

Aligning International Education Financing: What Have We Learned over the Past Twenty Years?

A core commitment in development finance

Since the adoption of the *Paris Declaration on Aid Effectiveness* in 2005 (OECD 2005), the alignment of international financing with country systems has become a guiding principle of international cooperation. In education, this ambition is particularly important: domestic financing predominates, and the quality of public systems directly determines governments' ability to provide equitable and sustainable education services. Twenty years later, the picture is mixed. While the principles are widely recognized, their translation into practice remains limited. International aid is still largely organized around fragmented interventions that are too often disconnected from country systems. Yet, as governments face growing budget constraints and the aid landscape undergoes profound changes, alignment appears more central than ever^[1].

Alignment means more than supporting national priorities

Alignment refers to the extent to which external financing uses national institutions, rules, procedures, and tools. A project's contribution to the objectives of a sector plan is therefore not sufficient for it to be considered aligned. The analysis must cover the entire public expenditure cycle. Alignment seeks to reconcile the achievement of a financing operation's immediate objectives with a longer-term goal: strengthening national institutions' capacity to design, finance, and sustainably implement public policies.

Twenty years of implementation nevertheless show that alignment is still often only partially understood. As the diagram below illustrates, alignment is assessed across eight dimensions covering the full expenditure cycle: planning, budgeting, parliamentary scrutiny, treasury, implementation and procurement, accounting, auditing, and reporting. Within each dimension, the use of country systems lies on a *continuum*, ranging from reliance on parallel arrangements to full use of national systems. A single financing operation can therefore be strongly aligned in some dimensions and only weakly aligned in others. This perspective moves beyond a binary distinction between "aligned" and "non-aligned" financing and allows for pathways of progress adapted to national contexts and system capacities.

[1] This issue of *Question de développement* draws on the study *The Effectiveness of International Education Financing, 2005–2025: Twenty Years of Practices, Results, and System Transformation*, conducted by IIEP–UNESCO, AFD, and GPE (Ndabananiye *et al.* 2026). It draws on OECD DAC data for 2005–2023, a literature review, 34 interviews, and four case studies covering Burkina Faso, Nepal, Niger, and Tanzania.

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Diagram 1 – The eight dimensions of alignment of international education financing with country systems

Dimension	Planning	Budget	Parliamentary scrutiny	Treasury	Execution and procurement	Accounting	Audit	Reporting
Description	Financing is consistent with sector plan priorities and integrated into annual or multi-year operational planning.	Planned disbursements are reflected with sufficient detail in government budget documents.	Financing and its main allocations are included in the budget law and brought to Parliament's attention.	Funds flow through regular Treasury accounts and channels rather than parallel bank accounts.	Expenditure follows national budget execution and public procurement procedures, with as few donor-specific requirements as possible.	Transactions are recorded in the national accounting system, using standard government classifications and procedures.	Financing is subject to national audit and oversight institutions and mechanisms, without duplicating checks through parallel arrangements.	Physical and financial results are integrated into national information systems and reports, rather than tracked solely through donor specific reports.

Source: Authors, based on Ndabananiye *et al.* (2026)

Growing fragmentation puts alignment to the test

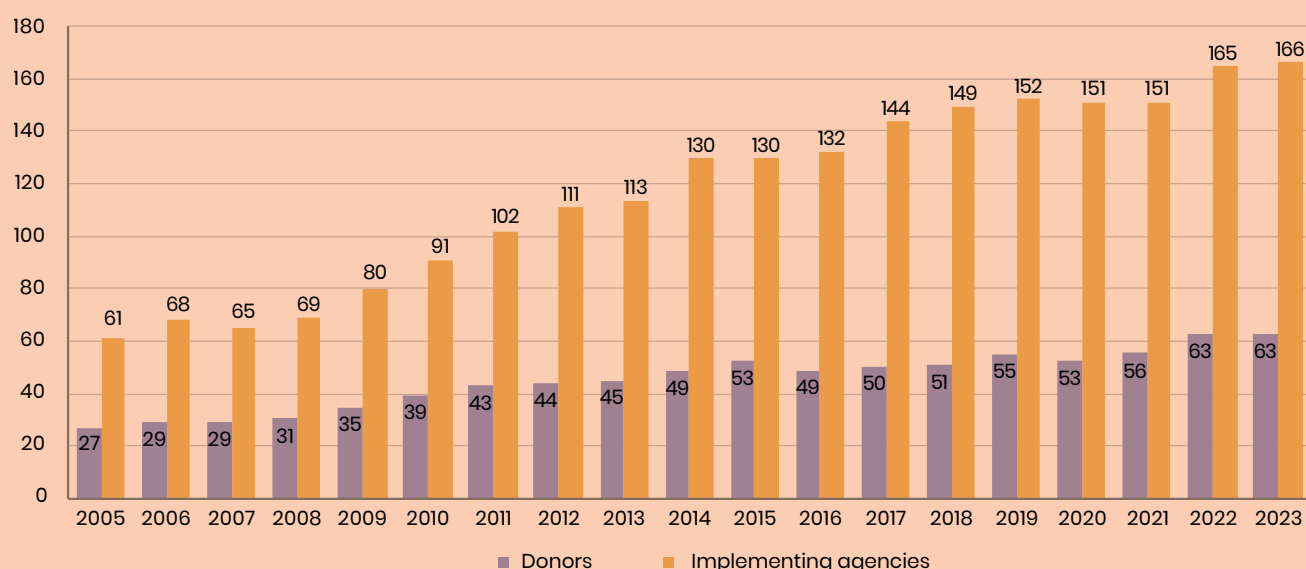
Since 2005, the architecture of international education financing has changed deeply. Multilateral actors have taken on a growing role, new donors have emerged, and instruments have diversified. However, this evolution has not led to a proportional increase in the resources actually available in countries. While official development assistance (ODA) recorded for education grew by 3.4 percent per year between 2005 and 2023, country programmable aid^[2]—that is, resources actually transferred to partner countries and over which they can exercise direct influence—

increased by only 0.6 percent per year, or just 12 percent over the entire period, and has remained virtually stagnant since 2016.

At the same time, the number of donors active in education more than doubled, the number of agencies responsible for implementing financing increased by a factor of 2.7, and the average transaction size fell by 48 percent. In 2023, half of all low-income countries had at least 25 implementing agencies active in the education sector. National administrations with the most limited capacity are thus often those that must deal with the largest number of counterparts, procedures, and disbursement timelines.

[2] Country programmable aid excludes, among other items, expenditure incurred in donor countries, such as administrative costs, scholarships and imputed costs for foreign students, and costs associated with hosting refugees.

Graph 1 – Changes in the number of donors and implementing agencies in international education financing



Source: Authors, based on OECD CRS data.

The predominance of project aid illustrates this trend. Its share of country programmable aid for education rose from 64 percent in 2010 to 81 percent in 2023. By contrast, sector budget support and aligned pooled funds now account for only around 10 percent, while program-based approaches have also declined. This fragmentation increases transaction costs, places heavy demands on public administrations, and makes it more difficult to develop a consolidated picture of resources. It is even more pronounced during implementation, which involves multiple agencies, multilateral organizations, nongovernmental organizations (NGOs), implementing organizations, and project management units.

Since 2024, declining aid budgets, challenges to multilateralism, and the growing weight of philanthropy have been shaping a new landscape that is more fragmented and more focused on short-term results. This context risks further increasing fragmentation and reliance on parallel arrangements. Yet it also makes alignment more necessary than ever: as international financing declines, its effectiveness depends increasingly on its ability to complement domestic resources, strengthen national institutions, and provide sustained support for public policies.

Why has alignment seen such limited implementation?

The retrospective study covering 2005–2025 shows that limited progress in alignment can be explained neither by a lack of tools nor by a general deterioration in country systems. The twenty-year analysis, supplemented by several case studies, instead highlights a combination of political, institutional, and organizational factors. Its main lesson is the primacy of context: the use of country systems depends less on a purely technical assessment than on an ecosystem of actors, incentives, and relationships of trust that is specific to each country and can evolve over time.

For international partners, internal accountability requirements, the pursuit of visibility, fiduciary risk control, and the difficulty of attributing results to fungible financing have consistently worked against alignment. These considerations have favored the continued use of project aid, including among partners that previously supported budget support or harmonized approaches. The growing politicization of aid and its refocusing on diplomatic, commercial, or strategic objectives have reinforced this trend. The case studies nevertheless show that these positions are not fixed: at different times, changes in the political context, priorities, or teams can lead the same partner to support alignment and then move away from it.

The case studies also highlight that national administrations are not a homogeneous whole. Ministries of finance may favor arrangements integrated into the budget, while sector ministries may perceive the fungibility of resources as a loss of control. Projects sometimes serve specific organizational interests by offering greater control and flexibility, or even opportunities for rent capture. Alignment thus encounters divergent preferences within governments themselves.

Capacity is another important factor. Some international partners lack the instruments or expertise needed to use country systems. On the national side, challenges relate in particular to interministerial coordination, staff continuity, familiarity with budget procedures, and the capacity of deconcentrated government services to absorb financing. However, the analysis over time shows that these capacities are not fixed: they can strengthen when financing is embedded in national institutions, but also weaken when those institutions are persistently bypassed.

Finally, the study shows that the quality of public financial management systems does not, on its own, determine their actual use: the correlation between the two remains relatively weak. The trajectories observed also depend on continuity in reform, risk management, and trust among actors. Yet, over the past twenty years, partners have often prioritized reducing immediate fiduciary risks without giving the same attention to the medium-term risks associated with persistently bypassing country systems.

What experience shows: alignment can strengthen education systems

Despite these limitations, the lessons of the past twenty years converge: alignment remains an essential lever for strengthening education systems and improving the sustainability of financing. Its contribution extends beyond immediate operational effectiveness; it lies in its capacity to strengthen public financial management systems, structure sector governance, and better connect domestic and international financing. Available evaluations show that financing arrangements using country systems have had positive effects on several intermediate dimensions: ownership, harmonization, budget discipline, transparency, dialogue between sector ministries and ministries of finance, and the organization of sector management. In several countries, they have also supported important reforms relating to deconcentration, planning, and budgeting in the education sector.

One of the major contributions of these approaches is their ability to finance public action across the system by working through regular government channels rather than creating parallel arrangements. In this sense, they help not only to improve financial implementation but also to strengthen the institutions responsible for sustaining education policies over time. Certain arrangements, such as aligned pooled funds, illustrate this potential by showing that alignment, resource pooling, and scaling up can be combined (Ziegler *et al.* 2025). Nevertheless, experience calls for caution. The positive effects observed depend heavily on national leadership, political stability, the quality of implementation, and continuity in reform. They often emerge over the medium term and can be reversed. Direct effects on learning remain difficult to demonstrate because of significant methodological limitations. The value of alignment therefore lies less in a simple causal relationship than in its contribution to an environment that is more coherent, more sustainable, and more conducive to the effective implementation of education policies at scale.

Progressively making the use of country systems the norm

Twenty years after the Paris Declaration, the challenge is neither to abandon effectiveness principles nor to reaffirm them once again without changing practices. Experience calls for a change in approach: the progressive use of country systems should become the norm, and bypassing them an explicitly justified exception. This direction does not imply using budget support everywhere. It requires drawing on a range of instruments and making progress across the different dimensions of alignment according to context. Even in fragile situations, some components can be used, while others require safeguards or a longer reform trajectory.

Four priorities can structure this new agenda.

- 1. Adapt instruments and manage risks rather than bypass systems.** Every financing operation should assess the costs and benefits of alignment, including its long-term institutional effects. Sector-level public financial management assessments and an up-to-date mapping of risks would help tailor safeguards and monitor remedial measures. This approach should incorporate political economy factors as well as capacity development needs, both within national administrations and among international partners.
- 2. Strengthen national incentives.** National leadership must be reflected in policies for managing external financing, sector plans, and national education investment strategies. A minimum set of requirements could apply to all financing: consistency with operational and multiyear planning, inclusion in budget documents, provision of information to parliament, and integration into national implementation reports. Under the leadership of national authorities, coalitions of partners can then move toward more comprehensive and better harmonized use of systems.

3. Transform international incentives. International organizations can make the use of country systems an explicit criterion in program preparation and evaluation. Innovative financing, philanthropy, and new actors should also be able to be integrated into national coordination and accountability frameworks.

4. Strengthen mutual accountability. The lack of sector-level data still prevents accurate measurement of alignment practices and their regular inclusion in dialogue. A common monitoring standard should cover the eight dimensions of country system use and inform financing preparation, sector reviews, performance reports, and budget documents. This accountability must cover both the operational results of financing and its effects on institutions. Operational and budget planning that brings together all domestic and international resources is a fundamental pillar of this accountability.

Against a backdrop of shrinking aid, growing politicization, and a diversifying range of actors, alignment is not an additional normative requirement. It determines the ability to reconcile short-term results with medium-term institutional strengthening, connect international financing with domestic resources, and ensure the sustainability of education policies. The objective is therefore not immediate and maximum alignment, but a gradual, context-sensitive, and measurable convergence of all financing toward country systems.

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Agence française de développement (AFD)
5, rue Roland Barthes | 75012 Paris | France
Publishing director Christophe Lecourtier
Editor-in-chief Thomas Mélonio
Graphic design MeMo, Julie Gilles, D. Cazeils
Layout eDeo-design.com

Legal deposit 4th quarter 2026 | **ISSN** 2428-8926
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Printed by the AFD reprographics department

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