

## **Higher Education Aid: Setting Priorities and Improving Effectiveness**

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### **Abstract**

Higher education aid, initially, was primarily used to provide graduate training in donor countries. Later, aid money was invested to establish new institutions or to strengthen existing institutions in the developing world. With criticisms of brain drain, mounting unemployment of the educated, and the emerging priority of Education for All programs, donor support to higher education declined from the 1980s. However, higher education is back on the agenda of the donors in this millennium. The analysis in this paper shows that higher education aid either remains concentrated in selected countries with expanded higher education systems, or is fragmented and spread too thinly mostly in countries with less expanded higher education systems. The paper argues for aid to support the higher education sector in implementing national policies and institution-wide improvement rather than focusing on selected faculties for targeted intervention. This may be a way of improving aid effectiveness in higher education.

### **Introduction**

Development assistance increased rapidly in the 1960s. Education was a beneficiary of expanding external aid. Multilateral organizations, bilateral agencies, and private foundations were active in providing higher education aid to developing countries. Initially, higher education aid was primarily used to provide graduate training taking place mostly in donor countries. Later, aid also focused on establishing new institutions and strengthening the existing institutions of higher education to provide tertiary education in the aid recipient countries.

During the period of structural adjustment, national investment priorities and international commitment moved from tertiary to primary education. In the 1990s, following the 1990 World Conference on Education for All (EFA) in Jomtien, a more unified aid agenda emerged and the focus shifted to funding primary education and EFA. This millennium saw a dual track approach of aid policies promoting EFA and post-secondary education.

The mode of external funding of higher education, like in other sub-sectors, remained mostly project-based, focusing more on capital investments than on meeting recurring expenditures. Over a period of time, the project mode of external funding in education gave way to sector-wide approaches (SWAs) and medium-term expenditure

frameworks to sustain the initiatives aligned with the recipient countries' policies and programs. Education aid today is seen more as a partnership than as a donor-owned and donor-driven activity.

With increasing domestic reluctance to extend aid, questions on the effectiveness of aid are posed by donor countries. How to improve allocative efficiency and aid effectiveness is a fundamental question posed by the donors. The Paris Declaration of 2005 made recommendations for improving aid effectiveness through better prioritization in the allocation of aid, coordination in delivery, and ownership in the implementation of education programs.

This paper analyses aid to higher education. It shows that higher education aid either remains concentrated in selected countries with a relatively expanded higher education system, or is too fragmented involving a multiplicity of agencies and spread too thinly mostly in the countries with a less expanded higher education system. The paper argues for aid to support efforts to revitalize both institutions and the higher education system. This may happen when support is extended to national policies and strategies for higher education development, and when the focus is on institution-wide improvement rather than on selected faculties for targeted intervention. This may be a way of improving aid effectiveness in higher education.

The plan of the paper is as follows: The first section introduces the debate on aid and trade in higher education. Section 2 discusses the changing donor perceptions on aid to higher education. Section 3 analyses the trends in aid flows to the higher education sector. Section 4 discusses the pattern of aid distribution in the recipient countries. Section 5 draws some implications for improving aid effectiveness by identifying probable priority areas of investment, and the final section makes some concluding remarks focusing on the expected effect of the economic crisis on aid flows.

## **1. To aid or to trade higher education**

In the 1950s and 1960s, it was believed that the missing link in economic development was capital, and that private capital and foreign direct investment (FDI) would not reach developing countries for lack of mature markets. This belief encouraged the extension of foreign aid to developing countries. The developed countries viewed external aid as an important instrument to help developing countries provide capital, promote markets, and accelerate economic development (Van de Walle, 2005) to facilitate 'catch-up'.

The end of colonialism and a sense of optimism regarding the role of governments to lead development and change promoted the idea of government-to-government aid as the best mode of resource transfer from developed to developing countries. The success of the Marshall Plan reinforced the belief in governments' role in development. In other words, this was a period of optimism in aid-financed and government-led strategies for development.

Apart from the economic rationale, aid support was always linked to the foreign policy of the donor countries. The political reason for providing foreign aid was to maintain colonial links and ‘contain communism’. It was believed that aid was a good instrument to promote democracy, prosperity, and peace, and to contain communism through accelerated economic development (Coleman with Court, 1993). ‘Arguably from the end of World War II until the early 1990s, the underlying rationale for providing foreign aid was the same as that for all US foreign policy – the defeat of communism’ (Tarnoff and Nowels, 2004: 2-3).

In fact, the two economic and political blocks (Soviet and the US) were competing to extend funding support to the third world countries during the cold war period. The pattern of aid flows indicates that European foreign aid went more to their former colonies, and US aid more to those countries that were aligned with them (Moyo, 2009). Soviet aid flowed more to countries that supported them politically.

With the end of the cold war, the utility and contribution of aid to development came under closer scrutiny in the 1990s. The initial argument that aid flow leads to higher returns to investment in the developing countries and therefore helps them to catch-up and equalize with the developed countries was found to be untenable. The ascendance of a market ideology not only questioned state-led development, but also saw trade, and not aid, as an important instrument to promote growth. Further, with the collapse of the USSR, investing to contain communism became less rewarding (Degenbol-Martinussen and Engberg-Pedersen, 2003). All these factors contributed to an expansion of the domain of market operations and trade in all sectors, including education. Consequently, external aid as a share of the national income declined in many developed countries, and their share of contribution was certainly less than their committed share of 0.7 percent of the national income (IIEP, 1995).

The perception on the role of the government also changed over time. One can discern three phases in the evolution of the role of the state in development. In the first, government is seen as the only solution to all ills. In the second, the government’s failure was seen as pervasive, and markets as the solution. The third view, which is more pragmatic than ideological, is that both markets and governments have pervasive failures, and that there should be a fair division of labor between the state and the market. ‘We need to recognize both the limits and strengths of markets, as well as the strengths and limits of government interventions aimed at correcting market failures’ (Stiglitz, 1989: 202).

While developed countries viewed trade as more effective and more development-friendly than development assistance (Vincent-Lancrin, 2005), the developing world also moved closer towards a market economy. The liberalization policies helped open up domestic economy to foreign investments and facilitated the flow of foreign capital to developing countries. The creation of the World Trade Organization (WTO) and the General Agreement on Trade in Services (GATS) in 1995 reinforced market-led development. Education became one of the services included in trade negotiations under

## GATS.

This development is very important for the progress of higher education. Higher education became more amenable for trade under GATS, which takes place in four modes: a) cross-border supply of the service – where consumers (students) remain within the country; b) consumption abroad – where the consumers cross the border; c) institutional mobility – commercial presence of the provider in another country; and d) staff mobility – presence of persons in another country (Knight, 2002). Trade through all modes has been expanding fast and contributed to US\$17.5 billion in the USA, £28 billion in the UK, \$5 billion in Canada etc. Cross-border higher education became a lucrative area in which to invest and trade.

Foreign aid from OECD countries rose steadily until the 1980s. In the 1990s, however, three events lowered the absolute and relative importance of foreign aid: fiscal problems in OECD countries; the end of the Cold War; and the dramatic growth in private capital flows to developing countries (World Bank, 1998). While those countries actively promoting trade reduced their share of development assistance, some of the other countries continued or increased their share in development assistance. Aid to education was also affected by these developments. However, not only did aid to education continue; it was channeled mostly through the national governments.

## **2. Aid to higher education: changing perceptions**

Developing countries received a good share of foreign aid to expand the pool of higher educated manpower in the 1950s and 1960s. In the early days, donor countries supported a high-level manpower approach to extend aid to countries, and higher education was a beneficiary of this approach. The number of higher educated personnel can be increased by providing training domestically or abroad. Aid to higher education supported both modes of expanding the pool of highly qualified personnel in the developing countries. First, it promoted study-abroad programs for developing highly qualified human resources in the third world. The scholarships offered by many countries for higher studies abroad are good examples of this form of aid. This was the most important mode of aid support to countries that did not have a university of their own. The small countries in the Caribbean and Pacific region, especially the island countries, are beneficiaries of this mode of aid to higher education (Varghese, 2003).

Second, it supported the development of higher education institutions in the third world countries. For example, during the 1950s and 1960s, nearly 200 universities in the third world were funded by multilateral and bilateral agencies, notably USAID and the British Inter-university Council (IUC) (Coleman with Court, 1993).

External funding support to higher education declined in later years. Brain drain has been one of the reasons why donors have shied away from extending aid to higher education. It was feared that higher education programs encouraged international migration. The foreign study programs encouraged brain drain, and the development

of domestic universities produced a larger number of graduates than the domestic labor market could absorb. It created unemployment of the educated in many countries, and encouraged the migration of the educated to developed countries. The outflow of intellectual capital was more serious in Africa (Mohamoud, 2005).

In the 1990s, basic education became the priority area for funding, and donor support for higher education declined. The rate of return studies of the 1970s, which showed lower returns to investment in higher education in comparison with primary levels, and increased political support for EFA in the 1980s, contributed to a shift in investment priorities in favor of primary education. National governments also reduced budgetary support to higher education, especially during and after the structural adjustment period. For example, a review of 31 poverty reduction strategy papers by a group of experts (Bloom, Canning and Chan, 2005) indicated that only three governments considered higher education as a way of reducing poverty, and only two increased their funding for higher education.

These trends changed in the 2000s, and there was a return of aid to higher education. Some of the development experiences of the emerging economies indicated that brain drain has a bright side as well. Many countries see brain circulation as a means of advancing technological catch-up, since the diaspora are well-trained in the advanced technologies of the developed world. In fact, the increase in the demand for skilled labor arising from economic growth necessitated an expansion of the post-primary and post-secondary levels of education. In other words, the rapid progress towards EFA and increasing demand for skilled labor contributed to an expansion of education at all levels. The basis for allocation of aid was not always flexible and responsive enough to take into account these changes, and a lack of flexibility may have contributed to reduced overall effectiveness of aid.

Further, aid has a comparative advantage in funding some high-impact inputs that may not be adequately funded in its absence. These inputs include policy advice, analytical work, piloting of innovations, knowledge exchange, capacity-building of local institutions, and consensus-building among education stakeholders (Fredriksen, 2008).

Experience shows that education aid supports analytical work and policy development. This may help countries to develop strategies and prepare plans to invest in education, including aid money. In other words, investing in higher education to improve analytical capacities improves a country's aid-absorption capacity. Without additional human resources to draft and enforce development policies, additional funds for official development assistance may become counterproductive (Lewis, 2009). This is important, especially since aid pledged by the group of eight leading economic powers (G8) has increased to the tune of US\$25 billion annually for sub-Saharan Africa alone (Walenkamp and Boeren, 2007), and in the absence of clearly articulated policies and proposals, these funds may remain un-absorbed.

### 3. Aid flows to higher education

Total aid to education increased from US\$7.0 billion in 1999 to US\$11.3 billion in 2006 and US\$12.1 billion in 2007. The share of education in total aid remained more or less the same at around 9 percent of the total ODA contribution between 1999 and 2006, while it increased to 10 percent in 2007. The post-secondary level accounted for more than one third of the total direct aid to education between 1999 and 2000 (*Table 1*), and basic education accounted for more than a quarter of the total direct aid. Between 1999 and 2006, both basic and post-secondary levels of education increased their share in total aid from 25.8 percent to 33.8 percent and from 33.8 percent to 35.8 percent respectively. This increase was faster and more substantial. However, between 2006 and 2007, there was a decline in basic education aid to 21.0 percent, which was attributed mainly to the spiked allocations to education in 2006 in countries affected by conflict, and which did not continue at the same level in 2007 (UNESCO, 2010).

**Table 1. Direct aid by levels of education (%)**

Levels of education	1999-2000	2006	2007
Basic education	25.8	33.8	21.0
Secondary	14.6	8.7	13.8
Post-secondary	33.8	35.8	40.4
Level unspecified	25.8	22.3	24.8
Total (%)	100.0	100.0	100.0
Total aid in million US dollars	6,958.0 (2006 constant)	11,289.0 (2006 constant)	12,065.0 (2007 constant)
Direct aid to total aid to education (%)	94.7	92.9	88.9
Share of education in total ODA (%)	9.0	9.0	10.0

Source: UNESCO, 2009 and 2010.

During the period 2002 to 2006, global aid to higher education averaged \$3.3 billion annually (*Table 2*). The East Asia and Pacific region received the highest share at 29 percent, followed by the Arab states at 21 percent. South and South Western Asia received the lowest share at 5 percent, followed by Central and Eastern Europe at 7 percent. Africa received a share of 18 percent of aid to higher education. The picture becomes clearer when the trends across regions are analyzed (*Table 3*).

**Table 2. Distribution of direct aid to higher education by region, 2002-2006**

Regions	Share to total HE (%) 2002-06
Arab States	21.0
Central and Eastern Europe	7.0
East Asia and Pacific	29.0
Latin America and Caribbean	8.0
South and South Western Asia	5.0
Sub-Saharan Africa	18.0
Others	12.0
Total	100.0
2002-06 average	\$3.3 billion

Source: World Bank, 2010 (2006 constant US\$)

Table 3 shows the distribution of aid by level of education and region. One can notice wide variations among regions with regard to the aid to education received and the distribution of aid by level of education. Of the total direct aid to education of \$10.2 billion in 2006, SSA received the highest share (29.9 percent) for any region, followed by the East Asia and Pacific region (18.6 percent), and South and West Asia (8.2 percent).

What is more interesting is the intra-sectoral distribution of education aid. Basic education received nearly two fifths of the aid to Africa and South and West Asia. Basic education in Africa received \$1.1 billion annually, while higher education received \$600 million. The picture changes when one moves to other regions. More than half of the aid allocation in East Asia and Pacific (54.4 percent) went to higher education, followed by the Arab region at 47.6 percent. Latin America also devotes a higher share (38.2 percent) of aid to higher education.

Some of the countries benefitting the most from aid to higher education in the East Asia and Pacific region are China, receiving \$644 million in 2006; Vietnam, receiving \$151 million; and Malaysia, receiving \$82 million etc. In the Arab region, Morocco received the highest amount with \$238 million, Algeria with \$153 million, and Tunisia with \$105 million. In South and West Asia, India accounted for the highest share with \$53 million, followed by Iran with \$48 million. It can be seen that the relatively developed regions are investing higher shares of aid to higher education. It is equally important to notice that some selected countries are dominant recipients of aid for higher education, for example Algeria, China, Vietnam, Morocco, Tunisia, India, Iran, Turkey etc., and these are not the countries with the least developed higher education systems.

**Table 3. Share of aid to education by level and region in 2006 (%)**

Level of education	Arab States	E. Asia & Pacific	LA & Caribbean	S&W Asia	Sub-Saharan Africa
Basic education	19.6	21.9	20.9	38.9	39.5
Secondary education	7.3	3.3	13.0	23.3	7.5
Post-secondary education	47.6	54.4	38.2	18.9	21.2
Level unspecified	25.5	20.4	27.8	18.9	31.8
Total in US\$ in millions	1,625.0	1,892.0	741.0	839.0	3,051.0
Share of direct aid to education	15.9	18.6	7.3	8.2	29.9

Source: UNESCO, 2009 ( 2006 constant US\$)

Aid flows from the donor countries indicate that education is high on the agenda of many donor countries (*Table 4*). The share of education in ODA bilateral commitment is an indicator of the priority accorded to education by donor countries. Education accounted for more than a quarter of the aid commitments of Greece in 2008. France, Germany, Netherlands, Belgium, etc. allocate a good share of their aid to education. On the other hand, the UK and the USA allocate a low share of their bilateral aid commitments to this sector.

**Table 4. Education as a share of total bilateral aid commitments in 2008 ( %)**

Donor country	Share of education
Australia	10.6
Austria	12.6
Belgium	12.2
France	18.0
Germany	13.7
Greece	27.6
Netherlands	13.2
United Kingdom	3.1
United States of America	3.5

Source: OECD, 2010.

In 2007, France was the single largest bilateral donor to higher education, with a contribution of \$1,361 million. This is closely followed by Germany with \$1,054 million. Japan, Netherlands, and Turkey are other important donors. The USA (with \$87 million) and the UK (with \$54 million) contribute a relatively smaller amount to higher education compared to France or Germany, who's contributions together accounted for more than 60 percent of the bilateral aid to higher education.



**Table 5. Aid to higher education by donor countries (in US\$ million)**

Country	1998	2007
Austria	69.3	129.5
Belgium	29.7	115.3
France	380.3	1361.2
Germany	504.6	1054.7
Japan	83.3	338.5
Netherlands	68.6	279.9
Turkey	..	150.1
UK	10.8	54.4
USA	110.7	87.4

Source: Lewis, 2009 (2006 constant US\$)

#### 4. Where does aid money go?

Where did the countries invest their aid money? The external funding of higher education during the initial period helped establish new universities and support selected faculties of the existing universities in the developing countries. The aid supported new universities with expatriate staff, scholarships for study abroad, and capital contributions. Among the existing institutions, aid funds were invested in selected faculties rather than in the overall development of an institution.

French support for higher education has increased in the recent past and is devoted mostly to helping universities in Francophone Africa to restructure their staff qualifications to meet international standards. It also tries to build science and technology capacities in the region. A large share (nearly 50 percent) of the aid is spent on scholarships, mostly for postgraduate students in France (Lewis, 2009). The German Federal Ministry of External Cooperation (BMZ) statistics for 2007 show that nearly \$960 million, or nearly 94 percent, of the German aid support for higher education covers study places for students from developing countries in Germany (Bergmann, 2009). The USA and the UK also used to promote higher education through study-abroad programs for a long time. Although scholarship programmes continue, the recent trends in cross-border education indicate that a large share of the students are self-financed or privately-financed (Varghese, 2009).

Another trend that can be seen is that many donor programs promote and strengthen human and institutional capacities in the developing countries through engagement of higher education institutions in the donor countries, i.e. engaging in partnerships for higher education with the developing countries. For example, USAID's Higher Education Development Program has sponsored partnerships with more than 300 universities located in 60 countries (Lewis, 2009).

Several US foundations have collaborated to establish Partnerships for Higher Education in Africa (PHEA). PHEA contributed more than \$150 million between 2000

and 2005 to build core capacity and to support special initiatives. PHEA supports research, regional networks for regional research and post-graduate studies, university leadership, etc.

Japan has a tradition of supporting selected higher education institutions across the developing world, particularly in South East Asia. They have recently initiated new programs of supporting joint research projects between Japanese and developing country researchers – moving towards partnerships.

The UK program of Development of Partnership in Higher Education (DELPHE) has a budget of £15 million between 2006 and 2013 and is managed by the British Council and the Association of Commonwealth Universities. Multi-institutional projects, including staff and student training, are part of the program.

Sida (Swedish International Development cooperation Agency) provides core funding to develop facilities and human capacities to encourage research and teaching in the universities. Their support of the University of Dar Es Salaam is a good example.

Between 2002 and 2006, direct aid to higher education in Africa averaged US\$152 million annually and it accounted for nearly 26 percent of the total aid to higher education (*Table 6*). The remaining 74 percent (\$444) was indirect aid. A good share of the indirect aid is used for study-abroad programs. The share of indirect aid in total aid increased during this period.

**Table 6. Aid to African higher education**

Year	Direct aid in millions	Percent	Indirect aid in millions	Percent	Total aid in millions	Percent
2002	215.0	38.2	347.0	61.8	562.0	100.0
2003	161.0	26.7	442.0	72.3	603.0	100.0
2004	184.0	29.1	449.0	70.9	633.0	100.0
2005	131.0	25.6	380.0	74.4	511.0	100.0
2006	68.0	10.2	600.0	89.8	668.0	100.0
2002-2006 average	152.0	25.5	444.0	74.5	596.0	100.0

Source: OECD, 2009 (2006 constant US\$) .

## 5. Implications for aid effectiveness: prioritizing areas of aid investment

Higher education is back on the agenda of a wide range of influential donors, and aid to higher education should be increasing in the coming years. However, aid to higher education is either concentrated in selected countries or comes in a fragmented way, spread too thinly across institutions or areas of intervention. For example, countries such as Algeria, Cameroon, China, Vietnam, Morocco, Tunisia, India, Indonesia, Iran and

Turkey account for a very large share of higher education aid. Together they accounted for nearly 45 percent of direct aid to higher education in 2006. Many of these countries are neither the least developed nor countries with the least developed higher education systems. It seems there is scope for re-thinking criteria for identifying priority countries for higher education aid.

The other issue is the fragmentation of higher education aid. For example, of the 200 projects operated and reported by the OECD, 93 percent were budgeted at less than \$1 million, and 67 percent were budgeted at less than \$100,000 (Lewis, 2009). This is spreading the aid money too thinly with no visible impact or result. There is a need to provide aid in amounts substantial enough to make a difference – sufficient for a big push. This critical minimum amount of aid is necessary to improve its effectiveness.

Most of the aid money in higher education is, very often, utilized at the institutional level to support selected faculties, centers, or some areas within a department. This may not contribute substantially to the overall improvement of the institution. There is a need to extend institution-wide support to revitalize them. Providing aid on a piecemeal basis reduces its effects and impact. Many a time an institution-wide plan is not drawn up, except where institutions prepare strategic plans. What is prepared, very often, is a proposal to invest aid money flowing to the faculty/centre. There is a need to argue for drawing up institute-wide plans for revitalization, even when individual donor funds are targeted to selected areas.

Under the SWAp approach, funding of primary education depends on the preparation of an ESP encompassing all levels of education. This helps address issues at a sector-wide level. Funding of higher education rarely addresses even the sub-sector level issues in an integrated way. Educational planning departments are more preoccupied with preparing plans for school education than for higher education. In the higher education sector, institutional plans take precedence over system-wide plans. External funding needs to support efforts to draw up plans aligned with the existing sector-wide plans. There is a need to align higher education plans and aid with the education sector plans (ESP) prepared for Fast Track Initiative (FTI) endorsement wherever possible.

One of the reasons why institution-wide and system-wide reforms in higher education did not gain enough support in Africa was because the donor community realized the inherent difficulties of reforming the system in the absence of ‘indispensable structural reforms’. Due to the difficult political economy of introducing system-wide higher education reforms, the donors have either given up supporting reforms or have started funding institutes or faculties with sound proposals for introducing change (Fredriksen, 2004).

Most universities in the developing world suffer from deteriorating infrastructural conditions, poor teaching-learning conditions, and deplorable research facilities. There is a need to strengthen research and teaching facilities in the universities. This involves investing in laboratories, libraries, infrastructure, and research training. The teaching-learning process cannot improve unless the staff engages in research. Investments in

research is not an area of priority for domestic public investment. Therefore this may be an area of priority investment for aid money.

One of the difficulties confronted in research, especially supported by bilateral cooperation, is that it tends to be centrally managed in donor countries and they would like the recipient country to follow the donor country agenda in terms of research priorities and actions. This gives less freedom and autonomy to national governments to set priorities and articulate their agendas. This problem also stems from the dilemma of providing soft targeted core funding versus tied aid funding. In the soft targeted core funding framework, local partners have the autonomy to define priorities and projects. Some agencies provide core funding to promote local initiatives. Such experiments are found to be more successful than those adopting tied funding and tight control. In fact, the partnership model of aid financing helps increase a sense of ownership.

Higher education aid, as discussed in the paper, needs to focus also on areas that are not normally supported by national governments. These areas may include developing skills and competencies to provide policy advice, analytical work, piloting of innovations, knowledge exchange, capacity-building of local institutions, and consensus-building among education stakeholders. Needless to add, many of these are ‘public good’ functions (Fredriksen, 2008) and may not be taken up for priority investment by the national governments and public investments.

## **6. Concluding remarks**

This paper has not addressed issues of change in aid commitments that may arise as a result of the current economic crisis. The general trend during periods of crisis is a reduced budgetary allocation to education aid. When there is decline in the volume of education aid, the post-primary levels of education will be more affected since there will be pressure, and rightly so, to retain allocations to primary education to achieve the Millennium Development Goals (MDGs). The data on aid to education during the crisis period is not readily available. The aid data discussed in the paper is for a period before the crisis began.

The limited evidence available indicates that most donor countries have not effected cuts in their aid budgets to education. Further, many aid agencies have indicated that they would maintain their aid commitments despite the crisis in the domestic economy. In fact, education is part of the stimulus packages for recovery from the crisis.

An analysis of policy responses to higher education of many donor countries in a period of crisis (Varghese, 2010) indicates that some countries cut higher education budgets, some maintain the budgets at the same level, and some increase their allocations to higher education. However, most countries, except some countries in Eastern Europe, either maintain or increase their allocations to higher education, especially in the areas of science and technology. These include countries that are the least affected by the crisis, such as Norway, and countries that are severely affected by the crisis, such as

Spain or Mexico. The Spanish Government has increased allocations to higher education by 4 percent to pay for scholarships, and €85 million to adapt structures and study programs to conform to the new European higher education framework. The Norwegian Government is planning to increase allocations to higher education especially targeting doctoral programs and investments in infrastructure. The German Government plans to increase funding especially for infrastructure and for science and technology. Even Ireland, one of the most affected countries, plans to continue with its investment plans in science and technology areas (*University World News*, 15 November 2009). It seems that countries are increasingly realizing the value of investing in higher education to improve economic competitiveness.

Even when there are no immediate budget cuts, many institutions of higher education are in the process of restructuring, retrenching employees, freezing recruitment, and re-adjusting student support systems to adapt to and survive the crisis. It is important to note that the higher education sector is reasonably protected during the current crisis period compared to previous ones. Therefore, it is expected that aid commitments to higher education will not be substantially cut as a result of the current economic crisis. However, this speculative remark needs to be empirically verified when data are available.

To conclude, higher education aid is concentrated in some selected countries and there is scope for re-prioritizing the countries selected for aid. Similarly, there is a need to redirect aid to areas that are critical and to those that will not be supported by national governments in the normal course of events. There is a need also to support institution-wide programs of revitalization, and to re-align with national policies and ESPs. It is hoped that aid effectiveness in higher education can be increased, as argued in the paper, through reconsidering which are the priority countries that should receive aid allocations, refocusing on areas of intervention, and re-aligning aid with national policies and ESPs.

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