on education on average, the share of public resources allocated to

education varies widely from country to country. Among the countries that devoted more than 20 percent of government expenditure to education, Benin allocated the largest share in 2012 (26.1 percent) and also raised the proportion of resources for the sector the most between 2008 and 2012 (7.0 percentage points). Niger also demonstrated strong commitment to education, as education's share of public resources increased by more than 5 percentage points. In contrast, a handful of countries, including The Gambia and Guinea, cut the proportion of resources for the sector by almost 5 percentage points.

In 2012, in developing country partners education's share of public expenditure rose to 17.3 percent on average, and 16.7 percent in FCAC partners.

Figure 3.1 **Public expenditure on education as a percentage of total government expenditure, GPE developing country partners**

Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The data for 2012 is the most recent available between 2010 and 2012. The figure only includes the values for 2008 and 2012, as there were major fluctuations in many countries in 2009, 2010 and 2011.

⁴ As previously mentioned, the group average for this indicator also refers to 35 countries and only 15 FCACs and results should be carefully interpreted.

Many of the countries that spend less than average on education are reducing education expenditure.

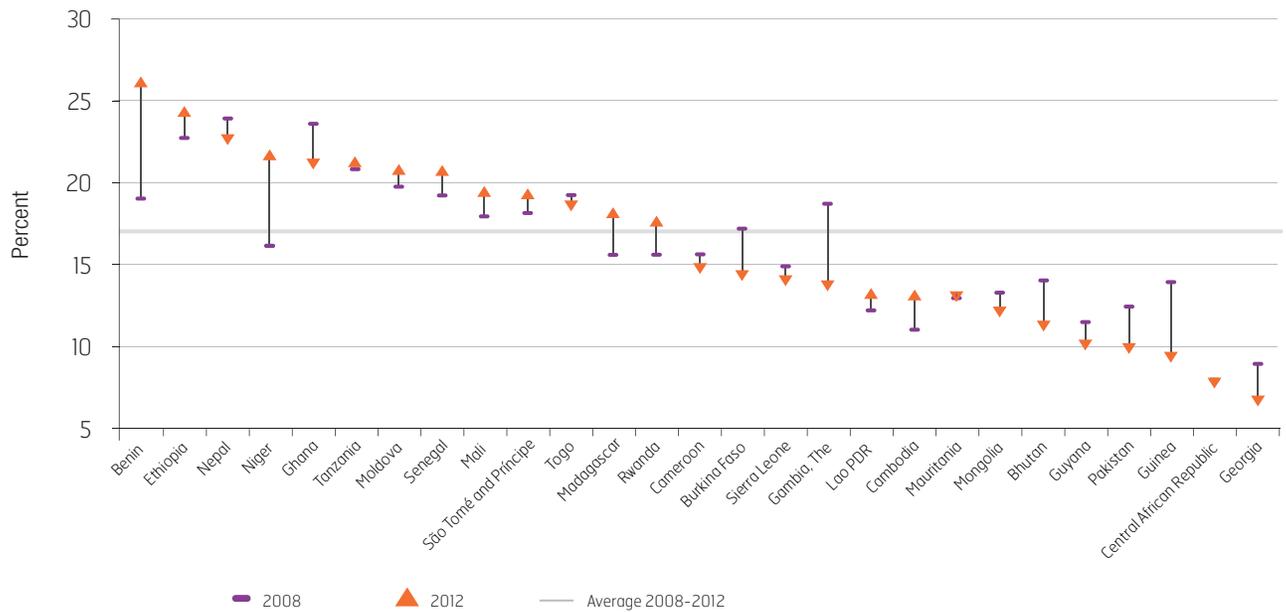
In 2012, in developing country partners, public expenditure on education as a proportion of GDP rose to 4.9 percent on average, and to 3.6 percent in FCAC partners.

Low expenditure on education is a major concern, especially in developing country partners that have not yet achieved a 90 percent primary completion rate (PCR) and thus still need to invest massively in primary education. Unfortunately, this is the case in many countries, such as the Central African Republic, Georgia, Guinea and Pakistan, where education receives less than 10 percent of public resources. Moreover, it is extremely worrisome that 10 of the 14 countries that spend less than average on education are also reducing education expenditure: Bhutan, Burkina Faso, Cameroon, The Gambia, Georgia, Guinea, Guyana, Mongolia, Pakistan and Sierra Leone (Figure 3.2).

Resources for education have risen in Cambodia and Lao PDR and remained the same in the Central African Republic and Mauritania.

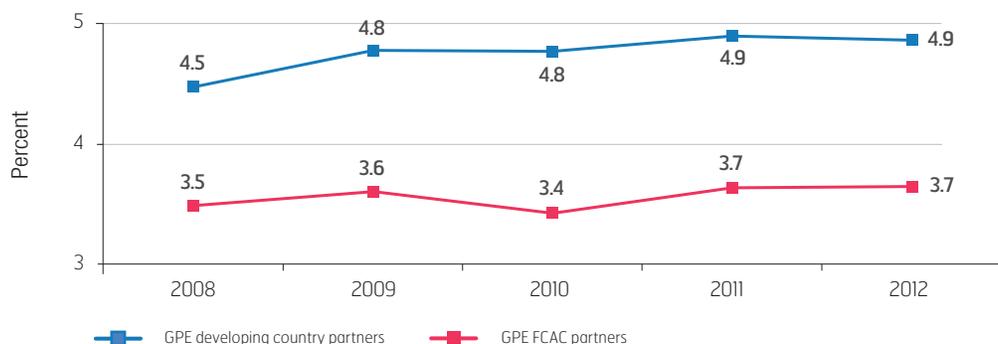
On average, public expenditure on education as a proportion of GDP also rose in developing country partners, from 4.4 percent in 2008 to 4.9 percent in 2012. Although education expenditures did not grow uniformly, they exhibited a positive trend for the entire period of analysis. GPE FCAC partners increased their resource allocation for education as a share of GDP only slightly, from 3.4 percent in 2008 to 3.6 percent in 2012, which remains well below the level in other developing country partners (Figure 3.3).

Figure 3.2 **Public expenditure on education as a percentage of total expenditure, by country, 2008 and 2012 or most recent year**



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The information for 2012 is the most recent data point available between 2010 and 2012.

Figure 3.3 **Public expenditure on education as a percentage of GDP, GPE developing country partners**



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The average trend includes estimates by the Global Partnership for over the five-year period. The 2012 value is an estimate of the previous year.

While expenditure on education as a share of GDP increased over the last five years in developing country partners, there are large variations among countries, reflecting the level of economic development, as well as differences in policy choices (see section 3.2.1). São Tomé and Príncipe and Timor-Leste invested the largest share of GDP in education in 2012, at 9.5 percent (Figure 3.4). São Tomé and Príncipe also increased the proportion of GDP allocated to education the most between 2008 and 2012, by 3.4 percentage points. In contrast, seven countries – Burkina Faso, Georgia, Guyana, Liberia, Mauritania, Pakistan and Uganda – not only invested less than the average developing country partner, but also reduced education’s share of GDP. In Chad, Guinea and

Madagascar, education’s share of GDP remained stagnant at less than 3 percent. The Central African Republic is the developing country partner that invested the lowest share of GDP in education at 1.2 percent.

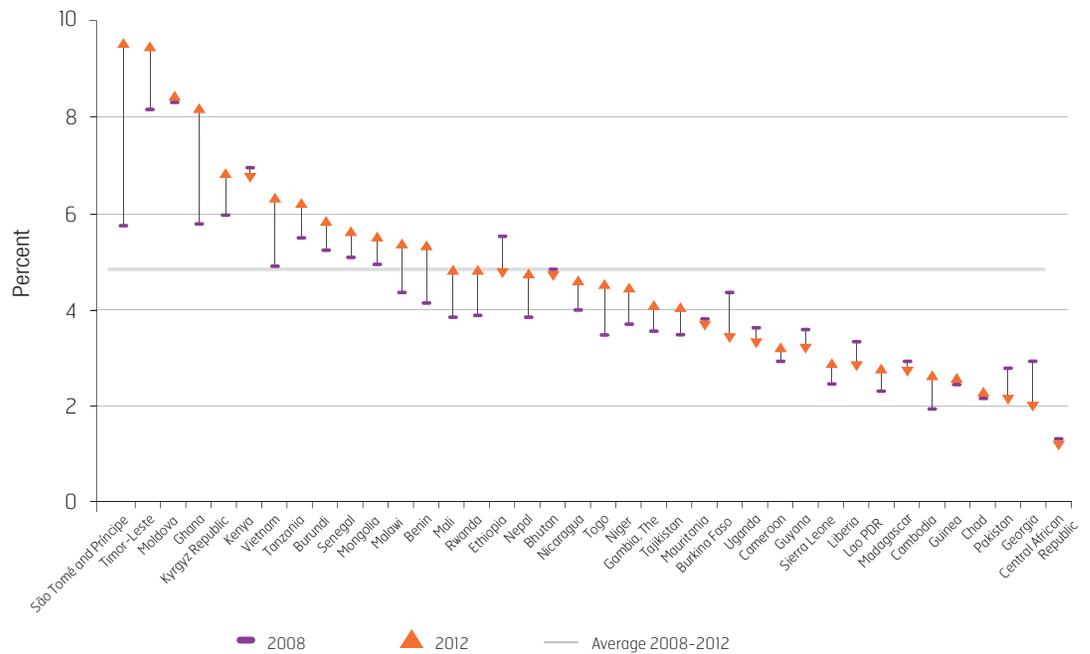
During the 2014 replenishment conference, 27 developing country partners pledged to increase the share of national budget allocated to the education sector by 14 percent, on average, between 2014 and 2018, representing an additional US\$26 billion to the education sector over a four-year period. These pledges could indicate further improvements in the domestic financing of education in developing country partners.

Burkina Faso, Georgia, Guyana, Liberia, Mauritania, Pakistan and Uganda not only invested less than the average developing country partner, but also reduced education’s share of GDP.



Photo credit: Deepa Srikantaiah/GPE

Figure 3.4 **Public expenditure on education as a percentage of GDP, 2008 and 2012 or most recent year**



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The information for 2012 is the most recent data point available between 2010 and 2012.

3.2.2 Do GPE developing country partners invest enough in education?

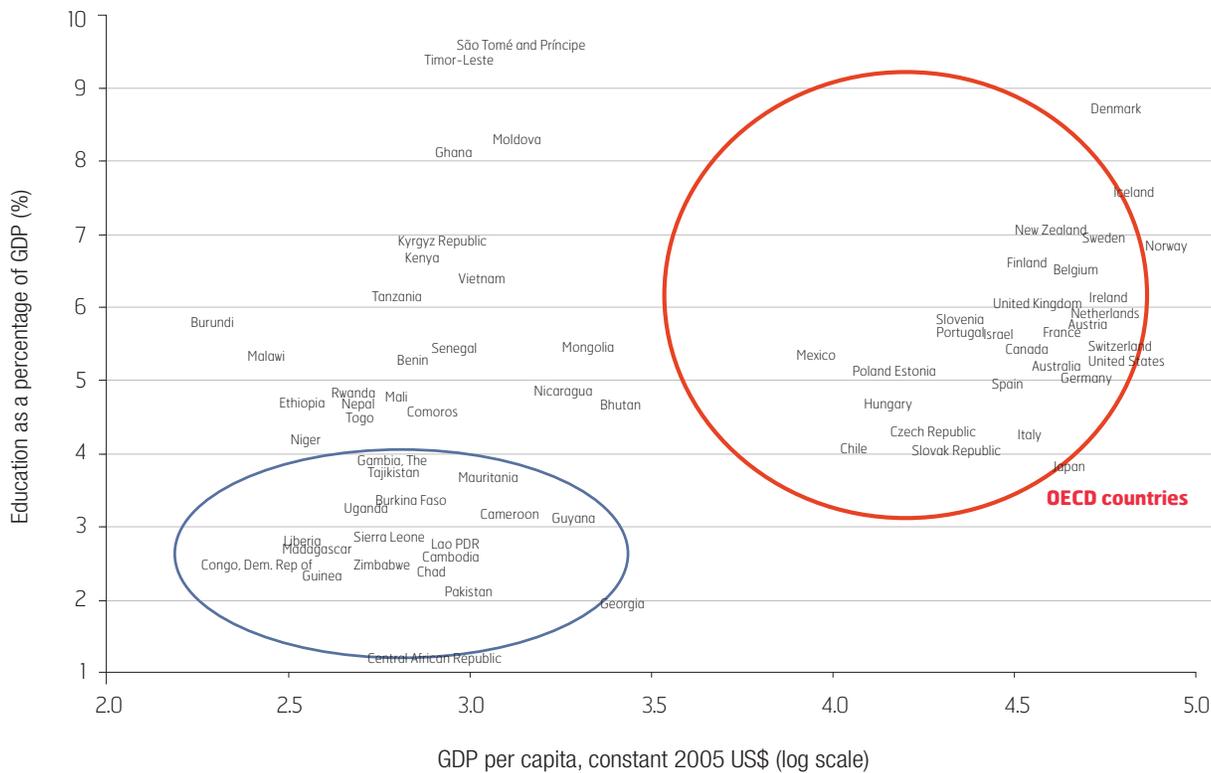
The volume of resources a country spends on education and its patterns of expenditure have a direct impact on educational outcomes. For instance, the number of school spaces that can be provided and the number of pupils per teacher largely depend on the resources allocated to the sector.⁵ However, expenditure patterns depend not only on the government's commitment, but also on each country's level of development, overall available resources, and efficiency in the use of those resources.

The strength of a country's commitment to education can be adjusted for the country's level of development by assessing the level of education spending relative to income per capita (Figure 3.5). In countries with low levels of national income that invest low proportions of income in education, spending may not be adequate to meet education goals.

Several GPE developing country partners invested a relatively large proportion of their government budgets in the education sector, in spite of their lower per capita income levels. Whereas the average developing country partner invested almost 5.0 percent of GDP in education, the average member of the Organisation for Economic Co-operation and Development (OECD) invested 5.7 percent. In the sample of developing country partners, education expenditures ranged from 1.2 percent of GDP (Central African Republic) to 9.5 percent (São Tomé and Príncipe). In contrast, educational expenditure in OECD member countries ranges from 3.9 percent of GDP (Japan) to 8.7 percent (Denmark).

The average developing country partner invested almost 5 percent of GDP in education, compared with the average OECD member investment of 5.7 percent.

Figure 3.5 **Total public expenditure on education as a share of GDP and GDP per capita, 2012 or most recent year**



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, http://data.uis.unesco.org/?IF_ActivePath=P,50 and World Development Indicators (database), World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators>.

A closer look suggests that 19 developing country partners may be under-investing in education. In Figure 3.5, the countries in the blue circle invest less than 4 percent of GDP in education – in most cases, less than Japan, the OECD member that invests the least in education. In some cases, this gap may be an important manifestation of the vicious circle of poverty, as low per capita income inhibits investment in human capital, slows productivity growth and so prevents per capita income from increasing significantly.⁶

The strength of the commitment to education (and investment in the sector) not only depends on the level of national wealth, but also on the

country’s capacity to collect revenue, known as fiscal capacity.⁷

Governments raise much of the funding for public education through taxes such as those on value added, income or property, or taxes on specific activities. Developing country partners’ differing profiles in terms of commitment to education and fiscal capacity can be gauged by using education’s share of public expenditure as a proxy for commitment and government expenditure as a share of GDP as a proxy for fiscal capacity (Table 3.2). Annex 3.1 presents a more detailed analysis and graphical representation of this relationship.

Around 19 developing country partners may be under-investing in education.

⁶ Soubbotina, Tatyana and Katherine Sheram. 2000. Beyond Economics Growth: Meeting the Challenges of Global Development, Washington, DC: World Bank.

⁷ Country’s government size is usually measured by government expenditure as a share of GDP. A relatively simple accounting identity establishes that the total amount of resources invested in education as a share of GDP is equivalent to the fiscal capacity times the proportion of public resources allocated to education:

$$\frac{\text{Education Expenditure}}{\text{GDP}} = \frac{\text{Government Expenditure}}{\text{GDP}} \times \frac{\text{Education Expenditure}}{\text{Government Expenditure}}$$

Table 3.2: **Commitment to education and fiscal capacity, 2012 or most recent year**

	Low fiscal capacity (public expenditure/GDP <28%)	High fiscal capacity (public expenditure/GDP > 28%)
High commitment to education (education/government expenditure > 20%)	Benin, Ethiopia, Nepal, Niger, Tanzania, Vietnam	Ghana, Kenya, Mozambique, Moldova, Senegal
Low commitment to education (education/government expenditure < 20%)	Burkina Faso, Cameroon, Central African Republic, Chad, Guinea, Lao PDR, Madagascar, Mali, Mali, Pakistan, Rwanda, Sierra Leone, Tajikistan, Togo, Uganda	Bhutan; Djibouti; Gambia, The; Georgia; Guyana; Kyrgyz Republic; Malawi; Mauritania; Mongolia; São Tomé and Príncipe; Zimbabwe

Note: The cutoff point for public expenditure as a share of GDP (28%) represents the average for GPE developing country partners included in the sample in 2012. The cutoff point for education as a share of government expenditures represents the recommended percentage to be allocated to education (20%).

Fiscal capacity is not a prerequisite for high investment in education. Benin, Ethiopia, Nepal, Niger, Tanzania and Vietnam allocated more than 20 percent of public resources to education and have achieved levels of investment above 4.5 percent of GDP.

Fiscal capacity is not a prerequisite for high investment in education. In spite of low fiscal capacity, Benin, Ethiopia, Nepal, Niger, Tanzania and Vietnam allocated more than 20 percent of public resources to education and have achieved levels of investment above 4.5 percent of GDP. Moldova and Ghana are also committed to education, which receives 20 percent their national budgets, but their stronger fiscal capacity has enabled both governments to mobilize more resources than other countries that spent at similar levels.

the Central African Republic, Chad, Guinea, Lao PDR, Madagascar, Pakistan, Sierra Leone, Tajikistan and Uganda. However, the low levels of education investment in Georgia, Guyana, Mauritania and Zimbabwe do not seem to be related to fiscal capacity issues, but to low commitment to education. Education receives less than 10 percent of government expenditures in these countries, which are also far from achieving universal primary education, except in the case of Georgia.

Additional resources do not automatically lead to improvements in education outcomes; efficiency in public expenditure is also essential.

In contrast, 11 countries included in the analysis – most of them circled in blue in figure 3.5 – invested less than 4 percent of GDP in education, because of low fiscal capacity and/or weak commitment to education. In low-income countries where the tax collection effort is often low and inconsistent, and in crisis or post-crisis situations where state capacity is low, the means for domestic education financing is limited. This is the case in Burkina Faso, Cameroon,

Although additional resources do not automatically lead to improvements in education outcomes, inadequate financing and low government commitment are often cited as key obstacles to making progress in education. It is also essential that public expenditures are used efficiently. Section 3.2.4 presents a complementary analysis that explores efficiency in the use of education resources by looking at the relationship between education expenditures and primary completion rates between 2000 and 2012.

3.2.3 Primary education is decreasing as a priority

This section focuses on the distribution of resources by level of education. Although efforts associated with the Education for All (EFA) goals tend to focus on basic education, countries have different priorities for sector development. Cross-country comparisons of the distribution of resources by education level are not straightforward because of the different education cycles. Since this chapter does not account for those differences, the

results should be analyzed carefully.

In addition, public expenditure data by education level is not available for many countries (Table 3.3). Therefore, the average value per partner developing country was calculated from a relatively small number of observations, from 25 in 2007 to 32 in 2011. The estimated average value for GPE FCAC partners includes 20 observations for 2007 and 15 for 2012.

Table 3.3: GPE developing country partners missing data on primary education expenditure as a share of educational expenditure

Afghanistan*	Ethiopia	Lesotho	São Tomé and Príncipe*	Uzbekistan*
Albania*	Guinea-Bissau*	Liberia	Somalia*	Vietnam
Comoros	Haiti*	Malawi	South Sudan*	Yemen, Republic of*
Côte d'Ivoire*	Honduras*	Mozambique	Sudan*	Zambia*
Congo, Dem. Rep. of	Kenya	Nicaragua*	Tajikistan*	Zimbabwe
Djibouti	Kyrgyz Republic*	Pakistan*	Tanzania	
Eritrea*	Lao PDR*	Papua New Guinea*	Timor-Leste*	

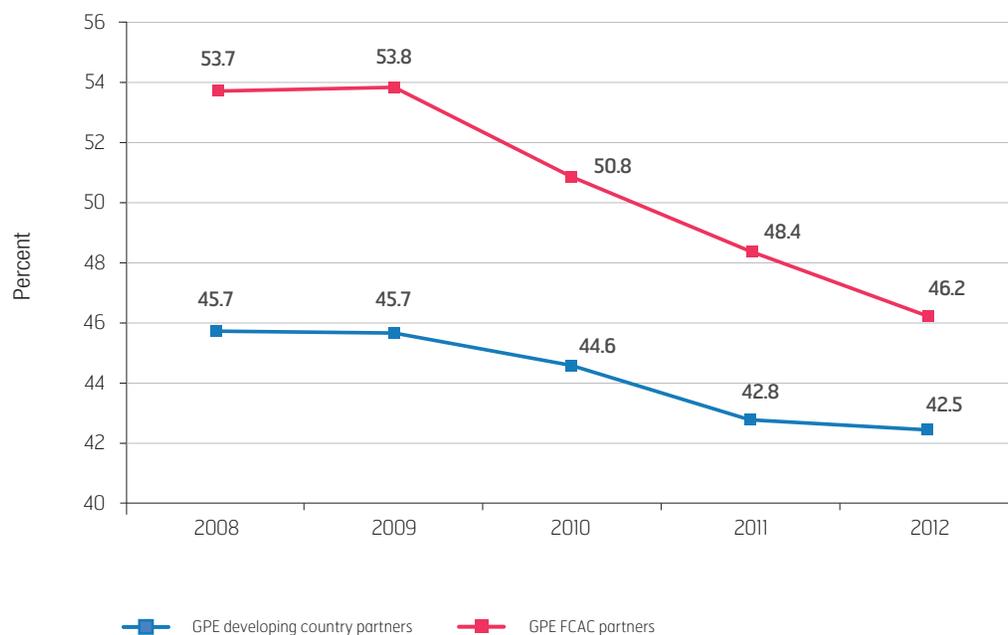
Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, <http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx>. The asterisk (*) indicates that primary education expenditure as a share of educational expenditure is not available from UIS data for the period of analysis. The data for the rest of the countries are only available for two or less data points over the period of analysis and do not allow estimations.

On average, in GPE developing country partners with available data, the share of the education budget spent on primary education fell from 45.7 percent in 2008 to 43 percent in 2012, and from 53.8 percent to 46.2 percent in GPE FCAC partners. Although FCAC partners allocated a greater proportion of resources to primary

education, that share decreased at a faster pace (2.8 percent) than the annual average developing country partner (1.4 percent). This downward trend was led by a handful of countries such as Burundi (52 percent to 44 percent) and Madagascar (54 percent to 47 percent).

In 2012, in developing country partners with available data, the share of education budget spent on primary education fell to 43 percent, on average, and to 46.2 percent in FCAC partners.

Figure 3.6 Primary education expenditure as a percentage of total public education expenditure



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, http://data.uis.unesco.org/?IF_ActivePath=P,50. The average trend includes estimates by the Global Partnership for Education over the 5-year period.

Within GPE developing country partners, the share of education expenditures allocated to primary education in 2012 ranged from 18 percent (Moldova) to 60 percent (The Gambia).

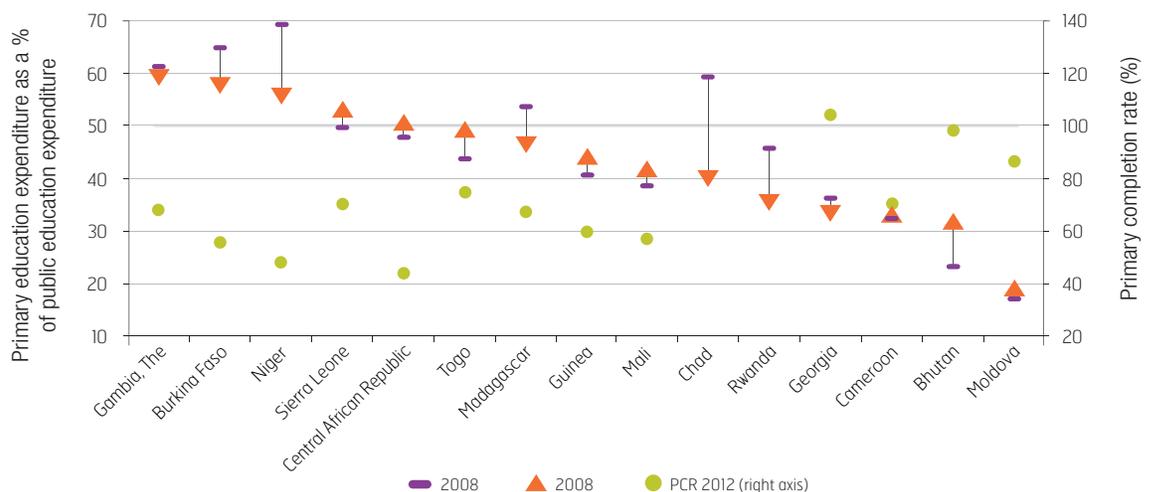
By contrast, lower secondary education's share of total education expenditure in GPE developing country partners was stable between 2008 and 2012, averaging around 19 percent. It reached 30 percent for some countries, including Bhutan and Rwanda. Unfortunately, similar figures are not available for many countries in the sample.⁸

Although primary education receives, on average, the largest proportion of education resources, developing country partners allocate education expenditures in widely differing ways, with primary education's share in 2012 ranging from 18 percent in Moldova to 60 percent in The Gambia. Eleven of the 16 developing country

partners with data available between 2008 and 2012 spent less than 50 percent of education expenditure at primary level and are still far from achieving universal primary education.

In Chad, Madagascar and Rwanda, the situation is particularly worrisome, as PCRs have not even reached 70 percent, but the allocation of resources for primary education is below 50 percent and has decreased by 6.0 to 18.6 percentage points between 2008 and 2012. In Rwanda, lower secondary education's share of education resources rose almost 18 percentage points. Public resources for education in Guinea and Mali, where PCRs barely reach 60 percent, appear to be stagnant at 40 percent.

Figure 3.7 **Primary education expenditure as a percentage of public education expenditure and primary completion rates, by country, 2012 or most recent year**



Source: GPE compilation based on UNESCO Institute for Statistics (database), Montreal, http://data.uis.unesco.org/?IF_ActivePath=P,50. The figure presents the most recent data point available between 2010 and 2012.

Primary education is the cycle that also receives the most household education spending. A recent study by Pôle de Dakar⁹ in 15 African countries estimates that 45 percent of household education spending on average is devoted to primary education. Just like public expenditure on education, however, primary education's share of household spending also varies from country to country. In some countries where

primary education is receiving less than 50 percent of the education budget, the share of household spending on primary education is considerably higher than average: 53 percent in Chad, 63 percent in Madagascar, and 64 percent in Mali. This indicates that household financing is often compensating for insufficient public financing for primary education, at least for those families who can afford it.

⁸ The average values include 15 observations for 2008 and 20 observations for 2012, including estimates by the Global Partnership. Unfortunately, there were only 8 observations for 2007 and that is why the average was not presented for that year. The average was not calculated for GPE FCAC partners because of lack of observations.

⁹ Foko, Borel, Beifith Kouak Tijab and Guillaume Husson. 2012. Household Education Spending: An Analytical and Comparative Perspective for 15 African Countries. Dakar: UNESCO-BREDA (Pôle de Dakar).

3.2.4 Wisser spending to achieve better outcomes

The 2013 Results for Learning Report analyzed the patterns of expenditure and primary completion rates in developing country partners. Although there appears to be a weak relationship, the exercise identified potential inefficiencies in the use of public resources for education. Djibouti, Lesotho and the Republic of Yemen, for example, allocated a large proportion of resources to primary education over the preceding decade, but primary completion rates remained below 70 percent. In an effort to present a more sophisticated analysis, this section analyzes the efficiency of education expenditures in developing country partners between 2000 and 2012.¹⁰ Annex 3.2 presents details on the methodology used for this exercise.

GPE developing country partners allocated 1.2 percent to 9.5 percent of GDP to education in 2012. Small changes in efficiency in the use of those resources could have major effects on outcomes. Efficiency is not easy to measure, however. The empirical measure used here is the proportion of primary completion rate to the maximum that could have been obtained given the level of resources. The maximum or optimal point is identified based on the sample of developing country partners with available data. Therefore, the maximum level does not necessarily imply the most efficient education system possible. Rather, it represents the best performers among developing country partners.

Primary education is the cycle that receives the most household education spending.

Table 3.4: **Efficiency scores**

Country	Score	Country	Score
Bhutan	1	Kyrgyz Republic	0.54
Cambodia	1	Sierra Leone	0.54
Mongolia	1	Madagascar	0.52
Nepal	1	Senegal	0.52
Zambia	1	Mali	0.51
Lao PDR	0.88	Niger	0.5
Pakistan	0.85	Congo, Dem. Rep. of	0.49
Cameroon	0.83	Eritrea	0.49
Vietnam	0.83	Burkina Faso	0.48
Chad	0.82	Burundi	0.46
Ghana	0.73	Malawi	0.46
Central African Republic	0.71	Mozambique	0.46
Mauritania	0.68	Rwanda	0.45
Tajikistan	0.67	Tanzania	0.44
Gambia, The	0.66	Guyana	0.37
Guinea	0.56	Moldova	0.29
Benin	0.54	Yemen, Republic of	0.28
Côte d'Ivoire	0.54	Lesotho	0.19

Many countries could achieve substantially higher primary completion rates while investing the same share of GDP in education if they used resources more efficiently.

Source: GPE estimations based on UNESCO Institute for Statistics (database), Montreal, http://data.uis.unesco.org/?IF_ActivePath=P;50 and World Development Indicators (database), World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators>.

Although this type of exercise provides a powerful tool for ranking countries by level of efficiency, results should be interpreted with caution. First, primary completion rate is a good proxy for education outcomes, but alone it does

not measure all outputs and outcomes that a country invests in. For example, a country that has already achieved 100% primary completion rate would probably invest more in improving quality of education. As a result, its expenditure

¹⁰ The analysis is based on the average value of per capita public expenditure on education for the period 2000-2012 and primary completion rates for 2012.

per primary completer would be much higher than countries that target completion rate only. Second, there can be a wide variety of reasons to explain variations in the scores, including differences in policy objectives, different levels of financing by families, and the impact of exogenous factors such as conflicts or natural disasters. Third, efficiency scores from this type of analysis are highly sensitive to country sample selection.

Considering these limitations, a comparison of how efficient developing country partners are in using expenditure to achieve their primary completion rates shows that Bhutan, Cambodia, Mongolia, Nepal and Zambia are the most efficient (Table 3.4). All five have achieved (or are close to achieving) universal primary completion while investing 5 percent of GDP in education over the last decade. These results are consistent with those obtained in Chapter 1, as four of the five countries – Nepal is the exception – also rank in the top quartile of the internal efficiency scores distribution.

In contrast, Lesotho, Moldova and the Republic of Yemen are the least efficient spenders among the developing country partners. For example, Lesotho invested the largest proportion of GDP in education over the last decade – 13 percent – but primary completion rates barely exceeded 70 percent in 2012. The results presented in Chapter 2 section 2.4.2 show that Lesotho also has high levels of internal inefficiency. Similarly,

the Republic of Yemen allocated an average of 8 percent of GDP to education over the last decade, but primary completion rates barely reached 69 percent in 2012 and internal inefficiency was high.

This exercise indicates that many countries could achieve substantially higher primary completion rates while investing the same share of GDP in education if they used resources more efficiently. For instance, Bhutan and Guyana invested on average 5.7 percent of GDP in education over the last decade. However, while Bhutan has already achieved universal primary education, completion rates in Guyana have decreased over the last decade and hardly reached 85 percent in 2012. Similarly, Mongolia and Tanzania invested on average 5.2 percent of GDP in education over the last decade, but whereas Mongolia has already achieved universal primary completion, Tanzania appears to be stagnant at 80 percent.

It is crucial to identify institutional or economic factors that enable some countries to be more efficient than others. It is also important to differentiate between efficiency and the optimal or desired spending level. A country identified as “efficient” in this exercise may still need to increase public spending to achieve educational attainment goals; such is the case of countries with low spending levels and low attainment indicators.

3.3 Official development assistance for education declines for a second year

Even though many countries still require additional resources to achieve universal primary education, global aid education declined between 2010 and 2012 and support to basic education is falling fastest.

Many countries are still far from achieving universal primary education and require additional resources to reach this goal. Global aid to education declined between 2010 and 2012, however, and support to basic education is falling fastest, as donors shift resources to other levels of education. In addition, funding has been cut more severely in GPE developing

country partners, particularly in FCAC partners. These trends not only compromise the prospects for reaching post-2015 education goals, but also jeopardize the progress that has been made towards universal primary education.

3.3.1 Aid to education is decreasing rapidly

Since peaking in 2009, the volume of aid to education has declined.¹¹ Aid disbursements dropped by 9.5 percent between 2010 and 2012 (from US\$13.9 billion to US\$12.6 billion).

These reductions were more dramatic than the reductions in overall development aid, which declined by only 1.3 percent (from US\$153.6 billion to US\$151.6 billion). In fact, education accounts for 65 percent of the total aid decrease (Figure 3.8).

While aid to education has fallen, official development assistance (ODA) to other social sectors has increased. Aid to health rose by 28 percent between 2008 and 2012, from US\$15.6

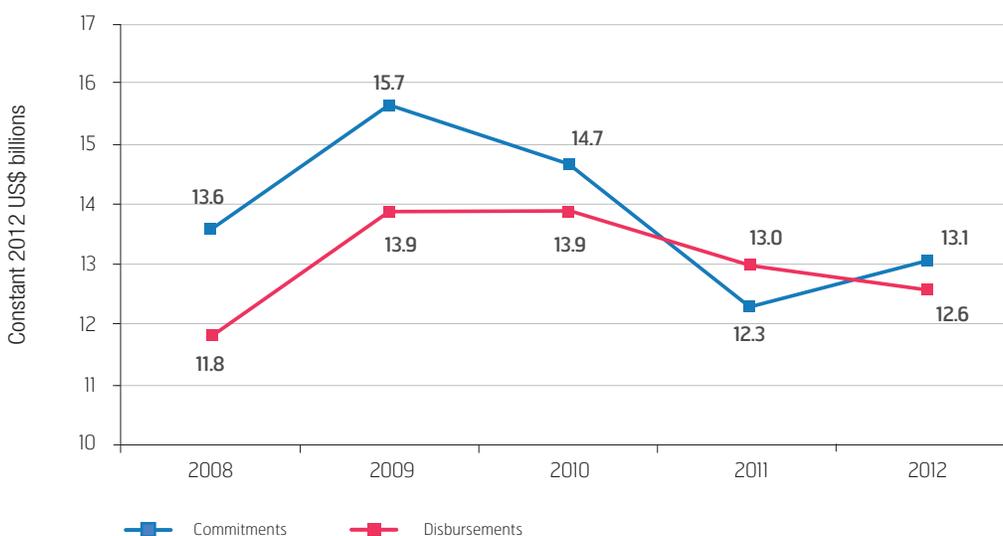
billion to US\$20 billion; in comparison, aid to education fell by 3.3 percent. Similarly, aid to water supply and sanitation increased 15 percent, from US\$5.6 billion to US\$6.5 billion.

Education's share of total development aid has also fallen, from 8.0 percent in 2008 to 7.7 percent in 2012; by contrast, the share of health and population programs in total development aid increased from 11.5 percent to 13.2 percent in 2012. More than a decade after the World Education Forum in 2000 in Dakar, Senegal, these figures show clearly that education is not at the top of the development agenda and is now distanced by other social sectors.

Education accounts for 65 percent of the total aid decrease.

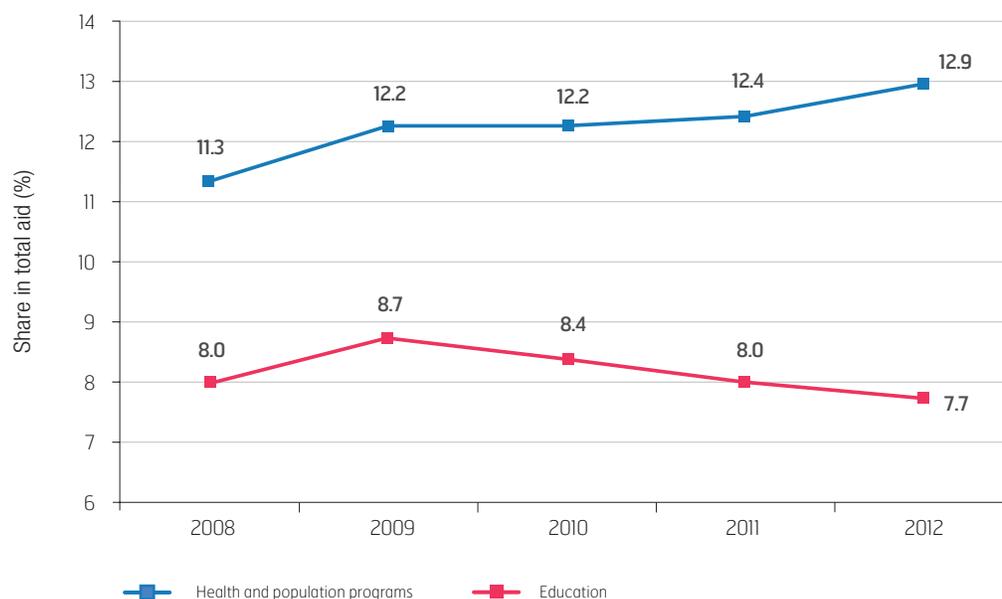
Education's share of total development aid fell to 7.7% in 2012. This clearly shows that education is not at the top of the development agenda.

Figure 3.8: **Total official development assistance (ODA) to education, all donors**



Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>.

¹¹ All figures in this section are in constant 2012 US\$ and come from the database of the OECD Development Assistance Committee (DAC). DAC is an international forum of many of the largest aid donor countries. Also, following standard practice, aid to education includes 20 percent of budget support.

Figure 3.9 **ODA for social sectors as a share of total aid, 2008–2012**

Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>. Note: In order to compare shares over time, the values used for the calculations on aid to education do not include the 20 percent of aid to budget support that goes to education.

13 of the OECD DAC's 25 donors reduced disbursements to education in 2012. Spain, Netherlands, Canada and France are among the donors with the largest aid cuts.

Both bilateral and multilateral aid disbursements to education decreased between 2010 and 2012. Bilateral aid disbursements, which account for 76 percent of total aid to education, decreased by 8.5 percent, from US\$10.5 billion to US\$9.6 billion, and multilateral disbursements fell by 12.5 percent, from US\$3.4 billion to US\$3.0 billion (see annex 3.4).

Most bilateral donors reduced aid to education between 2010 and 2012. In total, 13 of the OECD Development Assistance Committee's (DAC) 25 donors reduced disbursements to education sector in 2012 and 10 of them had already cut them in 2011 (Table 3.5). The donors with the largest proportional aid cuts between 2010 and 2012 were Spain (-69.7 percent),

the Netherlands (-51.1 percent), and Canada (-38.4 percent). The largest reductions in absolute terms were France (US\$319 million) and the Netherlands (US\$285 million).

Twelve DAC donors increased aid disbursements to education by a total of US\$437 million in 2012. However, this recent change does not compensate for the US\$1.4 billion cumulative decline in contributions to the sector between 2010 and 2012. The donors with the largest proportional aid increases between 2010 and 2012 include Australia (74.1 percent), Switzerland (39.7 percent), and the Republic of Korea (33.1 percent). In absolute terms, the largest increases were Australia (US\$239 million) and the United Kingdom (US\$122 million).

Table 3.5 **Aid to education, bilateral disbursements**

Constant 2012 US\$ millions

	2010	2011	2012	Average change 2010-2012 (%)	
Australia	325	435	566	▲	32
Switzerland	60	75	84	▲	18
Rep. of Korea	158	182	210	▲	15
Denmark	161	197	200	▲	12
Austria	132	127	154	▲	9
United Kingdom	940	1,139	1,071	▲	8
Luxembourg	41	30	42	▲	6
New Zealand	69	60	74	▲	5
United States	922	756	956	▲	4
Germany	1,695	1,721	1,730	▲	1
Finland	58	58	58	▲	-1
Belgium	223	207	202	▲	-5
Norway	342	298	300	▲	-6
Italy	71	78	58	▼	-8
France	1,867	1,557	1,547	▼	-9
Greece	84	69	67	▼	-10
Japan	1,170	944	909	▼	-12
Sweden	157	171	113	▼	-12
Portugal	71	57	53	▼	-14
Ireland	69	67	48	▼	-15
Canada	522	343	322	▼	-20
Netherlands	558	401	273	▼	-30
Spain	358	253	109	▼	-43
Czech Republic		7	8		n.a.
Iceland		1	2		n.a.
Total DAC	10,056	9,232	9,156	▼	-5

Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>.

Most multilateral donors reduced aid to education between 2010 and 2012 and recent increases have not compensated for the sharp decline in major donors' contributions. Of the 15 multilateral donors reporting to the OECD, 10 cut aid disbursements to education between 2010 and 2012. The two main multilateral donors to education cut aid disbursements to education: European Union institutions by 10.4 percent and the International Development Association (IDA) by 28.7 percent. A few donors, on the other hand, have increased their support to

education in 2012, including the Arab Bank for Economic Development in Africa, whose aid rose by 122 percent (Table 3.6). Unlike the majority of multilateral disbursements, GPE grants to developing country partners increased by more than 40 percent between 2010 and 2012. Financing in the Global Partnership continues to be strong, partly because donors have increased their contributions in recent years (see section 3.3.4).

Unlike the majority of multilateral disbursements, GPE grants to developing country partners increased by more than 40 percent between 2010 and 2012.

Table 3.6 **Aid to education, multilateral disbursements**

Constant 2012 US\$ millions

	2010	2011	2012	Average change 2010–2012 (%)
UNRWA	352	357	388	▲ 5
IDB Sp.Fund	40	53	40	▲ 5
Arab Fund (AFESD)	8	12	7	▲ 2
AsDB Special Funds	224	260	229	▲ 2
IMF (Concessional Trust Funds)	287	291	294	▲ 1
UNICEF	73	82	71	0
WFP	55	41	47	▼ -5
EU institutions	1,313	1,106	1,176	▼ -5
AfDF	193	180	173	▼ -5
OFID	24	33	14	▼ -11
IDA	1,364	1,416	973	▼ -14
AfDB		2	0.1	n.a.
BADEA		4	8	n.a.
UNPBF	6			n.a.

Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>. AfDB: African Development Bank, AfDF: African Development Fund, AsDB: Asian Development Bank, BADEA: Arab Bank for Economic Development in Africa, EU Institutions: European Union Institutions, IDA: International Development Association, IDB Sp.Fund: Inter-American Development Bank Special Operation Fund, OFID: OPEC Fund for International Development, UNDP: United Nations Development Programme, UNPBF: United Nations Peace Building Fund, UNRWA: United Nations Relief and Works Agency, United Nations World Food Programme.

3.3.2 Education receives a small share of humanitarian aid

Humanitarian aid is designed to save lives and sustain access to vital services in emergencies. Although it is intended to be short-term, it often represents a large share of total aid: in 2012, for example, it made up 23 percent of ODA.¹²

Humanitarian aid makes up only a small share of the external financing for education, however. In 2011, the UN Secretary-General's Global Education First Initiative (GEFI) set a target for education to receive at least 4 percent of short-term humanitarian aid, but the sector only received 2 percent of humanitarian requests in 2013.¹³

A detailed look at the data suggests that only 4 of the 16 countries that requested financing for education received funds equivalent to the 4 percent target: Central African Republic (8 percent), Somalia (4 percent), Sudan (6 percent) and Syria (4 percent).

The education sector is also receiving the smallest proportions of the appeals that it makes for humanitarian funding. In 2013, the sector received US\$163 million, 40 percent of what it had requested from humanitarian aid. In comparison, the food sector received US\$2.4 billion (86 percent of funding requested) and health US\$893 million (57 percent of the funding requested).¹⁴

In 2013, the education sector received only 2 percent of humanitarian aid, which was half the GEFI target of 4 percent.

¹² These calculations include 21 countries with humanitarian appeals.

¹³ GPE compilation based on Office for the Coordination of Humanitarian Affairs (2014).

¹⁴ Education for All Global Monitoring Report. 2014. "Policy Paper 13: Aid reductions threaten education goals."

3.3.3 Fragile and conflict-affected countries are missing out the most

The analysis in this section, which is based on data from the OECD DAC, should be interpreted with caution because of the way donors report funding to the OECD. The increasing amount of aid that donors provide to so-called vertical funds (e.g. the Global Partnership in the case of education), is reported to the OECD, but usually as “regional” or “bilateral unspecified” aid. For this reason it is not possible to know if GPE funding has been properly reported at the country level.¹⁵ In an effort to comply with transparency standards, the Global Partnership recently started reporting to the OECD, but the information has not yet been incorporated in the Creditor Reporting System (CRS) dataset.

To account for this potential problem, this section presents two types of trends: (i) data as reported to the OECD DAC, and (ii) data as reported to the OECD DAC adding GPE disbursements for each year. The latter represents

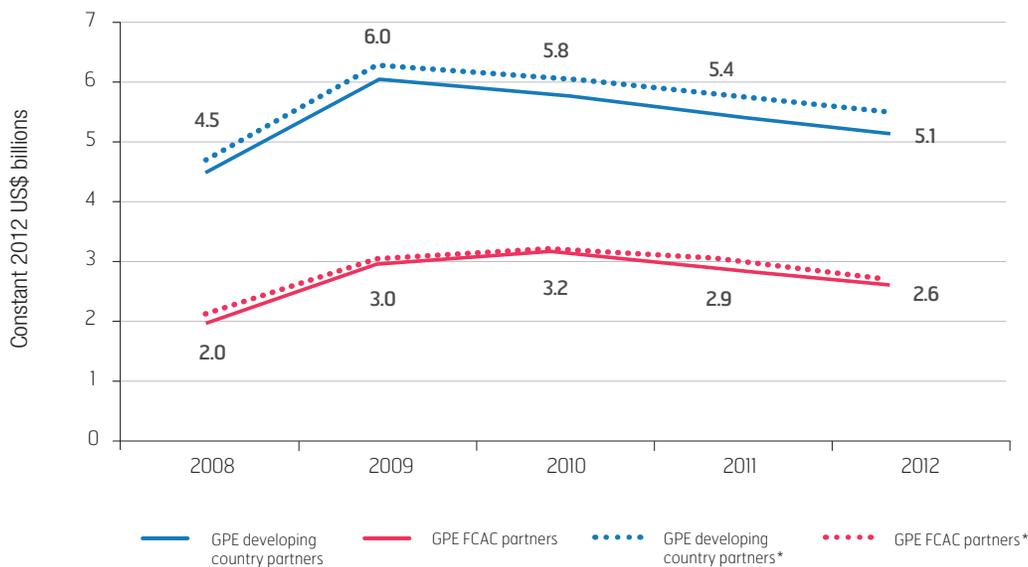
an upper bound or overestimate for aid to education in developing country partners, as it considers an extreme case in which none of the funds linked to the Global Partnership have been properly reported at the country level.¹⁶ From 2008 to 2012, aid disbursements to education in developing country partners increased from US\$4.5 billion to US\$5.1 billion, while aid disbursements to FCAC partners increased from US\$2.0 billion to US\$2.6 billion (Figure 3.10).

Between 2010 and 2012, however, while global aid to education fell by 9.5 percent, aid to developing country partners fell by even more – regardless of the scenario assumed for the calculations. Disbursements are estimated to have declined between 9.6 percent (from US\$6.05 billion to US\$5.5 billion) and 11.7 percent (from US\$5.8 billion to US\$5.1 billion).

In 2012, aid disbursements to education in developing country partners increased to US\$5.1 billion, while aid disbursements to FCAC partners increased to US\$2.6 billion.

Between 2010 and 2012, global aid to education fell by 9.5 percent, and aid to developing country partners fell even more.

Figure 3.10 **ODA for education, GPE developing country partners**



Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>. Developing country partners* and GPE FCAC partners* depict the upper bound trend for aid to education, which adds GPE disbursements and aid disbursements as reported to OECD DAC by donors.

¹⁵ The authors of this chapter did an exercise that tried to track aid flows linked to GPE in the OECD database. However, donors are not obliged to report the description field of any project. Therefore, using the CRS dataset to identify GPE related projects and track aid to education at the country level does not provide a good source of information.

¹⁶ In order to add up GPE disbursements to ODA disbursements, figures were converted into constant 2012 US\$ by using OECD DAC deflators.

Aid to education was even cut more severely in GPE FCAC partners between 2010 and 2012 – despite their being the poorest countries and furthest away from achieving universal primary education: by between 16 percent (from US\$3.2 billion to US\$2.7 billion) and 17.7 percent (from US\$3.2 billion to US\$2.6 billion). In contrast, GPE disbursements to basic education in FCAC partners increased by 42 percent over the same period (from US\$105 million to US\$151 million).

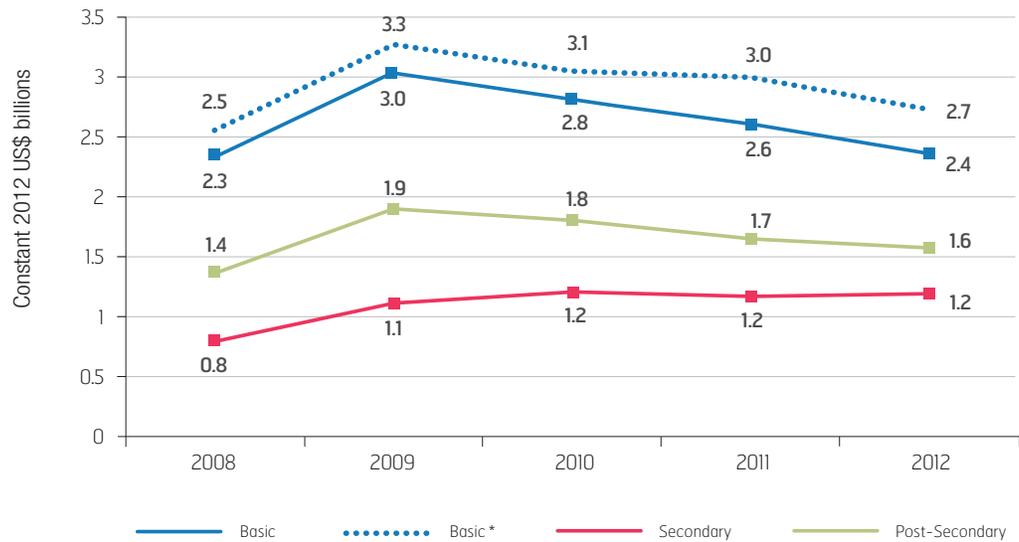
The volume of GPE grant disbursements to FCAC partners maintained an upward trend in 2013, increasing by 16 percent to reach US\$174 million. This is explained by the increased focus on fragile and conflict-affected states as well as an increase in the number of countries that joined the partnership between 2012 and 2013. Recent trends indicate that GPE grant disbursements to basic education in FCAC partners

in 2014 are likely to exceed the 2013 value. As of July 2014, disbursements to FCAC partners already amounted to US\$172.4 million and represented 51 percent of total grant disbursements in developing country partners.

Aid declined in all education subsectors between 2010 and 2012, but most sharply in basic education.¹⁷ Since the Global Partnership is the main donor to basic education (see section 3.4.1) and represents 15 percent of the total disbursements in the subsector, we map two scenarios, as above, for basic education (Figure 3.11). Depending on the scenario, aid to basic education plunged by between 11 percent (from US\$3.05 billion to US\$2.71 billion) and 21 percent (from US\$2.8 billion to US\$2.4 billion). Aid dropped less dramatically in secondary education (1 percent) and post-secondary education (17.8 percent).

Aid declined in all education subsectors, but most sharply in basic education.

Figure 3.11 **ODA, distribution by education subsector, GPE developing country partners**



Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>. Basic* depicts the upper bound trend for aid to basic education in developing country partners, which adds GPE disbursements and aid disbursements as reported to OECD DAC by donors.

¹⁷ Basic education includes early childhood education, primary education, and basic life skills education among youth and young adults.

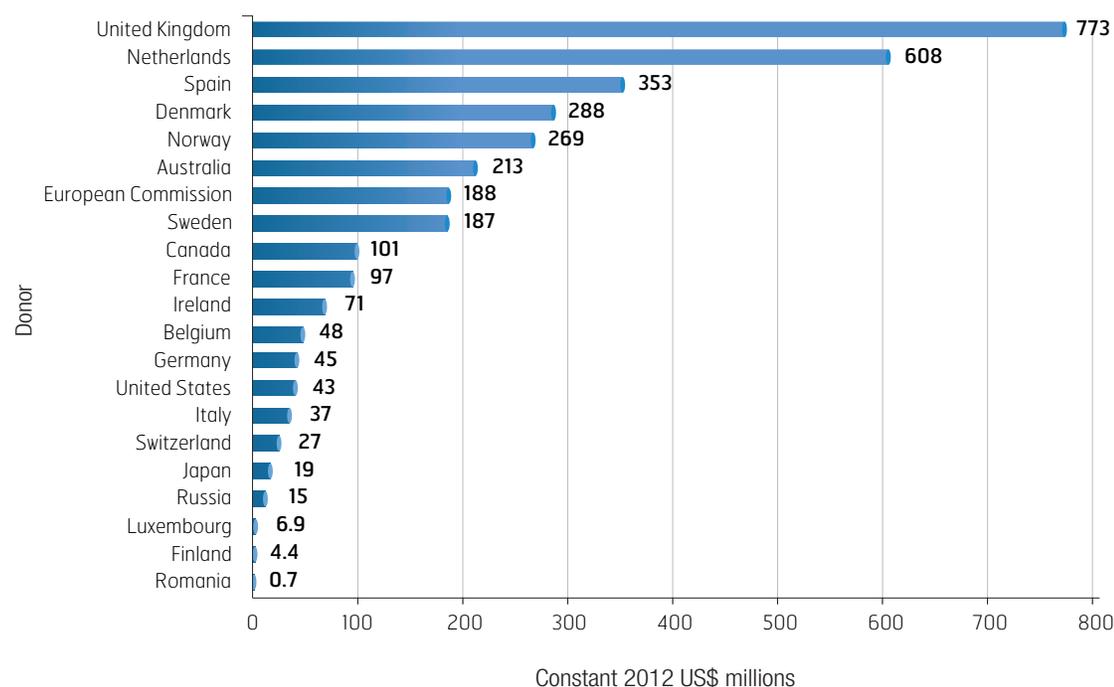
3.3.4 Donor contributions to the Global Partnership for Education

The Global Partnership provides financial support to developing country partners to develop and implement their education sector plans. The Global Partnership also supports civil society participation as well as global and regional technical support. Donors contributed more than half a billion dollars to the Global Partnership in 2012 and the most recent contributions have pushed the cumulative numbers to US\$3.4 billion (Figure 3.12).

On June 25 and 26, 2014, the Global Partnership held its second replenishment conference. The second replenishment covers the years 2015 to 2018 and aims to achieve the vision of all children in school and learning. Donors pledged US\$2.1 billion, which represents 60 percent of the target of US\$3.5 billion. However, other donor pledges are expected over the replenishment period.

During the Global Partnership's 2014 replenishment conference, donors pledged US\$2.1 billion.

Figure 3.12 **Donor contributions as of July 2014**



Source: GPE Secretariat

3.3.5 Aid transparency

Reporting on aid flows transparently enables public participation in government accountability, by making comprehensive and accessible information available in a timely, systematic and comparable manner.¹⁸ Aid transparency has received increased interest and attention in recent years, resulting in the Paris Declaration

on Aid Effectiveness (2005), the Accra Agenda for Action (2008)¹⁹ and the Busan Global Partnership for Effective Development Cooperation (2011),²⁰ which aim to improve the relationship between donors and developing countries.

¹⁸ Moon, Samuel and Tim Williamson. 2010. "Greater aid transparency: crucial for aid effectiveness". Policy Briefing No. 35. London: Overseas Development Institute.

¹⁹ <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

²⁰ <http://www.oecd.org/dac/effectiveness/busanpartnership.htm>

Lack of transparent reporting reduces aid effectiveness and accountability as it means that recipient countries must make policy decisions based on incomplete or unreliable information. Complete information on all aid flows is critical for the whole policy cycle, from planning and service delivery to monitoring and evaluation of results.

The International Aid Transparency Initiative (IATI), launched at the third High Level Forum on Aid Effectiveness in Accra, Ghana, in 2008, seeks to improve aid transparency by helping donors to meet their commitments. The Aid Transparency Index (ATI), compiled by the global campaign Publish What You Fund – also launched in Accra in 2008 – is a standard for

assessing the state of aid transparency among the world's major donors. It is the only measure that assesses what information donors are publishing and whether it is comprehensive, timely, accessible and comparable. The 2013 ATI consists of 39 indicators.

Among the 21 GPE donor countries in 2013, only a few received a score of “very good” or “good” by the ATI. This includes Canada, Sweden and the United Kingdom (Department for International Development, or DFID). Among the 10 major GPE donors in 2013²¹, three scored “poor” or “very poor” (France, Norway and Spain). Among all GPE donors in 2013, only Russia was not ranked by the Aid Transparency Index (Table 3.7).

Table 3.7 **Ranking of the Global Partnership's donors and multilateral agencies Aid Transparency Index 2013**

Very good	Good	Fair	Poor	Very poor
UK-DFID	World Bank, IDA Canada-CIDA Sweden-SIDA	Netherlands Denmark Australia European Commission Germany-BMZ-KfW Germany-BMZ-GIZ US-Treasury USAID UNICEF	UK-FCO Norway Ireland Belgium US Defense US State EBRD Japan-JICA Finland	UK-MOD Spain France-AFD France-MAE France-MINEFI Germany-AA US-PEPFAR Italy Switzerland Japan-MOFA Luxembourg Romania

Source: Publish What You Fund, Aid Transparency Index 2013, <http://www.publishwhatyoufund.org/index/>

More generally, the results of the 2013 Aid Transparency Index reveal that a group of organizations, including the UK-DFID, are publishing large amounts of useful information on their current aid activities. The report also underlines that several organizations, including the Canadian agency CIDA, EC-ECHO, EC Enlargement, EC FPI, Germany's aid agencies and the US Treasury, have made big improvements in 2013 by publishing more

information in accessible and comparable formats.

The Global Partnership strives for maximum transparency. Aiming to achieve full compliance with transparency standards, the Global Partnership recently released all of its data to the IATI²² and, as previously mentioned, started reporting to the OECD.

The Global Partnership strives for maximum transparency. It recently released all of its data to the IATI and started reporting to the OECD.

²¹ The 10 major donors as of June 2013 were United Kingdom, Australia, Denmark, Canada, France, the Netherlands, Norway, Spain, Belgium, and European Commission.

²² <http://www.publishwhatyoufund.org/>

3.4 Where is the Global Partnership a big contributor?

The Global Partnership's contribution to each partner developing country includes not only the grants that it disburses but also the catalytic effect that the Partnership seems to have in unlocking additional funds for education. The first part of this section presents basic data on GPE grants and the proportion of overall

education aid that they represent. The second part shows that countries tend to allocate more domestic and external resources to education after joining the Global Partnership. In recognition of the aid reporting issues mentioned above, this subsection's analysis is based on the two scenarios described in section 3.3.3.

GPE's grants amounted to US\$354 million in 2012, representing 6.9% of total aid disbursements for education in partner developing countries.

3.4.1 The Global Partnership has become a major funder of education

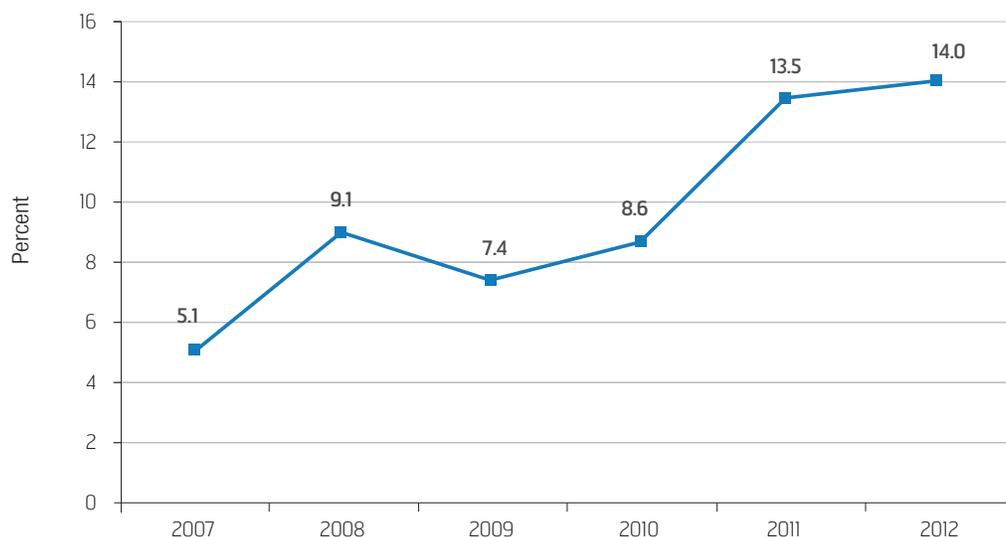
The Global Partnership's financial support to the education sector has increased significantly. GPE grants amounted to US\$354 million in 2012,²³ representing 6.9 percent of total aid disbursements for education in developing country partners.²⁴ This was an increase of 4 percentage points from 2007, when the Global Partnership disbursed US\$133.7 million and accounted for 2.8 percent of total aid for education.

Reflecting the Global Partnership's focus on basic education, the GPE share of total aid to the subsector rose sharply between 2007 and

2012, from 5.1 percent to 14 percent, estimated as the average between the two scenarios described in section 3.3.3: data as reported to the OECD and the upper bound trend (Figure 3.13). The Global Partnership disbursed US\$354 million to basic education in 2012 and became the biggest donor to the subsector in developing country partners, followed by the United States (US\$346 million), the IDA (US\$137 million) and Japan (US\$135 million).²⁵ The rise in the Global Partnership's share of total aid for basic education is due not only to an increase in GPE funding but also to a decline in overall aid to the subsector.

The Global Partnership is the biggest donor to basic education in developing country partners.

Figure 3.13 **GPE grant disbursements as a share of official development assistance for basic education, GPE developing country partners**



Source: GPE compilation based on OECD Data Lab (database), Development Assistance Committee, Organisation for Economic Co-operation and Development, Paris, <http://www.oecd.org/statistics/>. Estimates based on two alternative scenarios: (i) data as reported to the OECD's DAC and (ii) data as reported to the OECD's DAC adding GPE disbursements for each year (upper bound trend).

²³ Disbursements in 2013 amounted to US\$334 million (in constant 2012 prices) and projections for 2014 indicate that they will exceed US\$500 million.

²⁴ Values are presented in constant 2012 US\$. Calculations under this scenario assume that funds were properly reported at the country level.

²⁵ Figures only include disbursements to basic education in partner developing countries and do not account for any type of budget support.

The Global Partnership's financial presence within the education sector has increased over the last few years but varies significantly from one country to another. GPE disbursements in

2013 ranged from US\$0.23 million in Mongolia to US\$44.6 million in Nepal, which had already received US\$38 million in 2012 (Table 3.8).

Table 3.8 **Global Partnership grant disbursements in 2013, constant 2012 US\$ millions**

Country	Disbursements	Country	Disbursements
Nepal	44.57	Liberia	3.90
Yemen, Republic of	43.82	Tajikistan	3.49
Malawi	37.04	Gambia, The	3.03
Mozambique	26.72	Sudan	2.68
Rwanda	25.98	Guinea-Bissau	2.56
Ghana	22.66	Tanzania (Zanzibar)	2.49
Togo	11.26	Somalia (Somaliland)	2.28
South Sudan	11.05	Côte d'Ivoire	1.84
Guinea	9.47	Comoros	1.83
Chad	8.35	Mali	1.54
Burundi	7.99	Djibouti	1.11
Papua New Guinea	7.54	Kyrgyz Republic	1.02
Senegal	6.98	Moldova	0.93
Lao PDR	6.97	Haiti	0.80
Lesotho	6.47	Nicaragua	0.80
Congo, Dem. Rep. of	5.68	Somalia (Puntland)	0.68
Ethiopia	5.19	Timor-Leste	0.40
Uganda	5.19	Sierra Leone	0.29
Somalia (South Central)	4.20	Mongolia	0.23
Central African Republic	4.14		

Source: GPE Secretariat.

3.4.2 Countries invest more in education after joining the Global Partnership

This section assesses the changes in domestic and external resources allocated to education that can be linked to the Global Partnership. The exercise is not intended to prove causality.

In the case of domestic resources, it looks at the effect of joining the partnership on the share of GDP invested in education.²⁶ The comparison includes 86 low and lower middle income countries, including developing country partners with data available for the period 2000-2012. It is important to mention that this estimation assumes that the set of countries included in the sample are similar and thus, can be compared in terms of

investment in education. In reality, however, that may not be necessarily the case as there may be several factors behind the differences. For the purposes of this exercise and because of the small number of observations, the analysis is only controlling for economic variables. Annex 3.3 presents a detailed description of the methodology to estimate this relationship.²⁷

Before joining the Global Partnership, the share of GDP allocated to education was on average 1.13 percentage points lower in future developing country partners than in other low income and lower middle income countries.

²⁶ The estimation includes 86 low and lower middle income countries and controls for the level of GDP, a variable measuring the time trend and a dummy variable that specifies whether the country is a GPE member or not. It was estimated using pooled Ordinary Least Squares (OLS).

²⁷ The results presented in this section are statistically significant at the 5 percent level.

That share increased significantly once countries joined the partnership. On average, the share of GDP invested in education is 1.53 percentage points higher in developing country partners than in other low and lower middle income countries. Once GPE partners start to receive grants, that share rises even further. On average, a country that receives financial support from the partnership invests 1.39 percentage points more in education than a country that did not receive any support.

A simple accounting exercise comparing average investment before and after joining the partnership delivers similar results.²⁸

The sample was restricted to countries with at least two observations before and after joining the partnership. The period of analysis includes 31 countries with data available between 2000 and 2012 and includes estimates by the Global Partnership (Table 3.9).

The share of GDP allocated to education increased significantly once countries joined the Global Partnership.

Table 3.9 Spending on education before and after joining the Global Partnership

Average expenditure on education as a share of GDP

Country	Year joined GPE	Before	After	Change p.p	%
Albania	2006	3.2	3.3	0.1	2.3
Benin	2007	3.6	4.6	1.0	28.2
Bhutan	2009	6.1	4.4	-1.7	-27.6
Cambodia	2006	1.7	2.0	0.3	14.7
Cameroon	2006	2.9	3.3	0.4	14.3
Central African Republic	2008	1.5	1.3	-0.27	-17.7
Djibouti	2006	8.6	8.4	-0.2	-2.7
Ethiopia	2004	3.8	4.8	1.0	26.3
Gambia, The	2003	1.4	2.5	1.1	83.0
Georgia	2007	2.4	2.7	0.3	13.0
Ghana	2004	5.2	6.3	1.1	21.4
Guinea	2002	2.3	2.5	0.2	7.3
Guyana	2002	8.5	5.0	-3.5	-41.2
Kenya	2005	6.0	7.0	1.0	16.3
Kyrgyz Republic	2006	4.3	6.1	1.8	42.6
Lesotho	2005	12.6	13.4	0.8	6.7
Madagascar	2005	3.0	3.1	0.1	3.1
Malawi	2009	4.4	4.6	0.3	6.0
Mali	2006	3.8	4.3	0.4	11.1
Mauritania	2002	2.7	3.3	0.5	19.1
Mongolia	2006	5.6	5.0	-0.6	-10.8
Nepal	2009	3.4	4.7	1.3	38.9
Niger	2002	3.0	3.5	0.4	14.6
Moldova	2005	5.4	8.3	2.9	54.4
Rwanda	2006	5.4	4.7	-0.7	-13.2
São Tomé and Príncipe	2007	4.0	8.3	4.2	105.3
Senegal	2006	3.7	5.2	1.5	40.8
Sierra Leone	2007	3.4	2.6	-0.8	-22.7
Tajikistan	2005	2.5	3.7	1.2	47.2
Togo	2010	3.9	4.5	0.6	15.1
Uganda	2011	3.7	3.2	-0.5	-12.4
Average in GPE developing country partners		4.3	4.7	0.5	10.9

Source: GPE estimation based on UNESCO Institute for Statistics (database), Montreal, http://data.uis.unesco.org/?IF_ActivePath=P.50.

²⁸ This exercise is restricted to partner developing countries and does not control for time trends, GDP or any other variable included in the previous exercise.

The investment in education in GPE developing country partners has increased by 11 percent, on average, after the countries joined the Global Partnership.

On average, the investment on education in developing country partners has increased by 11 percent after the countries joined the partnership. Of the 31 countries included in the estimation, 23 have made progress in terms of the share of GDP allocated to education. Results vary widely, however; while the Kyrgyz Republic, Moldova and Senegal have

raised the share of resources invested in education by more than 40 percent after joining the partnership, Bhutan, the Central African Republic, Sierra Leone, and Uganda have cut the proportion of resources for the sector and allocated less than the average developing country partner after joining.



Photo credit: GPE/Deepa Srikantaiah

As previously described, most funds linked to the Global Partnership are reported as “regional” or “bilateral unspecified” aid rather than linked to countries themselves.²⁹ In this context, an exercise to assess the additionality, or catalytic effect, of the Global Partnership using these data at the country level may lead to misleading conclusions. Although reporting has improved recently, donors still need to improve the transparency of their aid.

The Global Partnership recently started reporting directly to the OECD to improve the quality and transparency of information. So the additionality of the Global Partnership may be measured more accurately once newly available information has been harmonized and incorporated in the Creditor Reporting System (CRS) dataset.

²⁹ In order to examine the additionality of the Global Partnership on the external flow of resources to education at the country level, the authors did an exercise that consisted of tracking external aid flows linked to the Global Partnership in the OECD’s Query Wizard for International Development Statistics (QWIDS). QWIDS contains millions of records at the transaction level and in some cases these can be associated with a specific project funded by the reporting donor or agency. In order to filter the number of transactions, the search was focused on four keywords: “FTI”, “fast track initiative”, “GPE”, and “global partnership for education” and only included developing country partners as recipients. Unfortunately, donors and reporting agencies are not obliged to report the description field of any project. Therefore, it is not possible to track all funds linked to the Global Partnership and the process of filtering projects becomes rather arbitrary.

3.5 Good and bad news for education financing

Government spending is the most important source of finance for education. And the good news is that public expenditure on education as a percentage of total government expenditure increased from 16.7 percent in 2008 to 17.3 percent in 2012. However, additional progress is needed. Only 8 countries are spending more than 20 percent of public expenditure, and some countries clearly do not invest enough: Pakistan, Guinea, the Central African Republic, and Georgia allocate less than 10 percent of public expenditure to education. In addition, the decrease of primary education as a priority even in countries very far from universal primary education is worrisome. On average, in developing country partners with available data, the share of the education budget spent on primary education fell from 45.7 percent in 2008 to 43 percent in 2012. In FCAC partners, there was an even sharper decrease in the share devoted to primary education, from 53.8 percent in 2008 to 46.2 percent in 2012, despite the fact that the average primary completion rate remains low and was only 68 percent in 2012.

At the same time, donors are clearly making education a lower priority. While total development aid decreased by 1.3 percent between 2010 and 2012, the amount going to education fell by almost 10 percent, and even faster in developing country partners. The decrease in education aid accounted for 65 percent of the total aid decrease. In contrast, aid to other major sectors increased over the same period – in the case of

health, by 6.7 percent. In addition, education still receives less than 2 percent of humanitarian aid.

The Global Partnership's financial support to the education sector increased significantly during the last years. In 2012, it disbursed US\$354 million to basic education and became the biggest donor to the subsector in developing country partners. Unfortunately, despite this effort, overall support to basic education is falling faster than in other areas of education, reflecting a trend among donors to shift their spending away from this subsector. Funding to education is falling at a faster pace in developing country partners, in particular in FCAC partners, some of the world's poorest countries. Shockingly, education aid disbursements declined by more than 16 percent from 2010 to 2012 in FCAC partners. In contrast, GPE disbursements to basic education in FCAC partners increased by 42 percent over the same period (from US\$105 to US\$151 million), which was not enough to compensate the sharp decrease of other donors.

GPE developing country partners are showing progress and the level of investment in education improved significantly after they joined the partnership. However, increased domestic and external financing is required, particularly in the poorest and fragile countries, in order to reach universal primary education and improve education quality. So the trend in development assistance to education needs to be reversed.

Government spending, the most important source of finance for education, has been increasing since 2008.

In 2014, the Global Partnership for Education disbursed US\$354 million to basic education and became the biggest donor to the subsector in developing country partners.

