

Section 4

Trends in external support - a difficult transition from theory to practice

4.1 An international awareness...

At the Dakar Forum in 2000, the international community voted for a resolution whose impact proved to be profound: «no country seriously committed to basic education (with a credible plan) will be thwarted in their achievement of this goal by a lack of resources».

This Dakar Declaration was reinforced, a few months later, by including two goals for education amongst the Millennium Goals adopted by the United Nations in September 2000: eliminating gender disparities in education and achieving Universal Primary Education by 2015.

This is setting a pact, no longer only on national level, but on a global level, for goals of Education For All.

4.2 ...followed by an increase in Official Development Aid (ODA)

4.2.1 Overall Level and Africa's contribution

These international pledges are made through international mobilization for sustainable development, they include reconsideration and increase in external aid.

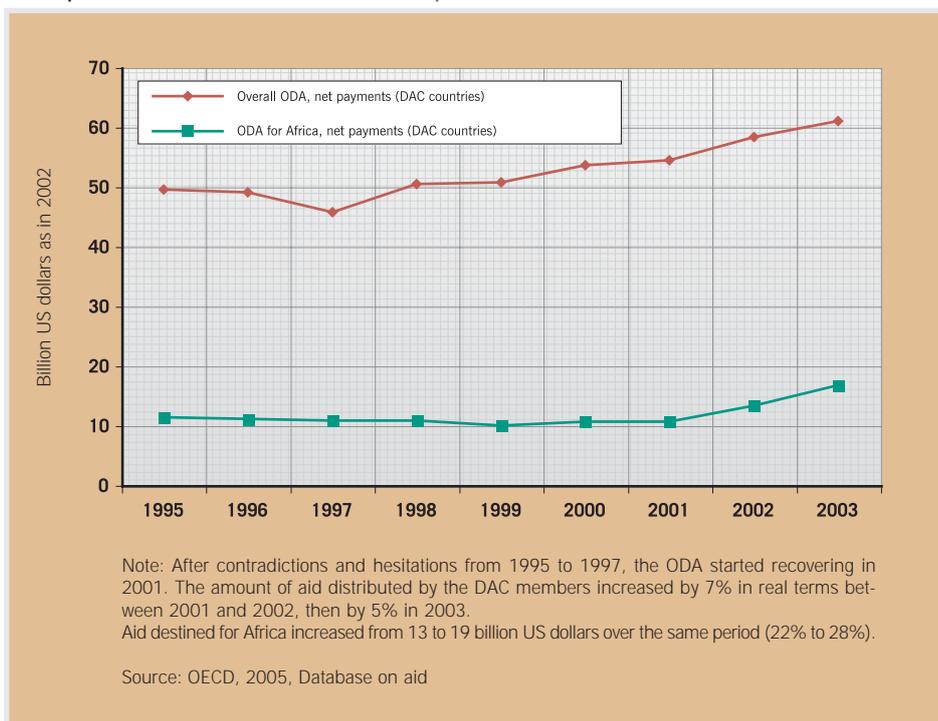
In fact, the «aid fatigue phenomenon», which involved an erosion in Official Development Aid (ODA) in the 1990s, has, since the dawn of the new millennium, been succeeded by a recovery. This increase must be put in perspective: the total amount of aid distributed by the members of the DAC increased in par value from 58.3 billion US dollars in 2002 to 69 billion in 2003. But from this 10.7 billion US dollar increase, approximately 7.9 billion dollars are the combined effects of inflation and the fall in the external value of the dollar. In percentage of national wealth (ODA/Gross National Product), it is a meagre improvement: from 0.22% in 2001 to 0.25% in 2003, which is still far from the 0.33% for the period 1980-92. The pledges made at the Monterrey Conference should reinforce the progression in real terms for 2006, and the pledges made since, often unilaterally, if they are kept, could give us hope for a ODA amount exceeding 100 billion US dollars in 2010 (2003 price and exchange rate).

This is probably optimistic; however, it is possible with political willingness: according to the Millennium Project Report which was submitted to the General Secretary of the United Nations in January 2005, 50 billion extra US dollars would be required to reach the millennium goals.

The other encouraging sign is the recovery - announced and promised long ago in international conferences - of the aid allocated to Africa. For the Sub-Saharan Africa, the increase noted between 2001 and 2003 was amounted to approximately two thirds.



■ Graph 4.1: Overall and African Official Development Aid



International commitments to increase Official Development Aid (ODA) is beginning to bear fruit

4.2.2 For Africa, an increased share of education in public development aid, but uncertainty over the proportion allocated to basic education.

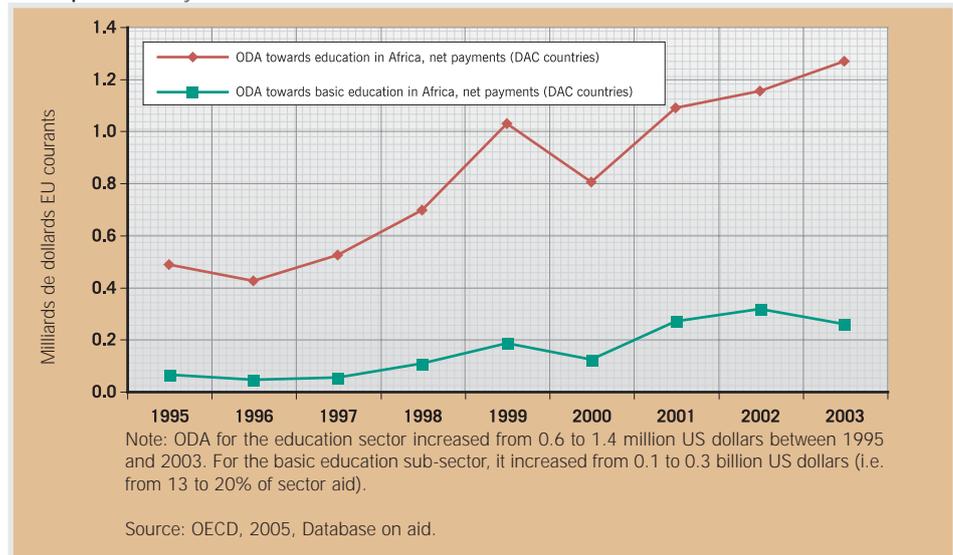
Over and above the level of aid and its reallocation where it is most needed (thus Africa), the dynamic of the Millennium Goals called for an internal reallocation of this aid: in a way more beneficial to social sectors and, within them, to basic social needs.

On a world-wide level, the starting point today is a total of education aid, both bi- and multilateral, amounting to 5.45 billion US dollars for 2001/02 (average over two years, in US dollars as in 2001). Within that, the volume devoted to basic education is estimated at 1.54 billion US dollars.

For Africa the situation is still uncertain: allocation in the education sector in general seems to experience a recovery, yet the share of basic education is very inconsistent: it is positive over a long period, but it is still unstable and even negative some years. This is most probably a case of inconsistency in terms of reaching the goals of Education For All, between the international pledges of donors and the reality of payments.

For Africa, priority to basic education within Official Development Aid (ODA) is still uncertain

■ Graph 4.2: The dynamic of the ODA for the education sector



4.3 ...based on a new development partnership...

Over and above the issues of overall cost, geographic, sector-wide (and sub-sectoral for fight against poverty) distribution, it had to be proved that ODA - which was much-criticised for its opacity and lack of efficiency by several reports - is an instrument of renewed international solidarity

Thinking over establishing the international doctrine finally lead to a new doctrine expressed by the «consensus» of the 2002 Monterrey conference on financing development.

The Monterrey consensus consists of the following transformations:

- Going from external management of aid to a management by contract where each partner becomes co-responsible for resources and results according to a long-term commitment;
- Going from an ex ante conditionality of resources to an ex-post conditionality on outcomes?
- Going from a management by each donor to a co-ordinated and synchronized intervention for each country, which means the development of the program-based approach;
- Going from a national budget by-pass strategy through external aid to a rehabilitation of this budget as a tool for implementing the national development policy.

This consensus should respect the balance of interventions and their insertion in national policies; the junction point with the mobilization of donors was often done through the drawing up and implementation of poverty reduction strategic framework which structure the articulation between macro and sector-wide goals and pave the way for the remission of debt.

In this new context international sector-wide initiatives appeared to make international pledges part of concrete systems and operate new international aid concepts.

The reform of aid modalities as a prerequisite for its effectiveness: the Monterrey consensus

■ Inset 4.1: The program-based approach

Program-based approach, sector-wide support, SWAP (Sector Wide Approach), many are the terms that have, over the past few years, with a few very slight differences in meaning, defined the new concept of development aid per sector. This new concept highlights the principles of ownership, national «leadership», co-responsibility, outcomes based management, integrated planning, harmonization with countries' systems and procedures, and harmonization of aid modalities.

The OECD's development assistance committee, that deals with the issue of the efficiency of development aid, gives the following definition:

«Program-based approaches share the following features:

- a) leadership by the host country or organisation;
- b) a single comprehensive program and budget framework;
- c) a formalised process for co-ordination and harmonization of donor procedures for reporting, budgeting, financial management and procurement;
- d) efforts to increase the use of local systems for program design and implementation, financial management, monitoring and evaluation.»

And so, the program-based approach implies an evolution in practices on both sides: in government's practices on the one hand, on its partners' practices on the other.

Principles

For the government, the principle of setting a program, which includes all actions for the education sector, i.e.:

- actions taken by the government and other partners (donors, NGOs, the community, etc.)
- investments as well as current expenditures and transfers

This program should reflect the sector's activity in the most comprehensive and acute way possible.

This ten-year (in most countries which already use it) plan, must also be divided in shorter periods in order to allow for close monitoring of the operations as well as regular adjustments. The implication for full program-based approach are as follow:

- dividing in phases (3 or 4 years each in general), which correspond to intermediate goals and lead to medium-term action programs. Dividing into phases usually goes together with a medium-term sector-wide expenditure framework (with a longer time span). Phases are also useful for designing external financial and technical support.
- **budgeted annual action plans**, which present on the one hand expenditure (planned actions with their cost) and on the other hand, revenues (domestic and external resources)
- drawing up procurement plans, cash flow plans, etc. and all instruments that organise the implementation of the program and prove its feasibility according to set schedules.

For its partners, it consequently involves aligning the interventions with the general framework set by the government; it does not strictly prejudice the aid transfer conditions, yet this **national ownership incites progressive change towards an overall or sector-wide logic of budgetary aid** as a completion of the use of national systems.

The system is one of a prior allocation of resources, with a retroactive assessment of the outcomes obtained: based on the narrative and financial report of the past year's activities, on the one hand, and the action plan for the following year on the other, presented and discussed in general terms in a sector review (sometimes called a joint monitoring mission), technical and financial partners accept to proceed with the payment of their funding (for some, the level of cash flow also influences the decision).

In this spirit:

- the stand alone aid project, i.e. disconnected from the national strategy, is no longer really applicable. When it is outstanding, it must at least conform to national goals and so appear in the program description, and target actions for which this type of support has a real comparative advantage (like for example, capacity building, see infra).
- Program or project management units, working for a bilateral agency and bypassing State services, are called to disappear progressively, as are agency-specific procedure handbooks.

The program-based approach: designed to serve a long-term sectorial vision and co-responsibility of countries and external partners



Key factors of success and stakes

For the government, the program-based approach paves the way to a better national ownership of the education strategy's implementation, to the extent that it aims at giving the Government the resources for overall responsibility: it establishes a comprehensive program, national execution procedures and channels of public expenditure are used as much as possible, and action's outcomes are assessed against the targets set by the Government. The concept of **results based management**, more often proclaimed than implemented, therefore becomes real.

This approach changes the rules of the game, in favor of a vision of partnership and mutual accountability.

A certain number of stakes are involved, which should receive special attention:

Countries must be in a position to give themselves over to programming exercises based on resources which are both national (the Ministry of Finance is increasingly called to establish its budgetary allocations on the basis of a Medium Term Expenditure Framework - MTEF -) comprising international aid. To achieve this end, the following is required:

- disposing of **tools**: on the one hand: it is obvious that programming must be able to lean on a high-performance **information system** up to the most decentralized levels of the systems. In fact, drawing up action plans once a year or more, sometimes grouped together under the heading of programming by goals, also goes through an **ascending phase** which allows us to achieve local conditions of reaching national goals, by starting from the most decentralized level of the administration, up to the central ministry.

The difficulty therefore consists of setting up an iterative mechanism for drawing up action plans. Take note that an imbalance is often observed in this matter: the mechanism for sending information upwards is set up, yet it desperately lacks a «descending» symmetry: not only is the initial strategic and budgetary framework within which the programming should operate not always transmitted (which eventually means local plans that are too ambitious in comparison with the available budget) or they are unaligned with the general goals, which hampers consolidation on national level), but above all, once the programming is finalised by consolidation on national level, which often requires trade-offs between the offers of the decentralized structures, the **information does not filter down** to them.

It is therefore not surprising that the stakeholders, who have no idea of how their work was used, neither appropriate the financial year nor use it as a steering instrument.

In addition, drawing up realistic action plans requires the ability to appreciate the system's **physical and financial absorption capacity**: when 400 classrooms were built per year, is it realistic, in order to reach the system's expansion goals, to plan for 1,200 or is it better to limit the number to 1,000? Do procurement procedures allow for such an acceleration of the pace? Are there enough «approved» technical operators to do this, etc.? The methodological tools to answer this type of questions, by carrying out an assessment of the last resources available and the system's bottlenecks, are still desperately lacking.

- disposing of **skills**: on the other hand. Since these exercises are relatively new, they require new skills in terms financial planning, monitoring and assessment, etc. and that requires a **priority to capacity building or development**.

For technical and financial partners, the issue at stake is firstly the ability to make each donor's **internal procedures evolve with the aim of encouraging the harmonization** at the heart of the program approach. This calls for (i) an adjustment to lead aid agencies' financial support instruments and modalities towards convergence, like for example the development of pooled funds; (ii) setting up **incentive measures for co-operation agents** who work in the countries, so that they themselves are no longer only assessed on the basis of individual or even accounting success of the support of the agency they represent, but also on their co-ordination and harmonization efforts, and overall maybe on the contribution of their action to a reduction of aid transactions costs for national governments.

Then, this change of approach requires a **vocational change** for these agency representatives, which does not occur immediately: From now on, following the example of national executives, and in order to usefully contribute to the technical dialogue, co-operation agents should be able to master planning mechanisms, budgetary procedures and the macroeconomic framework of which this sector-wide program is part; this requires **internal training**, and **improved articulation between the macroeconomic and sector services**.

4.4 ...and materialised by the implementation of the Fast Track Initiative

The Education For All - **Fast Track Initiative**, centred on the common goal of the Dakar Forum and the Millennium Summit of Universal Primary Education by 2015 is, in particular, the **first attempt at practically implementing the «Monterrey consensus»** and therefore testing the principle of co-responsibility and mutual commitment surrounding the achievement of the MDG. It relates to an order by the G8 and involves a technical instruction by the World Bank which hosts the secretariat since the launch of the initiative in April 2002. The Fast Track Initiative today gathers all the main multi- and bilateral education donors.

■ Inset 4.2: Some key items of the Fast Track Initiative («FTI»)

1. Principles

The Fast Track Initiative combines the advantages of being a global partnership and being implemented in the national framework of education sector programs and in that avoiding the creation of a parallel logic. As such, it reinforces the existing efforts of aid harmonization.

For the countries, the election to the Fast Track Initiative constitutes a quality label that sends a signal to the international community that informs on the quality and sustainability of a sector-wide strategy that includes the millennium goal of Universal Primary Education. This is an incentive for donors to finalise the funding of this strategy for the part that exceeds the capacities of mobilizing national resources. This is a long-term (2015) commitment from donors which makes aid more predictable.

For donors, the FTI encourages the improvement better efficiency of aid and calls for more of it. It encourages new donors to the sector or a country by reducing the instruction/transaction and monitoring costs of this aid, particularly due to the voluntary promotion of the mutualisation of aid funding channels.

2. Financial and technical support

2.1 An increase in financial support: Fast Track countries in which enough donors are already involved at the time of endorsement experience an increase in their aid which is also better co-ordinated. New donors may also decide to join in.

*2.2 Special treatment for «orphan» countries: Fast Track countries in which not many donors are involved or even absent all together, but which present a useful absorption capacity of external funds, are eligible for temporary funding (**catalytic funds**), for a period of three years, whilst waiting for new donors to contribute.*

*2.3 Guidance for capacity development: the initiative disposes of an education **program development fund**. in order to raise a country's sector-wide program to the quality level required for election to the Fast Track Initiative.*

3. Expansion prospects of the Fast Track Initiative

The eligibility to the Fast Track Initiative is open to all low-income countries that are seriously committed to achieving the goal of Universal Primary Education. Countries can move from a status of eligibility to being elected through an appraisal process that is carried out on a national level. In April 2005, 13 countries were elected to the initiative, 8 of which are African: Burkina Faso, Ethiopia, the Gambia, Ghana, Guinea, Mauritania, Mozambique and Niger.

During the next two years (2005/2006), approximately 25 other low-income countries, mainly African, could be elected to the initiative. But this expansion requires more financial pledges from donors to the initiative and more reforms from the eligible countries.

*Further information on the initiative is available on FTI's website:
<http://www.worldbank.org/education/efafti>*

The Fast-Track Initiative: an operationalisation of Dakar's commitment to fund credible plans

4.4.1 A progressive convergence of the estimates of the external funding need of UPE by 2015...

The Fast Track Initiative is based on an extensive assessment on the conditions for reaching the goal of Universal Primary Education (UPE) by 2015. This work, performed by a World Bank team, initially set out to estimate the cost of UPE not according to the prevailing conditions in the less-developed countries' education systems, that are the initiative's priority, but in reference to the reform scenarios on mobilizing resources on national level and on the choice of educational policy parameters (the much talked-about «Fast Track indicative framework») substantially improving the efficiency of policies. As part of this initial prospect, the election to the initiative exactly corresponded to the Dakar and Monterrey spirit of a long-term commitment from donors on the achievement of an outcome as an acknowledgement of the credibility of a policy adopted on national level.

The conclusions of this assessment, performed in 2002, are of particular interest to Africa: it established an **average external funding need** for the UPE goal, only for low-income countries (which today concentrates 75% of out-of-school children) of approximately 3 billion US dollars per year, of which approximately 2.5 billion per year is for Sub-Saharan Africa (and yet which previously only received 10% of the world-wide ODA towards basic education).

A new estimate (2004) has since been made by the World Bank, which takes into account two years of debate on calculation parameters and which enlarges the number of countries considered: it rather suggests that between 5 and 7 billion US dollars on average per year of external funding is required by 2015. This estimate still depends on linking the large education policy parameters of countries to the values targeted in the indicative fast track framework. In this new estimate, Africa has an external funding need of little more than 3.1 billion US dollars per year by 2015. Finally, estimates, which have for a long time been divergent (the Fast Track Initiative estimate was for a long time considered much too low), are starting to converge. The last report of the education task force of the millennium project is quite close to the figure put forward by the fast track study. **It would from now on involve mobilizing 5-6 billion US dollars per year for the contribution of external funding of the MDG of universal primary education.** On a world-wide level, it involves **multiplying, by at least 3, the current level of official development assistance for basic education.** And of this total Sub-Saharan Africa represents a little more than half of the external funding need.

4.4.2 ... which validates the chosen method...

In the final analysis, it is important that the method of calculating the external funding need is accepted, i.e. that the figure results in a **dynamic calculation that suggests the best mobilization of national resources and reforms for the most effective policies**, instead of «accepting» the costs, and therefore inefficiencies, such as current structures present of the education systems that face this challenge of achieving UPE.

4.4.3 ... for a goal within reach of the ODA.

As part of a debate centred on increasing the volume of development aid to more than 100 billion, the quality on cost ratio of the Fast Track Initiative to reach one of the millennium goals is unequalled. A simple calculation of a combined increase in the volume of ODA and re-allocation of ODA both in favour of basic education and to the benefit of Sub-Saharan Africa brings a high level of optimism. The goal of universal primary education by 2015 is within financial reach of the countries and the donor community's joint efforts.

Estimates of the external financing gap are starting to converge: the resulting need is within reach of a better targeted ODA

4.5 What lessons for the implementation of international solidarity for reaching the Education For All goals?

The Fast Track Initiative **establishes an outcome based strategy on an international scale** in the education sector. As regards the donors, it involves giving an account of their more sustained financial commitments for basic education and their efforts in terms of co-ordinating and harmonising the procedures for transmitting aid. For the recipient countries, it involves giving an account of mobilising domestic resources at the level of the sector's stakes and setting up sector reforms that are coherent with the achievement of the goal of universal primary education.

From this point of view, the education sector is probably one of the most advanced sectors for setting up a program-based approach as the framework for implementing sector policies; this framework promotes properly rolling out these policies for the government. This framework also favours the proper integration of external technical and financial support.

This is perhaps the first time ever that the willingness to set operational bases for aid principles around common goals carried out by the international community goes that far.

However, the Fast Track Initiative questions the practices of large bi- and multilateral agencies, as well as that of recipient countries. The issue of a common assessment framework (with at its core an indicative framework for the large education policy parameters) to judge the credibility of education sector policies including the goal of universal primary education, still generates much debate, even if today, it was voted that this common framework of appreciation and the endorsement of a country in the initiative is the result of a dialogue opened on local level between national authorities and technical and financial partners.

Finally, the **global solidarity pact on the Education For All goals** only has a chance to be decisive in achieving the Dakar goals if, **in each country**, it is based on a **social education pact** that is already organising, upstream from aid, the political, social and technical dialogue on priorities, choices and implementation of educational policies.

Official development assistance is therefore in a position to bring its comparative advantage into play: that is, by shifting the cost constraint, it can make some trade-offs less painful; moreover, from a structural point of view, it is mobilised to yield differed returns.

What counts though is not to use this comparative advantage by shifting the responsibility of poverty alleviation and the inequalities on the site of the donors. It is the government and school partners' responsibility to materialise its concerns and the achievement thereof.

Technical and financial partners would therefore benefit from supporting goals on educational for all in the framework of overall sector-wide support. Situations of eviction will thus be avoided: technical and financial partners' «good» expenditure that benefit basics needs or target the high profitability areas of the system, that chase national resource funding towards «bad» expenditure. **For, in a re-established education sector policy, there is no longer either bad or good expenditure, but an acknowledgement of the complementarity of goals and resources.**

The agreement, based on an unambiguous contract in the spirit of Monterrey, must therefore be made **on a sector-wide policy that integrates the goals of Education For All**, that is to say an efficient policy and for which overall funding can henceforth be available.

The education sector is leading the way in the reform of aid modalities, but this progress has highlighted the obstacles that are yet to be overcome

