The INEE Reference Guide on External Education Financing is a resource that explains donor education funding strategies and mechanisms. It focuses on external education financing in low-income countries, including those in fragile situations. Governments in these situations (crisis, post-crisis or the risk of crisis associated with conflict, natural disaster or challenges to government legitimacy) typically face challenges in delivering core public services, including education.

Why was the Reference Guide developed?

The Reference Guide was developed by the INEE Working Group on Education and Fragility in response to requests from education specialists for an easily accessible description of the different types of external assistance for education. In particular, it responds to recommendations made by participants at the 2008 INEE Policy Roundtable on Education Finance in States Affected by Fragility. The purpose of the Reference Guide is to enable national decision-makers to better understand:

- what donors seek to achieve in the education sector
- how donors provide education assistance
- the constraints on donor funding
- how various funding mechanisms work
- why donors choose one funding mechanism over another

What is the Reference Guide?

The Reference Guide is a reference written from the donor point of view that explains the design, goals and constraints of existing types of external education assistance. It is not an analysis of the pros and cons of different funding mechanisms, nor is it a “how to” guide that helps education ministries more successfully apply for external education assistance.

Who will benefit from reading the Reference Guide?

National education policy-makers will gain a better understanding of funding mechanisms, making them better able to navigate country-donor relationships.

Nongovernmental organisations (NGOs) and other civil society organisations, together with local education donor groups and their education partners, may increase their knowledge of donor goals, strategies and funding mechanisms in the education sector. As a result, they may become more effective at holding governments and donors accountable for the use of external education funding.

The Inter-Agency Network for Education in Emergencies (INEE) is a global network of representatives of NGOs, UN agencies, donor agencies, governments, academic institutions, schools and affected populations that work together within a humanitarian and development framework to ensure that all people have the right to a safe, quality education in situations of emergency and post-crisis recovery. The INEE Working Group on Education and Fragility seeks to strengthen consensus on how education helps mitigate fragility while ensuring equitable access for all; support the development of effective quality education programmes in fragile contexts; and promote the development of alternative mechanisms to support education in fragile contexts during the transition from humanitarian to development assistance.

For more information on INEE and the Working Group, visit http://www.ineesite.org.
Part I: How Donors View Education Funding

Part I explores how donors view the education needs of low-income countries and the ways in which donors seek to meet those needs. The text reviews donor goals and strategies in the education sector, as well as “good donor practice” (i.e., the principles of aid effectiveness, good humanitarian donorship and good international engagement in fragile states and situations).

Part I also looks at constraints to good donor practices in the education sector, which include weak government capacity, limitations on available donor funding mechanisms, political factors, accountability for the use of funds, and the difficulty of providing transition funding given the division of external aid into the categories of humanitarian relief and development assistance.

Part II: What Organisations Fund and Deliver Education Services?

Part II defines the various organisations that fund education (donors) and deliver education services (service providers), including partner governments, bilateral and multilateral donors, global education initiatives, private sector donors, and international and local NGOs. Part II also explains how donors work together—both internationally and at the country level.

Part III: Funding Mechanisms that Support Education

Part III summarizes the principal funding mechanisms for education, their objectives, how they are funded and how they work (i.e., delivery mechanisms, disbursement and reporting requirements, etc.). It distinguishes between funding that is “pooled” between donors, funding that is delivered directly by donors, and the various implementation partners used by donors (i.e., partner governments, NGOs). Specifically, it provides detailed information on:

- humanitarian assistance–pooled funds
- humanitarian assistance–appeals
- project support
- programme support/pooled funds
- multi-donor trust funds (MDTFs)
- sector budget support
- general budget support
- debt relief

Part III defines each mechanism and outlines: its aims; the context in which it may be utilized; the implications of its use for good donor practice; its targeting capacity; relevant governance issues; potential transaction costs and challenges; and anticipated results.

Annexes

Annex 1 provides brief case studies that describe the choice and implementation of funding mechanisms in specific countries.

Annex 2 offers additional reading and resources on external education financing, particularly in fragile situations.

Annex 3 is an illustrative list of the various organisations, including donors and implementing agencies, involved in the funding and delivery of educational services in low-income countries.

For more information and additional resources, visit http://www.ineesite.org/financing.