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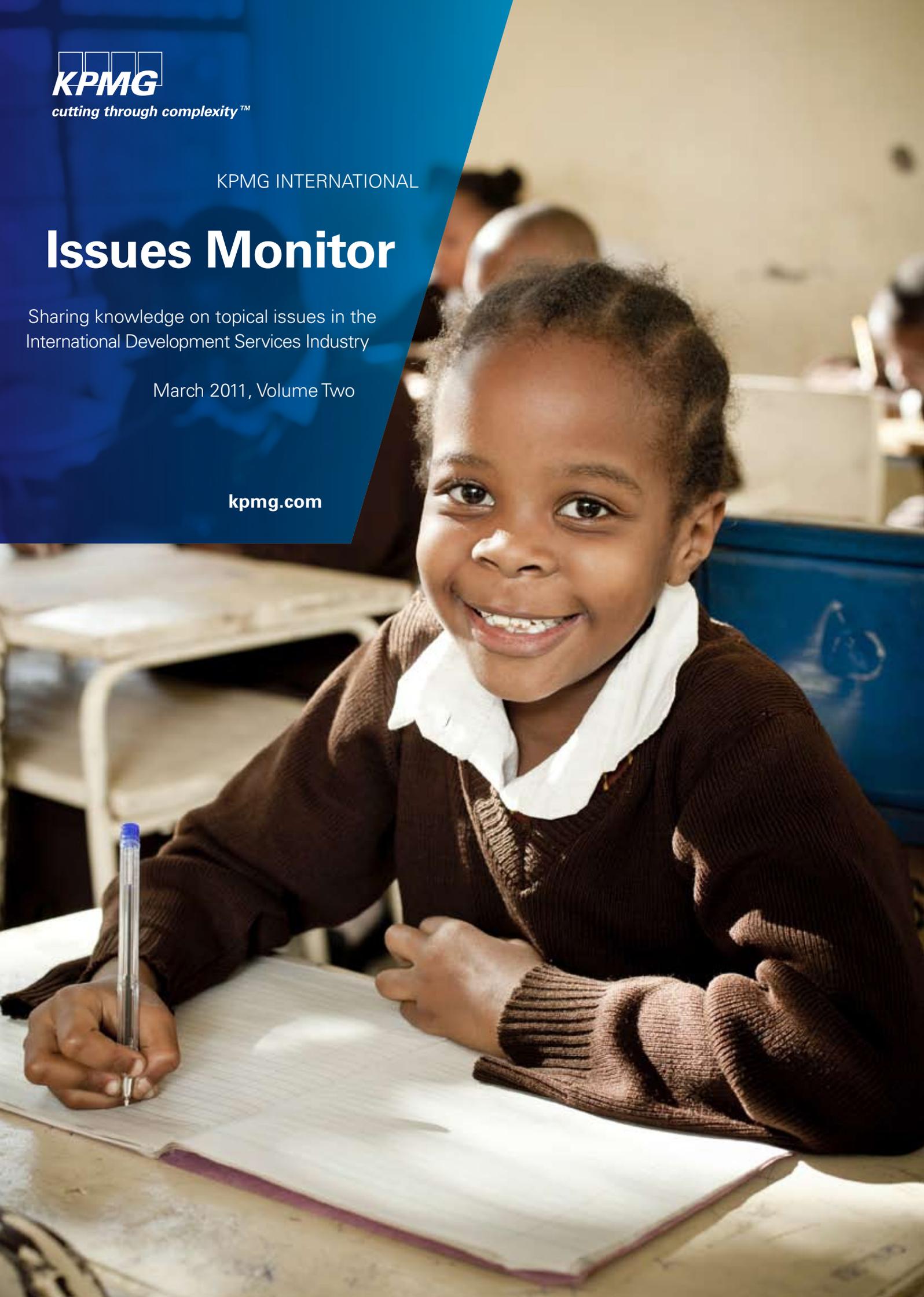
KPMG INTERNATIONAL

Issues Monitor

Sharing knowledge on topical issues in the
International Development Services Industry

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Timothy A. A. Stiles

Global Head, International Development Services, KPMG in the US

Keeping up to date with the very latest and most pressing issues facing your organization can be a challenge. While there is no shortage of information in the public domain, filtering and prioritizing the knowledge you need can be time consuming and unrewarding. I hope that you find *Issues Monitor* useful and welcome the opportunity to further discuss the issues presented and their effect on your organization.

Welcome to the March edition of *Issues Monitor – International Development Services*. Each edition pulls together and shares industry knowledge to help you quickly and easily get briefed on the issues that affect your sector.

The information and insights contained within the report are extracted from a range of currently available public sources. Content is of a general nature and not intended to address the circumstances of any particular individual or entity.



Universal access to education

To eradicate poverty, a nation must educate its citizens. A good education equips people with the skills and resources necessary to support economic growth. Statistics say that no country has ever achieved sustained economic growth without having at least a 40 percent adult literacy rate.¹ Further, each additional year of secondary education can help increase a person's wage by 15–25 percent.² Not only does education boost income levels, it also increases awareness of social and health issues, such as child mortality, empowerment of women and preventable diseases.³ It comes as no surprise that in 2000, as global leaders were establishing the UN Millennium Development Goals (UN MDGs), they made access to universal education by 2015 a top priority. While most developing countries have since made notable strides, full realization of the 'educational access for all' MDG may not be possible without external assistance, or better use of available resources.

Global access to education – goals still to be achieved

Global leaders have set high standards for education. In 2000, the World Economic Forum established the Education for All (EFA) targets, which were incorporated into the UN MDGs.^{4,5} Since then, progress has been made to ensure that education is accessible to all — particularly primary education, where the enrollment rate in developing countries reached 89 percent by 2008.⁶

Of the eight MDGs, two — MDG 2 and MDG 3 — focus on education, with MDG 2 specifically targeting universal access to primary education. On the other hand, the EFA targets are more comprehensive, ranging from early childhood care to skills training and literacy.⁷ The goals for each framework are outlined in Table 1.

“

It is essential for a renewed commitment to strategies for recruiting, developing and mentoring teachers if MDGs 2 & 3 are to succeed.

– Tim Stiles,
Partner at KPMG in the US,
and Head of International
Development Services at
KPMG

Table 1: Education targets and goals, as stated in EFA and MDG frameworks

Education for All ⁸	MDG 2 and MDG 3
<ul style="list-style-type: none"> • Expanding and improving comprehensive early childhood care and education, particularly for the most vulnerable and needy children • Ensuring that by 2015, all children — particularly girls, those under difficult circumstances and those belonging to ethnic minorities — have access to free and compulsory good-quality primary education • Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programs • Achieving a 50 percent improvement in levels of adult literacy by 2015, particularly for women, and equitable access to basic and continuing education for all adults • Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to, and achievement in, good quality basic education • Improving the quality of education in all aspects and ensuring academic excellence so that recognized and measurable learning outcomes are achieved by all, particularly in terms of literacy, numeracy and essential life-skills 	<ul style="list-style-type: none"> • MDG 2 – Ensuring that by 2015, children everywhere are able to complete a full course of primary schooling. The major indicators are as follows: <ul style="list-style-type: none"> – Net enrollment ratio in primary education – Proportion of pupils starting grade one and reaching the last grade of primary education – The literacy rate of 15–24 year-old women and men⁹ • MDG 3 – Eliminate gender disparity in primary and secondary education by 2005, and across all levels of education by 2015. The major indicators are as follows: <ul style="list-style-type: none"> – Ratios of girls to boys in primary, secondary and tertiary education* – Share of women in wage employment in non-agricultural sector – Proportion of seats held by women in national parliament¹⁰

* Tertiary education, higher-education, and university-level education all refer to education provided by colleges, universities and institutes of technology.

Benchmarking education around the world

With a growing awareness about the role of education in developing human capital, policymakers are increasingly using cross-national comparisons to measure the progress toward their education goals. To facilitate this, the United Nations Educational, Scientific and Cultural Organization’s (UNESCO) International Standard Classification of Education (ISCED) established a globally accepted classification of education standards in 1975. The updated ISCED 1997 standards are now used worldwide to measure progress in education.¹¹

Since 2000, major advances have been made in the education sector in both developing and underdeveloped countries. While sub-Saharan Africa has the lowest enrollment rates, enrollment in primary education in particular has increased from 58 percent in 1999 to 76 percent in 2008. During the same period, this rate increased 11 percent in Southern Asia and eight percent

in Northern Africa.¹³ According to UNESCO, the number of students in tertiary education programs across the globe increased 53 percent over 2000–07, to reach 153 million. By 2025, more than 262 million students are expected to enroll in higher education*, most of them in developing countries.¹⁴

While growth is notable, it is not fast enough to meet the targets set under MDG 2. By 2008, nearly 69 million children remained without any access to education.¹⁵ In 2008, Nigeria alone had 8.8 million children without any access to education, as illustrated in Figure 1. At the same time, nearly one-third of all out-of-school children (those primary school-aged children still not attending school) are in conflict-affected poorer countries. Greater access to education in these countries can provide safety, protection and hope for a better future.¹⁶ Further, a quality education not only provides awareness and knowledge among affected children, but also acts as a platform for

other MDG goals.¹⁷ In Sierra Leone, reconstruction of the education system in the post-conflict period has had positive effects on its society. However, most conflict-affected countries are still struggling with low aid flow and shortages of technology and teachers.¹⁸

Nonetheless, limited access to primary education continues to lead to low enrollment in secondary and higher education. In Brazil, only 54 percent of all 15-year-olds are in high school, with the rest in the job market or engaged in other activities.¹⁹

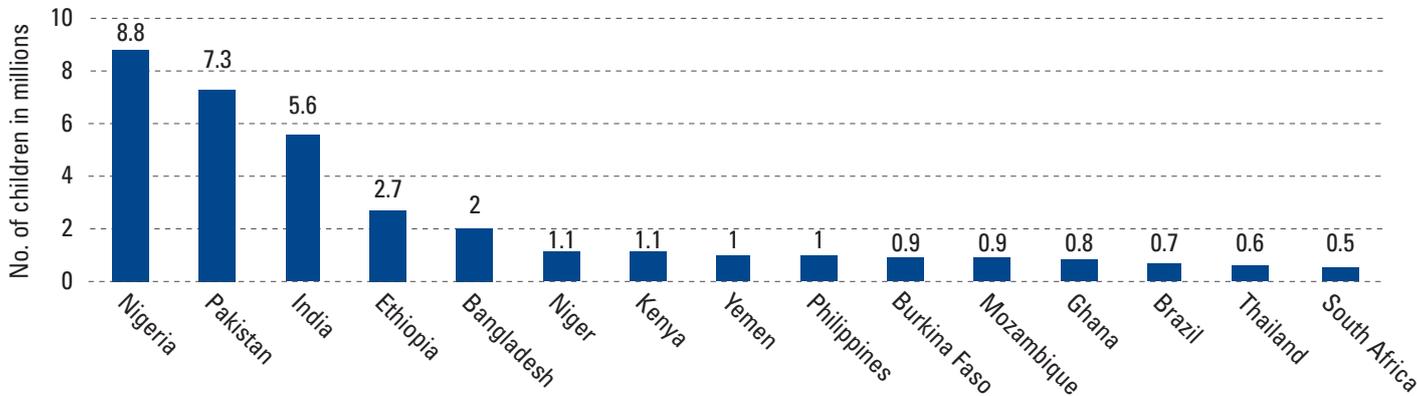
“ We don’t have enough students finishing high school and this is a major issue. **”**
 – Maria Helena Guimaraes de Castro, former State Secretary of Education, Sao Paulo²⁰

Table 2: Levels of education as per standards set in ISCED 1997¹²

Primary education	Lower secondary education	Upper secondary education	Post-secondary education	Tertiary education
<ul style="list-style-type: none"> The legal entry age into primary education is not younger than five years and not older than seven years. This level covers six years of full-time schooling. 	<ul style="list-style-type: none"> Entry to this level is after six years of primary education. This level covers three years of full-time schooling. In many countries, compulsory education ends at this level. 	<ul style="list-style-type: none"> The secondary education level begins after the completion of nine years of full-time education, or a combination of education and vocational or technical experience. Entry to this level is usually at the age of 15 or 16. 	<ul style="list-style-type: none"> At this level, schools strive to broaden knowledge by providing technical courses to improve professional opportunities. Programs at this level last between six months and two years. 	<ul style="list-style-type: none"> The structure of tertiary programs varies greatly among countries. These programs are mostly theoretical, professional trainings with high-skill requirements, or technical / occupational trainings.

* Tertiary education, higher-education, and university-level education all refer to education provided by colleges, universities and institutes of technology.

Figure 1: Major countries with most out-of-school children, 2008



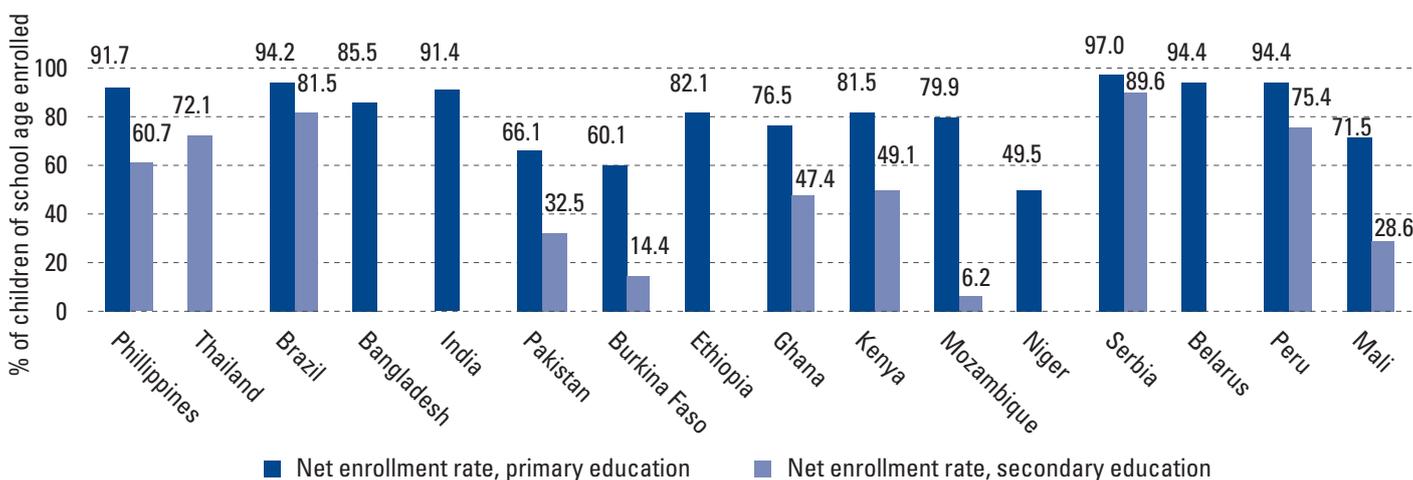
Source: Education is the key to lasting development, UNESCO, 2010

Education scenario in developing countries

Net enrollment rate – While enrollment in education programs has continued to rise, the net enrollment rate has not grown uniformly across all countries. For instance, Burkina Faso and Mozambique registered among the lowest enrollment rates in secondary education in 2008.

Pupil-teacher ratio – According to the 2002 Education for All Fast Track Initiative (EFA-FITI), an average pupil-teacher ratio of 40 is preferable to achieve universal access to primary education. By 2006, in countries where nine out of 10 children completed primary education, the pupil-teacher ratio was 26. However, the ratio is higher for those countries that are struggling to reach the MDG targets set for 2015.²¹

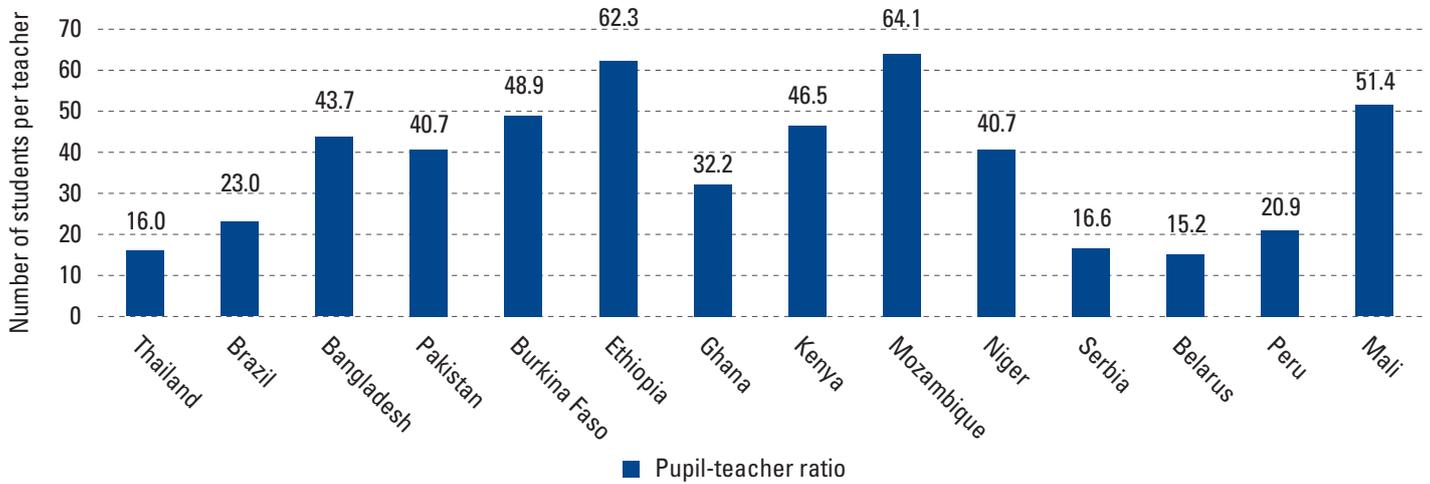
Figure 2: Net enrollment rate in primary and secondary education (in select countries), 2008



Source: Accessed from UNESCO, as on December 8, 2010

*Note: Net enrollment ratio for secondary education is not available for Bangladesh, India, Ethiopia, Niger and Belarus; net enrollment ratio for primary education is not available for Thailand

Figure 3: Pupil-teacher ratio, primary education (in select countries), 2008

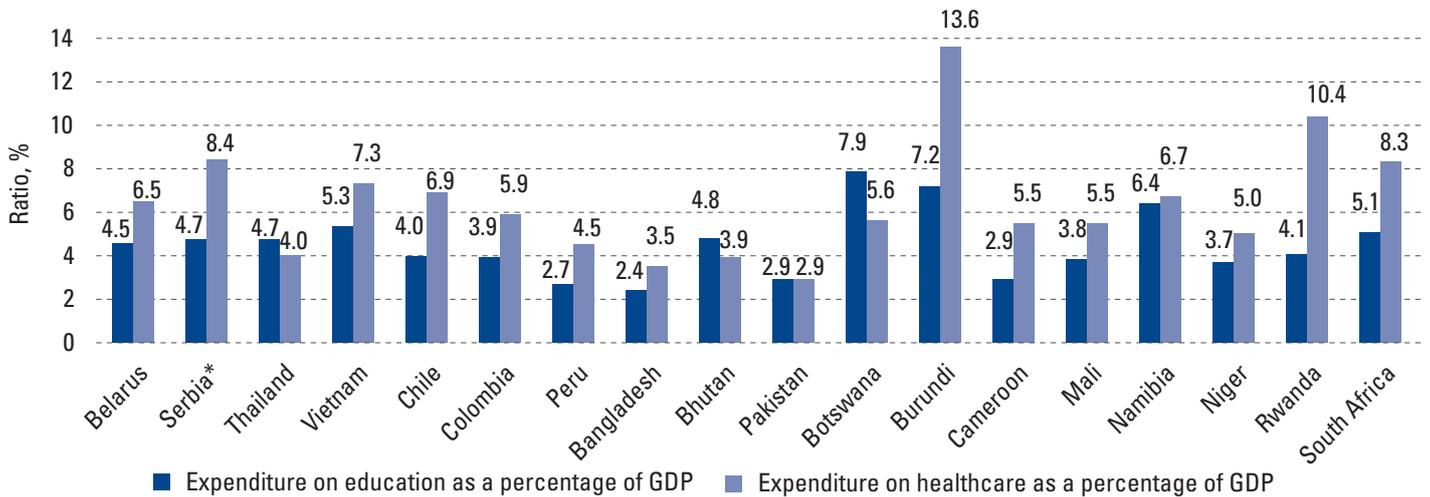


Source: Accessed from UNESCO, as on December 8

Public expenditure on education – Most financing for education is raised domestically. Many developing countries spend a significant proportion of their gross domestic product (GDP) on education, as seen in Figure 4. The total spend on education is comparable to the healthcare

budget in nations such as Bangladesh, Bhutan, Botswana and Vietnam. However, as many of those countries do not have sufficient domestic revenues, they must rely on international aid to fill the funding gap.²²

Figure 4: Total expenditure on education versus healthcare as a percentage of GDP, 2008



Source: Accessed from UNESCO, as on November 10, 2010; Accessed from WHO, as on February 9, 2011

*Note: Figure for Total expenditure on healthcare for Serbia is of 2007

Roadblocks to education

Many children in developing and underdeveloped countries lack holistic education, meaning that they have little knowledge of basic literacy and numeracy skills even after completing primary education. This is because many schools suffer from inadequate infrastructure and a lack of trained teachers.²³ Further, issues such as inequality of wealth, gender disparity and location of school premises limit access to education. To make matters worse, the recent financial crisis has put pressure on national government budgets, funding from development partners and household expenditure, with the result that less money is being made available for primary education.²⁴

Slower growth in enrollment

Beginning at the primary level, it is essential to get children into school and persuade them to complete their schooling. Unfortunately, most students in developing regions such as those in sub-Saharan Africa drop out of school before reaching the higher grades.²⁵

- Countries in sub-Saharan Africa and Southern Asia have the highest numbers of out-of-school children (primary school-aged children still not attending school).²⁶ Nigeria, which had the largest number of out-of-school children in 2008, is expected to still have 8.3 million out-of-school children by 2015.²⁷ In 2008, the enrollment rate in Pakistan reached 66 percent, while that in Niger reached only 49 percent, as seen in Figure 2.²⁸
- Enrollment in secondary school has also grown at a slower pace. By 2008, globally, only 55 percent of children of appropriate age attended secondary school. The situation is most severe in Africa, where less than 30 percent of children attended secondary school between 2003 and 2008.²⁹

In fact, in some African countries, the majority of secondary school age children are still attending primary school.³⁰

- The total enrollment rate in tertiary education in sub-Saharan Africa is also low, with an enrollment rate of six percent in 2007.³¹

Poverty and sociocultural stigma limit accessibility

Children are restricted from continuing their schooling and pursuing higher education due not only to the cost of education, but also due to various sociocultural barriers.

- Data from 42 countries show that rural children are twice as likely to be out of school than urban children.³² Also, children with disabilities face more difficulty accessing education. In African countries such as Malawi and Tanzania, the possibility of a child never attending any school doubles for disabled children, while in Burkina Faso, the risk increases to two and a half times for disabled children.³³
- Issues such as distance to school and labor market demand often



Local political will and strategic allocation of resources are critical to sustain primary and secondary education.

– Trevor Davies,
Partner, KPMG in the UK

prevent students from continuing their studies in secondary school. In poorer countries, households already facing labor shortages are often unable to cover the cost of transport or boarding schools, forcing children to abandon their schooling.³⁴ In rural areas in Mauritania and Senegal, the average time it takes to travel to the closest secondary school is 80 minutes. Similarly, in Chad, the average distance is 7.5 kilometers (4.7 miles), while in Mali it is 6.6 kilometers (4.1 miles).³⁵

- Reduced exposure to secondary education affects mostly those technical and vocational training initiatives that strive to broaden and improve employment opportunities. In most countries, such training is provided at the middle or upper secondary school levels. However, as most children do not reach the middle grades of secondary school, they cannot access this training. In sub-Saharan Africa and South and West Asia, only one to two percent of the total secondary school age group receive technical or vocational education.³⁶

Gender disparity limits educational opportunities for girls

Most developing countries are approaching the goal of gender parity in primary education. The ratio has improved from 91 girls for every 100 boys in 1999 to 96:100 in 2008.³⁷ In certain countries, however, gender parity in education still poses a major challenge. This issue is exacerbated by lack of funds, as, in many countries, educating a girl is perceived to be less beneficial than educating a boy.³⁸

- Countries in sub-Saharan Africa, West Asia and South Asia have the lowest levels of girls enrolling in secondary education. In developing regions as a whole, however, the ratio improved from 88 girls to 100 boys in 1999 to 95:100 by 2008.³⁹
- The gender situation is much better in the case of tertiary education. The ratio between girls and boys in developing countries reached 97:100 by 2008. This parity was driven mostly by more girls enrolling in higher education in the Commonwealth of Independent States (CIS), Latin America, the Caribbean, North Africa and Southeast Asia. However, the ratio is much lower in sub-Saharan African and South Asian countries, where an average of 67 and 76 girls, respectively, per 100 boys enroll in higher education.⁴⁰

Shortage of trained teachers posing major challenge

- The average student in countries such as Ghana, Indonesia and Morocco performs below the poorest-performing students of Japan or Korea, according to a 2007 study by Trends in International Mathematics and Science Study (TIMSS) — an organization that assesses the mathematics and science knowledge of students around the world. One of the major reasons behind such inequality is the lack of trained teachers in poorer countries.⁴¹ Also, the pupil-teacher ratio remains high in many countries, especially those in sub-Saharan Africa. In Mozambique, the ratio in primary education reached 64:1 in 2008, as seen in Figure 3.⁴²
- Disadvantaged schools in underdeveloped countries usually end up with the least qualified teachers. By 2015, in order to achieve the goal of universal primary education around the globe, 10.3 million trained teachers will be required. To meet this goal, an estimated 1.9 million new hires are required. Sub-Saharan Africa alone requires 1.2 million such teachers.⁴³ Of the remaining 8.4 million trained replacement teachers needed globally by 2015, East Asia and the Pacific countries will require nearly 2.1 million, while South and West Asia will require approximately 19 percent of that total.⁴⁴



Funding universal access to education is a poverty alleviation strategy in its own right; by not funding we are assigning a life of unjust poverty to millions of children.

— Dean Hirsch,
Former President and CEO,
World Vision International

Conflict-affected countries are lagging behind

Many children living in conflict-affected countries cannot enroll in school — let alone complete their education. More than 25 million, or one-third of all out-of-school children, reside in low-income conflict-affected countries.⁴⁵ With the persistent political unrest in most of these countries, school facilities are often destroyed and many children and teachers are either displaced or killed. Over 2008–09, military actions in Gaza, Palestine, resulted in the death of 164 students and 12 teachers, while nearly 280 schools and kindergartens were destroyed. Unfortunately, these conflict-affected countries receive only one-fifth of the total global aid for education.⁴⁶ Further, their unstable political environments prevent development organizations from measuring the effectiveness of the disbursed aid, meaning that development partners are less likely to provide aid to those countries.^{47, 48}



Global collaboration to increase access to education

Global funding to make education accessible to all began with the World Education Forum in Dakar, Senegal, in 2000, where world leaders promised greater collaboration and support for developing countries. The forum called for increased financing from bilateral and multilateral organizations to achieve the EFA goals, at an estimated cost of US\$8 billion per annum.⁴⁹

Most humanitarian aid is disbursed by the member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Aid to education is a major part of DAC countries' total overseas development assistance (ODA). In

2005, these countries pledged to increase total ODA to US\$50 billion by 2010. By 2008, Ireland, the Netherlands, Spain, Sweden and a few other countries had exceeded their 'fair share' of commitments. However, Italy, Japan, the US and others have fallen short of their aid commitments.⁵⁰ By 2008, total aid to education as a percentage of total ODA fell from 11 percent in 2007 to nine percent⁵¹ — or US\$11.7 billion to US\$11.4 billion.

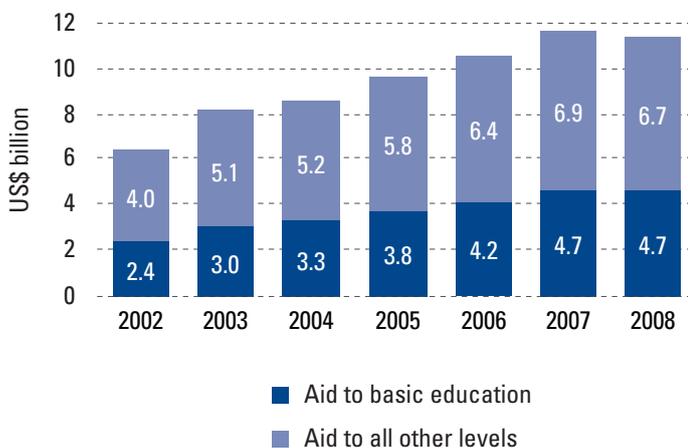
This decrease affects Africa most significantly. By 2010, the region will have received only half of the aid it had been promised. Sub-Saharan Africa is in even greater need of

“Education is Africa’s most powerful antidote to poverty. Leaders must seize this occasion to put their full support behind providing Africa’s children with a quality education.”

— Irina Bokova, UNESCO Director-General⁵³

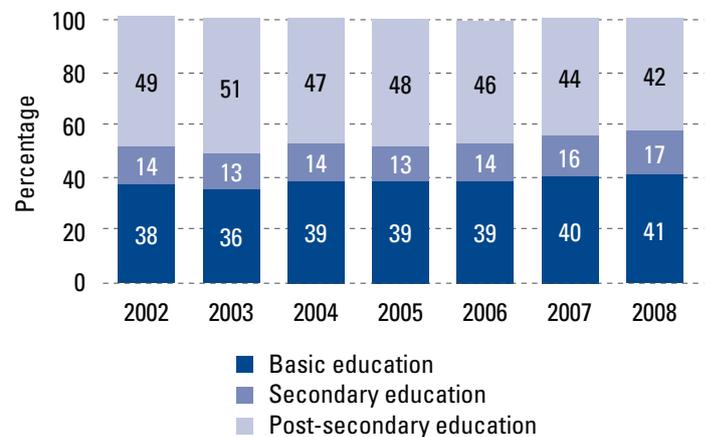
increased aid to achieve the goal of accessible education by 2015. Nevertheless, funding for basic education initiatives in this region, over 2007–08, decreased from US\$1.72 billion to US\$1.65 billion.⁵²

Figure 5: Total global aid to education, 2002–08



Source: Overview of total aid to education, 2002 – 2008, UNESCO, 2010

Figure 6: Contribution of global aid to various levels of education, 2002–08



Source: Overview of total aid to education, 2002 – 2008, UNESCO, 2010

Bilateral aid

Unlike developed countries, most developing and underdeveloped countries lack the resources required to maintain or increase public spending on education. The national budgets of these countries are facing increased pressure in the wake of the recent economic crisis. Over 2009–10, financing for education programs in sub-Saharan Africa fell by an average of US\$4.6 billion annually. Such countries require substantial amounts of bilateral assistance to ensure that education is accessible.⁵⁴

Australia – promoting equity in education

- Australia’s education assistance is channeled through bilateral, regional and multilateral programs. Bangladesh, East Timor, Indonesia, Laos, Papua New Guinea, the Philippines and Pacific countries are the major focus areas for development programs in the education sector. By 2010, more than 2,000 schools will be built in less developed areas in Indonesia, supported by the Australia–Indonesia Basic Education Program. In Bangladesh, Australia assisted in training over 3,000 teachers and helping 42,000 children complete the pre-primary course.⁵⁵
- During 2008–09, Australia allocated A\$506 million (US\$442 million) in international aid to various programs in the education sector. Indonesia received A\$163.3 million (US\$142 million) of this aid.⁵⁶

- In 2009–10, Australian aid to the education sector is expected to increase to A\$690 million (US\$611 million), and over 2010–11 it is expected to increase to A\$744 million (US\$714 million).^{57, 58}
- Promoting gender equality in education is a major focus of Australia’s foreign assistance programs. Under the Pacific Partnerships for Development initiative, the country strives to make rapid progress toward the goals of various Pacific countries to attain universal access and gender parity in education.⁵⁹
- Besides primary education, Australia assists its partner countries in improving their technical and vocational education and training (TVET) programs. During 2008–09, the country allocated A\$62 million (US\$49 million) for TVET programs in East Timor and Pacific countries.⁶⁰

UK – focusing funding in fragile and conflict-affected countries

- The Department for International Development (DFID), which manages the UK’s aid to developing countries, is a major development partner of education programs in poorer countries. DFID is committed to spending GBP8.5 billion (US\$12.7 billion) over the 10-year period until 2015.⁶¹
- By the end of 2010, the DFID plans to increase its annual spend on education to GBP1 billion (US\$1.4 billion), half of which will be allocated to Africa. This

“ There must be sustained intentionality by the International Community; governments, corporations and civil society if we are to see the life changing benefits of MDGs 2 & 3.

– Charlie Appleton,
Partner at KPMG in Kenya

level will be maintained for the foreseeable future.⁶²

- DFID allocates approximately 70 percent of its aid as bilateral assistance, while the rest of the aid is channeled through various multilateral and other organizations. Most of DFID’s aid is allocated to conflict-affected poorer countries such as the Democratic Republic of Congo and Somalia.^{63, 64}
- The agency’s major focus, with respect to education, is on increasing enrollment in primary education. DFID aims to maximize enrollment through expansion of infrastructure, teacher training, procuring textbooks and ensuring sustainable health and safety of children.⁶⁵
- Apart from primary education, the agency provides assistance to higher education initiatives in developing countries through the Development Partnerships

in Higher Education (DELPHE) program. Over 2006–13, DFID is committed to provide GBP15 million (US\$22 million) to support 300 partnerships in higher education institutes in the UK and developing countries.^{66, 67}

US – major source of support for basic education

- The US government has been increasing its bilateral aid allocation to education, particularly toward basic education, which includes primary and lower secondary grades.⁶⁸ The US has seven government agencies — including the US Agency for International Development (USAID), the Department of State and the Millennium Challenge Corporation (MCC) — that fund and manage basic education projects in more than 70 countries.⁶⁹

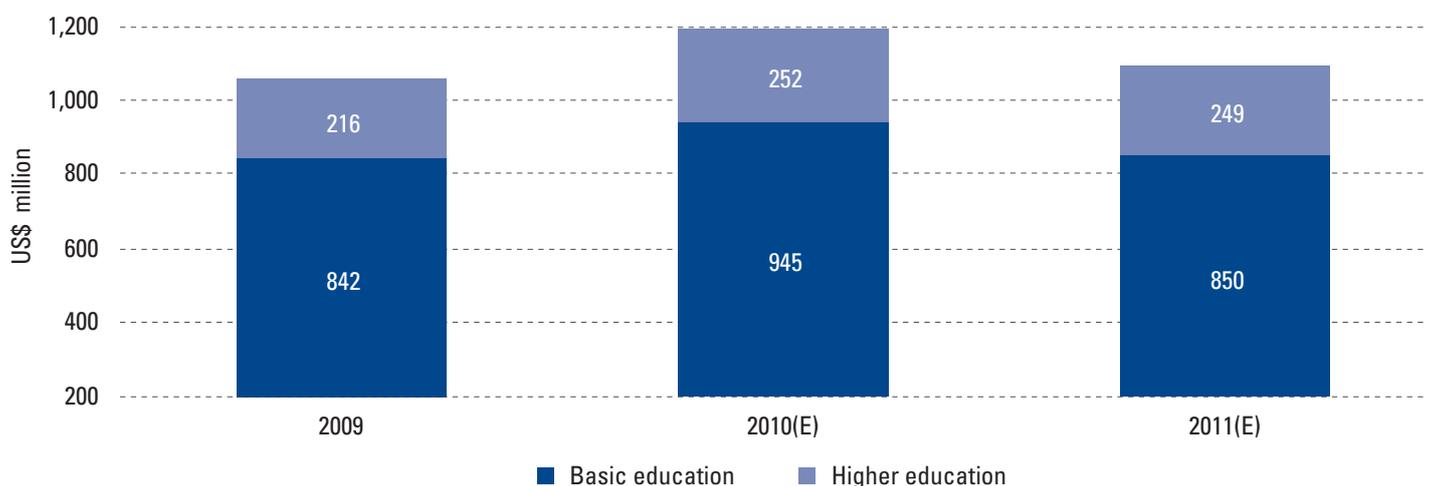
- In 2009, the US allocated more than US\$1 billion in total funding from its various agencies toward education in selected countries that receive assistance. Approximately 84 percent of this funding went to basic education in countries such as Ethiopia, Ghana, Guatemala, Honduras, Mali, Pakistan, Senegal, Tanzania, Yemen and Zambia.⁷⁰ However, the percentage of these funds targeted at basic education programs in sub-Saharan Africa has decreased. By 2008, funding for basic education in these countries decreased from 31 percent of the total US aid in 2002 to 21 percent.⁷¹
- By 2010, the US was planning to increase its funding for education to nearly US\$1.2 billion.⁷²
- In April 2010, the US Congress introduced the Education for All Act 2010, under which the US will develop policies and principles

aimed at assisting developing countries to achieve universal education by 2015.⁷³

Aid from multilateral organizations

The World Bank, EuropeAid, various UN agencies and other major multilateral organizations channel aid to education initiatives. UNESCO coordinates all EFA partners to achieve the target of universal education.⁷⁴ It encourages all EFA members to provide funds and meet their individual pledges.⁷⁵ Similarly, EuropeAid — which designs and implements EU development policies — focuses most on basic education, vocational training and gender inequality in developing countries.⁷⁶ Table 3 shows the funding initiatives and various programs of these multilateral institutions to help developing countries improve their education sectors.

Figure 7: US budget allocation for international education programs, 2009–11



Source: FY 2009 Foreign Operations Performance Report and FY 2011 Performance Plan, USAID, 2010

Table 3: Financial aid and development programs of multilateral organizations

Funding Organization	Details
World Bank	<ul style="list-style-type: none"> The World Bank is the largest financier of education programs in developing countries. Since 2000, the bank has committed nearly US\$24 billion in aid to support education.⁷⁷ In 2010, it increased its global funding to US\$4.9 billion, from US\$3.4 billion in 2009.⁷⁸ On September 13, 2010, World Bank Group President, Robert Zoellick, announced that the bank would provide an additional US\$750 million in grants and zero-interest loans for basic education in countries that are struggling to meet the MDG targets, specifically in sub-Saharan Africa.⁷⁹ As the economic crisis started affecting the national budgets of many developing countries, the World Bank increased its education funding from US\$1.9 billion in 2008 to US\$3.4 billion in 2009.^{80, 81} The bank lends through the International Development Association (IDA), the lending arm for low-income countries (LICs). Most IDA lending is channeled to Bangladesh, India and Pakistan. Over 2000–10, the IDA allocated US\$4.2 billion to these three countries, while other developing countries received US\$4.1 billion in funding.⁸² The World Bank is helping 67 countries develop their secondary education systems. During 1999–2009, the bank provided US\$5 billion to improve secondary education, with US\$320 million earmarked for 2010.⁸³ The bank is also an active lender to tertiary education projects in developing countries. During 1990–2009, it provided US\$7.64 billion to 337 projects in 106 countries. Over this period, Latin America and the Caribbean region received the largest share of this lending (39 percent), followed by East Asia and Pacific countries (21 percent).⁸⁴
Education for All (EFA) – Fast Track Initiative (FTI)	<ul style="list-style-type: none"> In 1990, many countries, civil society groups and multilateral organizations — including the World Bank and UNESCO — came together to launch the EFA initiative, aimed at improving the global education system.⁸⁵ In 2002, various developing countries and donors created the FTI to support LICs in achieving the MDG targets, as well as meeting the targets set under EFA initiative. It is managed by donors and multilateral organizations.⁸⁶ By 2008, the FTI was active in 36 countries. It has two multi-donor trust funds — the Catalytic Fund (CF) and the Education Program Development Fund (EPDF) — through which it channels funds to various programs. Donors to the CF have committed to providing US\$1.6 billion to 36 countries over 2003–11.⁸⁷ Similarly, the EPDF program has been supporting 60 developing countries. The program has committed to providing US\$115 million for various education-related initiatives over 2005–13.⁸⁸
African Development Bank	<ul style="list-style-type: none"> The African Development Bank (AfDB) provides assistance to all levels of education. At present, it is also focusing on higher education, science and technology (HEST). By increasing its assistance for HEST, the bank promotes the training of scientists, engineers, researchers and doctors in Africa.⁸⁹ In 2009, the bank allocated US\$299 million to various programs in the education sector.⁹⁰ In September 2010, the AfDB signed an agreement with Khartoum State in Sudan to provide US\$1 million in emergency relief assistance to restore schools affected by floods.⁹¹ In April 2010, the bank provided US\$20 million to support a higher education development project in Eritrea.⁹²
Inter-American Development Bank (IDB)	<ul style="list-style-type: none"> The Inter-American Development Bank (IDB) works with 26 countries in Latin America and the Caribbean to improve the quality of education for children and adults.⁹³ The bank focuses on ‘Early Childhood Development, School-Work Transition and Teacher Quality.’ The IDB has been collaborating with national governments to promote innovative programs such as teaching models based on science and math for children at the primary level.⁹⁴ The IDB also promotes innovation in education through the use of information and communication technologies (ICT). Since 2007, the bank has been providing XO portable computers, developed by the One Laptop per Child (OLPC) foundation, to many schools in Brazil, Colombia, Haiti, Peru, Paraguay and Uruguay. This initiative aims to improve teaching standards and develop the knowledge base of students even in the remotest places.⁹⁵ In Mexico, the ‘Aligning Learning Incentives’ program provides incentives to students, teachers and administrators in upper secondary schools, to promote math education.⁹⁶

Funding Organization	Details
EuropeAid	<ul style="list-style-type: none"> The emphasis of EuropeAid, which facilitates the international aid disbursements of the European Commission (EC) to various programs in developing countries, is on quality basic education.⁹⁷ Funds to support programs in developing countries are disbursed in various ways. <ul style="list-style-type: none"> The European Development Fund (EDF) provides financial assistance for economic, social and human development, and supports regional cooperation and integration in the African, Caribbean and Pacific countries. For 2008–13, the fund has a budget of EUR22.6 billion (US\$30 billion) for programs in various sectors.⁹⁸ Similarly, the Development Co-operation Instrument provides funding for primary education, environment protection, infrastructure development and rural development, in Latin American, Asian and Gulf countries. Over 2007–13, the fund has a budget of EUR16.9 billion (US\$23 billion).⁹⁹ Apart from these geography-specific funds, the EC provides assistance to all MDGs through its ‘Investing in People’ program, which covers all developing countries. For 2007–10, the program has budgeted EUR65 million (US\$88 million) for the education sector.¹⁰⁰
European Investment Bank	<ul style="list-style-type: none"> The European Investment Bank (EIB) provides financial assistance to education programs across the EU. The bank focuses on developing school, college and university buildings. During 1997–2009, the bank provided EUR16.5 billion (US\$22 billion) to more than 150 education projects across the EU.¹⁰¹

Public-private partnership in education

Over the past few years, public-private partnerships (PPP) have been gaining momentum in the education sector. Although national governments are the major financiers of primary and secondary education, an important share of education is provided by private agents in many countries. According to a 2007 UNESCO report, private education grew substantially in sub-Saharan Africa, the Middle East and South Asia. The involvement of the private sector depends on government contracts or the regulations prevailing in a country. In certain forms, the private sector provides services in teacher training, management of school administration and curriculum design, while in other circumstances, private organizations actually manage and operate specific schools.¹⁰² In certain areas in India and sub-Saharan Africa, many children enroll in private schools. In Lagos, Nigeria, nearly 75 percent of school-going children are

in private schools, which are generally run by local entrepreneurs. Apart from these local entrepreneurs, many large private companies are contributing to the EFA goal by providing information, technological assistance, financing and other services.¹⁰³

- In October 2010, UNESCO signed an agreement with Nokia to develop mobile technologies to promote education in developing countries. Under this three-year contract, Nokia will contribute US\$5–10 million to develop a mobile technology that will offer easy access to information and improve the learning environment.¹⁰⁴
- In July 2010, USAID signed an agreement with Microsoft El Salvador and the Sagrera Palomo Foundation to provide computer training centers to low-income, at-risk youth in El Salvador.¹⁰⁵
- In its 11th Five-Year Plan (2007–12), the Indian government

emphasized PPP as an important strategy to improve the education sector. Under this plan, 2,500 schools will be set up by 2014 in collaboration with private companies.¹⁰⁶

- In 2007, the Open Society Institute (OSI), a philanthropic initiative of investor George Soros, committed US\$5 million to the Government of Liberia to implement the Liberia Primary Education Recovery Program.¹⁰⁷
- In 2007, Opportunity International, a not-for-profit microfinance organization, launched its microschoools program, through which it provided microcredits to those teachers who wanted to open schools in underdeveloped places, particularly for girls. By July 2008, the organization was operating in 50 different locations in Ghana and nine in Malawi. It plans to expand into other countries in Africa and Asia.¹⁰⁸

- In 2006, the United Nations High Commissioner for Refugees (UNHCR), in collaboration with Nike and Microsoft, started the ‘Ninemillion Campaign.’ This campaign aims to provide better access to education, sports and

technology to more than nine million children living in refugee camps around the world. The campaign has already enabled more than 80,000 children and youth from 13 countries to enroll in school and complete their studies, participate in sports

activities and receive employment opportunities as a result of vocational training. In 2010–11, the campaign aims to expand into nine more countries and provide facilities to approximately 124,000 girls in refugee camps.¹⁰⁹

Conclusion

Funding gap in education still remains

At the 2000 World Economic Forum, developed countries pledged to provide poorer countries with financing in order to make education accessible around the globe. Over the years, the supporting countries have been able to increase their investments. However, funding remains a major concern, with some aid partners falling short of their commitments.¹¹⁰ Further, low-income countries (countries with per capita gross national income less than US\$875 in 2005, defined according to World Development Indicators, 2007) are required to make more domestic resources available to the education sector. According to a UNESCO report, governments in these countries are capable of providing an annual total of US\$7 billion in funding to education programs, by increasing revenue collection or by making their national budget more equitable. However, there remains an estimated annual funding gap of nearly US\$16 billion for basic education.

Moreover, estimates show that lower secondary-level education programs will suffer from an annual shortfall of US\$7.9 billion by 2015. Any prospect of reaching the MDG and EFA targets depends on development partners increasing their aid allocations to poorer countries.¹¹¹ Table 4 shows the annual financing gaps for low-income regions with an extent of this demand from sub-Saharan Africa and South Asia.

Effective utilization is critical

It is important to recognize that beyond funding, it is equally vital to make better use of available resources. This means greater focus on ensuring programs are well-designed, well-managed, with clear objectives and focused impact evaluations. Effective utilization of any aid depends on organizational efficiency, accountability and greater collaboration among development partners, particularly when global austerity measures are hindering funding. Major funding governments have realized that they must now be more

accountable to their taxpayers and financiers. Ireland, Norway, Sweden and the UK are a few of the countries that now provide detailed explanation of their aid spend and the resultant improvements in partner countries. Similarly, organizational restructuring — in terms of recruiting skilled human resources and consolidating various functions — provides opportunity for cost saving, better delegation of work and effective project planning.¹¹² At the same time, aid agencies and multilateral organizations are also being assessed, as they are the most prominent channels of aid flow. Initiatives such as the Multilateral Organisations Performance Assessment Network (MOPAN) provide a framework to

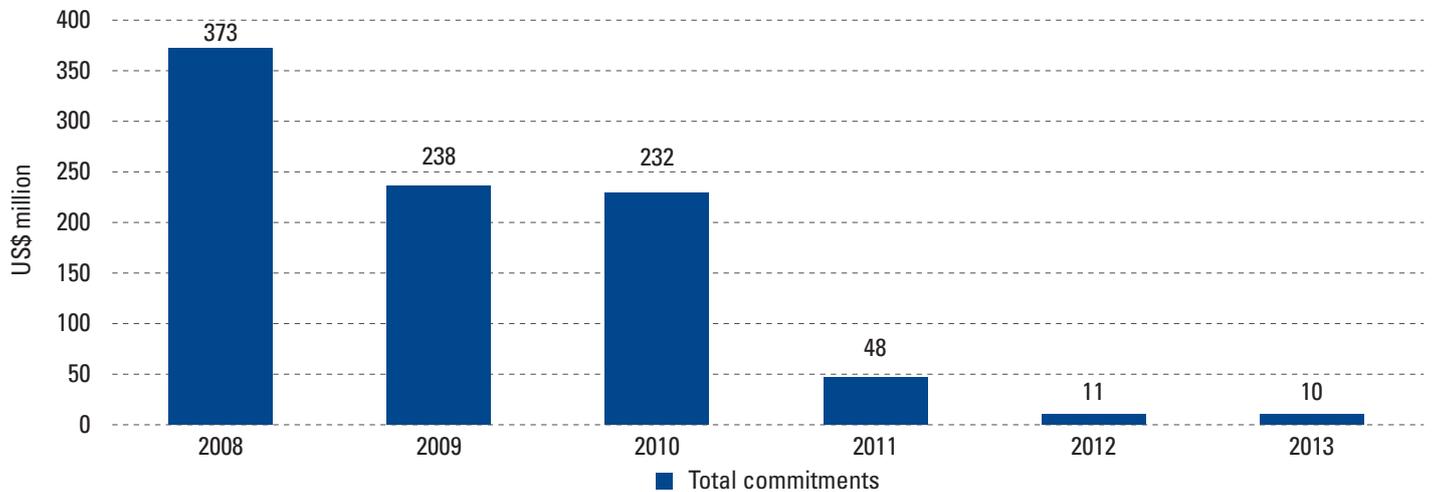
Table 4: Average annual financing gaps in low-income regions and percentage share, 2008–15

Education level	Financing gap (US\$ billion)	Sub-Saharan Africa (%)	South Asia (%)
Pre-primary	5.8	74	23
Universal primary education	9.8	68	28
Adult literacy	0.6	42	37
Lower secondary	7.9	57	37

Source: Reaching the marginalized, UNESCO, 2010

“ Any prospect of reaching the MDG and EFA targets depends on donor countries increasing their aid allocations to poorer countries, and investing those resources in proven delivery models with full accountability and the highest expectations.

*Lord Michael Hastings
KPMG International’s Global
Head of Citizenship and
Diversity*

Figure 8: Signed donor pledges to CF, 2007–13

Source: EFA-FTI Catalytic Fund, Quarterly Report, September 2010

assess the success of the development programs of the World Bank, the African Development Bank, the United Nations Development Programme (UNDP) and other such organizations.¹¹³

Need to explore aid prospects from non-Development Assistance Committee (DAC) members

Global humanitarian aid is dominated by the member countries of DAC. Now, however, non-DAC countries such as Brazil, China, India and Saudi Arabia are fast emerging as prominent sources.¹¹⁴ In 2009, non-DAC countries provided US\$224 million in global aid to various programs.¹¹⁵ The largest emerging non-DAC participant is Saudi Arabia, which spent US\$51.8 million on aid in 2009.¹¹⁶

To reach the goal of universal education, greater cooperation is needed between traditional and emerging aid partners.¹¹⁷ Certain non-DAC members are willing to provide financial assistance to

education programs; however, there has been limited cooperation between traditional and emerging partners at a global level.¹¹⁸ Also, non-DAC providers of aid are often reluctant to take part in multilateral efforts for humanitarian aid, and instead focus on specific crises in neighboring countries.¹¹⁹ According to UN Emergency Relief Coordinator, John Holmes, countries such as Saudi Arabia must become more active in the multilateral aid system. Holmes stated, "Without this balance there is ... a risk that perceptions of humanitarian assistance as principally a western enterprise — however incorrect these are — will be reinforced."¹²⁰

Other alternatives

The long-term sustainability of the EFA initiative requires extended commitments from existing donors. As seen in Figure 8, the major providers of education funding, FTI and the Catalytic Fund (CF), have so far failed to attract

long-term commitments from donors.¹²¹

As the needs and number of recipient countries increase over the next few years, the CF may face a financial deficit. Global leaders are thus, continuously looking at alternatives or initiatives to assist CF and other multilaterals, to help achieve the education for all goal.¹²² A major initiative under consideration is the 'Global Fund for Education,' which is primarily based on the pledge in 2008 by the then presidential candidate Barack Obama to create a US\$2 billion global education fund. This fund is expected to follow in the footsteps of the Global Fund to Fight AIDS, Tuberculosis and Malaria, a hugely successful international campaign launched in 2002.¹²³ If this proposed Global Fund for Education is launched and successfully implemented, it will provide a glimmer of hope for a long-term funding solution to achieving universal education.

Further information

How KPMG firms can help

Planning and Advisory

- Scoping studies and Needs Assessment for inbound or regional funding or implementing organizations
- Development of Fundraising Strategies for Development Organizations

Strategic Reviews and Assessments

- Mid-term and End-Term Reviews of multi-state Social Development Projects and Programs

Aid Efficiency and Transparency

- Pre-Grant and Grant Expenditure Evaluations of non-profit Organizations, on behalf of Funding Agencies

Performance Enhancement

- Developing program implementation, Monitoring and Evaluation Systems
- Developing Communication Strategies and Frameworks for Development Agencies

Key contacts

Timothy A. A. Stiles

Global Head, International Development Services
KPMG in the US
Tel.+1 212 872 5955
taastiles@kpmg.com

Anne Gross

Senior Manager, Operations - International Development Services
KPMG in the US
Tel.+1 312 665 2023
annegross@kpmg.com

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Contacts

Timothy A. A. Stiles
**Global Head, International
Development Services
KPMG in the US**
Tel: 1 212 872 5955
Email: taastiles@kpmg.com

Anne Gross
**Senior Manager, Operations - International
Development Services
KPMG in the US**
Tel: +1 312 665 2023
Email: annegross@kpmg.com

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Contact: Vipin Kumar
Head of Global Markets Research
KPMG in India
Tel.+91 124 612 9621

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