

The Effectiveness of Development Assistance in Education: An Organizational Analysis

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Abstract

Despite the rhetoric about the importance of international aid to education, resulting gains from aid to education have been modest and development assistance agencies actually assign it a relatively low priority. This paper examines why, if education is so important to national economic and social development, both public and private assistance to international education has remained so modest. It argues that the source of the problem lies within the development education community itself. The development education community chose to adopt a simple ideology with respect to Basic Education-for-All at the expense of many other important education sector objectives. The paper concludes that a common evaluation metric can be constructed fairly only by treating organizations in three categories (i.e., multilateral, bilateral, and NGO) parallel with their different mandates. The paper offers recommendations on how to increase the quality and effectiveness of evaluations of educational assistance if these organizational differences are recognized.

Background

Multilateral organizations

Foreign aid flows through three categories of organizations. There are multilateral organizations such as the United Nations, the World Bank and the regional development banks. Their mandates differ. Some are permitted to grant project monies and do not need to be repaid (e.g., UN organizations), while others (e.g., the World Bank, the International Monetary Fund and the regional development banks) loan monies that need to be repaid.¹ Some multilateral organizations are governed by the principle of one nation/one vote (such as the General Assembly and most UN agencies), while others (such as the World Bank, the International Monetary Fund and the regional development banks) are governed by proportion of equity shares purchased by individual nations. The key-defining factor of all multilateral organizations is that many national owners govern them, and no single nation controls them.

¹ The World Bank, the Inter-American Development Bank and the Asian Development Bank all have 'soft loan' programs for the poorest countries where the interest rate is less than one percent, the grace period is about six years and the period of amortization is thirty years. Depending on the rate of inflation, these loans are the equivalent of a 75% grant. Furthermore, each development bank has now developed a grant program within the soft loan facility.

Bilateral organizations

Bilateral organizations are those whose development projects are arranged country-by-country. The United States Agency for International Development (USAID) is the official bilateral aid organization of the U.S. government, but every donor country has a similar agency that makes similar project arrangements.² Examples in other countries include the Japan International Cooperation Agency (JICA), the (British) Department for International Development (DFID) and AusAID (Australia). Some countries have two bilateral agencies: one to support general assistance (such as the Swedish Agency for Development Assistance and the Canadian International Development Agency); the second to support research (Swedish Agency for Research Cooperation and the Canadian International Development Research Centre).

The assistance which flows through bilateral organizations is distinct from that which flows through multilateral organizations. Bilateral assistance is made on a country-to-country basis and is a part of a nation's overall foreign policy. For instance, the website of USAID notes in 2004 that the agency has disbursed over 10 billion dollars in assistance to developing countries in all regions of the world. What it does not display as prominently is that 45 percent of that assistance was allocated to five countries (i.e., Iraq, Afghanistan, Egypt, Israel, and Jordan). Of the 1.1 billion Euros allocated to foreign aid by the French Agency for Development, 26 percent of the allocation went to Algeria, Morocco and Tunisia alone³ (Agence Francaise de Development 2004). The point is not whether one nation's foreign policy is more altruistic than another. Rather the point is that bilateral assistance is allocated in support of foreign policy goals, of which altruistic purposes are one among many important priorities.

The director of the bilateral agency usually reports to the Minister of Foreign Affairs and is expected to support the donor nation's overall foreign policy objectives.⁴ Although rarely obvious, foreign assistance is directed to the regions, nations and sectors of most importance to the donor in terms of foreign policy. While JICA and DFID may list human capital and humanitarian goals as their objectives, the parliaments in those countries will also expect development assistance to maintain friendly relations with former colonies, to open up relations with important possible trading partners, and provide a response to the entreaties of countries in competition for regional good will (such as China and France). It is

² Official Development Assistance (ODA) is defined as contributions of a nation to both multilateral as well as its bi-lateral agency. The key difference: according to the latter, the donor controls the direction and purpose of its aid, whereas with the former, the direction is decided as a consensus among the other member states.

³ Tunisia and Morocco were traditional recipients of bilateral foreign aid from the United States, but recently they have been re-categorized as not needing foreign aid. Thus not only will agencies differ in the priority allocated to education, but they will also differ in how they might define 'need'.

⁴ In Britain, the director of DFID holds a cabinet position separate from the Ministry of Foreign Affairs, and in one instance, the director of DFID disagreed with the government's decision to go to war in Iraq. However, such instances of public disagreement are rare. For the most part, the spokesperson for development assistance adheres to the general foreign policy objectives of the nation which they represent.

important to note that many important objectives for bilateral agencies are unstated on their websites and absent from their public literature.

The question of aid effectiveness therefore does not easily lend itself to a straightforward empirical test. One may conclude that one agency had been more effective at providing females with an adequate educational opportunity than another agency; however, it may be the case that the less efficacious agency was more effective when evaluated according to the criteria of its domestic tax-paying sponsors. In spite of the public campaigns to illustrate the importance of the education of females, agencies in practice differ in their valuation of female education.

Private sector organizations

Private sector organizations are divided into two sub-two categories; non-governmental organizations (NGOs) and profit-seeking organizations (commercial enterprises). This paper will focus its discussion on the former.

There are about 57,000 not for profit foundations in the United States, which accounts for more than 80 percent of private philanthropic giving worldwide (OECD 2003, Annex A).⁵ American foundations are preeminent because: (i) the U.S. economy is the world's largest; (ii) charitable giving in the U.S. is encouraged by the tax code, which makes donations exempt from federal and state taxation; and (iii) the relatively low marginal income tax rates in the United States (about 40% for high-income individuals, compared with 60% in some European nations) facilitate the accumulation of personal wealth. Consequently, American foundations tend to be larger and much older than foundations outside of the U.S. U.S. foundations have become so prevalent that it is common for Americans to mistakenly assume that the term "foundation" transfers across international borders and that philanthropy on behalf of foundations is a common enterprise.

Outside the U.S., the term "foundation" may apply to membership associations, corporations, and government-subsidized enterprises, and may imply either private or public ownership. Foundations outside the U.S. may also be associated with functions that are not necessarily charitable, such as political lobbying, research, and fundraising for private and public purposes. Legislation enabling individuals and corporations to reduce their tax burdens through charitable giving is not as common or as generous in other nations. Furthermore, foreign foundations are often taxed on income received.⁶

Organizations with structures and functions similar to private foundations in the U.S.

⁵ Domestic educational priorities do not appear to have garnered a higher priority among U.S.-based foundations than international education. Philanthropy to education within the U.S. is about 25% of total philanthropy. About 4% of total philanthropy is devoted to elementary and secondary education (Greene 2005).

⁶ In many parts of the former Soviet Union, income received by schools and universities is taxed by the government, which essentially treats them as profit-making businesses. Recipients of private charitable support – including schools, universities and NGOs – are taxed on the basis of their grants unless individual exceptions can be negotiated with tax authorities. Because tax policy is so idiosyncratic, grant-making in transition societies is deeply problematic.

certainly exist abroad. However, other nations also allow the government to establish public “foundations.” In Germany, for instance, foundations founded by political parties, which receive public revenues, are among the larger development assistance foundations. These include the Konrad-Adenauer Stiftung and the Hans-Seidel-Rosa-Luxumberg-Stiftung (Adelman & Sebang 2003, p.63). In Switzerland a foundation can be a fund in which families invest their corporate pensions for their own benefit. A British foundation drawing on commercial philanthropy may be illegal in France, and commercial profit-making foundations operating in Norway would be illegal in Britain (OECD 2003).

Thus the first challenge in analyzing the goals and extent of educational assistance is to decide which organizations can be considered philanthropic, and whether these are known as “foundations” or by some other term. This paper follows the lead of the OECD, which defines a foundation as an organization that is: Non-governmental, non-profit; possesses a principal fund of its own; managed by its own directors and/or trustees, and promotes social, charitable, religious, educational, or other activities which serve the public good (OECD 2003, p.16)

Throughout Europe, there are about 357,000 organizations that refer to themselves as foundations (Schluter, Then & Walkenhorst 2001, p.52) but only 84,000 might be classified as non-profit and non-governmental in purpose. Approximately 56 percent of these foundations are located in Sweden and Denmark alone. Britain, Germany and Switzerland account for another 19 percent of the foundations in Europe (Adelman & Sebang 2003, p.59). The majority of European foundations, as opposed to their American counter-parts, have a large number of staff and employees enabling them to directly manage and implement their own projects, instead of making grants to others who implement projects on their behalf.⁷ The American system of philanthropy, in which taxes are reduced for those who make philanthropic contributions, is becoming more common. For instance, a majority of the European foundations, which were established in the last two decades, were stimulated by changes in taxation legislation governing non-profits. About a third of the foundations in Europe have projects in the field of education, while 25 percent have projects in social services, and 17 percent have projects in healthcare (Schlüter et al. 2001, p.85).

Philanthropy in the Pacific Far East is not as developed as it is in Europe. Japan treats NGOs and other non-profit organizations as informal branches of public agencies. In Bangladesh and New Zealand the government does not permit tax exemption for donations to non-profit organizations. Businesses in either Bangladesh or New Zealand are not given a reduction in taxes for charitable donations even though three quarters of the Australian population reports giving to charity (OECD 2003, p.66). Australian foundations generate only 7 percent of their revenues from fund-raising, while 37 percent comes from government sources and 47 percent comes from fees for service (OECD 2003, p.66). In Japan, foundations supported by large firms, such as Toyota and Mitsubishi, seem to mirror the Ford Foundation in intentions, but not in philanthropic action. For example, Japanese foundations are more

⁷ Britain is an exception where foundations are generally grant-making.

likely to be founded by the corporation itself than with the personal resources of a wealthy industrialist. In addition, the relatively high rates of taxation in Japan reduce the foundations' resources, which diminish the inclination to donate. Also, Japanese foundations tend to concentrate on projects that are by and large uncontroversial (e.g., cultural preservation, seed crop development, etc.).

Philanthropy organized through religious organizations

In both Europe and North America, religious organizations remain a common conduit for education and other activities, and are financed by both public and private sources. The United States is the only industrial democracy in which public schools cannot be financed through religious organizations (Heyneman 2000). Public schools managed by religious organizations are also common throughout Latin America, Africa, South Asia, and East Asia. For the most part, these are affiliated with Christian churches; but in the Middle East, North Africa, and in parts of the former Soviet Union, these schools are affiliated with Muslim mosques. Religiously affiliated public schools are so common that Americans would be wise to remember that their definition of public education (schooling financed, owned, and operated by the state) is an exception to the norm. The more common definition of "public education" is schooling which the state helps finance but does not monopolistically own or manage.

Wherever school systems are managed by religious organizations, it is common for parents and community leaders to garner greater support for the educational programs through voluntary donations of fiscal and other resources. This is true for both domestic religious schools systems in countries such as Canada and Australia, and for religious organizations which help finance school systems in low-income countries. For instance, Catholics often provide assistance through Caritas, while Protestants do likewise through Christian Aid and World Vision. These organizations are among the largest private providers of educational assistance in the world. Among Muslims, the Zakat (charitable tax) is assumed to be about 2.5 percent of an individual's annual income and has financed hospitals, schools, public supplies of water, and other public works for centuries. A religious foundation, called a Waqf, is the Koran's method for allocating personal wealth properly. Waqfs are responsible for thousands of charitable projects throughout the Muslim world. In countries with a high percentage of Muslims, the Wafqs are so common that governments sometimes dedicate a public ministry to oversee their activities. In the case of Pakistan, the central government ministry of Waqf actually manages charitable activities; thus the distinction between public and private functions is further confounded (Richardson 2004, p.156).

Philanthropy for education

The portion of activity allocated to education from foundations outside the U.S. is not clear, in part because the definition of a foundation differs from one country to another. Therefore, accurately monitoring foundation activities is difficult. However, some nations report philanthropic activity in a more complete fashion than others. For instance, about 16

percent of the philanthropy in Australia is devoted to educational purposes. In Bangladesh, education philanthropy accounts for 29 percent of charitable activities, while the share devoted to education is 25 percent in Indonesia, 10 percent in Spain, and just 4 percent in Korea (OECD 2003, p.37).

U.S.-based foundations that are engaged in international philanthropy devote about 13 percent of their giving to educational activities, compared with 11 percent for International Development (including the promotion of U.S. exports, local agriculture, industry, and transport) and Humanitarian Relief (emergency food and medical support), and 38.5 percent for Health and Family Planning.

Of the funding U.S. foundations commit to educational programs abroad, about 12 percent is allocated to projects in higher education (which make up 34% of the projects); 72 percent is allocated to graduate and professional education (23% of the projects); and 13 percent goes to support projects in K-12 education (22% of the projects) (Table 1).⁸ How generous have the industrial democracies been with respect to international educational philanthropy? In the years following WWII, the United States was extraordinarily generous with its assistance. In 1950, foreign aid amounted to just under three percent of GDP. In terms of aggregate resources, the \$13.3 billion which the U.S. allocated in 2004 remains the world's largest.

However the share of national income devoted to U.S. foreign aid has dropped substantially over the past 20 years. In 1997 it reached its lowest level ever. In terms of

Table 1. International Education Activities of US Based Foundations by Purpose, 2000

	Dollars, US Millions	Percentage of Total	Total Number of Projects	Percent of Total
Higher Education	39.7	11.8	372	34
Graduate & Professional Education	244	72.4	254	23
K-12*	12.9	3.8	239	22
Adult and Continuing	0.5	0.2	10	0.9
Libraries	25.8	7.7	70	6.4
Other	14.2	4.2	146	13.4
Total	337	100	1091	100

Note: *does not include projects of the Open Society Institute

Source: OECD (2003)

⁸ Figures do not include the projects of the Open Society Institute (Soros Foundation). In spite of the legal registration of the parent foundation in the U.S., the local foundations which disburse most of the funds are registered in the 40 countries where operations occur. Based on annual disbursements, the Soros Foundation, following the Gates Foundation, is the world's second largest in the field of education (Heyneman 2005a).

proportion of GDP, it fell to 0.16 percent ranking the US 22nd among industrial democracies in that year. The number of employees working for USAID declined from 8,200 in 1962 to about 2,000 today (Tarnoff & Nowels 2004, p.15). On the other hand, few industrial democracies have attained the one percent level of philanthropic support considered to be the ideal. In 2002 Denmark committed 0.96 percent of its budget to international public philanthropy; Norway committed 0.89 percent, and Sweden committed 0.83 percent. Most industrial democracies commit under 0.5 percent (Figures 1 and 2).

Since the U.S. economy is the world's largest, the United States is the largest donor in absolute terms despite the fact that foreign aid accounts for just 0.9 percent of federal government spending. The combined total of aid for education from all of the industrial democracies is a tiny fraction of what one might expect when taking into accounts the public relations campaigns surrounding Education-For-All. Subsequently, aid to K-12 accounts for only 3.9 percent (OECD 2003, p.63).

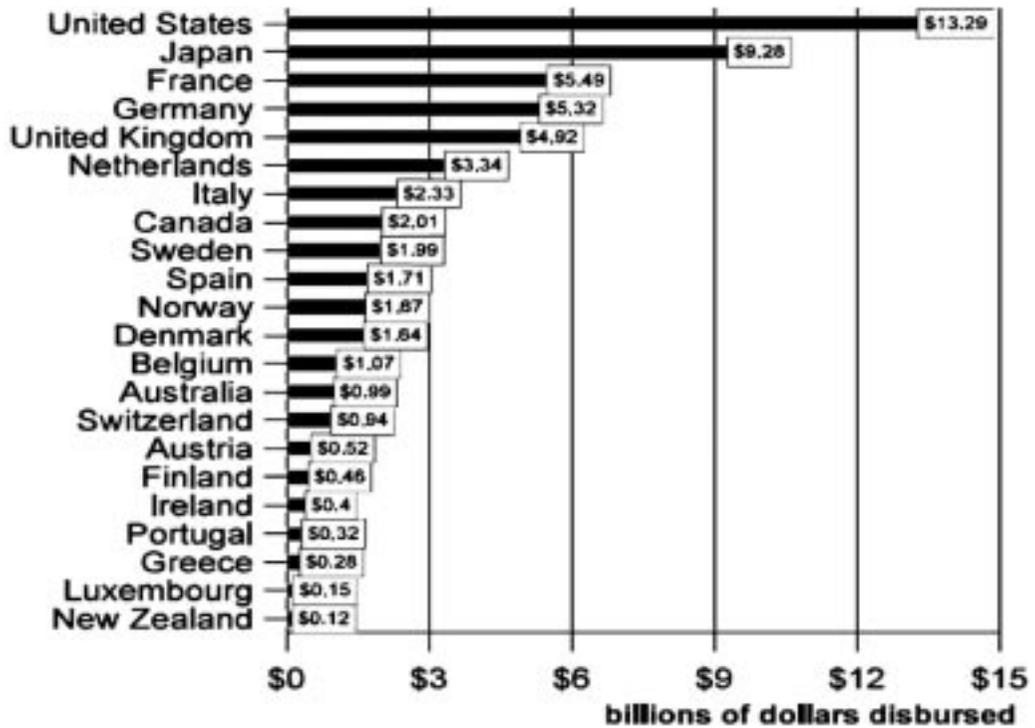
In sub-Saharan Africa, the region that arguably needs the most aid, aid to education amounted to only 10 percent of the total aid allocation from the 24 industrial democracies (OECD 2003, p.63) (Table 2). Considering all donor nations, in 2002 educational international philanthropy from public sources amounted to about \$3.8 billion dollars, or about eight percent of total foreign aid.

This included, for instance, \$1.8 billion for Africa and about \$1.4 billion for Asia. In sub-Saharan Africa, the region which arguably needs the aid most, aid to education amounted to only ten percent of the total allocation from the industrial democracies (OECD 2003, p.63).

The sector-by-sector breakdown of assistance illustrates the point that regardless of philanthropic purposes differing substantially by region, education is only a peripheral endeavor (Figure 3), with the highest percentage (10%) dedicated to education in sub-Saharan Africa, and the lowest (5%) dedicated to education in Europe. These figures compare unfavorably with assistance for health and population, economic infrastructure, debt reduction and other similar issues.⁹

⁹ In 2004 AFD (France) allocated 21 million Euros to education, approximately two percent of its budget (Agence Francaise de Development Report 2004, p.36). DFID (Britain) expects to annually allocate 250 million pounds to education between 2004 and 2008, approximately seven percent of its budget. New commitments of the World Bank in the field of education vary by year by on average constitute about eight percent of overall new commitments.

Figure 1. Economic Aid in Dollars from Major Donors, 2002



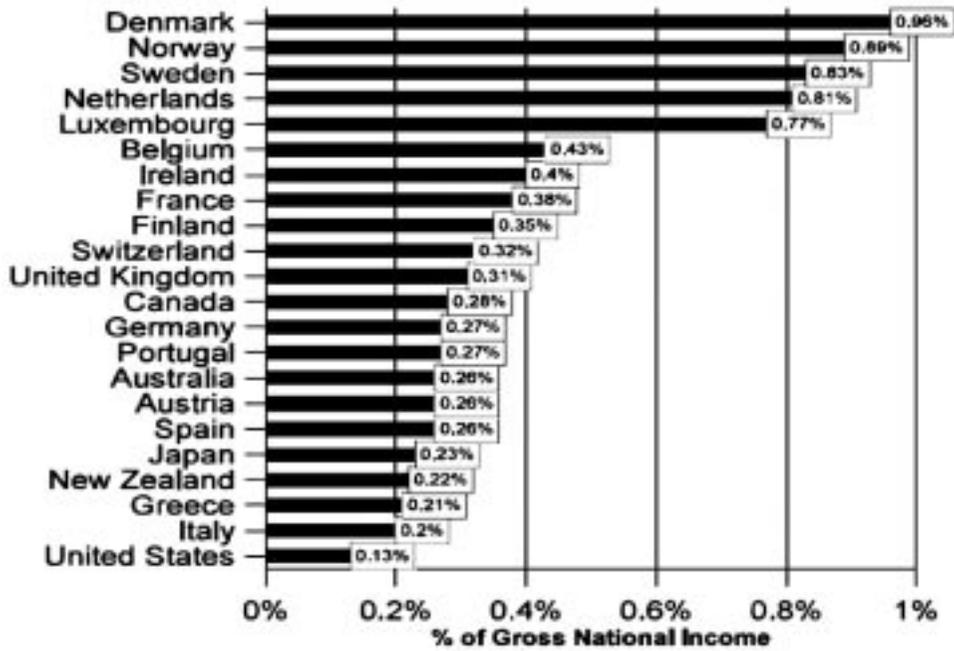
Source: Tarnoff & Nowels (2004). *Foreign Aid: An Introductory Overview of US Programs and Policy*. Washington, D. C.: Congressional Research Service.

Table 2. Total Donor Aid to Education by Region (2002)

Region	Amount Received (millions)	% of Total Aid to Region
Africa	1,797	10
Asia	1,445	7
CEECs/NIS	362	8
Europe	176	5
Oceania	36	6
Total	3,816	8

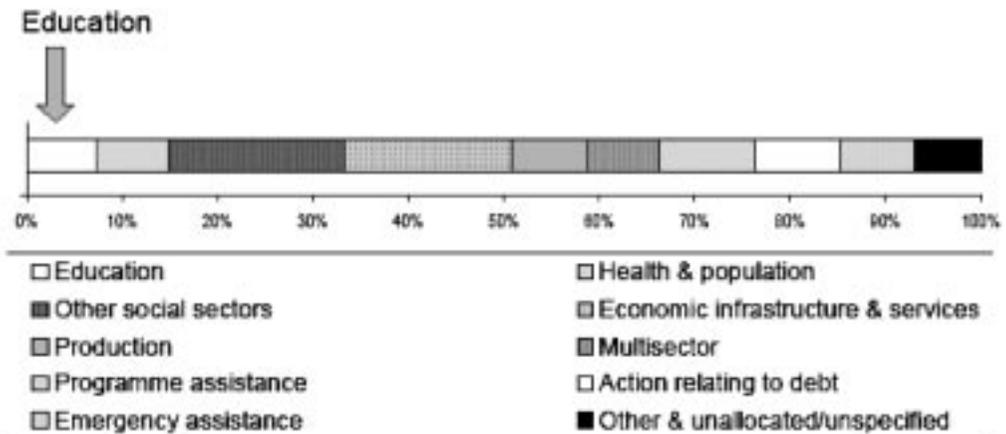
Source: Aid at a glance by region.
<http://www.oecd.org/dataoecd/40/27/7504863.PDF>

Figure 2. Economic Aid as Percent of GNI from Major Donors, 2002



Source: Tarnoff & Nowels (2004). *Foreign Aid: An Introductory Overview of US Programs and Policy*. Washington, D. C.: Congressional Research Service. p. 15.

Figure 3. Total Donor Aid by Sector Distribution (2002)



Source: Aid at a glance by region. <http://www.oecd.org/dataoecd/40/27/7504863.PDF>

Public and private philanthropy together

For most nations, official development assistance figures are an adequate proxy for total foreign aid, as private contributions account for a relatively small share of total aid. In the case of the US, knowing only the public sources would be an insufficient measure of international philanthropy. Following the tsunami catastrophe in Asia in 2004, some suggested that the US response was miserly. US government officials, quite rightly in my opinion, responded by noting that much philanthropy from the US flows through private, not governmental sources, which is in contradistinction to Europe.

In 2002, assistance from private sources within the US (80% of the world's total charitable activity) added 22.6 percent to the U.S. figures for official development assistance, increasing the total amount of assistance from \$13.3 billion to \$16.3 billion (Table 3). On the other hand, critics of the US also have a compelling point of view, for even when private philanthropy is added - or at least the figures for private philanthropy which are available - the US only contributes about 0.016 percent of its GDP for international charity. This is hardly earth shattering.

Table 3. U.S. International Assistance from Public and Private Sources, 2002

	Dollars, US Billions	Percent of GNI
Public	13.3	.013
Private	3.0	.003
Total	16.3	.016

Source: OECD (2002). *Development Cooperation Report*; OECD (2003). *Philanthropic Foundations and Development Cooperation. Development Assistance Journal*, 4 (3), Annex A.

In terms of the transfer of resources, how does philanthropy rank by comparison to other sources? Only a small fraction of the total flow of capital to developing countries is in the form of charitable giving or development assistance.¹⁰ In 2000, capital flows amounted to \$463 billion (with \$161 billion being net inflow to developing countries). Aid amounted to only 6.5 percent of this amount, and was dwarfed by the amount of capital flowing via foreign direct investment, which was 38.4 percent of the overall total. The lesson is that no matter how important foreign aid may be in terms of public perception, as a means of resource transfer, it amounted to very small amounts by comparison to private investment.

¹⁰ The net flow of capital is the amount of capital which is shifted from one part of the world to another, minus the flow of capital in the opposite direction. For instance, the net flow of capital to developing countries is the gross amount less the amount which developing countries pay for debt service.

The Efficiency of International Assistance

Awarded the Nobel Prize for his pioneering work on human capital, T. W. Schultz had this to say about foreign aid:

The United States has long been a donor of various forms of aid, but the economics of aid is beset by puzzles. Why was the aid provided by the Marshall Plan successful although it was available for only a few years? Why was the large amount of aid to low-income countries since WWII been much less successful? Why did the Point Four Latin American Aid Program contribute so little to the productivity in agriculture? Why have private foundations and a large number of international donor agencies had very limited success in improving the economic environment and the schooling of farm people in low-income countries? (Schultz 1981, p.123)

His frustration is understandable. As a systematic endeavor, foreign aid was a creation of the post WWII challenge. Quite naturally, the first priority was on infrastructure (e.g., bridges, dams, railroads, highways and ports), because that was the most obvious of the war's destruction both in Europe and Asia. However, the specialized development assistance agencies created during the war, such as the International Bank for Reconstruction and Development (IBRD), quickly encountered problems that were not by nature infrastructure. These included industry and agriculture in areas of the world free of war devastation and focused on the second of the two priorities--that of development. The problem was that these large and well-intended organizations were terribly sluggish to change their focus to meet the needs of their new clients. They continued to place priority on infrastructure in those areas of the world that had relatively low levels of human capital, weak public institutions, few democratic traditions and high levels of inefficiency (Heyneman 2003a). It was this misalignment that caused so much of Schultz's frustration and impatience with foreign aid (Heyneman 2003b, 2003c).

The struggle to place human capital on the agenda of international development assistance agencies required three decades of argumentation and went through at least two distinct stages (Heyneman 1999a). The first stage required the use of the economic models popular in that era, known as manpower forecasting. Widely employed in the Soviet Union and other planned economies, the technique utilized 'gaps' in levels of completed education by particular working groups, manual laborers, and technicians in particular. It was thought that educational investments could be justified where 'gaps' could be identified. There were two problems with using this technique. The complexities of what workers needed to actually know change rapidly, rendering earlier assumptions about manpower 'requirements' irrelevant. Moreover techniques of manpower forecasting do not include measure of costs or benefits, and as a result foreign aid programs in the 1960s and 1970s were deeply distorted. Much of the aid was limited to vocational and technical education, the most expensive part of the education sector with skills in least demand; thus, much of the foreign aid to education

during that era was wasted (Heyneman 2005b).

The second stage utilized national growth models and the estimation of costs and earnings over a working lifetime to individuals who had completed different levels of education. These are some of the techniques that Schultz had helped pioneer. By using the growth models, one could calculate the portion of a nation's economic growth explainable by various attributes such as the size of its land, labor force, capital and the 'quality' of its workforce. In essence, it became clear in the 1960s and 1970s that a large portion of a nation's economic growth could be attributed to the quality of its labor force measured by the expansion of education and health.

Through the estimation of costs and earnings, one could estimate the rates of return to educational investments (from either the perspective of an individual or from the perspective of a society) by comparison to investments in infrastructure or other uses of capital. Several generalizations emerged from this: (i) the rates of return to investments in education were greater in the lower income countries and (ii) the rates of return were greatest in basic education as opposed to higher education. These findings led to the consensus behind the initiatives for basic education and public health in the 1980s (Heyneman 1995, 1997).

Much has changed since the cold war rivalry ended but one of the most important changes has been with the factors that affect motivation. Foreign assistance is no longer justified on the basis of competition between East and West, and the effect of this has reduced the size of the commitment. American reductions in foreign aid, for instance, have been criticized in many parts of Europe and Asia. How could a nation that precipitated the foreign aid trend after WWII, become so self-absorbed?

However, what many may not realize is that reductions in foreign aid have not been limited to the United States. By the mid-1990s, of the 21 donor countries in Europe, North America and Asia, 16 of them had reduced foreign aid as a proportion of GDP (World Bank 1996, p.13). Between 1996 and 1997, Sweden reduced its foreign aid by 5.9 percent, Germany by 11 percent, the US by 35 percent and Italy by 45 percent (OECD 2002). Over the three years between 1998 and 2001, total ODA declined by 23 percent (OECD 2002, Table 1)

Why has foreign aid declined? In industrialized nations voting publics are getting older, which may result in a public more concerned with issues of pensions, health insurance, and personal safety. But there have been other questions too, about the nature of foreign aid and its effectiveness. Also, many ask why we should continue to finance the needs of poor countries when many of the leaders of those countries are corrupt. One may question whether the struggling farmer in Sweden or Ohio should have to sacrifice so that a dictator can use the national treasury as his own personal bank account. In many instances nations spend their monies on armaments and waste foreign aid on superfluous conflicts in which poor people suffer. Political support for foreign aid is affected by the fact that some of the same nations that suffer from periodic starvation are also those with prominent armaments, dastardly dictators and horrible human right records.

Then there are questions about the development assistance agencies themselves. According to one Congressional report, the functions greatly overlap, over one half of the

projects have failed and often have been directed to the countries for reasons of political advantage rather than for principles of economics (International Financial Institutions Advisory Commission 2000). Has aid failed and if so, why? Some research would suggest that aid has failed because it was targeted on countries that had two characteristics. The countries were either comparatively rich anyway and did not need aid, or their social and economic policies were hopelessly mired in distortions (Dollar & Pritchett 1998). Where has all the aid gone? By some estimations aid has simply supplanted normal expenditures, allowing local governments to use aid for what they would have spent money on anyway, and simply shifted the increments to other budget categories with low poverty or economic impact (Swaroop 1998). Due to the persistence and magnitude of the challenges, many feel that the international donor agencies themselves should be restructured and that aid ought to be delivered through non-governmental organizations instead of official governmental agencies.

The failure of aid to education

Educational aid has failed for reasons which go beyond foreign aid in general. To be successful in a sector, there has to be a general consensus surrounding the importance of various sub-sectors. The reason this is important is to attract serious interest of a wide variety of development assistance agencies, each of whom might be expected to follow their own sense of comparative advantage. The wider the priorities, the more likely it is to attract differing agencies.

Foreign assistance to the health sector, for example, could not be successful if the only priority considered to be legitimate was assistance to rural clinics. Also important are curative hospitals, research and development networks, the efficiency and effectiveness of the pharmaceutical industry, and various horizontal networks to care for AIDs and other significant diseases. Finally, a constant supply of high level training and expertise in health economics and health policy is necessary so that health finance can successfully balance the demands of private as well as public medicine. A well functioning health sector requires each of these sub-sectors to be respected and valued. A successful policy of foreign assistance in health is also true of the environment, water, agriculture, forestry, transportation, and rural development. It is also true with education.

The problem with education however, is that the consensus among donor agencies has been dysfunctional. After the period of the manpower forecasting in which vocational education had a virtual monopoly on foreign assistance, the donor community became infatuated with basic education, and specifically with 'Basic Education-for-All'. What began as simply common sense (World Bank 1986), became a restrictive ideology, one which treated other important areas of the education sector as being of low priority and tantamount to poor economic strategy. This low value was directed to secondary and higher education, vocational education, engineering, medical and other professional education, capacity-building in education research and policy analysis, as well as science and technology. One memorandum within the World Bank points out about its own education policy papers as

follows.

Because the paper relies exclusively on rates of return, it excludes other possible justifications for allocations of public finance: national interest, market failure, and equity....Though over one half of World Bank lending is devoted to post secondary education the paper is silent on the role of higher education. It is also silent on graduate education, adult education, pre-school education, and educational research, educational technology, and education for the handicapped. All professional education is ignored, including medical education, engineering education, law education, public administration, and the social sciences. Every single country makes public investments in these areas and it would be irresponsible (for the Bank) to treat them in cavalier fashion. (Heyneman 2003c, p.16)

With its history of misuse of economic rates of return techniques, the World Bank helped establish an ideology of basic education and the hostility to assistance in other priorities within the education sector. Nevertheless, to avoid possible criticism, all donor agencies accepted basic education as the most important priority. Their lemming-like behavior illustrates why level of education assistance has failed to grow. Treating Education-For-All as the single most important priority reduces the sector to being little more than one of humanitarian assistance. This one-dimensional view of the purpose of education diminishes the professional respect for the sector and makes it politically difficult to take an interest in any part other than basic education. Treating the sector as if development problems could be solved through a massive campaign also reduces the need to treat the sector as a permanent and complex series of organizational challenges, comparable to health, power, public sector management, business, legal and other sectors.

Because international assistance to education has become ideological, organizations which might have had an interest in assisting specific areas where comparative advantage (such as higher education) lost interest. No organization would want to be accused of not adhering to basic education priorities, hence all agencies allocated resources to priorities other than to education. The monopoly of basic education over sector priorities has also meant that in geographical areas of the world where universal enrollment had been obtained such as in the Europe and Central Asia, East Asia and Latin America, foreign aid to education was considered to be of low priority.

As economic ideology, favoring Basic Education-for-All over all other education priorities stems from the two policy papers of the World Bank distributed in the 1990s. The first placed a low priority on lending for higher education (World Bank 1994). The second reiterates the arguments of the first and portrays basic education as if assistance to it constituted an 'iron law' of good economic policy (World Bank 1995).¹¹ The reaction from the academic community was hostile (Bennell 1996; Colclough 1996; Alexander 2001) and required that the Bank's education sector retract its views. The Bank began by employing an external panel of higher education experts to argue that the priority of higher education had previously

been underestimated and undervalued (Task Force on Higher Education 2000).¹² The task force report was criticized by the Bank's former chief education economist (Psacharopoulos 2004, pp.75-78). But his criticism was rejected by the two economists who had drafted the Task Force Report. They said that

In his brief communication, George Psacharopoulos has managed not only to insult every member of the task force (the 'eminent scholars' who he surmises did not review the report and its 'trivial' conclusions) but also to ignore 90 percent of the report's content. We speak for ourselves in responding to Psacharopoulos but offer our assurance that nearly all members of the task force were intimately involved in its wide-ranging deliberations and paid close attention to the wording of successive drafts. Nothing was left undiscussed. We are surprised that the editors of this review would print such intemperate and ill-founded communications based partly on anonymous sources. But we are not surprised by Psacharopoulos's evident agitation. Standard rate-of-return (ROR) analysis—to which Psacharopoulos has made many contributions—is increasingly being questioned in terms of its sufficiency for making investment decisions. And for good reason. (Bloom & Rosovsky 2004, p.85)

The effect of this debate has been deeply dysfunctional to the effort to achieve a consensus over education as a priority within foreign aid. The effect has been to splinter the education community into warring camps, with some arguing for basic education as if it were a religious purpose and others criticizing international agencies such as the Bank for taking such an ideological view. Moreover, regardless of how problematic the World Bank has been in terms of its policy papers, UNESCO, UNICEF and the major bilateral agencies are equally to blame. The international community had allowed the education sector statistical function of the UN to deteriorate (Heyneman 1999b), making it difficult to monitor change parallel with international statistical standards. None of the agencies was courageous enough to deviate from the accepted Basic Education-For-All ideology (Heyneman 2003d). None took a lead to demand that education policy be more balanced. This absence of professional courage allowed the development community to easily move on to other priorities: democracy,

¹¹ The sentence in the higher education policy paper which claimed that the Bank would not loan for higher education before other basic education was inserted by someone within the Office of the Senior Vice President after the final draft without approval of the regional division chiefs. Even the authors of the paper did not see the statement until after the paper was published (Heyneman 2003c, p.327). This caused considerable problems within the Bank over the next decade. The latter paper was debated at length within the Bank over the issue of treating the education sector simplistically, as if all development challenges could be reduced to the experience of Sub-Saharan Africa. One memorandum opposing the paper was signed by 20 of the Bank's 26 division chiefs. Two others had agreed in principle but did not wish to sign; three others could not be located in time to state their opinion (Heyneman 2003c, p.328).

¹² No staff member from the World Bank was invited to participate in this external higher education panel. It was believed that the technical credibility of the economic staff by that time had declined precipitously and that the public would not have faith in their views, no matter how well documented they may have been.

human rights, social cohesion, and the problems associated with religious fundamentalism. The absence of a balanced education sector development strategy also meant that the private organizations, including the major associations of universities and technical institutes took only a marginal interest in development education on the grounds that the development community had only a marginal interest in what higher education could offer.

The failure of development assistance agencies to recognize the danger of casting all priorities in terms of Basic Education-For-All has also led to a breakdown within the education community in being able to recognize the natural exigencies of foreign aid. Foreign aid is naturally contradictory in purpose. The organizations which provide aid - JICA, USAID, CIDA, the Asian Development Bank -all illustrate a discontinuity. The people for whom the aid is to benefit are different from those who supply aid revenues. As Martens says, those who receive and those who supply the aid:

...live in different countries and different political constituencies....This geographical and political separation between beneficiaries and taxpayers blocks the normal performance feedback process: beneficiaries may be able to observe performance but cannot modulate payments as a function of their performance. ...there is no obvious mechanism for transmitting the beneficiaries' views to the sponsors. Even if such a mechanism existed, beneficiaries' views are likely to be biased because firstly, they do not pay for their benefits and secondly, their preferences and objectives are unlikely to fully coincide with those of the donors. (Martens 2002, pp.14-15)

Evaluating the Effectiveness of Foreign Aid in Education

Even though organizational purposes differ, the need for the public to evaluate the effectiveness of educational assistance is not reduced. Lessons from the past would suggest that three conditions change. First, at least one percent of every project should be reserved for evaluation. These monies should be disbursed on the basis of a grant, not a loan. Secondly, the organizations charged with conducting the evaluation should never be the same as the organization which sponsors the project or the authorities who receive the benefits of the project. Thus, organizations should use outside evaluators and not evaluate themselves. Thirdly, evaluations should be conducted by neutral professional parties, including universities and consultant firms that will provide evidence and reports available to the public. Bilateral organizations might justifiably limit the sources for evaluation to those within their own countries. But multilateral organizations should open up their evaluations to organizations in all member states. In addition, projects sponsored by NGOs should be evaluated with the same degree of rigor, professional neutrality and transparency as projects from bi- and multilateral organizations. No NGO should evaluate itself. All evaluations should be subject to external review.

Lastly, the success of educational projects should be evaluated on two criteria: (1) the stated education objectives of the project; and, (2) the terms of the inherent objectives of

that organizational category. For bilateral organizations the objective might be the degree to which the education project contributes to the country's stated foreign policy, including commercial policy.¹³ With respect to NGOs, the project might be evaluated in the degree to which the project advanced the narrow and well-defined NGO mandate. With respect to multilateral organizations the project might be evaluated with respect to the degree to which it led to national stability and economic growth. Acknowledging that organizations have legitimate but divergent interests and objectives will help raise the respect to the exercise more generally.

However, the lesson should not concern evaluation alone. The lesson might include the ingredients of how to pioneer educational cooperation. A premium should be placed on organizations which take the lead in being different from the norm. Gratitude should be directed towards the research institutes, universities and think tanks which dare to challenge the prevailing wisdom and forage their own ideas of what constitutes excellence in the field of education development.

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¹³ One handicap of education projects have been the traditionally small contracts by comparison to the contracts available for infrastructure. However uncomfortable the topic may be for educators themselves, the sector will never be able to compete in terms of priority until the educators figure out a way to be competitive in terms of commercial interests.

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