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# International organizations and the future of education assistance

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### Abstract

Education began to be included as a component of foreign assistance in the early 1960s as it is a principal ingredient of development. A number of multilateral and bilateral agencies were established around this time to implement various types of aid programmes; however, their effectiveness is constantly being questioned and challenged due to a variety of problems. This paper reviews the past and current activities of bilateral, multilateral organizations and private donors in education aid, examines their effectiveness, discusses major problems in implementing educational programmes and suggests ways to improve aid in education.

Keywords: education, foreign aid, effectiveness, multilateral, bilateral, ODA  
JEL classification: I25

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## **1 Introduction**

Education has been found to have two categories of influences. In terms of monetary influences, the higher an individual's level of education, the less likely they will be unemployed or in poverty, and the more likely they will have better advantages in terms of income and income security. Moreover, what is true of individuals is also true of communities and nations. In terms of non-monetary influences, education has been found to affect personal health and nutrition practices, childrearing and participation in voluntary activities. It also influences the efficiency of public communications and the degree to which adults seek new knowledge and skills over a lifetime (Blaug 1978; Schultz 1982; McMahon 1999).

How communities learn, therefore, is a principal ingredient of their development. In modern economies, schools and universities are the primary means by which knowledge is passed to new generations and how new knowledge is systematically incorporated (World Bank 1995).

Education was first included as a component of foreign assistance in the early 1960s. Initially, education aid was deployed to support workforce development plans, so programmes emphasized vocational training, engineering education and immediately applicable workskills. Infrastructure investments such as highways, railroads, dams, bridges and agricultural and industrial machinery were still the most important priorities of development aid, but they needed skilled maintenance. Education aid was a way to make sure the necessary skills were locally available (Heyneman 2004a).

By the 1980s, education aid had grown to include primary and secondary education, humanities and social sciences, professional education and education research. The shift was triggered by the World Bank's publication of an education policy paper in 1980 that diversified the analytic models for assessing education outcomes beyond forecasting manpower needs to include calculating the economic rates of return on education investments (World Bank 1980; Heyneman 2009, 2010). A common finding was that primary education had the highest economic returns, leading to calls for public financing to shift from higher to primary education, and for higher education to be financed by raising private costs through tuition (Psacharopoulos, Tan and Jiminez 1986).

That was followed in the 1990s by an approach known as 'education for all', with strong emphasis placed by donors on primary education (UNESCO 2007). This approach has since become the dominant paradigm of education aid, with significant and often negative consequences for the sector as a whole (Heyneman 2009, 2010, 2012a).

## **2 Institutional architecture<sup>1</sup>**

Foreign assistance began after Second World War for reasons of reconstruction, political influence and altruism. In general aid began with the introduction of the Marshall Plan by the United States, a transfer of US\$13 billion between 1948–52 to support the reconstruction of 14 European countries, with the UK receiving the highest percentage (24 per cent) and Norway receiving the highest allocation in per capita terms (US\$136/person) (Moyo 2009:

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<sup>1</sup> Adapted from Heyneman (2012b).

12). The macro purposes of aid seemed to shift each decade—from war reconstruction (1940s and 1950s), industrialization (1960s), poverty reduction<sup>2</sup> (1970s), making up for the ‘lost decade of development’ (1980s), governance (1990s), and finally to ‘glamour aid’ made popular by a variety of moral campaigners (2000s) (Moyo 2009).

The first *multilateral organizations* consisted of UNESCO (1945), WHO (1948), UNICEF (1946) and the World Bank (1944) (Singh 2011). Their mandates differ. Some are permitted to grant project monies and do not need to be repaid (e.g., UN organizations), while others such as the World Bank (IBRD), the International Monetary Fund (IMF) and the regional development banks distribute loan monies that need to be repaid. Some multilateral organizations are governed by the principles of one nation/one vote (such as the General Assembly and most UN agencies), while others, such as the IMF, the IBRD and the regional development banks, are governed by proportion of equity shares purchased by member states (Heyneman 2003a) The key defining factor of all multilateral organizations is that many national owners govern them, and no single nation controls them.

Bilateral organizations are those whose development projects are arranged country-by-country. Beginning with the Marshall Plan the focus was shifted from reconstruction to economic development with the foundation of the United States Agency for International Development (USAID) in 1961. Japanese bilateral aid (JICA) was established in 1974, Norway (1960), Netherlands (1965), Swedish aid (SIDA) in 1965 and Australia (1974). Previous recipients of foreign aid have sometimes become new bilateral donors such as Russia, Korea and China. Some countries have two bilateral agencies, one to support general development assistance, such as the Canadian International Development Agency (CIDA) while the second supports research such as the Canadian International Research Centre (IDRC).

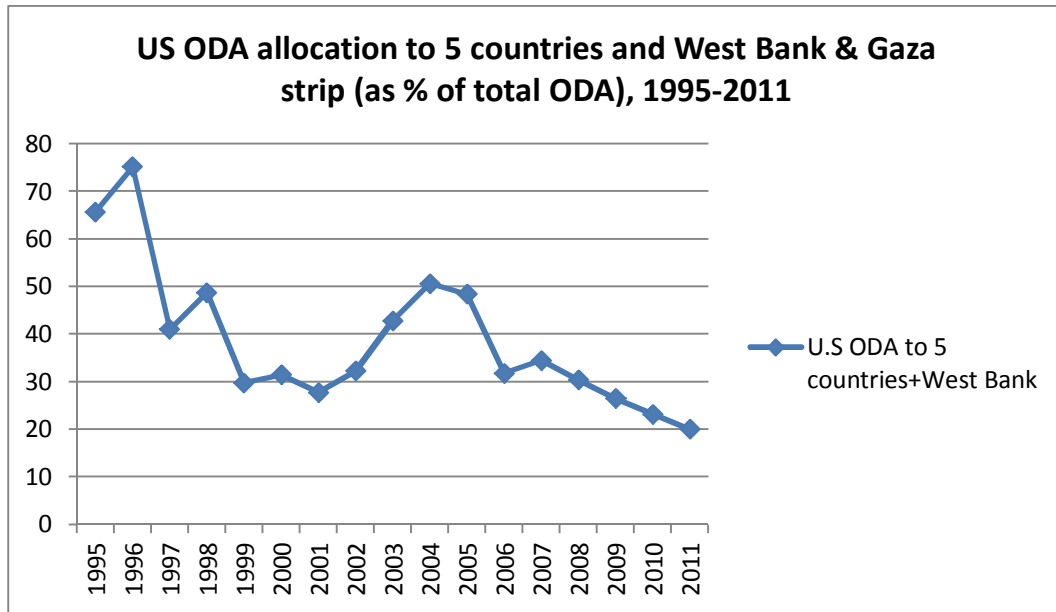
The assistance which flows through bilateral organizations is distinct from that which flows through multilateral organizations. Bilateral assistance is made up of single country-to-country arrangements and is part of a donor nation’s foreign policy. For instance, the US allocates the majority of its bilateral assistance to Iraq, Israel, West Bank and Gaza, Egypt, Jordan and Afghanistan. In 2004, 50 per cent of the assistance was allocated to five countries (Iraq, Afghanistan, Egypt, Israel and Jordan) and the West Bank and Gaza (Figure 1). Also, Figure 2 shows that among the top ten recipients of French bilateral aid, seven countries are either French speaking countries (Congo, Rep, Côte d’Ivoire, Senegal), or French territories (Mayotte), or members of the Organisation Internationale de la Francophonie (OIF) (Morocco, Vietnam, Lebanon).

The director of the bilateral agency usually reports to the Minister of Foreign Affairs and is expected to support the donor nation’s foreign policy. Although rarely obvious, foreign assistance is directed to the regions, nations, and sectors of most importance to the donor in terms of foreign policy. While JICA and DFID may list the altruistic goals of education the objective, parliaments in those countries will expect development assistance to maintain friendly relations with former colonies, to open relations with important trading partners, and to provide a response to the entreaties of countries in competition for regional goodwill. It is important to note that many important political and geographical objectives for bilateral assistance are unstated on their agency websites and absent from their public literature.

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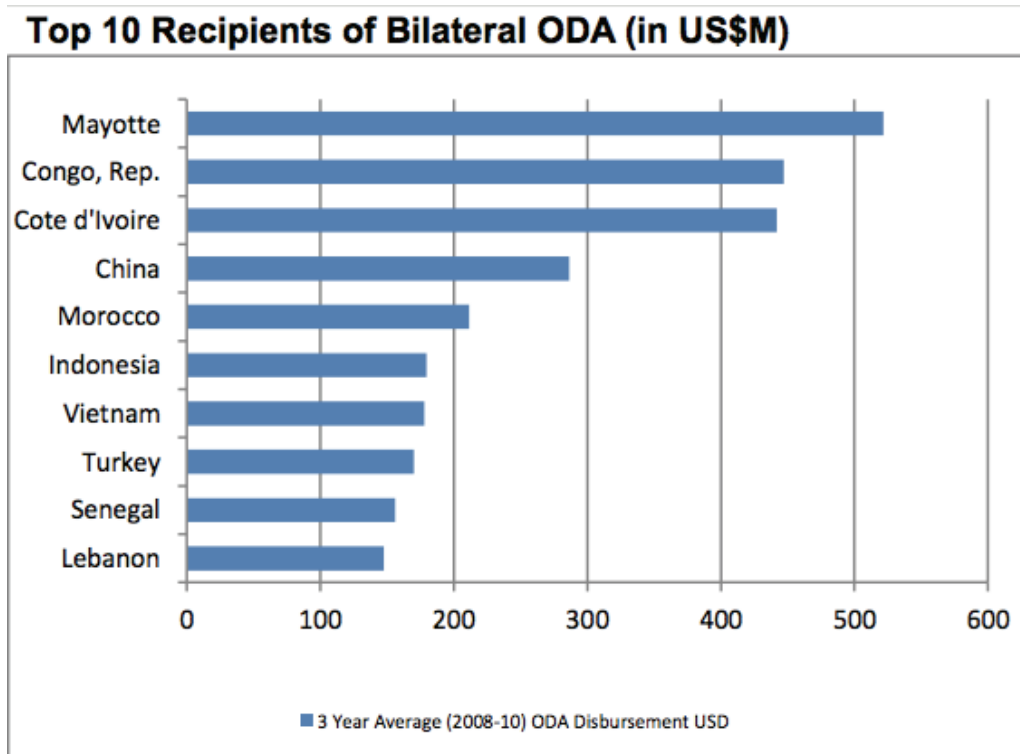
<sup>2</sup> Poverty reduction in the 1970s, titled ‘basic needs approach’, predated the current emphasis on Multilateral Development Goals (MDGs). See: Sartorius and Ruttan (1988); Long (1989)

Figure 1: US ODA allocation to Iraq, Israel, Egypt, Jordan, Afghanistan and West Bank and Gaza, 1995 to 2011



Source: OECD/CRS database.

Figure 2: Top 10 recipients of bilateral ODA of France, 3-year average from 2008-10



Source: OECD/DAC database, [www.aidflows.org](http://www.aidflows.org)

*Charitable foundations* actively participate in international education. They supply goods and services, experiment with new institutions, lobby for new policies and generate new initiatives. About 80 per cent of them are American (Heyneman 2005) because charitable giving in the US is supported by the tax code and there is a relatively low marginal tax on

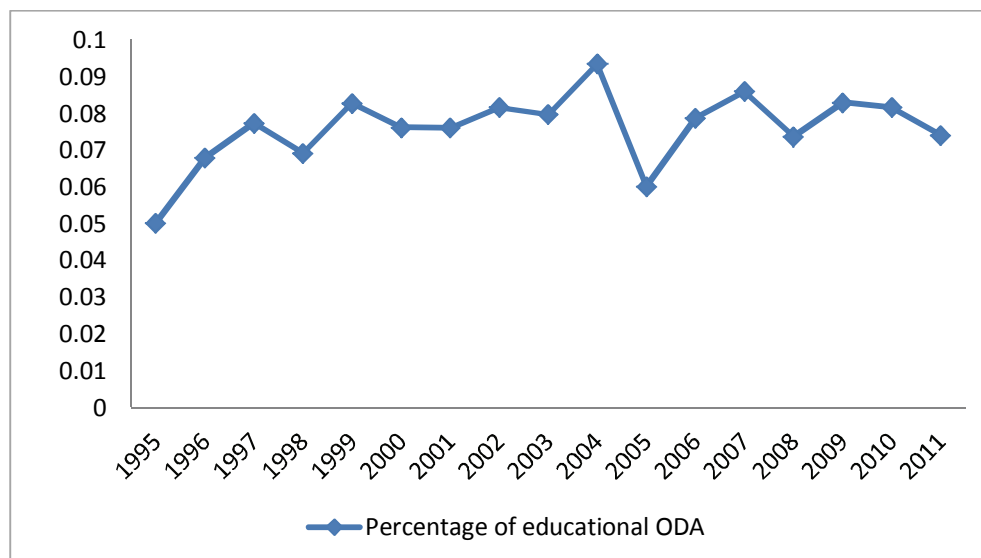
income which facilitates personal wealth. American foundations tend to be larger and older than those elsewhere.

*Religious philanthropy*<sup>3</sup> remains a common conduit for education. These can be financed either through public or private resources. Public schools managed by religious organizations are common throughout Latin America, sub-Saharan Africa, and Asia. For the most part these are affiliated with Christian churches. But in the Middle East and North Africa, and in parts of the former Soviet Union, schools can be affiliated with mosques and in South Asia, with Buddhist temples. Wherever schools are managed by religious organizations it is common for parents and community leaders to garner support for their programmes through voluntary donations of labour and capital. This is true for both domestic organizations as well as organizations which operate internationally. Catholics often provide international assistance through Caritas; Protestants through Christian Aid and World Vision. These organizations are amongst the largest private providers of educational assistance internationally. Among Muslims, the Zakat (charitable donations) is assumed to be about 2.5 per cent of an individual’s annual income and has financed hospitals, schools, public water supply and other public services. Religious norms, called Waqf, are the Koran’s method for allocating personal wealth properly, which are often overseen by state institutions. In the case of Pakistan, for instance, the central government ministry of Waqf manages charitable activities (Richardson 2004: 156).

### 3 Recent trends

Bilateral education aid has expanded during the 1960s to 1990s. It totalled US\$3.4 billion in 1965, to up to US\$6 billion in 1980, and then to US\$3.9 billion (constant 1994 US\$) in 1995 (Mundy 2006). However, the figure below shows that the increase has slowed after the 1990s. As of 2011, it accounts for US\$11 billion (constant 2010 US\$) worldwide, or about 8 per cent of total official development assistance (ODA).

Figure 3: Per cent of education ODA as of total ODA, 1995-2011



Source: OECD/CRS.

<sup>3</sup> Religious philanthropy shows religious purposes as their mission statement, whereas charitable foundations do not explicitly show religious purpose in their mission statements. Save the Children and CARE are examples of charitable foundations. Caritas is an illustration of a religious (Catholic) philanthropy.

Table 1: Total ODA to education from 1995 to 2011.

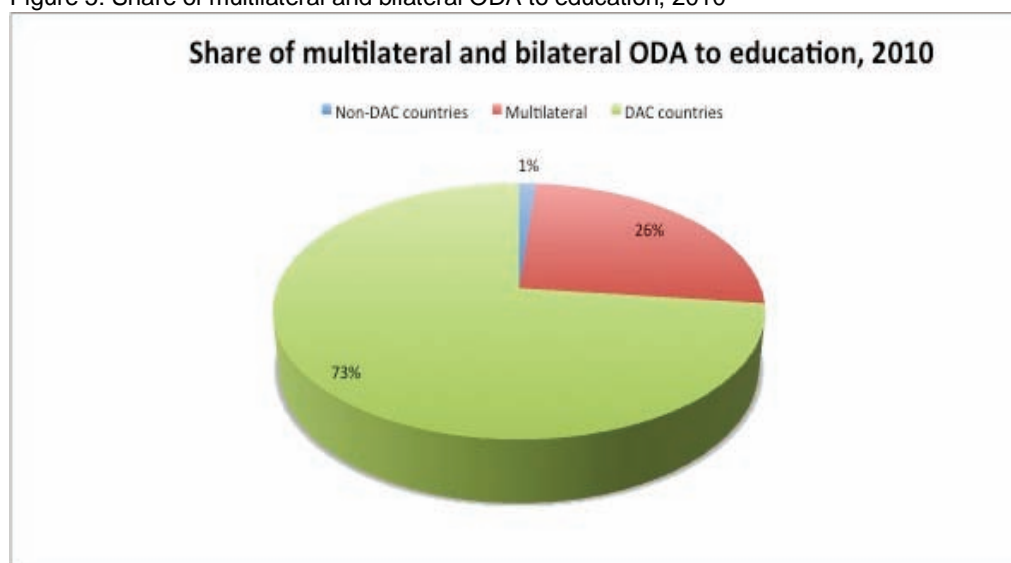
Year	Total ODA	Total ODA to education	Proportion of educational ODA to total ODA
1995	57,556.47	2,888.24	0.05
1996	63,690.44	4,325.83	0.07
1997	60,510.82	4,682.08	0.08
1998	70,059.01	4,844.90	0.07
1999	77,356.45	6,403.74	0.08
2000	83,743.78	6,376.74	0.08
2001	84,861.80	6,456.63	0.08
2002	97,168.91	7,929.27	0.08
2003	114,455.73	9,128.38	0.08
2004	115,867.07	10,828.82	0.09
2005	141,228.59	8,489.96	0.06
2006	146,401.38	11,529.41	0.08
2007	135,025.36	11,611.16	0.09
2008	155,755.59	11,485.99	0.07
2009	161,627.96	13,408.07	0.08
2010	163,512.42	13,344.09	0.08
2011	148,906.84	11,030.09	0.07

Note: Constant prices 2010 US\$ million.

Source: The figures for total ODA are derived from OECD/CRS database and the amount is different than that from the official EFA Global Monitoring Report due to different method of calculation. Thus, the portion of education ODA is slightly smaller than the official figures in EFA Global Monitoring Report.

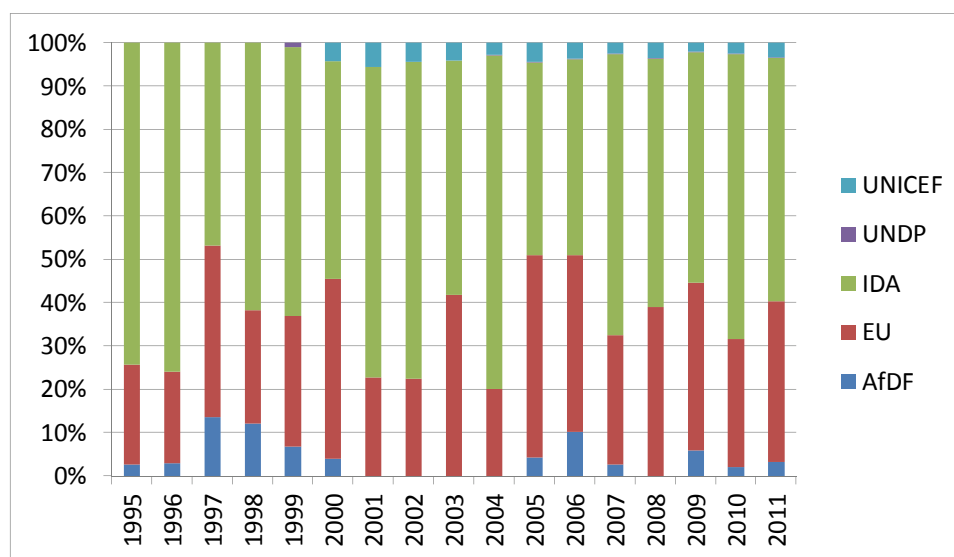
The major multilateral aid providers include the World Bank (US\$1.7 billion), UNICEF (US\$709 million), the Asian Development Bank (US\$647 million) and the Inter-American Development Bank (US\$465 million), JICA (US\$185m), USAID (US\$1.3 billion), DFID (US\$960 million) (See the table in annex II). In 2010, approximately three-fourths of education aid flows through bilateral organizations and 26 per cent through multilaterals (Figure 5). Of the multilaterals, the World Bank historically has allocated the largest portion, the EU allocates the second largest portion (See Figure 6).

Figure 5: Share of multilateral and bilateral ODA to education, 2010



Source: OECD/CRS database.

Figure 6: Allocation of educational assistance from multilateral organizations



Source: OECD/CRS database.

In 1961 President John F. Kennedy explained foreign aid to assist low-income countries ‘not because the communists are doing it, but because it is right’ (quoted in Sartorius and Ruttan 1988: 4). However, over time, foreign aid frequently combined political with humanitarian motives. In general the political motives of multilateral organizations associated with the United Nations were less manifest in part because projects and strategies had to be a product of consensus across multiple interests, including those of aid recipient countries as well as those of donor countries. For instance, the regulations pertaining to the national origin of consultants and providers of services could not be ‘wired’ to reflect any given country. On the other hand, because bilateral agencies reflected national foreign aid priorities, bilateral assistance, the national origin of consultants as well as the political and economic objectives tend to reflect those of the donor. These tendencies are not uniform however; some bilateral agencies tend to be quite agnostic with respect to the origins of consultants while others tend to be quite restrictive. However, no bilateral agency allows its assistance to be directed toward humanitarian needs alone without the influence of political or economic interest. These characteristics, moreover, pertain to new bilateral organizations in China, Russia, Korea and Brazil as well as the older ones in Europe and North America.

In terms of its size within organizational budgets, education aid is generally around 4 per cent: 4 per cent at the World Bank (Table 2) and the Inter-American Bank, 4.8 per cent at the Asian Development Bank and 5.8 per cent from the EU. Surprisingly, perhaps, the African Development Bank allocates the lowest portion to education, at just 0.9 per cent.

Among national aid organizations, major donors include the US Agency for International Development (US\$1.3 billion), the UK’s Department for International Development (US\$960 million) and Japan’s JICA (US\$185 million). However, the portion of development aid dedicated to education by western aid agencies is relatively small, at just 3 per cent for both USAID and Norway’s development agency, NORAD, and 4 per cent for Sweden’s SIDA. By contrast, education is more of an aid priority for many bilateral agencies in Asia, with JICA devoting 14 per cent of its aid budget to education, Australia’s AusAid 17 per cent and South Korea’s KOICA 25 per cent.



Table 2: Foreign assistance to education from selected major multilateral and regional organizations

Major priorities in education	Year of establishment	Monetary commitment in education US\$ mn	% of overall activities on education	Source
<b>EU/Europe Aid</b>				
Post-secondary education, education level unspecified, basic education	1949	770.238*	5.8	2011 Annual Report European Commission
<b>Asian Development Bank</b>				
Improving student results and completion rate in education, financing for higher education	1966	647	4.8	ADB Annual Report 2011, Asian Development Bank
<b>Africa Development Bank</b>				
Higher education, science, technology and vocational training	1964	6.13**	0.9	2011 Annual Report, Africa Development Bank-Africa Development Fund
<b>Inter-American Development Bank</b>				
Primary, secondary education, quality education	1959	465	4	2011 Annual Report, The Year in Review, Inter-American Development Bank.
<b>World Bank</b>				
Basic education, higher education, vocational, in-service training, pre-school	1944	1,733	4	World Bank, Annual Report 2011, Year in Review, World Bank.

Note: \* notes for 1 Euro=US\$1.23; \*\*notes for 1 UA=1.54 (as of 2010). Total amount: 3.98 UA millions.

Source: Created by authors based on annual reports of each organization.

Why do Japan and South Korea emphasize education in their foreign aid? Both economies have emerged as a result of large investments in human capital. But one explanation at least as far as Japan is concerned, is not being associated with 'trying to sell their products'. Education has a reputation of being less controversial than the sectors. Emphasis on education may lower the risk of criticism of aid serving donor's self-interest.

Though basic education continues to dominate education aid, funding is also directed towards a wide variety of other priorities. These include secondary education, teacher training, adult education and literacy, science education, vocational skills and higher education (Figures 7, 8, 9). In many cases, private foundations and nongovernmental organizations focus on particular areas. For instance, the Ford and Carnegie Foundations have concentrated on higher education, while the Open Society Institute (sometime called the Soros Foundation) has focused on primary and secondary education, and on civics education in particular. Many organizations fund particular areas of education that correspond to their institutional mission: The Food and Agriculture Organization funds rural education, for instance, and the World Health Organization funds education related to health. In terms of education aid content, there is little consensus over what inevitably is effective. Attendance of public school teachers sometimes is a significant problem. One observer found attendance to be as low as 25 per cent and even after teachers are present only half actually teach for the prescribed time (Karlan and Appel 2001: 213). In cases where these problems occur, monitoring teacher attendance might be an effective innovation.

Figure 7: US allocation of education subsector, 1995-2011

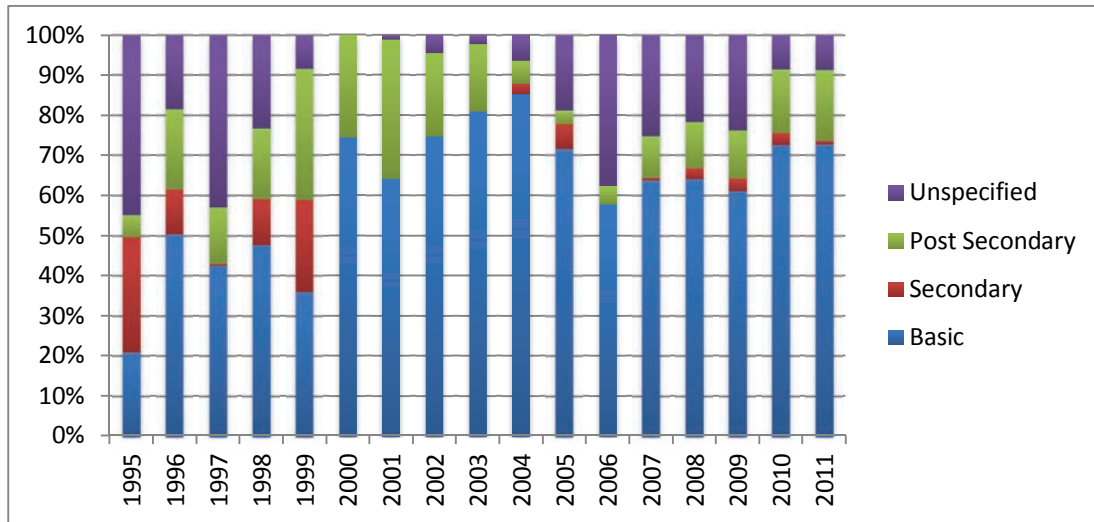


Figure 8: UK allocation of education subsector, 1995-2011

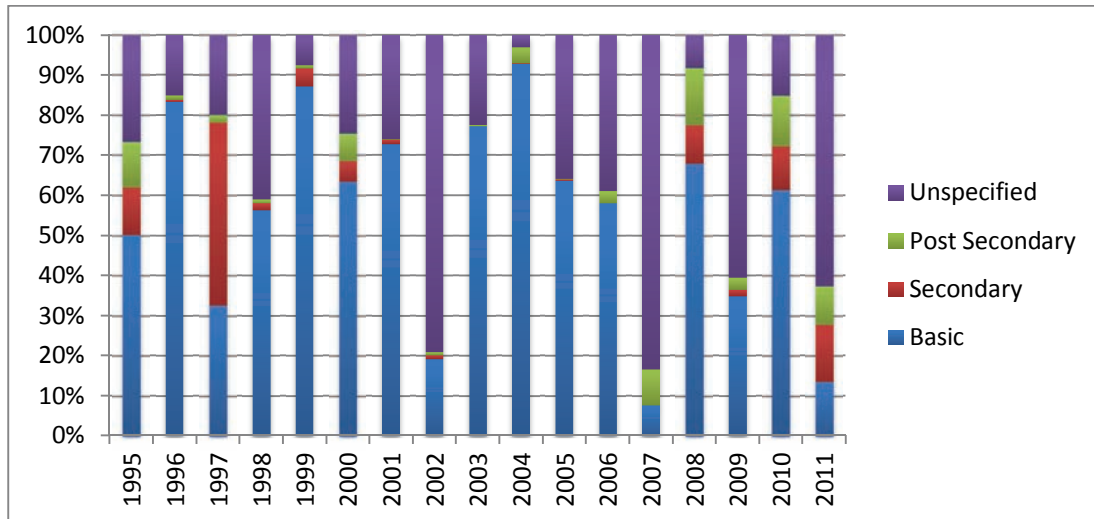
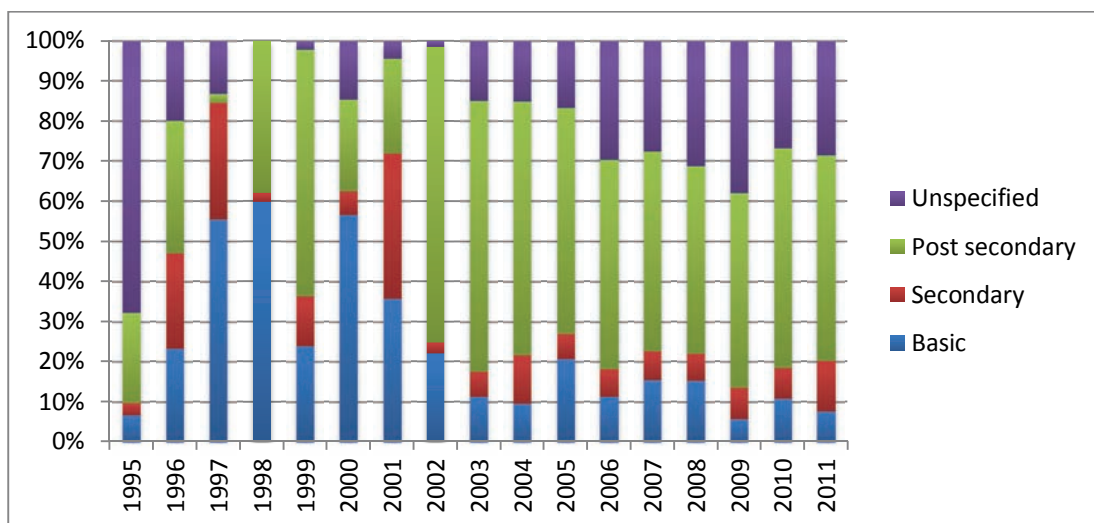


Figure 9: Japan's allocation education subsector, 1995-2011



Source for Figures 7, 8, and 9: OECD/CRS database

Bilateral organizations tend to emphasize aspects of education aid that are particularly popular or strategic to domestic interests. These may include particular areas, such as technical schools or folk development colleges, as well as particular reforms and innovations, such as bilingual education, televised education and diversified education (Heyneman 2006a).

#### **4 The effectiveness of education aid**

The doubts and concerns over the effectiveness of education aid mirror those which pertain to aid more generally. Like aid in general, the assumption has been that it would be more effective if (i) spent in very poor countries, (ii) in countries with good policies and strong institutions, and (iii) in countries with strong mechanisms of allocation (Klein and Harford: 2005: 36-7). In terms of bilateral donors, agencies with reputations for effectively delivering programme for the intended purposes (the United Kingdom and Denmark) may outrank agencies with reputations for being the least effective (Japan and the United States) (ibid: 39).

There are many illustrations of aid waste. In one case, less than one per cent of assistance to a ministry of health was found to actually reach health clinics (Collier 2007: 102); 11 per cent of aid has been found to actually finance the military (ibid: 103); and when allocated on the basis of ex ante policy conditionality, donors have been found to allocate aid in spite of the lack of commitment on the part of the recipient (ibid: 108). Some have drawn a link between aid and corruption both in the recipient countries and in the donor agency (Klees, Samoff and Stromquist 2012; Cullen 2008: 110; Heyneman, Anderson and Nuraliyeva 2008), leading to a distrust of international financial institutions (Cullen 2008: 118). Some, including Africans (Moyo 2009) have suggested that aid is dysfunctional (Calderisi 2006; Collier 2007: 99) and should be replaced by trade (Easterly 2006).

Aid effectiveness is difficult to measure (Cullen 2008: 24). Evaluations may assess particular projects or programmes and sometimes these may lead to clear conclusions.<sup>4</sup> Some agencies have been found to have been more effective in implementing projects than other agencies. Effective implementation seems to be particularly the case with Britain, but less so with respect to Norway and the US (see Table 3).

Channing, Jones and Tarp (2011) argue that general development aid helps to stimulate growth and reduce poverty through physical capital investments and improvements in health. Focusing on aid to primary education, Birchler and Michaelowa (n.d.) argue that aid has led to ‘modest but non-negligible’ improvement in enrolment but not necessarily to improved learning. However it has proven difficult to assess the effectiveness of education aid for several reasons. Birchler and Michaelowa struggle with the possibility of ‘reverse causality’, the problem that higher enrolment may attract larger aid rather than the other way around. They are also challenged by problems of inter-sub-sector complementarities. They begin by treating aid to other parts of the education sector as a sign of ‘inefficiency’ but in the end they acknowledge that aid to support higher education may augment the performance at lower levels.<sup>5</sup>

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<sup>4</sup> See, for example, Glewwe, Kremer and Moulin (2004); Heyneman, Jamison and Montenegro (1984); Pandey, Goyal and Sundararaman (2011); Oketch et al. (2010).

<sup>5</sup> Development specialists have often assumed that assistance to primary education should take precedence over aid to higher education when in fact public investments in higher education in the United States helped stimulate demand for primary and secondary education (Bowman 1962).

Table 3: Ranking of donors on aid effort and quality

Donor country	Aid effort <sup>a</sup>	Aid quality indexes		
		Poverty elasticity (Dollar & Levin 2004)	Policy elasticity (Dollar & Levin 2004)	Composite (Roodman 2004)
Denmark	1	1	1	3
UK	3	3	2	1
Norway	2	2	3	5
France	4	5	6	2
US	6	4	5	4
Japan	5	6	4	6

Note: <sup>a</sup> Aid effort is measured by ODA as a percentage of the donor country's GNI. The data are from the World Bank (2004).

Source: Based on Klein and Harford (2005); Dollar and Levin (2004) and Roodman (2004).

Figure 10: Primary enrolment rate in Malawi, 1975-2010

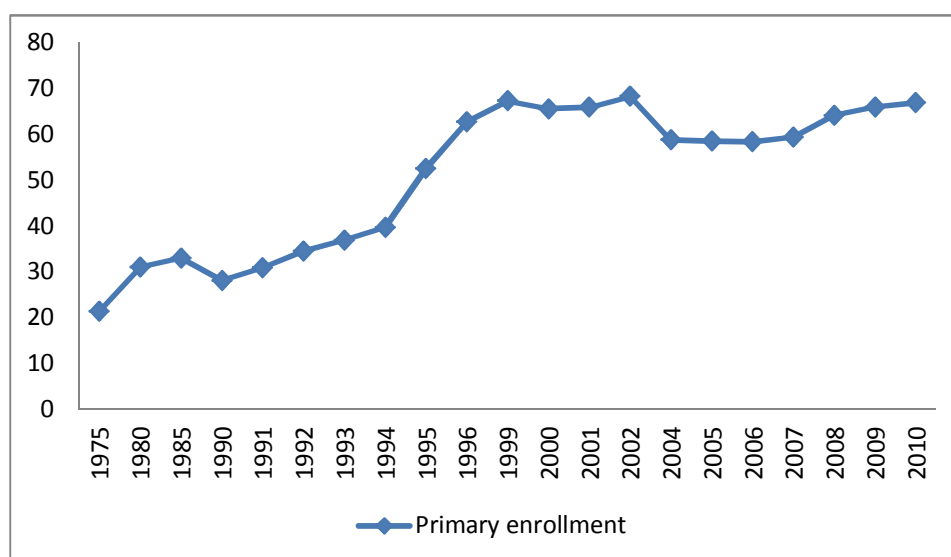
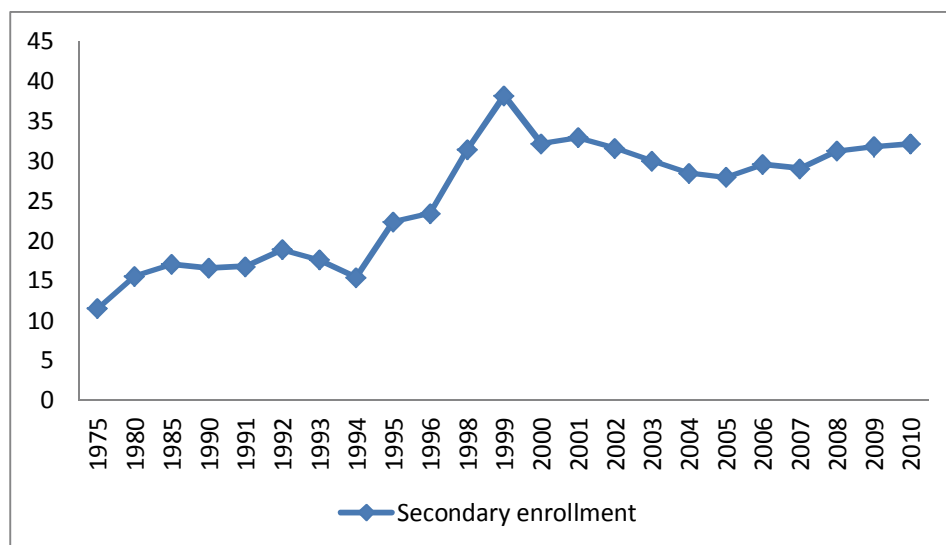


Figure 11: Secondary enrolment rate in Malawi, 1975-2010



Source for Figures 10 and 11: World Bank, WDI.

Other difficulties include the possibility that education aid has supplanted normal government funding rather than added to it and the problem that there may be complexities of sequencing and thresholds. For instance, Collier (2007: 100) suggests that rates of primary school completion climbed to 100 per cent of the age cohort in Korea, Malaysia and Thailand in spite of the fact that these countries received no aid for primary education, and that completion rates have increased substantially in India and Brazil where external assistance is a small fraction of domestic education expenditures. The conclusion is that, in many circumstances aid is unnecessary to achieve high education outcomes. In addition, even in low-income countries highly dependent on aid, the impact of aid on education outcomes is modest but non-trivial. While that as a result may be sufficient outcome for some who are employed in the aid industry, it may not prove sufficient for public taxpayers in donor countries who have multiple alternative uses for the allocation of their resources.

A useful indicator of aid outcomes might be the stability of an aid-receiving country's institutions. This may include the degree to which courts can remain independent; the degree to which elections can be held fairly; the possibility that university entrance examinations can be administered without corruption (Heyneman 2004b; 2002/3). For example, in Malawi, a country that receives high levels of aid and has stable institutions, primary school enrolment rates have climbed from 21 per cent in 1975 to 66 per cent in 2010 (Figure 10, 11). However, in Liberia, a country with weak institutions, completion rates have fallen from 69 per cent in 1976 to 62 per cent today, in spite of high aid levels. Secondary school enrolment suggests a similar pattern. Significant increases are experienced by countries with no aid, with low aid and with high aid if they have strong institutions. But secondary school enrolment rates remain flat or increase at a lower rate in high-aid countries with weak institutions. This lack of a clear link between aid and education outcomes has raised questions as to its effectiveness.

## **5 Research on the effectiveness of aid on educational outcomes**

Despite the lack of data and difficulties to measure the effectiveness of aid, quite a large body of literature exists on assessing aid on economic growth. Unlike the research on aid effectiveness on economic growth, which began in the mid-1980s, there are few studies on aid effectiveness on educational outcomes. However, it is important to note that many of the successful intervention programmes were educational programmes. Studies that analyse the effect of educational interventions in developing countries have found positive effects. Duflo (2001), who analyses aid-financed primary school expansion in Indonesia, finds substantial increases in educational attainment and higher wages for the graduates. Evidence from randomized experiments in India showed that a remedial education programme increased average test scores of treatment schools and a computer assisted learning programme focusing on math increased children's math scores (Banerjee et al. 2005). Even the most severe critics of foreign aid, like Easterly, acknowledge positive effects of educational intervention programmes.

It is also relatively recent that economists began to conduct macro-level studies on the effectiveness of educational aid. Many of the studies find positive effect of aid on educational outcomes; however, the magnitude of the effect is modest. Michaelowa and Weber's study (2006) examines the impact of aid for education on primary enrolment rates over time in eighty low-income countries. They conducted a dynamic panel analysis using primary school enrolment, ODA and other country-level data from the World Bank. Their results were

presented in two datasets: a long-term structural panel (five-year averages, 1975-2000) and a short-term annual panel (1993-2000). They find a positive overall effect of development assistance on primary enrolment; however, educational aid was more effective when coupled with good governance.

Another Michaelowa and Weber's study (2008) also examines the aid effectiveness on primary, secondary and tertiary education enrolments. They used a short-term annual panel from 1999 to 2004, and a panel starting in the early 1990s to 2004. Their study shows some positive effect of aid at all three levels (primary, secondary and tertiary) of education; however, the overall effects are bound to be quite low.

Dreher, Nunnenkamp and Thiele (2008) analyse the impact of aid on education for almost 100 countries over 1970 to 2004. They find that higher per capita aid for education significantly increases primary school enrolment, while increased domestic government spending on education does not. This result was robust to the use of instruments to control for the endogeneity of aid, and the set of control variables included in the estimation.

However, Christensen, Homer, and Nielson's study (2012) shows a negative effect of education aid on enrolment. The study uses both ODA and non ODA data to test the effectiveness of primary education aid on primary school enrolment rate, and the data cover 109 low- and low-middle income countries from 1975 to 2005. Results from a latent growth model and panel regression models show that primary education aid is not related to primary enrolment rates in a statistically significant way.

Thus, the research results on measuring the impact of aid on educational outcomes are inconclusive. Although more studies show a modest positive relationship between education aid and enrolment, the estimated effects are rather low and are sensitive to different model specifications (Michaelowa and Weber 2006). The relationship between aid and economic growth is much more contested than aid on education outcomes. Implications from the effect of aid on economic growth research is that when a study assumes a linear relationship between aid and growth, then aid is likely to have little or no effect. However, studies found that aid works better in countries with stronger policies and institutions. These conditional studies have gained much popular support, suggesting that aid allocation can make a substantial difference. Also, studies that assume diminishing returns of aid and allow for heterogeneity of aid tend to find a positive and significant relationship (Asiedu and Nandwa 2007; Michaelowa and Weber 2006).

Future research might focus on specific areas in which aid can have a direct effect. The impact of education aid in particular is more likely to be observed in the long term. Data should be available on details of programmes, such as types of aid (e.g., training programme, budget support, grant or loan, etc.), so that it can be differentiated among programme characteristics. Since there are major concerns regarding education quality, there is an increasing need for more and better data on educational quality such as learning outcomes, which currently are restricted to upper middle-income countries. Many children complete primary school without becoming literate (UNESCO 2012). Therefore, it is crucial to measure learning outcomes to see the effect of educational aid, hence the need for achievement assessments. But most conspicuous is the absence of aid's impact on the social outcomes of education—better citizenship, honesty, and social cohesion (Heyneman 2002/3).

More empirical studies are needed for monitoring and evaluating aid projects and for future policymaking, as many policy decisions are often based on limited evidence (Banerjee and He 2008). However, we should not restrict our decision to hard evidence only, as educational outcomes should be observed in the long run. Longitudinal data should be ideal to conduct further research. It is also necessary to consider the deeply rooted problems of foreign aid in the recipient countries, such as corruption and a culture that does not value education.

## **6 Problems with education aid**

While it is difficult to assess the overall effectiveness of education aid, it is far easier to identify the problems that undermine efforts to successfully implement the programmes it funds.

### *Institutional imbalance and overlap*

There is both imbalance and duplication in the mandates of the many institutions involved in education aid. Some have mandates covering only the wealthier parts of the world, while others have regional mandates in Africa, Asia and Latin America, creating funding imbalances that do not necessarily respond to areas of need. Still other organizations, such as UNESCO, have worldwide mandates, but are burdened by weak governance and a disconnect between the few member states that pay for the organization and the many others that vote on a one-vote-per-country basis on how the budget is allocated. This disconnect between those who pay and those who benefit makes it extremely difficult to set priorities or maintain professional standards.

Meanwhile, lack of coordination between institutions at various levels of aid distribution leads to duplication and at times even conflict of aid efforts. In Kyrgyzstan, the Asian Development Bank and the World Bank both launched education textbook projects in the same country, with the result being that one part of the country used ADB-sponsored textbooks, while the other used World Bank-sponsored textbooks. Project preparation, appraisal, staff training, technical assistance and evaluation were conducted separately, in spite of the fact that the project implementation authorities were situated only minutes apart.

### *Information capacity*

Education systems cannot perform professionally without reliable information, but there is a widening gap in the ability of countries to provide this information, with the result being that in many instances education data are unreliable (Heyneman and Lykins 2008). For example, there are no accurate counts of school attendance by student age, no accurate information on unit expenditures, little evidence of trends in academic achievement and wide variation in their quality from one part of the world to another. As a result, it is difficult to map education progress in terms of enrolment, completion and efficiency (Heyneman 1999).

### *Weakened domestic institutions*

In some cases, instead of strengthening domestic institutions, aid can actually weaken them (Heyneman 2006a). Policy decisions can be left to external authorities as a way of avoiding difficult decisions and controversy, since it is politically safer to blame external authorities if things go wrong. In the 1960s, it was common to suggest that local authorities did not have the technical experience to make complex policy decisions. Today, however, such claims of local incapacity are not as viable. Local experts are perfectly capable of making policy

decisions, yet their development is often handicapped by the tendency to rely on international authorities and foreign consultants often have little understanding of the national contexts.

#### *Funding shortfalls and aid volatility*

In terms of the portion of the nation's economy, Britain's programme of assistance is three times the size of that of the US and half again the size of the assistance from Germany (*Economist* 2012: 60). The total of UNESCO budget of US\$989 million<sup>6</sup> is about one-half the budget of an American research university (Heyneman 2011a). Though the World Bank allocates 20 times this amount to education programmes each year, the portion of loans it allocates to education is only 4 per cent, a level no higher than it was 20 years ago. In addition to being insufficient, education aid varies in parallel fashion with domestic priorities and military and commercial interests. There are also many examples of education aid being diverted, as well as instances of graft and corruption pervading the education sector.

#### *Dependency*

In many countries, education aid has created dependency. In 2008, overall aid was greater than 10 per cent of GDP in 21 countries in sub-Saharan Africa and exceeded domestic public spending in one out of three countries. In terms of education assistance, aid constituted 70 per cent of the domestic education budget in Gambia, 66 per cent in Mozambique, 60 per cent in Kenya, 55 per cent in Zambia, and 51 per cent in Rwanda (Fredriksen 2011). This level of dependency creates problems of many kinds, the most important of which is the impression that national sovereignty has been ceded to external authorities.

#### *Inconsistency*

China received US\$697 million in educational aid in 2007, while India received US\$423 million. Yet these countries have sufficient resources to finance space programmes, nuclear arsenals and militaries of significant size. The question is why these countries cannot finance their educational requirements by reordering their domestic priorities.<sup>7</sup>

#### *Inter-donor coordination*

Another counterproductive influence has been donor coordination, by which donors combine programmes and direct them to a coordinated purpose (Collier 2007: 101). Though duplication is a problem in its own right, excessive donor coordination can reduce choice and competition, while leaving an aid-receiving nation more vulnerable to mistakes in direction due to short-term fads in development priorities (Heyneman 2010). Single-issue aid prioritization also results in little assistance being directed to regions where that issue is not the problem. With regard to education aid, where basic education is not the most important priority, such as Eastern and Central Europe, Latin America and the Middle East, foreign aid to education has been fluctuating over time, however, it eventually decreased and nearly disappeared (Figure 12).

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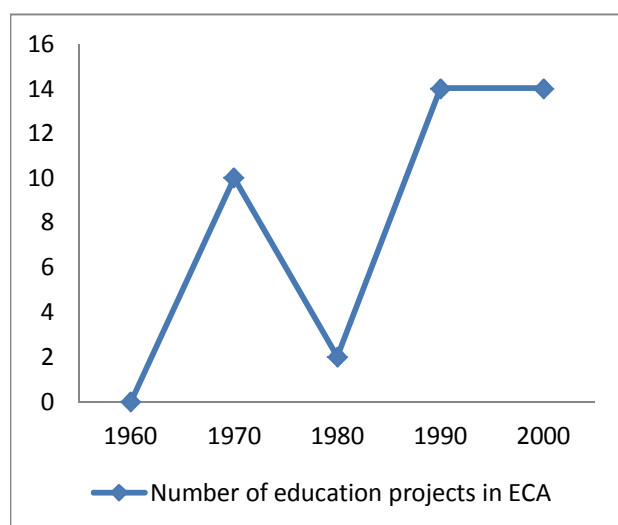
<sup>6</sup> As UNESCO has a biannual budget, the annual budget for education is much smaller than this figure. UNESCO's education budget was only US\$54 million in each of 2008 and 2009 (17 per cent of total UNESCO budget), of which only US+\$16.5 million was allocated for operational activities (Fredriksen 2010).

<sup>7</sup> Rawls' (1971) second principle of justice states that public benefits should be targeted so that the greatest benefit would be captured by the least advantaged. Assisting a country with problems of primary education when the same country is a nuclear power suggests that the internal priorities are not sufficiently re-distributive to deserve assistance from the world community.

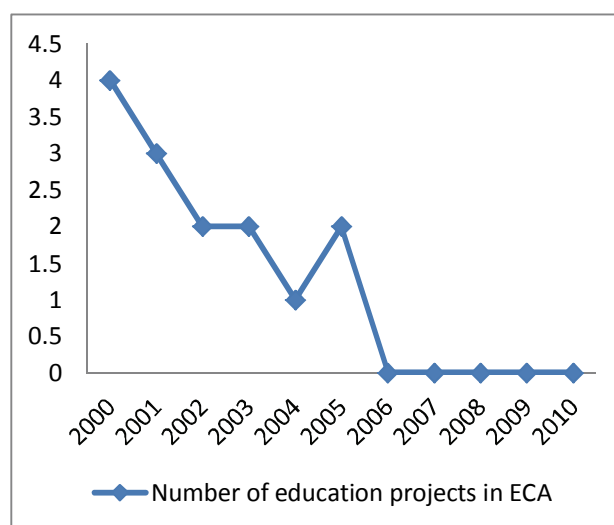


Figure 12: World Bank education projects

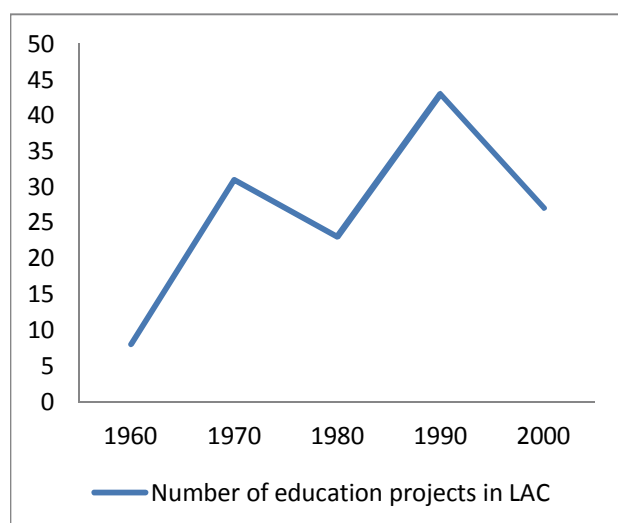
Eastern Europe and Central Asia (ECA), 1960-2000s



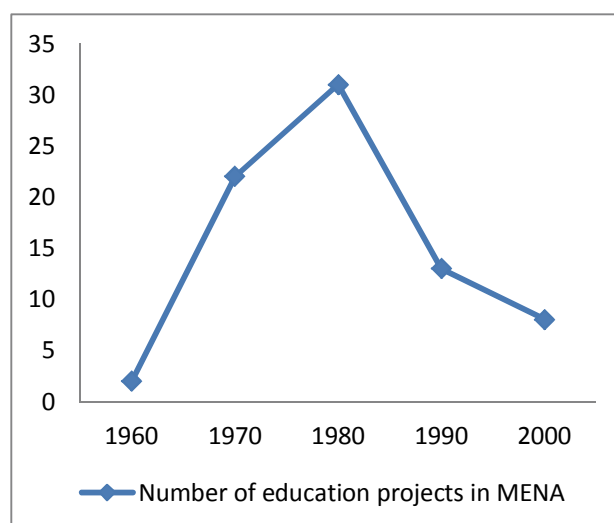
Eastern Europe and Central Asia (ECA), 2000-10



Latin America and the Caribbean (LAC), 1960-2000



Middle East and North Africa (MENA), 1960-2000



Source: World Bank IEG project performance ratings data.

## 7 The impact of ideology on education aid

The question of inter-donor coordination leads to one of the biggest problems facing education aid today, namely the ideological emphasis on basic education as the single highest priority for education aid programmes worldwide (Figure 13).<sup>8</sup> It would perhaps help

<sup>8</sup> Although the portion of basic education and post-secondary education look similar in this graph, it is important to note that aid to higher education is structured differently than aid to primary and secondary education. For example, in 2010, 40 per cent of Japan's direct aid to education went to scholarships for students studying in Japan. France's aid disbursements to scholarships and imputed student costs were four times the amount it spent on direct aid to secondary general education and vocational training in 2010 (UNESCO 2012: 31).

illustrate the nature of the problem by considering other aid sectors (Heyneman 2009, 2010, 2012a).

Foreign assistance to the health sector could not be successful if the only priority considered legitimate was assistance to rural health clinics. Rural clinics function as part of an interdependent system that includes hospitals, research and development facilities, an efficient pharmaceutical industry and networks to care for specific significant diseases, such as HIV/AIDS or malaria. Developing a sustainable system of specialized training and expertise in health economics, epidemiology and health statistics is as necessary as rural health clinics. The same diversity of components that makes for successful foreign assistance to the health sector is also applicable to aid for the environment, agriculture, transport and public administration.

What pertains in these sectors is also true of education. However, since the 1990s, the donor community has become infatuated with basic education and education-for-all, an international statement of intent signed in 1990 committing signatory countries to ensure that all children are enrolled in school with an adequate quality by a certain date. That date has arrived, and the results have not been up to the original aspirations (UNESCO 2007).

There is certainly a need for basic education, and education aid should not neglect it. But what began as common sense has turned into an ideology in which other education subsectors were treated as heresy. Agencies that express the desire to assist secondary or higher education, research or statistics, medical education or engineering, are now treated as having a disregard not only for the world's poor but also for rational economic policy.

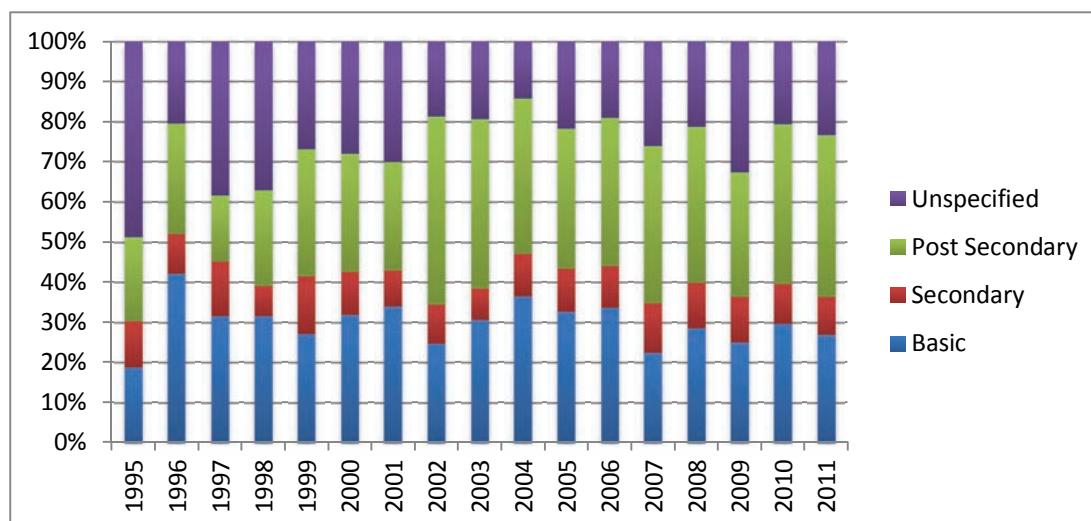
This could have been offset if other agencies had exercised intellectual leadership. But they did not. The resulting lemming-like behaviour is one reason why the level of educational assistance as a portion of overall aid has stagnated, and why assistance to higher education, where there are natural fiscal economies of scale, has slipped to only 6 per cent of World Bank education lending in 2010. It also explains why organizations with interests in subsectors other than basic education, such as universities and vocational associations, have lost interest in development.

The effect of this ideology has been deeply disruptive to the effort to achieve a consensus regarding the role of education in national economic development. It has to the contrary splintered the education aid community into warring camps, some arguing for basic education as if it were a holy war, while others criticizing international agencies such as the World Bank for providing false evidence to justify its view. UNESCO, UNICEF and the major national aid agencies are equally to blame. The international community had already allowed the education statistics function of the United Nations to all but disappear in the 1990s, making it difficult to monitor progress with comparable statistical standards used in other sectors. No agency has been sufficiently courageous to deviate from the accepted education-for-all message. None has taken the lead in demanding that education policy be more balanced. Some agencies, such as UNESCO and the International Institute of Education Planning, have been so focused on the least developed countries that they have virtually recused themselves from making a contribution to education development anywhere else.

The absence of professional leadership in education aid has resulted in the development community shifting its energy and attention to other priorities, notably human rights, the environment and good governance. The absence of a balanced development strategy for the

education sector has also meant that private organizations, including major associations of universities, technical institutes and private businesses, have taken only a marginal interest in development on the grounds that the development community had little interest—or in the case of private business, a hostility—towards what they could offer.

Figure 13: Allocation of educational aid by education level over time (all donors, all receiving countries)



Note: Constant prices (2010 US\$ in millions)  
 Source: OECD/CRS database.

## 8 Improving education aid

The education sector today constitutes a large enterprise, which includes programmes (curricula which lead to a degree or certificate), products (books, computer software) and services (testing, test preparation, consulting). Combined they constitute the sixth largest service export of the US and a topic of significant concern for discussion within the WTO (Heyneman 1997, 2001). Schools are the world’s largest source of employment and a large source of demand for computer software, furniture, chemicals, books and electronic equipment (Heyneman 2001). Education aid has not taken sufficient account of the magnitude of the sector’s commercial vibrancy (Heyneman 2011b).

Aid has had such a poor reputation that suggestions on how to improve it must be placed in context. By one report, the desire of the American public to reduce foreign aid ranked greater than their concern over nuclear war (Moyo 2009: 74). About half of the British public believe that ‘Britain should look after itself and leave poorer countries to sort themselves out’ (*Economist* 2012: 60). The reputation of aid generally mirrors that of international organizations. Those agencies responsible for education issues have been slow to seek a diversification in resources and hence are less sustainable (Heyneman 2011a) They have neglected areas of their responsibility which OECD countries need them for most (Heyneman 2003a, 2003b), and instead of facing fulfilling their mandate of adding to the world’s knowledge of education, they have concentrated on education in the world’s most vulnerable countries which are least likely to be critical of their advice or the professionalism of their analyses (Heyneman and Pelczar 2005).

On the other hand, the world cannot simply ignore the education needs of the most vulnerable. If there is justice in financing the educational opportunity of one's neighbour, there is justification for considering any deserving family to be one's neighbour (Heyneman 2003c, 2006b). The problem is that programmes which limit aid to areas or countries in which aid will be effective leaves out most of the world's poor (Heyneman 2003c, 2004a), and private philanthropy does not constitute sufficient resources to make up for the scarcity of public philanthropy (Heyneman 2005).

But there are a number of ways in which education aid can be improved. They include better strategy, better innovation, and more courageous admission of sensitive but necessary issues. They begin with broadening the scope of education aid beyond the current fixation on basic education. Development assistance agencies need to take a leadership position with respect to articulating a diversity of educational priorities. Bilateral agencies should pioneer areas in which their countries excel and have a comparative advantage, such as technology, higher education, vocational education and private education.<sup>9</sup> Agencies with specific educational mandates, such as UNESCO, need to reiterate the interdependence of education subsectors, both public and private, and the importance of all of them. They should also attempt to live up to their real mandate and speak to education problems and challenges worldwide, including in the US, Europe and the industrial democracies. By limiting their attention to developing countries, they fail to live up to their true purpose: to speak for education globally. Finally, the next frontier for education assistance will be to assist countries in thinking through the complexities of establishing world-class universities. This is an area of high demand, but which development assistance has yet to explore.

Development assistance agencies have been remiss in terms of gathering the necessary data to monitor and evaluate the changes in education policy. This inadequacy has been due, in part, to the tendency of development assistance agencies to finance the evaluation efforts out of project recourses. This is commonly resisted by recipient countries, perhaps on the grounds that aid for data and research is lower in priority than aid for more tangible products and services. However, the new Education Sector Policy paper published by the World Bank (2012) is a step in a new direction. It calls for a set of grants to offset the costs of collecting regular data on education operations whether financed from domestic or international sources.

In high aid-impact countries such as Gambia, where foreign assistance accounts for 70 per cent of the public spending on education, or in conflict countries such as Liberia, foreign aid should be taken as an indicator that the country has already in essence lost its sovereignty over the education sector. In these cases, a trusteeship council should take charge of the education sector until such time as domestic institutions are sufficiently capable and sustainable to be effective. In technically competent, yet poor countries with significant military expenditures, educational assistance should be reviewed. This is, for instance, part of the justification used by the UK to cease assistance to India.<sup>10</sup>

The most recent education policy paper of the World Bank recommends a worldwide priority on gathering data to monitor and evaluate educational progress and assisting countries to bring this monitoring up to international standards (World Bank 2011). This seems sensible.

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<sup>9</sup> This policy is diametrically opposite the policy of the UK whose development assistance agency (DFID) is forbidden by law to take British national interest into account.

<sup>10</sup> Highlighting the sensitivity of the donor/recipient relationship, the president of India described Britain's assistance programme as 'a peanut' (*Economist* 2012: 60).

The monopolistic position of the World Bank which has the resources to provide the lion's share of the analyses on which projects are based, and the lion's share of the resources for the projects themselves, should be broken. The number and mandates of the multilateral development agencies should also be rationalized. Overlapping authority should be reduced, while basic functions on which all depend, such as statistics, evaluation and research, should be coordinated across institutions.

This could be done in three ways. One is to follow the recommendations of the Meltzer Commission (2000). Their report recommended that the World Bank be responsible for analysing development problems and making recommendations but that the projects themselves should be identified, managed and financed through the regional development banks. In essence this would de-link the analytic work from the lending programme and thus allow a natural set of checks and balances to occur within the countries themselves.

Another option would be to place the analytic capacity within the countries themselves by having them decide what to analyse and who should perform the analyses. This applies to all lending, not only to lending for education. The Asian Development Bank for instance, makes grants for the technical assistance that underpins lending.<sup>11</sup> The World Bank might grant monies for analytic work in the same way. Countries would request proposals just as they do for other kinds of technical assistance. Bids would emerge from universities, private companies, foundations and perhaps other public authorities, both local and international.

It might be useful to consider a way to develop policies, which underpin education lending by diversifying it within the UN system. Were the policy analytic capacity augmented (Mundy 1998, 1999, 2002/3) UNESCO might be responsible for the education policies on which World Bank lending could then be established. This option would avoid the problems of the current monopoly of both analytic and lending authority now enjoyed by the World Bank. This would place professional responsibility for education policy within the institution whose terms of reference cover the full gamut of the education sector, not just the activities related to internal and external efficiency.<sup>12</sup> Although efficiency is an essential element in a country's education policy, policies on efficiency alone cannot cover the full range of professional responsibilities which constitute a normal part of the education sector. This may also pertain to the health and agriculture sectors where UN agencies compete with the World Bank for setting policy.

Policies for rationalizing the functions of bilateral agencies are constitutionally different. They remain the prerogative of autonomous domestic governments. The greater the diversity of bilateral participation—with new agencies in the Russian Federation, Brazil, China and Korea—the more autonomous their policymaking can be expected to remain. However, all bilateral agencies are open to consensus-building and to collaboration when the goals overlap.

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<sup>11</sup> The quality of the analyses is not guaranteed however.

<sup>12</sup> The counter-argument to this option is the fact that member states of UNESCO are represented by the ministers of education whereas the member states of the World Bank are represented by the finance ministers. Ministers of education have no authority to decide policies of inter-sector resource allocation.

## 9 Conclusion

The potential of education aid remains significant over time. It is less controversial than many sectors—industry, tourism, agriculture, banking—where the separation between private and government responsibilities is less clear. Research results on the importance of human capital investments, though challenge and perhaps non-linear, remain significant and constant. Investments in education continue to elicit significant monetary and non-monetary rewards both for the individual and for the wider community. The individual benefits from comparative advantages in the labour market, in adaptability in times of economic transition and in spin-offs in terms of household efficiencies, beneficial health practices and inter-generation savings. The community benefits from greater productivity, increased political participation and social cohesion.

However, the problems of education aid are non-trivial. In general they parallel problems of development aid generally. Corruption, overdependence on aid, lack of institution-building and faddish ideologies are known in other sectors as well. The key to appreciating the past half-century of education assistance is perhaps to acknowledge that what commenced as a novel idea is today taken to be the norm: human capital, in the form of educated populations, is a *sine qua non* of development. Basic education has become largely universal, while gender equity in education access is close to being realized. Furthermore, attention has shifted from providing access to education to providing quality of education. Policymakers now must turn their sights on what the next half-century of education aid can realistically accomplish in an imperfect institutional environment in which there are significant and legitimate demands for the allocation of scarce resources towards domestic needs. In addition it is reasonable to expect commitment towards the reallocation of local priorities. The era of newly independent nations is over; what lies ahead of us is a new era in which all nations will have similar expectations for maintaining the health and education of their own populations.

## **Annex I: List of acronyms**

AU	African Union
AusAid	Australian Agency for International Development
CIDA	Canadian International Development Agency
DFID	Department for International Development
ECA	Europe and Central Asia
ETS	education testing service
EU	European Union
EUROSTAT	Statistical Office of the European Union
FAO	Food and Agricultural Organization
GDP	gross domestic product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Agency
IEA	International Association for the Evaluation of Education Achievement
ILO	International Labour Organization
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
LAC	Latin America and the Caribbean
NAFTA	North American Free Trade Agreement
NCES	National Centre for Education Statistics
NGO	non-government organization
OECD	Organization for Economic Cooperation and Development
SEAMEO	Southeast Asia Ministers of Education Organization
SIDA	Swedish International Development Cooperation Agency
SSA	sub-Saharan Africa
UIS	UNESCO Institute of Statistics
UNESCO	United Nations Education, Scientific, and Cultural Organization
UNICEF	United Nations International Children's Fund
USAID	United States Agency for International Development
WB	World Bank Group
WTO	World Trade Organization

Annex II: List of basic facts on educational aid of the multilateral, regional and bilateral organizations

Name	Major priorities in the education sector	Date when it began	Monetary commitment in education in recent fiscal yr (US\$)	% of overall activities on education	Source
Multilateral and regional organizations					
UNESCO	Education for all, quality and inclusive education, education for sustainable development	1945	169,484,500 *	26	36 C/5 Approved Programme and budget (2012-13)
UNICEF	Basic education and gender equality	1946	709,000,000 **	20	Annual Report 2011
World Bank	Basic education, higher education, vocational, in-service training, pre-school	1944	1,733,000,000	4	Annual Report 2011
ILO	Skills and knowledge for youth employment, competitiveness, growth	1919	93,500,000	9	Programme and budget for the biennium 2012-13
Bilateral organizations					
JICA (Japan)	Basic education, technical and vocational education, higher education	1954	185,333,200	14.20	Annual Report 2011
USAID	Improving early grade reading, access to higher education, education for youth in crisis and conflict situations	1961	1,348,000,000	2.80	Department of State-USAID Joint summary of performance and financial information fiscal year 2010
DFID (UK)	Access to primary school and lower secondary school, completing primary education	1961	960,053,625	14.50	DFID Annual Report and Accounts 2011-12
CIDA (Canada)	Primary education, education policy and administrative management, education facilities, teacher training, vocational training, higher education	1968	418,290,000	11.60	Departmental Performance Report 2010-11/Statistical Report on international assistance 2010-11
SIDA (Sweden)	Primary education, education policy and administration, vocational education, higher education	1965	139,000,000	4	Annual Report 2011
KOICA (South Korea)	Expanding opportunities for basic education, vocational education, improving environment for higher education	1991	100,128,000	24.50	KOICA Aid Statistics 2011
NORDAD (Norway)	Basic education (the largest portion), post-secondary education, secondary education	1960	255,343,467	5	Norwegian Development Aid 2011 by sector
AusAID (Australia)	Development scholarships (39 of education budget), basic education (28), education governance and sector-wide activities, technical vocational education, secondary education, higher education	1974	NA	17	AusAID Annual Report 2010-11

Table continues



Annex II (con't): List of basic facts on educational aid of the multilateral, regional and bilateral organizations

Name	Major priorities in the education sector	Date when it began	Monetary commitment in education in recent fiscal yr (US\$)	% of overall activities on education	Source
Netherlands	Basic education, vocational education, disadvantaged groups	1965	471,319,000	7.7	OECD DAC 2010 Creditor Reporting System
The Belgian Development Cooperation	Higher education, vocational and technical education, primary education through 'global partnership for education' (fast track initiative)	1985	136,000,000	10.0	Annual Report 2011
Austrian Development Agency	Vocational training and higher education	2004	11,590,000	10.43	Annual Report 2009
FINIDA (Finland)	No priority in education in development programmes, primary education, quality education		NA	NA	Annual Report 2011
French Development Agency (France)	Basic education, vocational training, higher education		136,284,000 ***	1.6 *	Annual Report 2011
Germany	Primary education, technical and vocational education, higher education		1,731,630,000	15	OECD CRS
Luxemburg	Vocational training and access to employment, basic education and literacy	1978	26,123,674.96	28.65	Luxembourg Development Agency Leaflet, 2010
NZAID (New Zealand)	Teacher training, vocational education, higher education	2002	146,500,000	25	2010/11 Year in Review
Spain	Basic education and training	1988	NA	NA	
Swiss Agency for Development and Cooperation	Basic education, vocational skills and development	1944	37,966,000	1.98	OECD CRS
Irish Aid (Ireland)	Universal primary education, public education systems, equality in education	1974	52,476,720	9.4	Annual Report 2011

Notes: \* UNESCO has a biannual budget, thus the annual budget for education is smaller than the figure.

\*\* UNICEF figure is categorized as 'basic education and gender equality' and includes regular (4%) and extra budgetary (17%) expenditures.

\*\*\* French agency does not report the amount and portion allocated to education. The amount and proportion is calculated by authors based on the list of education projects in the annual report.

The year when bilateral aid began and the establishment of bilateral agency can be different. Official websites tend to show the establishment of their organization.

Thus, the 'date when it began' can be later than the actual year when bilateral aid began.

Source: Compiled by authors.

### **Annex III: List of multilateral, regional, bilateral organizations and private foundations<sup>13</sup>**

#### **International organizations**

##### *United Nations Educational, Scientific and Cultural Organization (UNESCO)*

UNESCO is a specialized agency considered as the educational body of the UN system. It was established in 1945 and has been promoting education as a basic, human right. Whereas UNICEF and World Bank focused on primary schooling, UNESCO's focus was on wider range of education including a strong commitment to adult literacy and adult education and emphasis on endogenous alternatives and cultural dimensions of education. UNESCO leads in four key education movements: Education for All, the UN Literacy Decade, the UN Decade for Education for Sustainable Development, and the World Programme on Human Rights Education. In the past UNESCO was more of a supplier of technical assistance funded by UNDP and other UN agencies, however, the current small budget limits UNESCO's role to intermediary, facilitator and technical adviser. More specifically, UNESCO plays the role as an intellectual leader, clearing house for ideas, trusted convener and setting agendas for the movements. UNESCO puts its priority for women, youth, Africa and the least-developed countries.

##### *United Nations Children's Fund (UNICEF)*

UNICEF was created in 1946 by the United Nations to provide food, clothing and healthcare to the European children after the Second World War. UNICEF perceives education as an integral part of human rights. Its major programmes focus on child protection, gender equality, early childhood care and development, health and primary education. UNICEF is supported by entirely voluntary funds. What distinguishes UNICEF from other agencies is their extraordinary capacity of mass communication to make mass education feasible. UNICEF is operating in 190 countries through country programmes and national committees. They emphasize grassroots and non-formal solutions, provision of basic services, and programmes targeting women, children, and the poor.

##### *United Nations Development Programme (UNDP)*

UNDP is an amalgam of two UN bodies—the UN Expanded Programme of Technical Assistance (EPTA) formed in 1949, and the UN Special Fund (1958). It has its formal status as 'Funds and Programmes' of the UN just as UNICEF does, which have their own goal, governance and budgetary identities. UNDP has had a significant impact on educational development particularly through its extensive programmes of technical assistance and investment grants. While UNESCO and UNICEF worked at basic education levels, UNDP historically strove to expand secondary, technical and higher education, and to ensure that curricula had a scientific, technological and vocational orientation. UNDP is one of the four co-sponsors of the World Conference in Education for All in Jomtien, 1990, along with UNESCO, UNICEF and World Bank.

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<sup>13</sup> The descriptions of each organizations are based on their official website and the most recent annual reports accessed in 2012.

### *World Bank*

In 1944, the International Bank for Reconstruction and Development (IBRD) was created after the Second World War to provide capital for post-war reconstruction. IBRD was complemented by two other lending mechanisms, the International Finance Corporation (IFC, 1956) and International Development Association (IDA, 1960). The 'World Bank' commonly refers to the 'World Bank group', which are IBRD, IFC and IDA. Lending in education began in 1962, and it quickly emerged as the largest single supplier of external finance to education. World Bank's commitment in education has been based on their economic analyses. Their educational lending in the past was heavily focused on technical education, secondary vocational education, and primary education. Current share of lending in education out of total lending within the World Bank is about 4 per cent, which is about US\$1,733,000,000. This is the largest amount among all multilateral donors. Within the education sector, 32 is allocated to primary education, and 30 is for secondary education.

### **Regional organizations**

#### *EU/Europe aid*

Development cooperation at the EU level was mentioned by the Maastricht Treaty in 1992. The majority of the EU's member states are aid donors. Beside the bilateral aid programmes of each donor country, the European Commission has its own aid programme, which is channelled through the Commission's agency Europe Aid. Europe Aid was established in 2011 and is responsible for defining EU development policy but also for ensuring the effective programming and implementation of aid. Their approach to educational cooperation has focused primarily on intellectual exchange and transferability of diplomas and degrees. Their spending on education is 5.8 per cent of its total development activities, and within the education sector, spending on post-secondary education takes up the largest portion (43.7 per cent of total education sector).

#### *Africa Development Bank Group (AfDB)*

The Africa Development Bank was founded in 1964 and its headquarters is in Côte d'Ivoire. The African Development Bank (AfDB) Group is a regional multilateral development finance institution, comprising three distinct entities under one management: the African Development Bank (AfDB), the parent institution, and two affiliates, the African Development Fund (ADF) and the Nigerian Trust Fund (NTF). It gives loans, grants, and special funds for sustainable economic development and social progress of African countries, thus contributing to poverty reduction. Promoting higher education and technology and vocational training are one of the strategic areas of the Bank group since 2006. Currently, the Bank has 77 member countries comprising 53 African or regional member countries and 24 non-African or non-regional member countries.

#### *Asian Development Bank (ADB)*

The ADB was founded in 1966 and it aims for alleviating poverty in the Asia and the Pacific region. ADB has identified education as one of the five core operational areas for its long-term strategic framework, Strategy 2020. ADB provides financing and technical assistance to its developing member countries to help improve education systems. In the past four decades, ADB has provided support worth US\$8.2 billion to its DMCs for the development of education. Expansion of basic and secondary education has increased demand for higher education and skills development. Thus, ADB focuses on expanding equitable access and

improving the quality and cost efficiency of higher education system. It also supports strengthening skills development and advancing innovation. ADB's annual report of 2011 shows that its commitment to education was US\$647 million including loans and grants, which is about 4.8 per cent of the Bank's total spending.

#### *Inter-American Development Bank*

The bank was created in 1959, and it is the main source of multilateral financing and expertise for sustainable economic, social and institutional development in Latin America and the Caribbean. Its main areas of action include reducing poverty and social inequalities, addressing the needs of small and vulnerable countries, fostering development through private sector, addressing climate change, renewable energy and environmental sustainability, and promoting regional cooperation and integration. The Bank has recently launched a new education initiative, which focuses on early childhood development, school to work transition and teacher quality. In 2011, the Bank has spent 48 per cent of the social sector budget to support education programs, which is 4 per cent out of total budget on activities.

### **Bilateral agencies**

#### *United States Agency for International Development (USAID)*

USAID was created in 1961, and since then, international assistance has grown tremendously. In the 1970s, the USAID shifted its focus away from technical and capital assistance programmes. Instead, the US development assistance emphasized 'basic human needs' approach, and one of its focus areas was education. In the 1980s, foreign assistance sought to stabilize currencies and financial systems. Development activities were channelled through private voluntary organizations (PVOs), and aid shifted from individual projects to large programmes. In the 1990s, USAID prioritized sustainability and democracy as it played a leading role in planning and implementing programmes following the fall of Soviet Union in 1989. In the 2000s, USAID helped to rebuild government, infrastructure, civil society and basic services including education in Afghanistan and Iraq. Their current activities in education focus on improving reading skills in primary schools, strengthening higher education and workforce development programmes, expanding access to education in regions of crisis and conflict and fostering innovation in education.

#### *Japan International Cooperation Agency (JICA)*

Since joining the Colombo Plan in 1954, Japan has been providing financial and technical assistance to developing countries through ODA. JICA, established in 1974, provides bilateral aid in the form of technical cooperation, Japanese ODA loans and grant aid. JICA's educational activities are based on Japan's own experience. Recognizing the importance of education as the base for its development, Japan advanced scientific and technological development and industrial growth by enhancing people's capacity through education. For basic education sector, JICA prioritizes on access, quality and education management of primary and secondary education. For higher education, JICA provides support for research capabilities, improving the campus and research equipment, enhancing the university's governing structure, promoting industry-academia-community links, and establishing a network between universities. JICA also provides core technical education institutions to turn human resources that can respond to the diverse needs for technology and skills.

### *Department for International Development (DFID, UK)*

The Department of Technical Cooperation was set up in 1961 to deal with the technical side of aid programme. It brought together the expertise on colonial development previously spread across several government departments. After several changes in its form, the Department for International Development (DFID) was created in 1997 as a separate government department. When DFID was created, it made fighting world poverty its top priority. This made a turning point for Britain's aid programme, which until then had mainly involved economic development. DFID's educational programmes focus on access, quality, and focus on girls and fragile states. In 2011, it contributed 14.5 of its total expenditure on educational programmes.

### *Canadian International Development Agency (CIDA)*

Canada's previous assistance programmes were mostly through UN and its agencies. In 1960, the Department of Foreign Affairs and International Trade formed a consolidated form of external aid office, as foreign aid was increasing. CIDA was established in 1968, and is Canada's lead agency for development assistance. The agency emphasizes transparency and accountability, and is committed to making information public. Its three priority areas of work include 'securing the future of children and youth'. Access to a quality education is one of the targets of this priority area. Its strategy is to improve quality education with a particular focus on girls, teacher training, and increasing access to learning opportunities for youth out of school. Its performance report in 2010/11 showed that 11.6 per cent of its activities were contributed to education sector.

### *Swedish International Development Agency (SIDA)*

SIDA is a government agency working on behalf of the Swedish parliament and the government, and was established in 1965. One of its four priority areas of work is on 'knowledge, health and social development', which includes 'education as a factor for democracy'. It emphasizes basic education for women and children to meet the UN MDG, and spends about 4 per cent of its total expenditure to education sector. As of 2011, a total of US\$138 million was spent on education. Seventy per cent of this went to primary education, 8 per cent to education policy and administrative management and 7 per cent to multisector education and training.

### *Korea International Cooperation Agency (KOICA)*

Korea used to be a recipient country of foreign assistance after the Korean War. Foreign assistance was the main source for financing the nation's deficit throughout the 1950s and 1960s. Having experienced successful economic growth, Korea recently started to contribute independently for international development. Since the 1980s, Korean government designed a programme of sharing its experience of rapid and dynamic development based on south-south cooperation. KOICA was established in 1991. Education is one of its core strategies and spends 24 per cent of its total activities in education sector. Particular focus has been on primary education and vocational training. It has assisted in increasing access by building primary and secondary schools, vocational training centres. For quality improvement, it has assisted in developing curriculum and textbooks and training of teachers. KOICA also assisted in improving management system by consulting educational policies and introducing national qualifications system.

### *Norwegian Agency for Development Cooperation (NORDAD)*

The agency was established in 1960, and is under the Norwegian Ministry of Foreign Affairs. Their main focus areas are basic education, adult illiteracy and early childhood care and education. In 2009, Norway spent 9.2 per cent of the total development aid budget to education sector, and among this amount 60 per cent went to basic education, 19 per cent education in general (not specified), 19 per cent in higher education and 2 per cent to secondary education. Its main channels for multilateral aid to education are UNICEF, Fast Track Initiative and UNESCO.

### *Australia government's aid programme (AusAID)*

Australian development assistance agency started in 1974, which brought together aid programmes performed by different departments since its first aid programme to Papua New Guinea in 1946. Australia has three focus areas in education: improving access to basic education, improving learning outcomes, and better governance and service delivery and support quality education for all. Seventeen per cent of its total activities budget is allocated in education during 2010-11; 39 per cent of the education budget goes to development scholarships, 28 per cent to basic education, and 25 per cent to education governance and sector wide activities. Australia primarily focuses its development programmes in the Asia-Pacific region. Major education programmes in 2010-11 were in Indonesia, Papua New Guinea, the Philippines, Pacific Island countries, Laos and Bangladesh. Programmes include increasing primary school enrolment, building secondary schools, establishing national centre training system, providing teaching materials to teachers in disadvantaged areas, training teachers and improving classroom resources.

### *The Netherlands (Ministry of Development Cooperation)*

The Netherlands has a Ministry of Development Cooperation as part of Ministry of Foreign Affairs. The Netherlands is one of the top three donors in basic education, however, recent priority areas do not include education. The government's four key areas for development are: security and the legal order, water, food security, and sexual and reproductive health and rights. For education sector, they focus on three areas: a better match with school and job market, improving the quality of education, and making education more accessible for the disadvantaged groups including girls, working children and children caught up in armed conflicts or emergencies. The amount of their contribution to education is the third largest after USAID and DFID, and the share of educational ODA from the total ODA is 7.7 per cent, according to the Creditor Reporting System in OECD.

### *Belgium (The Belgian Development Cooperation)*

In Belgium, the development policy is coordinated by the federal government's Directorate-General for Development (DGD). DGD administers some 60 per cent of the Belgian development budget. Belgium's development cooperation concentrates on their 18 partner countries, which are mainly focused on Africa. They also make major contributions to the UN and the World Bank. Belgium has financed the Fast Track Initiative (now Global Partnership for Education) since its establishment. Between 2003 and 2009, the annual Belgian contribution amounted 1 billion. Belgium puts its priority in education in higher education, vocational and technical training and education, and primary education. According to its 2010 report, half of its budget is spent on higher education, meaning universities and scholarships/grants for higher studies. However, the international agenda makes primary education a priority, therefore, Belgium reserves about 6 per cent of the budget for primary education.

### *Austrian Development Cooperation (Austrian Development Agency)*

The Federal Ministry for European and International Affairs (FMEIA) plans Austrian Development Cooperation (ADC) strategies. ADC supports countries in Africa, Asia and Central America as well as in South Eastern and Eastern Europe in their sustainable social, economic and democratic development. The operational unit of ADC, the Austrian Development Agency (ADA), has been responsible since 2004 for implementing all bilateral projects and programmes of the ADC and administering the relevant budget. ADA focuses on the following key areas: water and sanitation, rural development, energy, private-sector development, education and science, and governance. Within education sector, Austria is particularly committed to vocational training and higher education. Some of the support is given to university reforms, student competitions and scholarship programmes to boost international knowledge exchange and for cooperation in the research sector to free developing countries from scientific and technological dependence. ADC also helps to establish and develop modern national systems of vocational and technical education and training.

### *French Development Agency (France)*

AFD is a bilateral development finance institution established in 1941 that works on behalf of the French government. Its mission is to finance development according to France's ODA policies. It devotes at least 80 per cent of grants and 60 per cent of total budget resources of the Agency in SSA and is planning to expand its business lending to the entire continent. In 2011, AFD distributed 4.5 per cent of the total ODA to social services sector, which includes education and healthcare. According to its 2011 annual report, education programmes mostly focus on basic education, professional and vocational training, and higher education. Details of programmes include creation of training centre in Togo, student loans to expand access to higher education in South Africa, improving quality of basic education in Africa. A total €10.8 million was contributed to education (calculated by Bommi from the annual report 2011).

### *Germany (Federal Ministry for Economic Cooperation and Development)*

In Germany, there is a Federal Ministry for Economic Cooperation and Development, which addresses global structure policy at three levels: international, Germany's partner countries and in Germany itself. The bilateral ODA is included as part of international framework for development. Education sector is one of the priority areas of German development policy, as they see education as a human right. In 2007, Germany contributed 15 per cent of the total budget for bilateral ODA for promoting education sector. Major areas include: formal primary education (Education for All), vocational training and higher education.

### *Luxembourg Agency for Development Cooperation (Luxembourg)*

Luxembourg joined the OECD Development Assistance Committee (DAC) in 1992 and its development cooperation increased significantly throughout the 1990s and continues to do so today. Bilateral ODA is administered by the Luxembourg Agency for Development Cooperation, which is a private limited company with its headoffice in Luxembourg. Its shareholders are the Luxembourg state (98 per cent). Luxembourg's development cooperation focuses on three key sectors: (i) health, (ii) education including vocational training and job integration; and (iii) integrated local development, including various aspects such as water and sanitation, decentralization and microfinance. Some of their projects in education sector include literacy and training for sustainable development in Burkina Faso, Primary education project in Niger and vocational training in Cape Verde.

### *New Zealand Aid Programme (NZ Aid)*

The New Zealand Aid Programme is the New Zealand government's international aid and development programme, a semi-autonomous body within the Ministry of Foreign Affairs and Trade. The government created NZ Aid in 2002 to give a new focus to New Zealand's ODA programme on eliminating poverty, with a regional focus on the Pacific. From 2009, the Cabinet agreed that the New Zealand Aid Programme be focused on sustainable economic development, directed that the Pacific was to remain the core geographic focus and receive an increased portion of New Zealand's ODA. Education is regarded as an important sector to promote sustainable development in developing countries, thus it is one of the four priority themes in New Zealand Aid Programme. They specifically emphasize on effective teachers, strong leadership and quality learning materials. Programmes aim to increase the number of children with basic literacy, train effective teachers and principals, ensure all children in schools complete basic education, particularly girls, and increase the number of people appropriately skilled to participate in the labour market. They also recognize higher education is important for sustainable development, and support for higher education includes funding for tertiary education services, technical and vocational training, and merit-based scholarships.

### *Spain Agency for International Development Cooperation (AECID)*

The Spanish Agency for International Development Cooperation (AECID) is a public entity within the Ministry of Foreign Affairs and Cooperation. Their overall goal is to manage and implement public policies for international development cooperation, with particular emphasis on reducing poverty and achieving sustainable human development in developing countries. Its recent master plan for 2009-12 and education strategy recognize the importance of the education sector as a basic social service.

### *Swiss Agency for Development and Cooperation (SDC)*

The Swiss Agency for Development and Cooperation (SDC) is Switzerland's international cooperation agency within the Federal Department of Foreign Affairs (FDFA). SDC is responsible for the overall coordination of development activities as well as for the humanitarian aid delivered by the Swiss Confederation. SDC's commitment in education sector covers both basic and vocational education. SDC particularly emphasizes the importance of the inclusion of disadvantaged social groups—especially women, ethnic minorities and rural populations—in quality basic education. The SDC also contributes to improving the governance of school systems. Vocational skills development has been one of the priorities of SDC's activities in developing countries for more than 30 years.

### *Irish Aid (Ireland)*

Irish Aid is the Government of Ireland's programme of assistance to developing countries. Ireland has had an official development assistance programme since 1974 and the size has grown steadily over the years. Irish Aid puts priority in supporting education systems in developing countries. The principal focus is high quality primary education, strengthening the capacity of national, district and local authorities to plan, implement and monitor public education. They are also supporting initiatives that will increase access to education for girls and increase the participation of women at local, district and national level education planning.



## **Private foundations**

### *Open Society Foundations (also called the Soros Foundation)*

The Open Society Foundations began in 1979 when George Soros decided to contribute his money to establish open societies in place of authoritarian forms of government. The foundations expanded throughout Eastern Europe and Central Asia as communism collapsed, helping the emergence of democratic governments. As education underpins the objectives of the Open Society Foundations, support for education programmes accounted for a large part of Open Society Foundations' annual programme expenditure. Its 2010-11 annual report shows that spending on educational programmes were 17.9 per cent of its total budget on activities. As inequity, discrimination, and lack of access to education weaken open societies, its educational programmes focus on advocating children's legal rights, supporting government and educators' access to professional development, children who are marginalized in education in conflict and crisis affected countries, critical thinking and quality education, privatization of education and innovative financing for education, and promoting civil activism in education.

### *Ford Foundation*

Ford Foundation was established in 1936, and provides grants to organizations in the United States, Latin America, Africa, the Middle East and Asia. More than US\$16.3 billion in grants were distributed worldwide. Their activities on education in developing countries include funding initiatives designed to transform the quality of secondary schools and help students from poor or marginalized communities gain access to quality higher education. Seven per cent of the total activity budget goes to the education sector.

### *William and Flora Hewlett Foundation*

The William and Flora Hewlett Foundation has been making grants since 1967 both in the US and for developing countries. The grantees work to reduce poverty in the developing world, solve environmental problems, and improve education both in developing countries as well as in California. The Global Development and Population Programme focuses on two sectors: education and quality family planning and reproductive health services. The programme focuses on ensuring quality basic education, which includes measuring learning outcomes, improving instructions, and tracking whether resources are used efficiently. Their programme also focuses on investments in training and policy research capacity to promote high quality research and analysis for policymaking in developing countries. They support innovative approaches, such as community-level learning assessments and rigorous testing of instructional models.

### *Save the Children*

Save the Children was established in 1932, and its immediate goal was to help the children and families struggling to survive during the great depression in the Appalachia mountains (USA). Since then, Save the Children's philosophy has been the concepts of self-help and self-reliance. Save the Children works in more than 50 countries to fight for poverty and transform children's lives. Their educational activities focus on early childhood education, basic education, literacy and school health and nutrition. They devoted 25 per cent of their total activities budget to education in 2009. Their programmes include training teachers to engage in more effective teaching practices, coaching parents to help their children prepare to enter school, offering ways for parents to get children reading and doing math outside of

school hours, and introducing children to artistic expression to help them heal and learn better in school.

### *CARE*

CARE is one of the largest private international humanitarian organizations. It was founded in 1945 to provide relief to survivors of the Second World War. They deliver emergency aid to survivors of war and natural disasters, with a specific focus on empowering women. For educational activities, they focus on access to basic education, in which they help children to enrol and stay in school. They specifically focus on girls.

### *MasterCard Foundation*

The MasterCard Foundation is a global, private foundation based in Toronto (Canada) with over US\$5 billion in assets. They support microfinancing and youth learning focused on financial education in developing countries. The Foundation was established through MasterCard Worldwide at the time of the company's initial public offering in 2006, and it operates independently of MasterCard worldwide. With regard to youth learning, they have three priority areas: scale access to education in SSA, develop skills of out-of-school youth, and connecting youth to jobs. Many of their current ongoing projects focus on support for completing university education of disadvantaged youth and financial education.

### *Carnegie Corporation of New York*

Carnegie Corporation of New York was established by Andrew Carnegie in 1911 'to promote the advancement and diffusion of knowledge and understanding'. It is one of the oldest, largest and most influential of American grant-making foundations. The foundation makes grants to promote international peace and to advance education and knowledge. It has total assets valued at US\$2.5 billion. Since its establishment in 1911, Carnegie Corporation has helped establish or endowed a variety of institutions in the US and abroad. They have supported a decade-long investment in transforming African universities and libraries in cooperation with other funders through The Higher Education and Libraries in Africa Programme. The programme focuses on post-graduate training, research and retention. For the past decade, the Corporation has also supported higher education programmes in Russia and Eurasia, which were built on the Corporation's long-standing investment in US–Russian relations. However, with Russia's economic recovery and growing governmental funding for the higher education sector, the Higher Education in the Former Soviet Union (HEFSU) programme has been phased out, with final grants in fiscal year 2012.

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