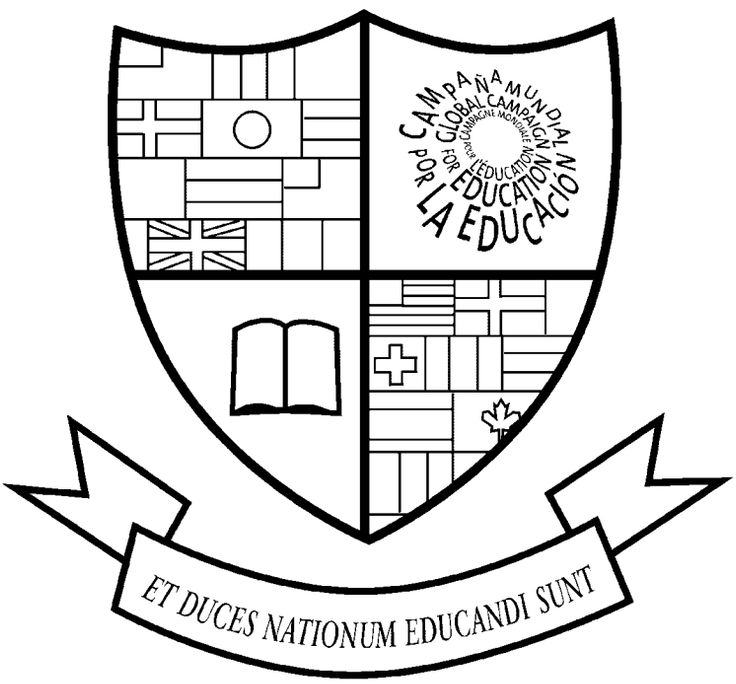

Missing the Mark

A School Report on Rich Countries' Contribution to Universal Primary Education by 2015

OVERVIEW

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To reach the Millennium Development Goals on education, both developing and developed countries will have to work together to do more, do it faster, and do it better. The introduction to our 2005 report card reviews current aid to basic education against the promises made in 2000, and examines exactly what rich countries need to do to guarantee success on the universal primary education goal.

Summary

> *'At this defining moment in history, we must be ambitious. Our action must be as urgent as the need, and on the same scale.'*
> Kofi Annan, *In larger freedom: towards development, security and human rights for all* (March 2005).

> *'What you have always declared is that we, boys and girls, are the future. You said it with a lot of enthusiasm, but as soon as you got elected, you forgot about your words. We are not the future, we are the present.'*
> Dante Fernandez Aguilhar, 13, Peru.

On a balmy September day in New York five years ago, heads of state set themselves eight tough goals for ending global poverty: the Millennium Development Goals. Among the most important of these was universal completion of primary education. Free basic education was declared to be the right of every child as long ago as 1948, but this time world leaders vowed to make it a reality, and no later than 2015. As a first step, they promised to get as many girls as boys into school by 2005.

Education, especially for girls, empowers families to break the cycle of poverty for good. Young women with a primary education are twice as likely to stay safe from AIDS, and their earnings will be 10-20 per cent higher for every year of schooling completed. Evidence gathered over 30 years shows that educating women is the single most powerful weapon against malnutrition – more effective even than improving food supply.[1] Without universal primary education, the other Millennium Development Goals – stopping AIDS, halving the number of people living in poverty, ending unnecessary hunger and child death, amongst others – are not going to be achieved.

Rich countries' aid to education is producing results. Over the past five years, primary school fees have been abolished in many African countries, and as children flood into schools, aid has helped to provide tens of thousands more teachers and classrooms. Africa's gross enrolments have risen to over 90 per cent and, as a result, an estimated 17 million more children, especially girls, are in school.

However, despite recent gains, over 60 million girls and 40 million boys are still out of school worldwide. The first Millennium Development Goal – equal numbers of girls as boys attending school by 2005 – has already been missed, and according to UNICEF, 9 million more girls than boys are left out of school every year. To give every girl and boy a decent primary education by 2015, recent rates of progress need to double in South Asia and quadruple in Africa.[2]

It is therefore deeply worrying that bilateral and multilateral aid to basic education in low income countries, although it increased to $1.7bn in 2003, is still only about one-fifth of what is needed.

For less than $5.5bn more per year, we could provide a quality, free education to *every* child, and unlock the full power of education to beat poverty. This amounts to less than two and a half days' global military spending. For the price of just one of the Cruise missiles dropped on Baghdad, 100 schools could be built in Africa.[3]

It is therefore vital that rich countries should be held accountable for keeping their promises on education. Towards this end, we have produced a 'School Report' to assess the aid efforts of 22 industrialised nations belonging to the Organisation for Economic Cooperation and Development (OECD). Our report shows that rich countries are still falling well short of the financing targets they set themselves, although some countries, such as Norway, the Netherlands, Sweden, and Denmark, are performing well. The chief laggards are Austria, the USA, New Zealand, Spain, and Italy. Five of the G7 countries are in the bottom half of the class, with a combined grade of 'D'. The two richest countries in the world, the USA and Japan, languish at the bottom of the class, providing less than 10 per cent of their fair share of support to Education for All.

Donor nations have launched an 'Education for All Fast Track Initiative' (FTI) to ensure that developing countries that come forward with good policies and clear plans for achieving education for all are rewarded by increased aid. This is in line with donor countries' pledge in 2000 that 'No country seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources'.[4] In addition to 13 countries that have already won approval for their plans and started implementation, there are a further 38 countries that could have plans ready by the end of 2006. If all of these plans were funded, the Fast Track Initiative could be reaching 75 per cent of the world's out-of-school children within the next few years.

The Fast Track Initiative has the potential to become an effective global partnership to achieve quality, free education for all, inspiring and enabling dramatically-increased efforts by both rich and poor countries. It is not such a partnership yet: it includes too few developing countries, mobilises too little in additional funding, and lacks clear and certain guarantees from the rich world. Some 40 per cent of the additional aid promised to the first 12 Fast Track countries has yet to arrive.[5]

This is the moment for rich countries to launch an ambitious expansion of the Fast Track Initiative by pledging at least $3bn a year to support all 51 of the existing and potential FTI partner countries, as and when their plans are approved. They should also announce a timetable for further aid increases in order to deliver by 2010 the full $5.4bn needed annually to achieve universal primary education in all 79 low-income countries.

Without these steps, progress in developing countries is likely to remain insufficient to achieve the education Millennium Goals in the short ten years remaining. To reach the goals, both developing and developed countries will have to work together to do more, do it faster, and do it better. That is why we need rich countries to back the Education for All Fast Track Initiative, and pledge enough resources to expand the FTI to all poor countries that come forward with credible and transparent plans for achieving the education goals.

Marks and final grades

Class position	Country	Indicators (each marked out of 20)					Marks out of 100	Final grade (A–F)
		1. Meeting the 0.7% target	2. Funding a fair share of access to primary education	3. Committing to co-ordinate for better results	4. Focusing on poorest countries where girls most lack access to education	5. Providing high-quality aid to education		
1st	Norway	20	20	20	20	20	100	A
2nd	Netherlands	20	20	20	18	17	95	A
3rd	Denmark	20	7	20	20	19	86	B
4th	Sweden	20	10	15	20	19	84	B
5th	United Kingdom	10	11	20	17	18	76	B
6th	Ireland	11	10	13	20	20	74	B
7th	Canada	7	15	20	13	10	65	C
8th	Switzerland	11	4	13	15	16	59	C
9th	Belgium	17	3	9	16	10	55	C
10th	Finland	10	6	0	17	15	48	D
11th	France	12	10	7	5	12	46	D
12th	Luxembourg	20	0	0	11	10	41	D
13th	Portugal	6	3	1	16	12	38	D
14th	Greece	6	16	0	0	15	37	D
15th	Japan	6	2	7	10	10	35	D
16th	Germany	8	3	7	7	9	34	D
17th	Australia	7	6	0	10	8	31	D
18th	Italy	5	0	1	16	1	23	E
18th	Spain	7	3	6	3	4	23	E
19th	New Zealand	7	5	0	5	5	22	E
20th	USA	4	2	2	10	0	18	F
21st	Austria	6	1	1	0	3	11	F

Doing more

For about the cost of four Stealth bombers, we could get 100 million more children into school.

Aid

When it comes to education, aid works. A number of poor countries are using a little bit of rich country aid, and a lot of their own money, to make amazing progress towards universal primary education and gender equity. Aid and debt relief is helping African countries like Kenya, Tanzania, Uganda, Benin, Malawi, and Zambia to finance free primary education for all, bringing millions more children into school. Ethiopia has more than doubled enrolments since 1990. In Nicaragua, a grant of just $3.5m from the Fast Track Initiative's (FTI) Catalytic Fund (a multi-donor trust fund) is helping 70,000 more 6-year-olds to attend school, and is now providing a daily school meal to 800,000 pupils, up from 200,000 in 2004.

However, even the good performers need to do more – much more – to reach the Millennium Development Goals (MDGs). If we want poor countries to double, triple, or quadruple their progress in order to achieve universal, good-quality basic education by 2015, they need to know – reliably and transparently – that rich countries will provide the *full amounts* of additional funding needed to sustain these efforts.

For very poor countries, success depends on planning carefully and setting sensible targets, within the bounds of the resources available. With as much as 20 per cent (or more) of their government budgets already going to education, many good performers are already up against the absolute limit of what they can finance from domestic resources plus existing aid.

Without a firm long-term pledge of dramatically-increased resources from rich countries, countries like Ethiopia simply cannot afford to take the additional steps needed to reach the 2015 goal. As Ethiopia's Ministry of Education points out:

> In a country like Ethiopia, with a total population of over 65 million, achieving good quality universal primary education by 2015 will require a huge sum of money and other resources as well. Since the Ethiopian Government is committed and has given it high priority, we will not defer this goal [until] sometime later. However, the total resource requirement may be unbearable for such a poor country as Ethiopia. To achieve the targets set in [Ethiopia's universal primary education strategy, approved by donors], the financing gap has to be filled. But if additional money is not available, the targets will not be achieved. [6]

UNESCO's *Education for All Global Monitoring Report* estimated that achieving universal primary education in all 79 low-income countries would require $7.1bn per year in aid to basic education. In other words, rich countries had to provide an extra $5.6bn over and above 2000 levels, which UNESCO estimated at $1.5bn.[7] This would amount to a 500% increase.

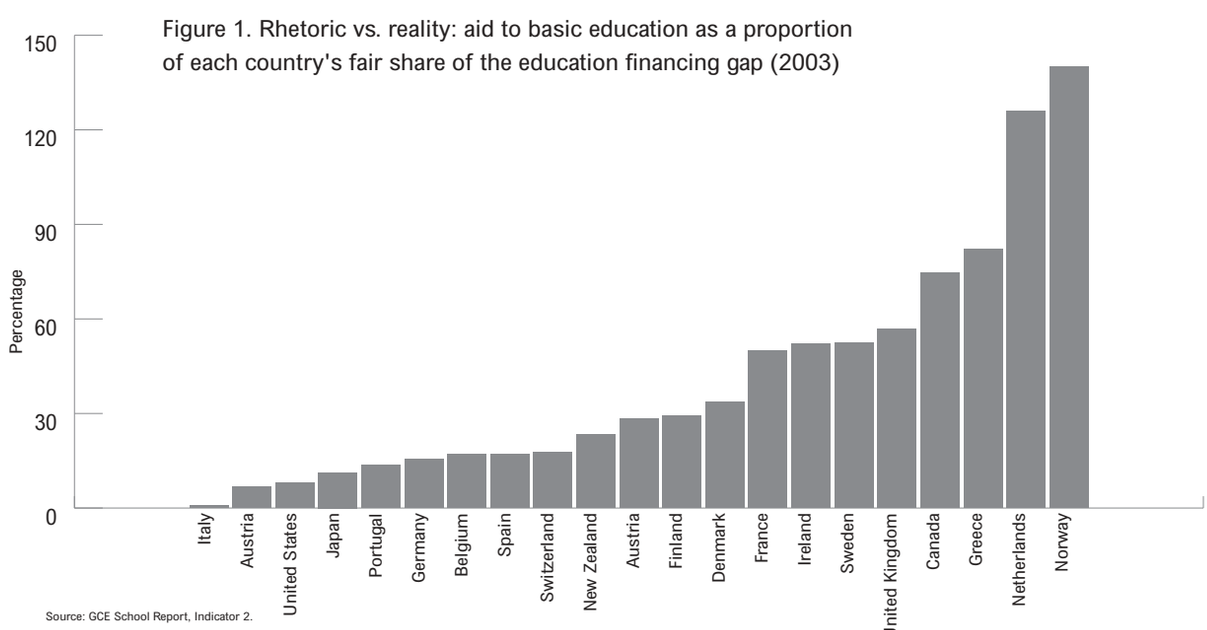
However, aid to basic education in low-income countries has increased only very modestly since 2000, reaching about $1.7bn in 2003 (of which $875m came from bilateral donors and about $830m from multilateral agencies).[8] This spectacularly half-hearted effort still leaves the

international community $5.4bn away from guaranteeing its share of the projected costs of achieving universal primary education. The missing money amounts to less than two and a half days global military spending, or about the cost of four Stealth bombers.

In addition, one needs to bear in mind that UNESCO's $7.1bn estimate of total financing requirements covers the bare essentials of delivering a decent primary education, and therefore assumes that nearly every aid dollar will be available to spend on core costs such as teachers, books and classrooms. Yet, as discussed later in this report, most donors allocate the lion's share of aid to 'optional extras' such as seminars, consultancies, and expensive small-scale pilot projects. If these 'extras' are stripped away, then net aid to basic education in low-income countries may be as little as $0.7- $0.9bn per year.[9]

To do enough to reach the universal primary education goal,[10] rich countries must meet the target of giving 0.7 per cent of Gross National Income to assist developing countries; allocate a larger share of that aid to basic education; and ensure it is efficiently spent on core service delivery costs.

Currently, for every dollar of national income, rich countries give only about one-quarter of a cent in aid, and basic education gets only a 3 per cent slice of this tiny aid pie.[11] Only two countries, Norway and the Netherlands, are paying their share of the total funding gap for universal access to primary education, while 13 donors provide less than 50 per cent of their share of the funding gap (see Figure 1). In practice this means that in 2003, each Norwegian citizen contributed $66 to education in the developing world, whilst each US citizen contributed only $0.55.[12]



Box 1: Promises to keep: New pledges to basic education

Our report uses 2003 aid figures because that is the most recent year for which globally comparable data are available. Has the picture improved since then?

Howard Davies/OXFAM

Increasing total aid to basic education

According to estimates by Tony Blair's Africa Commission, if all donors kept all of their pledges to raise aid levels, aid to basic education could increase by as much as $665m in 2005 – a significant improvement, but still not enough to reach the universal primary education goal. Some countries that are already translating general funding promises into specific increases for education include:

Canada pledged in 2002 to quadruple aid to basic education between 2000 and 2005, and to double its support for basic education in Africa to $81m (C$100m) per year by 2005. It has kept this promise, and plans to invest $215m this year in basic education, including multilateral contributions as well as direct bilateral aid. About 17 per cent of Canada's total aid goes to education and 7 per cent to basic education. About 37 per cent of its aid to education, or $80m a year, goes to sub-Saharan Africa.

The European Union failed to raise 2003 aid to basic education above the disappointing $291m recorded in 2000. However, during the 2004 mid-term review of the 9th European Development Fund (EDF), which runs from 2002 to 2007, increases in financial allocations to education were proposed for a total of $140m (€109m). Ongoing sector interventions were increased by a total of $56m (€44m) in six countries. As a result a total of $597m (€466m) is programmed for education in African, Caribbean, and Pacific (ACP) countries following the review. The EU also provides $2.1bn (€1.66bn) in general budget support to ACP countries, linked to delivery of key social services, i.e. health and education.

France recently pledged to raise Official Development Assistance (ODA) to 0.5 per cent of GNI by 2007, and 0.7 per cent of GNI by 2012, with 50% of the additional aid going to Africa. It plans to increase its aid to basic education to $207m (€160m) by 2007, up from $146m in 2001 but still only about half of its fair share of the total basic education financing requirement.

Japan estimates that if all sources, including its 'grassroots/human security grant', are taken into account, its fiscal year 2004 aid to basic education was worth $343.5m. Its fair share of the basic education financing requirement should be about $1.1bn per year.

The Netherlands, which has already surpassed the 0.7 per cent target for aid as a percentage of GNI, plans to almost triple its ODA to basic education from $303m (€ 236m) to $804m (€625m) in 2007 – well in excess of its fair share based on GNI.

Norway has increased aid to basic education from $10m in 2000 to $80m in 2003. Education now receives 15 per cent of Norway's total aid budget, which has reached 1 per cent of GNI. Norway has also pledged $68m in support to girls' education programmes through UNICEF in 2005.

Sweden aims to increase aid to 1 per cent of GNI by 2006. It does not have a specific target for education sector aid, but currently dedicates about 8 per cent of its aid budget to education and anticipates that aid to education will continue to increase.

The **UK** has committed to raise ODA to 0.47 per cent of GNI by 2007-2008, and to 0.7 per cent of GNI by 2013. About $875m (£460m) a year of the resulting funds will be allocated to education, a total of $2.6bn (£1.4bn) over the next three years. This represents a significant increase over the 2001 figure of $155m for education (although the new figures are not strictly comparable to the old, as they include indirect support for education through contributions to multilateral agencies, general budget support and debt relief). In 2002 the UK announced a target of £1bn ($1.9bn) per year in direct bilateral assistance to Africa by 2006. It also plans a substantial increase in its contribution to the IDA, the World Bank concessional lending facility.

The United States has tripled its aid budget for basic education since 2001, to nearly $400 million in fiscal year 2005/6; a substantial improvement, but still only about 15 per cent of its fair share based on GNI. It is supporting girls' education in countries with large numbers of girls out of school, including Afghanistan, Bangladesh, India and Pakistan; and has launched an African Education Initiative that will spend $70m in 2004-5 on scholarships for vulnerable girls and boys, teacher training, and textbooks. The initiative has already provided scholarships to 14,500 girls in 27 African countries. Some resources for education may also flow through the Millennium Challenge Corporation (MCC), which intends to disburse $1.5bn in 2005 and up to $3bn in 2006; however, this depends on the selected countries making education a priority for MCC funding. The USA has pledged to increase MCC funding to $5bn in future. This would result in a 50 percent increase in US development assistance, currently among the lowest in the world as a proportion of GNI.

The World Bank has more than doubled its annual new lending for education since 2000. New lending for primary education in low-income countries grew from $300m in 2000 to $800m million in 2004. In addition, $597m in Poverty Reduction Support Credits (interest-free loans) will provide an estimated $86m for education budgets for eight low-income countries in fiscal years 2004 and 2005.

Note: When data was supplied to us in Euro or local currency we have given the current US dollar equivalent, as well as the original denomination (in parentheses). When the source data was denominated in US dollars, we have not attempted to convert it back to the historic equivalent in local currency.

Debt

Five years ago, leaders of the rich world also recognised that the continuing burden of unpayable debt was holding back progress on education, saying that 'high priority should be given to providing earlier, deeper, and broader debt relief and/or debt cancellation, with a strong commitment to basic education'.

Debt relief *has* made a difference for children in the countries that have received it. The 27 countries that have qualified for Highly Indebted Poor Country (HIPC) debt relief since 2000 have increased poverty-reducing expenditures, including for basic education, from 6.4 per cent of GDP in 1999 to 7.9 per cent in 2003. In Tanzania, for example, debt relief enabled the government to double its per capita spending on education and introduce a policy of free and compulsory education in 2002, benefiting 1.6 million children. Niger is using 40 per cent of the resources freed up by debt relief to fund its universal primary education programme.

However, debt relief remains too little, and is reaching too few countries. In 2003, sub-Saharan African countries were still spending about twice as much on servicing debt than they were on meeting the basic social needs of their populations. In order to have a decent chance to achieve the Millennium Development Goals, poor countries urgently need not just relief, but 100 per cent cancellation of their debt.[13]

Doing it faster

By 2006, over 50 developing countries could start implementing plans to give every child a quality, free education, if donors commit the necessary resources through the Fast Track Initiative.

Donors are also doing very poorly when it comes to making sure that the limited resources available for development are invested in achieving the Millennium Development Goals. Less than half of all official development assistance supports these goals, according to economist Jeff Sachs and his colleagues in the UN Millennium Project.

This is nowhere more evident than in the education sector. Donors use a large share of their money to fund higher education in middle-income countries, while millions of children in the poorest countries are still going without any schooling at all. For example:

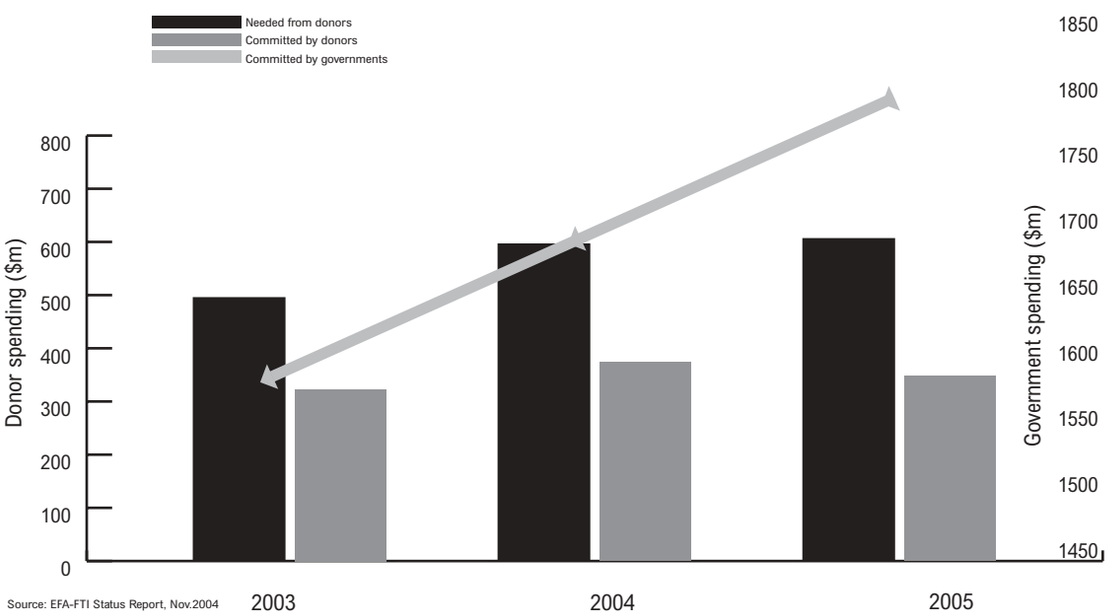
- Only 11% of all aid to education in 2002 went to South and Central Asia, despite the fact that it contains 34% of the world's out-of-school children.
- Only 39% of all aid to education in 2002 went to sub-Saharan Africa, which accounts for 75% of the education financing gap. Bilateral aid to basic education in Africa has averaged only about $500m a year since 2000 – or about $4.60 for every school-age child in the region.
- Less than 12 per cent of bilateral aid to education reaches the 15 countries with the most girls out of school – despite the pledge by world leaders to achieve gender parity in education by 2005.

Shocking facts like these help to explain why the international community, with the backing of the G7 leaders, launched the Education for All Fast Track Initiative in 2002. The aim was to match donor funds to MDG needs, encouraging poor countries to come forward with clear and credible plans for achieving education for all and ensuring they get sufficient funding to move

ahead quickly. The first 12 countries to have their plans endorsed by the Fast Track Initiative need an additional $600m a year from rich countries to implement these plans. They are already bearing 75 per cent of the total costs themselves.

Donors have participated vigorously in vetting plans, and have cut and trimmed country budgets with gusto. Yet, when it comes to keeping their side of the bargain they are leaving countries in the lurch. As Figure 2 shows, steeply rising government effort has been met with a flat and apathetic trend of donor support. Since gaining FTI endorsement, the first 12 partner countries have seen donor support increase only marginally – by about $3m-$4m per country per year, or a total of $350m.[14] Scandalously, almost 75 per cent of this increase has been provided by one single donor, the Netherlands.[15] Outside of the Netherlands' contribution, the 29 other funding agencies participating in the FTI only managed to scrape together $16m between them in additional aid last year – less than the cost of a single new middle school in an average US school district.[16]

Figure 2. Country commitment, donor apathy: financing gaps in the first 12 FTI countries, 2003-5



Source: EFA-FTI Status Report, Nov.2004

Looking at more recent donor planning, some countries (including Japan and the Netherlands) stand out for their plans to double aid to FTI-endorsed countries over pre-FTI levels. Others (Germany, the USA, Spain, Japan, the UK and Finland) have initiated partnerships with 'new' countries following their FTI endorsement (see Box 2). Other than the Netherlands, France is perhaps the donor to act most fully in the spirit of the FTI as a 'compact' based on strong mutual commitment, by clearly signalling its intention to support sector plans in six additional countries provided they receive FTI endorsement.

On the whole, however, most donors are doing far less than they could, or should. Funds that could be used to support – and expand – the FTI partnership are instead continuing to flow to donors' traditional favourites, often reflecting political and economic ties instead of MDG needs and potential. In 2003, only six countries gave over 80 per cent of their aid to education to low-income countries (Denmark, Ireland, Norway, Sweden, the UK, and Portugal). Only seven gave over 50 per cent of their aid to education to countries where girls' primary school enrolment is lower than 75 per cent (Denmark, Ireland, Sweden, Finland, Italy, Switzerland, and Australia).[17]

Box 2: On track? New pledges to the Fast Track Initiative

Annie Bungeroth/OXFAM

Donors participating in the Fast Track Initiative agreed to commit *more* aid to countries that have the right policies in place to accelerate progress towards universal primary education. Since the current 13 countries that qualify only gained FTI endorsement of their plans in 2003 or 2004, they should start to see significant increases in donor funding starting from 2004 or 2005 – too late to be captured in the OECD DAC aid database that was our main source for this report.

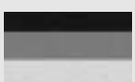
Surprisingly, given that the FTI aims to provide partner countries with predictability and transparency in financing flows, the FTI secretariat was unable to provide information on each donor's recent and future pledges to these 13 countries.[18] We were, however, able to construct a partial picture with information supplied by individual donors. Unfortunately, although several donors plan to double their aid to basic education in FTI countries in the next couple of years, their efforts will be insufficient to close the FTI financing gap unless other donors also come to the party.

Canada plans to provide about $20m per year in direct support of education plans in five FTI-endorsed countries over the next few years. It is making a three-year, $13.4m commitment to Nicaragua, one of the FTI countries still facing a financing gap. In November 2004, Canada signed a five year, $16.2m agreement to provide pooled funding for the EFA plan of Honduras. Over the period 2004-10 Canada will contribute $13.4m to untied pooled funding for primary education in Vietnam. Between 2003-2006 it is giving $32.4m to Mozambique's education sector plan, half of that as pooled funding. In 2004 and 2005 it will provide $6.5m to Burkina Faso's education sector plan.

The European Union has recently increased its contributions to sector plan financing in Niger ($25.6m or €20m for 2005-7) and Burkina Faso ($17.9m or €14m for 2005-7) as well as Ghana, and supports the education sector plan of Vietnam ($15.4m/€12m for 2005-6). Following a review of its aid, the European Commission plans to earmark an additional $80.6m (€63m) of conditional funds from the 9th European Development Fund for the needs of FTI countries up to 2007, although this allocation has yet to receive final approval. It is worth noting that EU aid funds come from member states and these contributions are not captured in our estimates of European countries' aid to basic education.

Finland supports basic education in four FTI countries. It plans to double its support to Mozambique (from $12.8m/€10m in 2003-5, to $25.6/€20m in 2006-9) and significantly increase its aid to Ethiopia (currently $12.8m/€10m for the period 2003-6). It is also giving about $0.64m/€0.5m per year to finance bilingual education as part of the FTI strategy in Nicaragua and Honduras – adding Honduras to its list of partner countries for the first time. There is a possibility that it will further increase allocations to all of these countries.

France announced in 2003 that it will provide $83.2m (€65m) over three years for four African countries selected by the FTI. This includes: $10.6m (€8.2m) towards implementation of Mauritania's FTI plan over 2002–2005; $9m (€7m) as additional bilateral debt relief targeted on FTI activities; $32m (€25m) for Burkina Faso in 2004–2007, all of it as sector budget support; and $29m (€22.5m) for Niger in 2004–2007, almost half of it as sector budget support. Additionally, sector programme grants are being considered for Benin, Madagascar, Chad, Senegal, Cameroon, and Mali, provided their plans win FTI endorsement. These countries could receive $5–8m (€4–5m) a year.



Germany will make a one-off grant of $7.7m (€6m) to help close the FTI financing gap in Niger. It has significantly expanded its support to basic education in Mozambique since that country gained FTI endorsement.

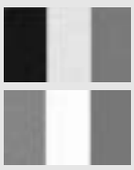
Japan will nearly double its contributions to nine of the FTI-endorsed countries from a total of $25.3 in 2004 to $48.4m in 2005, with pledges for a further four FTI countries still to be determined. Notably, in 2005 Japan will double its contribution to Nicaragua (to $12.6m) and Ethiopia (to $2.3m) while also making new grants to Mauritania ($7.8m) and Burkina Faso ($8.9m). In Vietnam, in addition to $5m in aid to basic education in 2004, Japan is also contributing $18.2m to the overall government budget, a share of which goes to basic education; and it has provided bilateral debt relief to five of the FTI countries.

The Netherlands was the source of $40m of the total $49m disbursed by the FTI Catalytic Fund in 2004. It has pledged a further $200m (€155m) to the fund over the period 2005–2007. Outside of the Catalytic Fund, the Netherlands disbursed $31m (€24.2m) last year to four FTI-endorsed countries (Ethiopia, Mozambique, Yemen, and Burkina Faso). It plans to double its annual contribution to these countries in 2005-7 to an average $62m a year; is considering a silent partnership with another donor to help close Ghana's $15m annual financing gap, and is also exploring ways to ensure sustained financing for the six countries that received Catalytic Fund grants.

Norway has not clarified how much of its recent increases in aid to basic education will benefit current and future FTI countries, but it has earmarked 80 per cent of the new aid for low-income countries, mainly in Africa. In addition to its current pledge of $25m over four years (2004–2007) to FTI pooled funds, it is considering an additional Catalytic Fund contribution of up to $50m.

Spain is considering supporting universal primary education programmes in two or more FTI countries, probably through a grant to the Catalytic Fund. The amount had not been announced at the time we went to press.

Sweden, **Belgium**, and **Italy** made small pledges to the FTI Catalytic Fund in 2004 and 2005, in the order of $2.5m–$5m apiece. Sweden is considering a further pledge of $15m to the Catalytic and Programme Development Funds for 2006-7 and will explore



possibilities to take a more active role in the education sector in new countries gaining FTI endorsement. Sweden also supports UNICEF and UNESCO. Italy has pledged $32m (€ 25m) for primary education in Ethiopia over the 2003-2005 period.

The **UK** has not specified how much of recent increases in its aid to education will be used to support the FTI process, but states that it expects FTI endorsement to influence UK support to new countries. Examples include a first-ever pledge to Niger in the form of a three-year, $12.8m (€ 10m) sleeping partnership agreement with France; and a $25m contribution to pooled funding for Yemen's sector plan over the period 2005-2010. The UK plans to increase its commitment to Ethiopia and Mozambique, but we were unable to obtain specific figures. It has also pledged small amounts ($17.5m over three years) to the FTI Catalytic and Programme Development Funds and is considering an additional commitment to the Catalytic Fund.

The USA is a donor to basic education in six of the FTI countries and has started supporting education for the first time in two of them (Honduras and Yemen). USAID describes its programmes in Nicaragua ($2.7m in 2005) and Honduras ($3.5m in 2005) as supporting coordinated FTI plans. Both of these countries are also under active consideration for Millennium Challenge Corporation funding. The USA also supports basic education projects in Yemen, Ethiopia, Ghana and Guinea but we could not establish whether this funding directly contributes to the budget of the FTI-endorsed sector plan. USAID is shortly to launch a new education strategy which will include information about future commitments and policies, but unfortunately this document was not finalised before we went to print.

The World Bank's IDA (concessional) loans and Poverty Reduction Support Credits (PRSCs or interest-free loans) help to finance the implementation of basic education plans in nine FTI countries, but we were unable to obtain specific information about planned funding increases to help close financing gaps in those countries. The World Bank also contributes to FTI by hosting its secretariat. It is important to note that the World Bank's contributions to basic education are financed by shareholder countries, and this is not captured in our estimates of total rich country aid to basic education.

Note: When data was supplied to us in Euro or local currency we have given the current US dollar equivalent, as well as the original denomination (in parentheses). When the source data was denominated in US dollars, we have not attempted to convert it back to the historic equivalent in local currency.

The net result is that, after devoting much effort to working out painstaking plans and budgets with donors, the first 12 FTI partner countries are left facing a collective aid shortfall of about $300m per year, and a cumulative gap of nearly $1bn for the first three years of their universal primary education programmes.[19] In other words, 40 per cent of the aid promised has never arrived.[20] Beyond 2005, the picture looks even more uncertain; there are ad hoc pledges from individual donors, but there is no overarching guarantee from the donor community as a whole that the financing requirements for next year – let alone the next five years – will be met.

As Yemen's education minister explains, both the lack of funds and the lack of certainty have a strongly negative impact on progress. Yemen's citizens want their children to have the opportunities that they never had, and are putting pressure on the government to open as many new schools as possible. The plan endorsed by the FTI donors turns this political imperative into an engine for sustainable progress. It will permit a rapid expansion of access while also ensuring adequate quality, and implementing a bold package of measures to close the enormous gap between girls' and boys' enrolments. However, if the funds promised to implement the FTI plan do not arrive in full and predictably, then Yemen faces a 'Hobson's choice'. It can build lots of classrooms without being able to supply them with adequate trained teachers, books, or girl-friendly facilities; and risk boys monopolising the new school places, a soaring drop-out rate and plummeting learning achievements. Or it can attempt to defy popular demand, and limit the number of new schools opened until there is adequate guaranteed funding to employ the necessary teachers and finance the large-scale expansion of subsidy programmes for girls and other pro-girl measures.

Either way, far fewer Yemeni children, especially girls, will enrol in and complete primary school with acceptable learning outcomes:

> On current rates of progress [without additional donor support], net primary enrolment is expected to increase to only 71 percent for female students by 2015 (compared to 100 percent with FTI). With current financial resources, not only the coverage … of education but also the improvements on the quality and equity of education [will remain] limited.[21]

Adiatou Issaka is a 12-year-old girl growing up in Niger, another FTI country still waiting for the full financing that the donor community agreed would be required to implement its education for all plan. Adiatou does not know much about financing gaps, but she knows that she wants to go to school. Adiatou's local school is full. Like over a million other out-of-school children in her country, she spends her days working instead of learning. She pounds millet grain, fetches firewood, and carries water. 'Sometimes the work is very very hard,' she says. 'I want to learn to read and write.' According to donors' own projections, nearly 180,000 left-out children like Adiatou could already have been getting an education, if Niger had received the full amounts of aid needed to implement the universal primary education plan that donors approved two years ago.

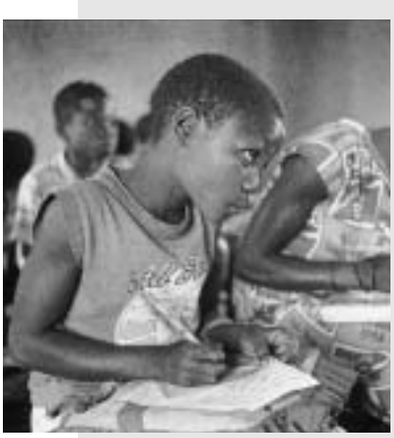
Box 3: Left in the lurch: what FTI countries could do with donors' missing millions

Ethiopia, a country where 70 per cent of the population has no formal schooling at all, has brought nearly 5 million more children into primary education in recent years, but another 5 million remain out of school. There are 68 pupils for every primary teacher, and at upper primary level fewer than 25 per cent of teachers are professionally certified.[22] Ethiopia estimates that it needs up to $200m a year to meet the interim targets set out in its FTI-approved plan, including raising gross enrolments to 65 per cent. These funds would build 1,481 new low-cost schools (including non-formal 'feeder schools' and mobile classrooms for pastoralists), upgrade 1,682 existing schools, ensure each student has access to textbooks, get poorly trained teachers into distance learning programmes, and provide a free school meal to pupils in the poorest communities.

Rhodri Jones/OXFAM

Mozambique has more than doubled student enrolments since emerging from a devastating civil war in 1992. Enrolment in lower primary school has increased from 56 per cent to almost 100 per cent and all of the schools that were destroyed in the war, plus more besides, have been rebuilt. Equal numbers of girls and boys now start Grade 1. In 2003, donors congratulated Mozambique on its tremendous efforts and its determined commitment to achieve universal primary education.

But where is the corresponding effort from donors? The World Bank, Canada, the Netherlands, Germany, the UK, Finland and Japan have come through with aid increases. However, others have actually decreased their contributions to basic education since Mozambique joined the FTI, and the total shortfall in donor aid will grow to $200m next year – leaving Mozambique without sufficient teachers and classrooms to achieve the universal primary education goal. One million children remain out of school altogether and for those who do attend, there is only one teacher to every 67 pupils. Some schools are so over-crowded that children have to attend in three separate shifts, each group of students spending only a couple of hours a day in the classroom. Worse, with a rampant HIV/AIDS epidemic, Mozambique will lose some 53,000 teachers by 2010.[23]



J. Chiziane/OXFAM

The missing $138m from donors would enable Mozambique to construct a badly needed 11,000 new classrooms. In combination with the government-financed teacher development drive, this would eliminate the need for triple-shifting and bring the pupil-teacher ratio down to 52:1 by next year.[24] The missing donor funds would also pay for attendance-linked subsidies to 457,000 AIDS orphans to help them stay in school; fund HIV prevention and peer education programmes in 8,800 schools; and cover the costs of training 1,300 extra teachers to replace those lost to AIDS. [25]

Toby Adamson/OXFAM

Yemen is an impoverished Arab country with per capita incomes comparable to those of India or Lesotho. Only one in two Yemeni children – and one in three rural girls – attend primary school. Yemen has developed a painstaking plan for achieving universal primary education, which would bring nearly one million more girls (and 600,000 more boys) into school by 2015. At the same time, the plan would dramatically increase the quality of education provided to each child, by increasing teacher numbers and pay, improving teacher training and supplying more textbooks. To implement the first three years of this plan, Yemen needed about $100m in additional support from donors; so far, it has received only $20m (most of that from the Netherlands and the World Bank). This money has helped Yemen to train 14,000 teachers and build 86 new schools. The World Bank, the UK, and the Netherlands plan to jointly provide about $14m per year over the next five years to help finance Yemen's needs (including adult literacy as well as primary education), but this still leaves a sizeable shortfall. Another 11,000 teachers and 14,000 schools are still required. If all donors had done their fair share, Yemen could already have built half of the additional classrooms needed, put teachers into them, and equipped them with girl-friendly facilities such as separate toilets and boundary walls.[26]

Niger has made impressive strides, raising enrolments by about 13 per cent a year between 1998 and 2003. It is devoting 40 percent of its HIPC debt relief to achieving the universal primary education goal. However, Niger is the world's poorest peaceful country and starts from a very low baseline: only 33 per cent of girls attend school at all. Even with debt relief, there is a limit to what it can do on its own. The best the government could realistically aim for – before FTI came along – was achieving a female primary completion rate of 75 per cent by 2015.

Niger's Ministry of Education rose to the challenge posed by FTI and developed a clear, comprehensive strategy for using additional donor resources to reach 100 per cent female completion by 2015 (80 per cent by 2012).[27] An extra one million children would benefit from primary education as a result of this more ambitious plan. In their enthusiastic endorsement of Niger's FTI plan, donors noted that 'FTI financing will enable Niger to make significant gains in terms of access, coverage, the reduction of disparities, and quality improvements'.[28]

In order to meet interim FTI targets agreed with donors for 2006, over 9,000 new teachers were to be recruited and 8,774 new classrooms built by the end of 2005.[29] Inexplicably, however, donors came forward with only $21m of the additional financing needed for the first three years of Niger's plan, leaving a cumulative unfilled gap of $76m. Contributions from France ($7.1m per year for four years), the UK ($4.2m per year for three years), the EU ($26m over five years) and Germany (one-off grant of $7.7m) will improve the picture, but a much bigger effort is needed. According to donors' own projections, nearly 180,000 additional children could already be in school if Niger had received the full amounts promised by FTI donors.

The reluctance of donors to get behind the FTI also constitutes a huge missed opportunity to accelerate education progress in the world's remaining low-income countries. The FTI is currently reaching only nine of the 73 countries that are at risk of not meeting the universal primary education or gender parity Millennium Development Goals by 2015.[30] At least 38 countries – accounting for half the world's out-of-school children – have the potential to launch credible and costed education for all strategies within the next 18 months, but covering their financing needs and the needs of the existing partner countries would cost the donor community about $3bn a year. Unless rich country leaders are ready to pledge these sums now and upfront, the FTI will remain a small-scale, small-change operation, making little impact on the 60 million girls and 40 million boys who are still denied an education.

FTI expansion potential and financing needs, 2005–2007

	Status			Total (51 countries)
	Already endorsed (13 countries)	Potential endorsement 2005 (25 countries)	Potential endorsement 2006 (13 countries)	
Countries	Burkina Faso Ethiopia Gambia Ghana Guinea Guyana Honduras Mauritania Mozambique Nicaragua Niger Vietnam Yemen	Albania Bangladesh Benin Bhutan Bolivia Cambodia Cameroon Chad Congo, Rep. Djibouti India Kenya Lesotho Madagascar Malawi Mali Moldova Nepal Rwanda Sao Tome Senegal Sierra Leone Tanzania Timor Leste Uganda Zambia	Armenia Bosnia-Herzegovina Burundi CAR Congo (DRC) Côte d'Ivoire Dominica Eritrea Georgia Guinea-Bissau Kyrgyz Rep. Lao PDR Pakistan	
Total number of children out of school (millions)	27.7	>41 (excluding six countries for which no data available)	>10.3 (excluding two countries for which no data available)	79
Annual financing gap 2005 – 2007 ($)	0.8bn	1.5bn	0.8bn	3.1bn

With only ten years to go to achieve the universal primary education goal, and the deadline for education gender parity already missed, are donors finally serious enough about the education Millennium Goals to put their money where it can achieve most impact? This is a question that the G7 heads of state and other rich country leaders cannot afford to put off any longer.

Doing it better

Books and teachers, not consultants and red tape, are the priority for poor countries.

To get over 100 million children into school worldwide, what countries need most urgently are classrooms, books, and teachers, on a very large scale. In fact, UNESCO estimates that 15-35 million more teachers must be trained and hired in order to reach the 2015 universal primary education goal.

Back in 2000, at a meeting in Dakar to discuss how to achieve education for all by 2015, donors promised to respond to these needs by 'making longer-term and more predictable commitments and … being more accountable and transparent'. They pledged to 'co-ordinate their efforts to provide flexible development assistance within the framework of sector-wide reform'.[31]

Since then, a few donors have taken major steps towards supporting a single, government-led plan and budget for the education sector. This has made a real difference in enabling countries to succeed with bold reforms such as abolishing school fees (see Box 4). But while donors enjoy preaching reform to developing countries, most of them have been extremely slow to change their own practices. Too much aid to education is not aligned with country needs and priorities.

Box 4: Making education free: how aid has helped to transform lives

In 77 of 79 low-income countries, according to a World Bank survey, primary education is not free. Parents have to pay a range of fees and charges to send a child to school, and for the poor these costs are often prohibitive.

Helping countries to remove these charges has proven to be one of the best things that donors can do to accelerate progress towards the Millennium Development Goals, and to ensure that their aid money is reaching those who need it most: girls, HIV/AIDS orphans, child workers, and the very poor. According to the UN Millennium Commission, abolishing school fees is one of the ten most effective things that could be done now to save millions of lives and make an immediate impact on poverty. The Africa Commission, a panel of African leaders and development experts convened by Tony Blair to map practical strategies for getting Africa out of the poverty trap, lists the elimination of school fees as one of its top priorities.

When Kenya abolished fees, families who previously couldn't afford the $133 for tuition or the $27 for a school uniform began sending their children to school. Since January

2003, more than 1.3 million children have entered school for the first time under Kenya's free primary education policy. This has pushed national enrolment up from 5.9 million to 7.2 million. In Tanzania, net primary enrolment increased from 57 per cent to 85 per cent within a year after fees were lifted. Similar gains have been experienced in Uganda, Zambia, Malawi, Mauritania, Benin, and India after these countries removed some or all of the direct costs of schooling.

Eliminating fees is an especially powerful tool for reaching girls. Before the Ugandan government introduced its policy of free and universal primary education in 1996, girls, especially poor girls, were much less likely to go to school than boys. After dropping fees, Uganda was able to close the poverty gap in primary education and has now almost closed the gender gap.

Abolishing education charges can be a matter of life and death in countries hit by HIV/AIDS since, as UNAIDS points out, staying in school offers HIV/AIDS orphans the best chance of escaping extreme poverty and keeping themselves safe from infection.[32] Head teachers in Lesotho credit free education with bringing thousands of AIDS orphans back into the classroom.[33]

A policy of free and compulsory education also helps to entrench popular demand for schooling as a right, and puts positive pressure on both local and national governments to deliver. In India, a constitutional amendment guaranteeing free basic education has helped *dalit* ('untouchable') families to challenge decades of discrimination.
For example, Henna Kosar was expelled from her primary school in the state of Rajasthan because her father, a trolley puller, could not afford to pay extra fees imposed by a local education committee. In the old days, Henna would have had no choice but to return to her former job, making bangles for Rs.20 a day. But today Henna is busy studying for her certificate exams, after child rights activists took her case to the state human rights commission, and won a ruling that extra charges violate the constitution's free education provision.[34]

If free education is going to be successful, substantial investment is needed by governments and donors alike to enable education systems to cope with the expanding demand for school places, and ensure that quality does not suffer. Kenya estimates the increased costs of its free education policy at $138m per year. Tanzania estimates that to keep up with demand for free schooling, it needs 29,500 new teachers and 35,000 new classrooms this year alone. It is also planning a major expansion of non-formal education (NFE) to reach children who are still left out of formal schooling. Enrolments in NFE centres are projected to rise to 900,000 by 2006, so 10,000 such centres need to be built and staffed. To pay for all of this, Tanzania's Ministry of Education estimates that it still needs an additional $150m a year in external support.[35]

Just getting rid of fees may not be enough to enable the poorest and most vulnerable children to gain access to education. Additional help, such as a free school meal or an attendance-linked stipend, may also be needed. School feeding programmes, costing as little as $0.25 per child per day, can improve health outcomes at the same time as improving attendance.

Supporting free primary education effectively means that donors have to make a long-term commitment to contribute directly and generously to core system costs, through sector-wide programmes or budget support. They have to be willing to shift resources

from small-scale, donor-led projects into major needs identified in the government's sector plan – such as hiring more teachers, building more schools, and financing block grants to schools to make up for lost revenue from fees. And finally, they need to provide deeper debt relief and put a stop to rigid macroeconomic conditionalities that put too tight a rein on social sector investment. In Zambia, for example, IMF-advised caps on the public sector wage bill made it impossible to hire thousands of teachers desperately needed to cope with increases in enrolment after fees were lifted in 2002.

At least 11 donor agencies have made an explicit policy commitment to quality free primary education and the abolition of some or all user charges (France, Canada, Sweden, the UK, Germany, Japan, the Netherlands, Finland, Norway, the World Bank and the EU).[36] However, of these, only France, the UK and the World Bank have outlined a proactive strategy for promoting and supporting the abolition of user charges. Just as important, of course, is translating words into action by increasing core funding to help countries finance quality free education. Canada, the EU, World Bank, Ireland, Finland and the Netherlands are among the donors to have significantly increased their support to countries that have recently abolished fees. Canada in particular stands out for increasing its aid to Tanzania from a very low level in 2000 to about $10m per year in pooled funding for the national education plan over the 2002-7 period, while also contributing to pooled funding or sector budget support for free primary education in Kenya, Uganda, and Zambia. The emergency grant given by the Netherlands last year to help Zambia resolve the teacher shortage crisis is another example of putting principles into action.

Many donors remain far more willing to supply developing countries with expensive consultants than to help pay teachers' salaries. Eleven countries (Canada, Spain, Austria, Portugal, France, New Zealand, Austria, Germany, Italy, Belgium, and the USA) provide more than 70 per cent of their aid to education in the form of technical assistance: study tours, seminars, capacity building workshops, and policy advice that may or may not be wanted. A good deal of this ends up generating lucrative contracts for foreign experts.[37] While good technical assistance can be invaluable, no-one with a $100,000 budget to build a house would spend $70,000 on architects' fees and leave themselves only $30,000 for bricks, mortar, and construction work. Luxembourg, Denmark, Sweden, and Ireland adopt a sensible approach by providing less than 10 per cent of aid to education as technical assistance.

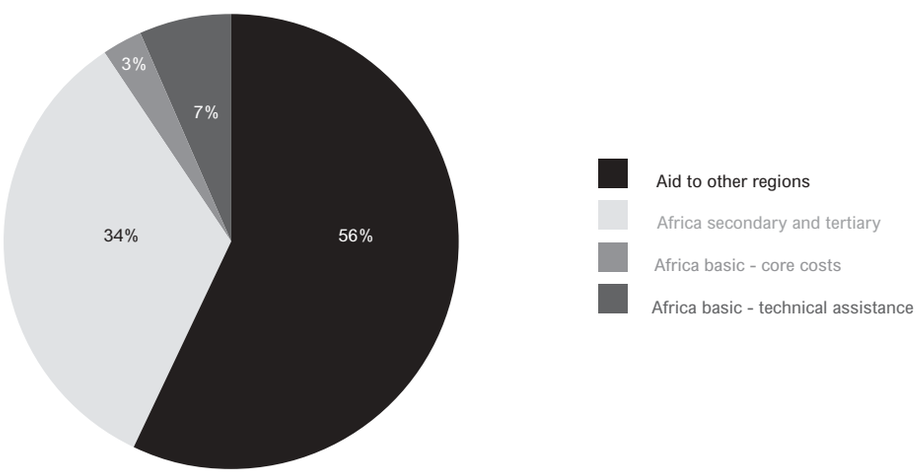
Much time and effort is wasted by ministries of education in attempting to juggle dozens of donor-led projects and programmes, each driven by priorities that may or may not correspond with the government's own assessment of needs and each imposing its own financial procedures, reporting requirements and conditionalities. Even in Uganda, a poster child for donor good practice, as recently as 2001 over 80 per cent of aid to basic education came in the form of discrete projects.[38] Mozambique, too, had 50 agencies funding hundreds of separate off-budget projects, 'making it hard for government to set priorities and leading to serious imbalances in resource allocation, both geographically and among sub-sectors,' as the UNESCO EFA Monitoring Report observes. Results have improved since a group of major donors agreed to follow a single planning and monitoring cycle and established a pooled fund to support the national sector plan.[39]

Donor projects often rely on expensive foreign inputs; for example, across Africa donors spend as much as $24,000 to build and equip a classroom, about three times more than the cost of a

locally built and equipped structure.[40] Seven countries (Ireland, the UK, the Netherlands, Finland, Belgium, Switzerland, and Norway) have untied all, or almost all, of their aid to education so that governments can get best value for money when purchasing inputs. However, eight countries (Italy, Canada, Japan, New Zealand, Austria, Australia, Spain, and Germany) still tie a large proportion of their aid to education to the import of goods and services from the donor nation, with two (Spain and Austria) tying more than 90 per cent of their aid, and Italy tying 100 per cent.

'If the [government's education] plan represents a credible and least-cost route to reaching education for all, and if there is a funding gap for implementing the plan, then projects lying outside it add to the total cost of achieving the goal,' argues one economist.[41] The World Bank estimates that the net value of basic aid to education – the amount that actually constitutes a core resource transfer to recipient countries – is 25-50 per cent lower than the total figures that donors report, and could amount to as little as $0.9bn per year for basic education in low-income countries. In 2000, a stunningly tiny 3 per cent of total aid to education went towards the core costs of basic education service delivery in Africa (see Figure 3).[42]

Figure 3. Core resource transfers to basic education in Africa, as a share of total aid to education (2000)



Source: World Bank and OECD CRS

Lack of predictability, as discussed above, also prevents poor countries from making faster progress. As our Yemen example highlighted, countries embarking on major education reforms need to be able to count on donor funding for a period of 5-10 years (subject to continuing good performance), so that they can plan in full confidence, knowing that if they employ more teachers, build more classrooms, and enrol millions more students, they will continue to have money to pay for it.

Over the past five years, donors have indulged in a steadily increasing volume of conferences, research projects, case studies and guidelines on the topic of improving aid effectiveness, but with few concrete outcomes. The donor community is still resisting the adoption of any specific benchmarks and targets for reforming aid, and outrageously, a recent major meeting in Paris on aid effectiveness failed to agree on draft targets that had been proposed. It is urgent for all 22 OECD countries to sign up to the draft Paris targets, and to announce their own country-specific plan to deliver on them.

Finally, our research once again throws into relief the very low level of transparency and accountability among donors, in stark contrast to their demands for greater transparency and accountability by developing countries. Much aid remains off-budget and is not even properly reported to the government of the recipient country. The OECD's reporting system is widely felt to be inadequate to capture the full extent of external financing for education, including through budget support and multi-sector programmes. On the other hand, it does not distinguish between money spent in support of a coordinated, government-led education sector plan, and money devoted to parallel donor-led projects. Even for the 13 Fast Track Initiative countries, the data collected by the FTI secretariat is entirely inadequate to assess whether donors are providing effective support to each country's sector plan, and how donor spending relates to key output targets listed in the plan (numbers of teachers trained, classrooms built, or textbooks distributed). Both donors and governments should report annually on their financial contributions to the national education plan, the expected future costs for the next three years (with indicative figures to 2015), current commitments from government and donor sources to cover these costs, and expected funding shortfalls for which additional commitments are requested. Spending and commitment data should be linked to output targets. This annual financial and performance assessment should be co-ordinated with the annual government budget cycle, and all data should be made freely available to civil society.

By pooling their funding in support of FTI-endorsed national education strategies, and providing transparent reporting on their current and future contributions to these plans, donors – and countries - can get much better results for their money.

Conclusion

The Fast Track Initiative makes education one of the only sectors with the practical means to respond to Kofi Annan's challenge: ensuring that developing countries with 'sound, transparent and accountable national strategies … receive a sufficient increase in aid, of sufficient quality and arriving with sufficient speed to enable them to achieve the Millennium Development Goals'.[43]

The task facing rich countries committed to education for all has never been clearer. They must launch bold action to make the FTI a truly global and truly effective initiative. Some 38 developing countries could be ready to come forward within the next 18 months with sound plans for achieving free, quality education for all. As an immediate step, rich country leaders need to pledge at least $3bn per year to support all of these countries, as and when their plans are endorsed through the Fast Track Initiative. Secondly, they must announce a timetable for mobilising by 2010 the full $5.4bn in additional aid that will be required to achieve universal primary education for all in all low-income countries.

If they take these steps, more than 75 per cent of the world's out-of-school children could be in school and learning within the next few years, and by 2015 universal completion of primary education could become a fact of life rather than a distant hope. If they don't, progress will remain too slow to achieve the Millennium education goals on time – bringing small change, once again, to the world's poorest children.

'In our community we have no toilets and we have to drink dirty water. There isn't a clinic. We have to work all the time, even us children, and there is never enough to eat. Those are very hard things. But not getting a chance to go to school: that's the worst. It makes you feel like your future has already been thrown away,' says 12-year-old Priti, who was born into bonded labour in Nepal.

When over 100 million children are deprived of education, it is not just a huge number of lives that we are throwing away. We are also throwing away perhaps the best chance we have to put an end to world poverty, and secure a more peaceful and stable future for us all. That chance is affordable, and within our reach – if rich countries act without delay to expand the Fast Track Initiative and close the education financing gap.

Notes

1 Abu-Ghaida, D. and S. Klasen (2004) 'The Economic and Human Development Costs of Missing the Millennium Development Goal on Gender Equity', World Bank Discussion Paper 29710 (Washington: World Bank). Smith, L. and L. Haddad (2001) 'Explaining Child Malnutrition in Developing Countries,' International Food Policy Research Institute Research Report No. 111 (Washington DC: International Food Policy Research Institute). Global Campaign for Education (2004) Learning to Survive: How Education for All Would Save Millions of Young People from HIV/AIDS (London: GCE). Psacharapoulos, G. and H. Patrinos (2002) 'Returns to Investment in Education: A Further Update', World Bank Policy Research Working Paper 2881 (Washington: World Bank)

2 Based on trends in primary completion 1990–2001, as reported in the FTI Status Report, December 2004.

3 Global Movement for Children (2005) 'But the Children Cannot Wait: What Governments Must Do This Year to Fulfill the Promises Made to Children in the Millennium Declaration and Goals', March 2005 (processed).

4 The Dakar Framework for Action, adopted by the World Education Forum, Dakar, Senegal, 26–28 April 2000 (Paris: UNESCO, 2002).

5 According to the three-year targets and budgets approved by donors, the first 12 FTI partner countries needed a total of $1.7bn in aid to finance the first three years of their UPE strategies (2003-2005), on top of $5bn of their own money. As of the end of 2004, only 1.05bn had been committed. These figures exclude Ethiopia, the most recently endorsed country, which faces a financing gap of some $200m per year. FTI Secretariat (2004), 'EFA-FTI Status Report', prepared for the EFA-FTI Annual Meeting, Nov 10-12, 2004 (revised December 2004). As noted above, more recent donor pledges may improve the situation slightly for some countries, but unfortunately no comprehensive information was available on 2005 pledges. See Box 2 for more information on the most recent pledges.

6 Federal Democratic Republic of Ethiopia, Proposal for EFA by 2015 Fast Track Financing, Ministry of Education, 2002

7 This is the absolute minimum required, in two respects. First, the underlying estimates are based on very optimistic projections of how much poor countries themselves will be able to increase spending on education. The Millennium Project argues that since education already consumes a large share of developing country budgets relative to other crucial sectors such as health, a greater proportion of the total costs of universal primary education may need to be financed by donors. Second, the aid estimate is based on the MDG target of six years of primary education, which many see as an absolute minimum starting point towards Education for All. There is growing support for an extension of universal basic education to nine years of schooling, and the Africa Commission estimates that Africa alone needs an extra $7bn–8bn a year from donors to achieve this. Early childhood education and adult literacy are other important investments for poverty reduction, that are not included in the $7.05bn estimate.

8 Using the DAC database, we found that bilateral aid to basic education in all developing countries, including middle income countries, increased from about $1.1bn in 2000 to $1.4bn in 2003 in constant prices (or $1.6bn in nominal prices). We used the DAC-CRS database to track bilateral aid to basic education in low-income countries because the DAC database, although more inclusive, is less detailed, and does not give sectoral breakdowns to low-income countries. Since DAC figures tend to be higher than DAC-CRS figures, an alternative (but less precise) estimate prepared with DAC data would also give a slightly higher total for bilateral aid to basic education in low-income countries. Estimating multilateral flows to basic education is even more difficult as DAC and CRS data on multilateral flows by sector and subsector is quite unsatisfactory. The World Bank is working with OECD DAC to improve multilateral reporting but in the meantime all estimates of multilateral aid to basic education, including ours, should be taken as preliminary. Following advice from OECD experts, we used the more detailed DAC-CRS database to track commitments by most multilaterals but relied on the DAC database to track others whose aid is poorly captured by the CRS reporting framework. For this second group, we assumed that the percentage of their basic education aid directed to low-income countries is the same as the percentage of their overall aid that they allocate to low-income countries. In all cases (bilateral and multilateral), we attributed 1/3 of "education level unspecified" aid to basic education. Changing either of these assumptions would result in a higher or lower estimate. Although our School Report scores in Part II of this report are based on current prices, which provide a more reliable basis for comparing individual country aid performance in a given year, we use constant prices for tracking year-on-year trends. Special thanks to Laura Gregory of the World Bank for her assistance with these calculations, even though our conclusions differ slightly from hers.

9 FTI Secretariat (2004), 'EFA-FTI Status Report', prepared for the EFA-FTI Annual Meeting, Nov 10-12, 2004 (revised December 2004). This estimate includes an additional $0.3-$0.5bn in general budget support attributed to basic education, but excludes technical cooperation.

10 By 'universal primary education' we mean universal completion of a full primary circle, which is the target set in the Millennium Development Goals and Dakar Framework for Action.

11 The share of total bilateral aid devoted to basic education has actually fallen slightly since our last School Report, from 3.4 per cent in 2001 to 3.2 per cent in 2003.

12 Figures for total aid per head in Norway and the US from Just1World (2005), 'Development Aid', January 2005. Available at: http://www.just1world.org/development-aid.htm. Percentages of total Norwegian and US aid going to education based on data from OECD DAC and CRS.

13 All future calculations of debt sustainability must be linked to a country's ability to fight poverty and reach the MDGs including universal primary education. Any assessment of debt sustainability must be carried out by fair and transparent means. In practice, this will mean 100% debt cancellation for the majority of the worlds poorest countries.

14 No financing figures are available for the 13th and most recently endorsed country, Ethiopia. Although the most recent official information suggests that the first 12 FTI countries can count on a combined aid increase of only $25m in 2005, these figures were last updated by the FTI secretariat in December 2004. Once more recent pledges (e.g. to Niger and Nicaragua) are taken into consideration, the total increment for 2005 may approach $50m. However, the aggregate figure disguises the fact that some countries (e.g. Mozambique and Guinea) have actually seen aid to basic education fall significantly since receiving FTI endorsement.

15 The Netherlands is the major contributor to the FTI Catalytic Fund, a multi-donor pooled fund managed by the World Bank, which is providing short-term bridging funds to six endorsed countries whose plans have not attracted sufficient bilateral financing. Ironically, although the Catalytic Fund is intended as a 'donor of last resort', to date it is the only channel through which most FTI countries have been able to access additional funds.

16 Median costs for new schools in the US, 2003, as reported in American School & Universities 30th Annual Official Education Construction Report. Available at: http://66.102.9.104/search?q=cache:dpWMsqt8oqwJ:www.asumag.com/mag/405asu21.pdf+Annual+American+School+%26+University+Education+Construction+Report+&hl=en

17 However, some donors, such as Norway and the UK, also make substantial contributions to UNICEF to help finance UNICEF's girls' education programmes in these countries. These contributions are not captured in the CRS dataset used for this report.

18 The FTI secretariat is keenly aware of the need for better financing data and is working closely with participating countries and with donors to improve information flows.

19 Omitting the needs of Ethiopia, the most recently endorsed FTI country, which faces a financing gap of about $200m per year.

20 According to the three-year targets and budgets approved by donors, the first FTI partner countries, excluding Ethiopia, needed a total of $1.7bn in aid to finance the first three years of their Universal Primary Education strategies, on top of $5bn of their own money. As of the end of 2004, only $1.05bn had been committed. As noted above, more recent donor pledges may improve the situation slightly for some countries, but unfortunately no comprehensive information was available on 2005 pledges.

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E-mail: info@campaignforeducation.org