

# Sustaining Global Education Finance: Protecting Learning Amid Aid Cuts

## Insight Note

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# Executive Summary

**Education aid grew in the decade since 2014, but its priority has declined.** This report uses data on aid disbursements over time to examine how education aid has evolved and how it may change under fiscal tightening. Despite record disbursements of US \$16.7 billion for education in 2023, education's share of total aid has fallen from 7.4% in 2014 to 5.8% in 2023. Nearly 80% of the decade's increase in global aid was directed to crisis-linked spending such as refugee costs, humanitarian relief, and budget support for Ukraine. Education, like other traditional development sectors, has lost ground and appears to be under even more pressure in 2025 from new government cuts.

**Education aid has shifted away from basic education.** Although education aid has risen modestly, its composition has changed. In 2023, a quarter of education aid was routed to basic levels – ie primary and lower secondary – down from a third at its 2016 peak. At the same time, aid for post-secondary education is increasing, reaching an all-time high of 39% in 2023. In large part this is due to European donors' imputed tuition costs for foreign students which alone now account for 1 in 5 of all education aid dollars. The share of aid to secondary education is unchanged, and system-wide support remains limited. Five donors – Germany, The World Bank's International Development Association (IDA), France, the United States, and EU institutions – now provide nearly half of all education aid. This concentration means that if even one donor shifts away from basic education, global funding for foundational learning could fall sharply.

**Scenario modelling suggests education aid is likely to contract.** We model four plausible scenarios through 2026. Even in the most moderate case, education aid falls back to mid-2010s levels, around \$14 billion. A sharper retrenchment by the United States and United Kingdom, as suggested by government budgets, would cause disproportionate damage to basic education, while a continuation of recent 'squeezed sector' trends would deepen the decline. In the most pessimistic case, donors protect crisis-related budgets and cut education disproportionately, reducing funding to below \$12 billion. All scenarios indicate contraction, with basic education especially exposed.

**Vulnerability to cuts reflects not only aid volumes but also aid type and the structure of government spending:** On average, aid provides less than 10% of education finance in low- and middle-income countries. Yet in systems such as Malawi, Liberia, and South Sudan, external assistance can account for 20–40% of total education spending. Cuts in these contexts would have immediate damaging effects, disrupting literacy and numeracy programmes, teacher recruitment, and textbook provision. Even in less aid-dependent countries, donor resources often finance critical non-salary inputs, meaning reductions could undermine progress in foundational literacy and numeracy.

**Strategic action could mitigate the impact of education aid cuts.** Several actions could help sustain financing. Convincing donors to reallocate a share of scholarship-heavy aid portfolios toward basic education would free resources for basic education. Mid-sized donors could help in two ways: by giving more overall, or by shifting some of their existing funding to basic education. Canada and Norway already prioritise basic education and could increase their support. Japan, Italy, and South Korea spend much more on higher and general education, so they could rebalance within their current budgets. Protecting – or clawing back – the budgets of major basic-education donors, particularly the United States and United Kingdom, would prevent some of the most damaging losses. Multilateral channels like IDA and the Global Partnership for Education (GPE) dampen shocks by directing resources to countries most in need.

Because advocacy capacity is limited, the sector should prioritise areas with the highest long-term payoff. That means making sure multilateral funds are seen as effective, trusted channels for donors to support quality education once crisis-related aid recedes. That will hinge on using evidence well: applying it in programme design, collecting it consistently during implementation, and showing clearly what investments achieve. As more studies on the **returns to foundational skills** and the **lasting effects of early learning** emerge, this evidence can be another powerful lever to draw donor attention and secure greater spending on basic education.

# Introduction

As of 2022, **70% of ten-year-olds** in low- and middle-income countries could not read and understand a basic text. In Sub-Saharan Africa, learning poverty often exceeds 80%, while public education budgets are under severe and mounting pressure. In this context, international aid, although often modest compared to domestic spending, remains vital. It finances early-grade literacy and numeracy programmes, school meals and girls' education in dozens of countries, and in some settings makes the difference between systems that function and systems that stall.

Yet aid to education is being squeezed within the wider aid system. In 2023, education disbursements reached a record \$16.7 billion, but education's share of overall official development assistance (ODA) fell from about 7.4% in 2014 to 5.8%. This paradox of rising absolute volumes but shrinking relative priority reflects a structural reorientation of aid. Between 2014 and 2023, nearly 80% of the \$118 billion increase in global aid went to four crisis-linked categories: in-donor refugee costs, general budget support (especially for Ukraine), humanitarian response, and post-conflict infrastructure. By contrast, traditional development sectors such as education saw only modest gains (Figure 1).

The outlook is for further tightening. Major bilateral donors, including the United States and the United Kingdom, have signalled substantial retrenchment. In the United States, Congress has considered proposals that would eliminate USAID's basic education portfolio altogether. In the United Kingdom, education aid is set to be halved by 2026 under a broader cap of 0.3% of Gross National Income (GNI). Other major donors, such as Germany, France, and Japan, have so far maintained their education support, but across the board fiscal constraints and political trade-offs threaten the sustainability of current levels.

The consequences of these pressures are highly uneven. On average, aid makes up less than 10% of total education spending in low- and middle-income countries. But in a small number of highly aid-reliant settings such as Malawi, Liberia, or South Sudan, external assistance finances between 20 and 40% of total education spending. In such cases, donor withdrawal can have immediate and severe effects. Even in countries where domestic budgets account for most of the education finance, aid often plays a catalytic role at primary and lower-secondary levels, amplifying system reforms or expanding basic service provision. When large funders pull back, the political economy of aid coordination means other donors rarely replace them at speed or scale. Parliamentary cycles, fiscal ceilings, bureaucratic mandates and competing crises all constrain the ability of the system to mobilise compensating resources, leaving financing gaps that domestic actors struggle to fill.



This report takes these pressures as its starting point. Section 1 sets out macro trends in global aid allocations over the decade since 2014, showing how crisis-linked categories have outpaced traditional development sectors, with education losing relative ground. Sections 2 through 5 analyse the structure, distribution, and sub-sectoral composition of education aid, examine donor dynamics, and model four plausible funding trajectories to 2026. Sections 6 and 7 then explore what those scenarios mean for individual countries, particularly those with high levels of learning poverty or strong aid dependence, and outline strategies that education finance advocates can adopt to mitigate the risks.

## Key terms and classifications

### What do we mean by 'aid' in this document?

The term aid is used in various ways across the development sector. In this document, and unless specified otherwise such as when referring to philanthropic spending, we use it specifically to refer to Official Development Assistance (ODA) disbursed as grants or concessional loans.

### What do we mean by 'basic' education in this document?

This report uses a modified version of the OECD's standard 'basic' education category to better capture aid focused on schooling and skills for children. Specifically, we exclude adult skills training from the basic category and include teacher training (normally classified under 'unspecified'). Specifically: OECD Purpose Codes 11230 and 11232 are removed from Basic, while code 11130 is added.

While no classification system is perfect, these adjustments help sharpen the focus. For example, under this approach, FCDO support in Malawi for 'Strengthening the teaching of primary school mathematics' is counted as basic education, while USAID support in Georgia for an 'Industry-led skills development programme' is excluded.

These changes have only a small effect on total basic education aid overall. However, they matter more when comparing donor priorities or examining which countries receive what kinds of support.

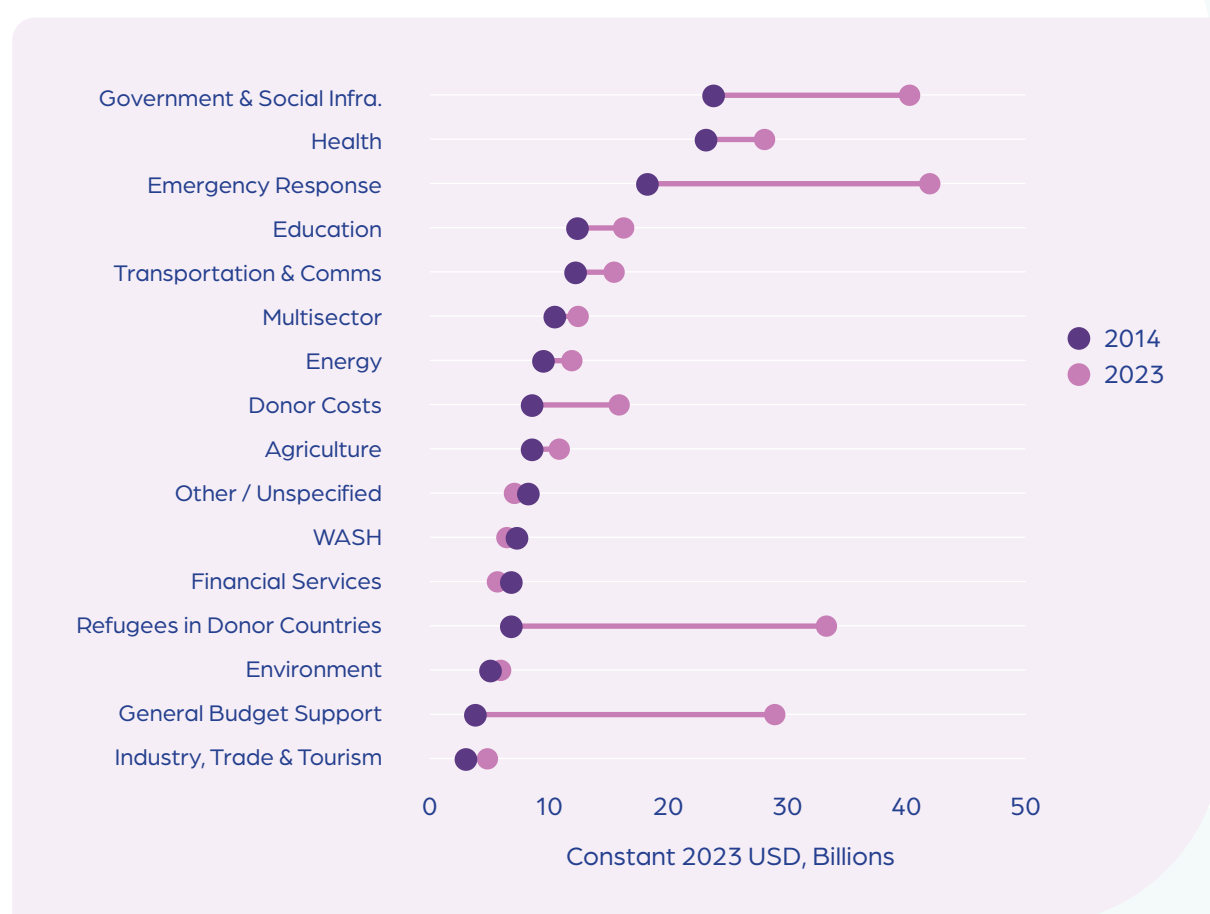
### What do we mean by education aid that is 'imputed' in this document?

In this report, 'imputed' aid refers to estimated tuition costs for students from ODA-eligible countries who study in donor countries. For example, a student from China studying at Heidelberg University in Germany is counted as China receiving aid from Germany, based on the estimated (or imputed) value of their tuition. This is distinct from a scholarship, which typically involves a direct payment to (or for) a specific student to cover some or all of their education or training costs. When we show aid to higher education, we retain all imputed costs as they constitute ODA, but in some places, we indicate when imputed costs are removed.

# 1 | Setting the Scene: Aid Expansion Has Favoured Crises Over Traditional Development Priorities

Global aid volumes have risen in the decade since 2014<sup>1</sup>, but much of the increase has been routed toward crisis-linked sectors rather than traditional development priorities like health and education. Between 2014 and 2023, total ODA grew by about \$118 billion in real terms. Four crisis-related categories dominate this expansion, together absorbing nearly 80% of the new resources: in-donor refugee costs, general budget support (largely to Ukraine), emergency humanitarian response, and government/civil infrastructure, much of it related to Ukraine's reconstruction (Figure 1).

**Figure 1: There was \$118 billion more aid (real terms) in 2023 versus 2014. This is where it has gone.**



Source: OECD DAC CRS database for given years. Notes: shows disbursed volumes of aid, by sector.

<sup>1</sup> Aid data are reported with a two-year lag, so the latest data on detailed disbursements is for 2023.



These crisis categories expanded rapidly:

- **In-donor refugee costs (ie the costs for accommodating and supporting refugees in donor countries)** increased by roughly \$26 billion, accounting for over one-fifth of total ODA growth.
- **General budget support (overwhelmingly macro-stabilisation assistance to Ukraine after the 2022 invasion)** added about \$25 billion.
- **Emergency humanitarian response** (major operations in Syria, Yemen, Gaza, Ethiopia, and again Ukraine) grew by approximately \$23 billion.
- **Government and civil infrastructure** (much of it tied to Ukraine's reconstruction) rose by around \$17 billion.

## The relative decline of aid for education reflects broader sectoral shifts.

Education's trajectory mirrors that of other traditional development sectors. Over the decade since 2014, health, agriculture, transport, communications, energy and environment all saw only modest changes in aid. Health rose only slightly overall and education followed a similar pattern: it has not been squeezed out by peer social sectors, but rather by the surge of crisis-related categories such as emergency response, refugee hosting and other crisis-related spending. The period is characterised less by competition within the classic development agenda than by an unprecedented diversion of aid toward crisis response, including within donor borders (eg refugee-hosting costs).

This diversion has eroded education's relative weight in aid portfolios. In 2014, education accounted for 7.4% of total ODA, rising slightly by 2019 before falling below 6% by 2023. Other traditional sectors experienced similar declines (Figure 2). Importantly, this shrinking share occurred even as education aid grew in absolute terms, from \$12.6 billion in 2014 to \$16.7 billion in 2023. The trend underlines that education has become less prominent in donor allocations even while receiving more resources in dollar terms.

**Figure 2: The share of aid allocated to crises has risen; all other sectors have lost out.**



Source: OECD DAC CRS database for given years.

A bifurcation is now visible between ‘steady’ development sectors and ‘crisis-responsive’ sectors:

- **Steady sectors** (education, agriculture, energy, transport, water and sanitation etc; anything with a current share of less than 6%) oscillated within narrow bands and grew (or shrank) only modestly over the decade. Education, for instance, hovered in the \$12–17 billion range throughout 2014–2023, indicating continued but unspectacular support.
- **Volatile crisis sectors** spiked sharply in response to emergencies. Humanitarian aid, in-donor refugee costs, and budget support exhibit steep, discontinuous increases rather than smooth trends, with health also showing a temporary spike during the COVID-19 response.

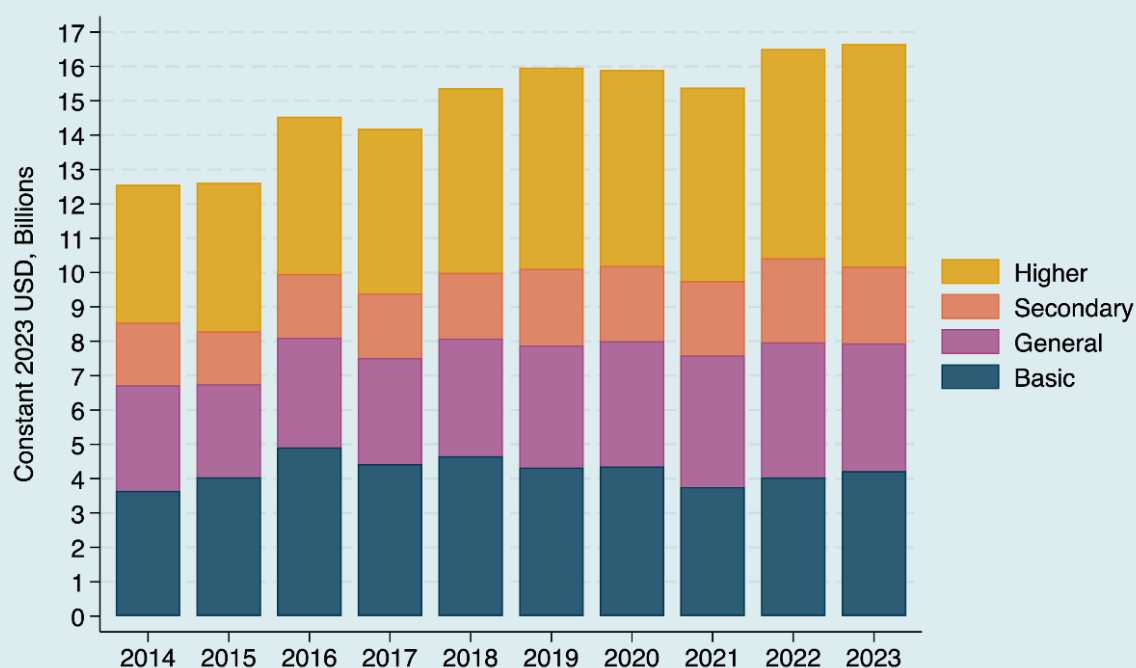
This context is important for understanding the pressures on education financing: it underscores that the challenge is not an isolated education issue but a symptom of a wider realignment of aid in an era of frequent global crises. Education has indeed ‘lost out’ in terms of priority, but it is not alone.

## 2 | The Evolution of Education Aid Since 2014

International aid to education has grown since 2014, but the rise has been modest and uneven. Between 2014 and 2023, total disbursements to education increased from approximately \$12.6 billion to \$16.7 billion, reflecting a real-terms rise of about 33% over the decade. But this growth trajectory is marked by short-term fluctuations, periods of contraction, and more recently, concerns about reversals due to fiscal tightening in major donor countries.

As shown in Figure 3, education aid followed a slight upward trend from 2014 to 2019, followed by a COVID-induced dip in 2020–2021, and then a rebound to reach a new peak in 2023. This pattern could be viewed in one of two ways: either resilience, staying steady in a context of challenging global priorities or stagnation, relative to both growing education needs and the expansion of total aid over the same period.

**Figure 3: Aid to education by sub-sector, 2014–2023 (constant USD billions)**



Source: OECD DAC CRS database for given years. Notes: none.

Figure 3 also disaggregates education aid into four main sub-sectors: basic, secondary, post-secondary and general (system-level support such as teacher training and policy reform). Several trends are evident:

- **Basic education** rose gradually from 2014 to 2018, before dipping from just under \$5 billion in 2018 to around \$4 billion in 2023, a 20% decline.
- **Post-secondary education** saw steady and substantial growth, increasing from \$4.2 billion in 2014 to nearly \$6.5 billion in 2023, an over 50% expansion. This growth is largely driven by European donors (especially Germany and France), whose education aid includes substantial imputed costs of hosting students from ODA-eligible countries. These funds remain within donor countries.
- **Secondary education** remained relatively flat over the period, hovering around \$2.5–2.8 billion, with small fluctuations and no strong growth trend.
- **General education system support**, which includes curriculum reform, teacher training, and management systems, increased gradually over the period but remains a small share of total education aid, at under \$2 billion per year.

## Understanding the stagnation

Several structural and contextual factors help explain the limited growth in education aid:

1. **COVID-19 disruptions:** The 2020–2021 period saw a decline in disbursements as pandemic-related lockdowns and emergency health expenditures diverted donor resources and delayed project implementation.
2. **Recovery in 2022 was shallow:** While the 2022 rebound (to \$16.6 billion) partially restored lost ground, it barely exceeded the 2019 level in real terms, and 2023 added only a marginal uptick. Education aid has essentially plateaued over a five-year window.
3. **Changing donor priorities:** Section 1 highlighted how global aid has shifted toward crisis-linked sectors such as refugee costs, budget support (eg Ukraine) and emergency response. Education has been comparatively deprioritised.
4. **Shift in donor composition and preferences:** Post-secondary aid, particularly scholarship-linked or in-donor tuition subsidies, is now driving overall education aid growth. Donors emphasising basic education, such as the United States and the UK, have either held steady or reduced their contributions. As a result, foundational learning is increasingly underfunded.
5. **Aid concentration:** Five donors now account for nearly half of global education aid. Cuts or shifts by just one or two of them can significantly influence global totals, making the system more fragile and volatile.

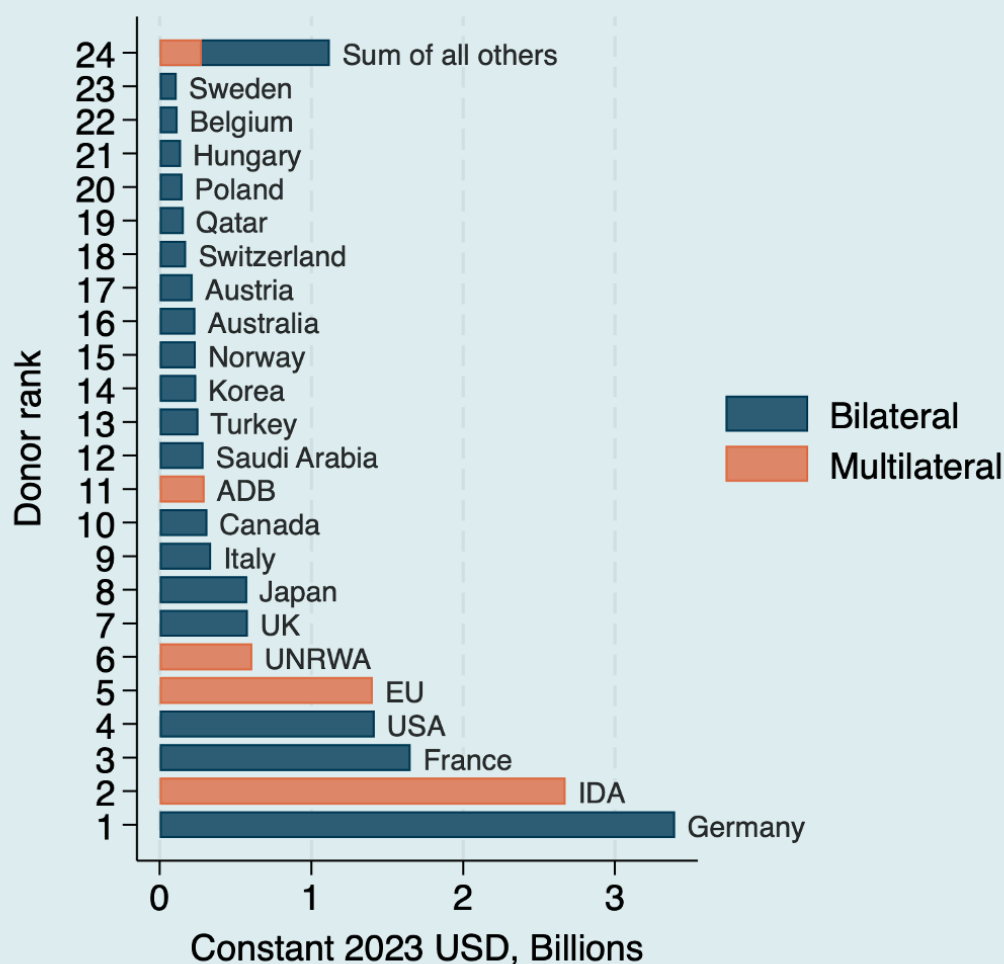
## The role of domestic financing

It is important to consider the stagnation in international aid in context. In most aid-receiving countries, external assistance constitutes only a minor share of total education resources. Government budgets account for most of the education expenditure, and when household contributions are added to that, aid is left to cover less than 10% of total education spending in low- and middle-income countries, on average. While a handful of countries are outliers that remain highly aid-dependent (see Section 6), in most cases domestic public expenditures overwhelmingly finance the education sector.

### 3 | Who Funds Education: A Changing Donor Hierarchy

Since 2014, the composition of education aid ranked by donor has shifted dramatically. The landscape is now dominated by a handful of actors, with five donors alone supplying almost half of all education aid (Figure 4). This represents a reshuffling of the league table of education funders compared to the mid-2010s. Bilateral and multilateral contributions have evolved in scale and focus, altering not only who the top donors are but also how and where their aid is delivered. Notably, some traditional donors have retrenched or plateaued, while others, including emerging donors and development banks, have expanded their support, leading to a new hierarchy in education aid.

**Figure 4: Main donors to the education sector, 2022–23 average**



Source: OECD DAC CRS database for given years. Notes: we opt to show European Union Institutions ('EU') as a multilateral donor despite its classification as a bilateral donor by the OECD.

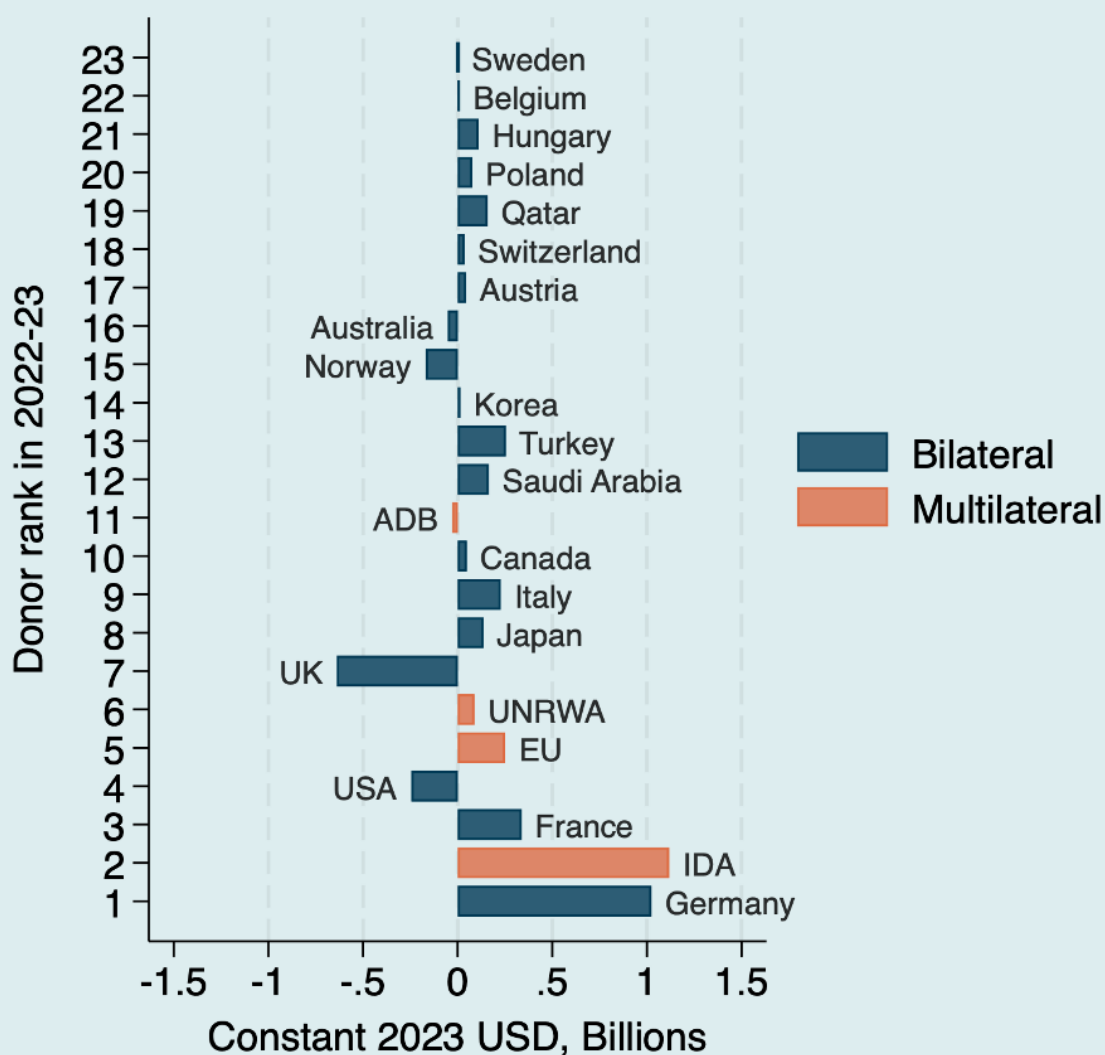


**Major education donors in 2022–23 (annual average):** In 2022–23, five donors each disbursed well over \$1 billion per year to education, a threshold only two or three donors reached in 2015–17.

- **Germany (bilateral):** around \$3.4 billion per year, now the largest single education donor. About two-thirds of Germany's education aid (\$2.3 billion) is delivered via post-secondary channels, mainly imputed costs of hosting foreign students in German institutions.
- **IDA, World Bank (multilateral):** around \$2.7 billion, making IDA the second-largest donor on average. Unlike most bilateral donors, IDA provides balanced support across levels of education. It is the single biggest source of combined basic and secondary education funding worldwide. IDA finances systemic programmes such as curriculum reforms, teacher training, and sector budget support, reflecting its mandate for broad development impact.
- **France (bilateral):** around \$1.7 billion. Like Germany, France's portfolio is heavily skewed toward post-secondary education; about 66% of French education ODA consists of imputed student costs for foreign scholars, though France also maintains a sizable secondary education share. This emphasis on higher education means French aid, too, is concentrated on supporting students from partner countries in French universities.
- **United States (bilateral):** around \$1.4 billion. The US has a different profile: around 58% of US education aid is directed to basic education programmes, including significant contributions to global funds like the Global Partnership for Education (GPE) and Education Cannot Wait (ECW).
- **European Union institutions (multilateral):** around \$1.4 billion. The EU (largely through the European Commission's development programmes) provides broad-based education support. Its aid is more evenly distributed across levels, roughly one-quarter to each of basic, secondary and post-secondary.

These five donors illustrate how the rankings have changed since the mid-2010s (Figure 5). Germany and IDA have risen to the top, whereas a decade ago the list was more heavily populated by Anglo-American bilaterals. The United Kingdom, for example, averaged around \$0.6 billion in recent years, placing it now in the second tier 'half-billion club,' alongside Japan and UNRWA, after previously being one of the largest education donors.

**Figure 5: Change in average annual education aid since 2015–17**



Source: OECD DAC CRS database for given years. Notes: we opt to show European Union Institutions ('EU') as a multilateral donor despite its classification as a bilateral donor by the OECD.

Between 2015–17 and 2022–23, several major donors reduced their aid to education in real terms, while others increased theirs. The United States, United Kingdom, Norway and Australia all disbursed less aid for education on average in 2022–23 than they did in 2015–17. These four donors previously provided high levels of support for basic education. Germany and France, however, each substantially increased education aid over this period, as did some newer or more specialised donors like Turkey and Saudi Arabia, all of whom tend to channel a large share of funds to higher education or scholarships. The net effect of this changing donor composition is a shift in how funding is allocated across sub-sectors, which we explore in Section 5.

**Bilateral versus multilateral patterns:** The balance between bilateral and multilateral aid has also shifted. Multilateral institutions now account for roughly 30% of total education ODA, with four multilaterals, IDA, the EU, the Asian Development Bank (ADB) and UNRWA, providing nearly one-third of all aid. These multilateral funds tend to support comprehensive education reforms and system-wide programmes (eg sector budget support, national literacy initiatives). For instance, IDA alone delivers about one-quarter of all basic education aid worldwide, often as the lead financier for country-level initiatives like curriculum overhauls or nationwide teacher training. Bilateral donors, on the other hand, often pursue more specialised or strategically targeted agendas reflecting their foreign policy priorities. These different priorities mean that shifts in the donor mix (bilateral vs multilateral, or one bilateral vs another) can significantly change what types of education activities are funded globally.

The upshot is a more concentrated aid landscape, with funding increasingly dominated by a few major players that have distinct thematic focuses. If even one top donor pulls back substantially, the ripple effects could be system-wide. This is especially true if cuts come from a donor supporting basic education grants. By contrast, some large portions of aid (like scholarship programmes in donor countries) are less flexible: they are politically 'sticky' and often protected, but do not directly fund schooling in developing countries. Thus, the changing hierarchy of donors has real implications: it matters not just who is filling the pot, but also how they choose to spend it. In summary, donor composition has indeed shifted over time, reshaping the contours of education aid.

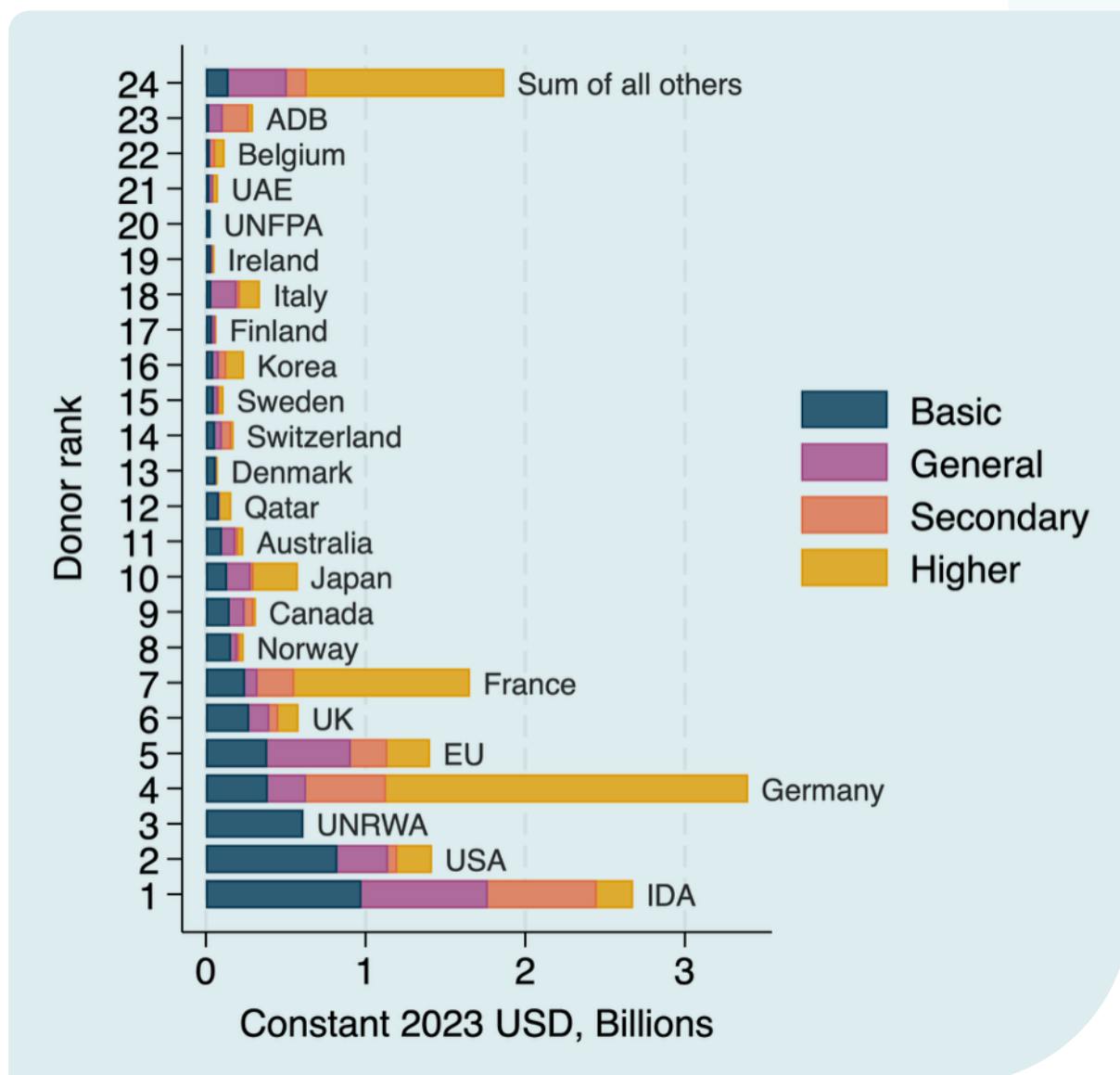
## 4 | Changes in Donor Profiles Have Influenced What Gets Funded

The evolving donor landscape has materially influenced the allocation of aid across education levels. In other words, changes in who gives are translating into changes in what gets funded. Donors have distinctive sectoral priorities: for example, over the decade since 2014 the United States concentrated on early-grade reading, the UK focused on girls' education, while France and Germany funded higher-education mobility.

**Donors' sub-sector allocations vary widely** (Figure 6). Several patterns stand out:

- **Scholarship-heavy Europeans:** Germany and others devote the bulk of their education aid to post-secondary studies. Germany alone disburses about \$2.3 billion per year to post-secondary (this mostly covers tuition and expenses for students from developing countries studying in Germany). Most of this type of education funding never leaves the donor country.
- **Basic-first donors:** In contrast, some donors prioritise primary and lower-secondary education. The United States, the United Kingdom and Norway allocate large shares of their education aid to basic education, funding programmes to improve access and early literacy. UNRWA dedicates virtually 100% of its aid to basic education for refugees.
- **Balanced multilaterals:** Multilateral agencies like IDA (World Bank) and EU institutions maintain more balanced portfolios. Roughly one-quarter of their education aid goes to each level (basic, secondary, post-secondary and general).
- **Emerging Asian financiers:** Donors such as South Korea and Japan prioritise secondary and post-secondary technical education aligned with their industrial cooperation programmes. Much of their aid supports vocational colleges, engineering programmes, and technical skills training, often tied to economic partnerships. This approach differs from both basic-focused Western donors and scholarship-heavy European models.

**Figure 6: Main Donors to Education by Level  
(average 2022–23)**



Source: OECD DAC CRS; GPE and ECW financial reports. Notes: Donors' core contributions to GPE/ECW in 2022–23 are removed and their annualised averages are added to basic education spending. We do this because (i) donor sub-sector coding for these transfers into education funds is inconsistent and (ii) payments into funds vary substantially by year within multi-year pledges.

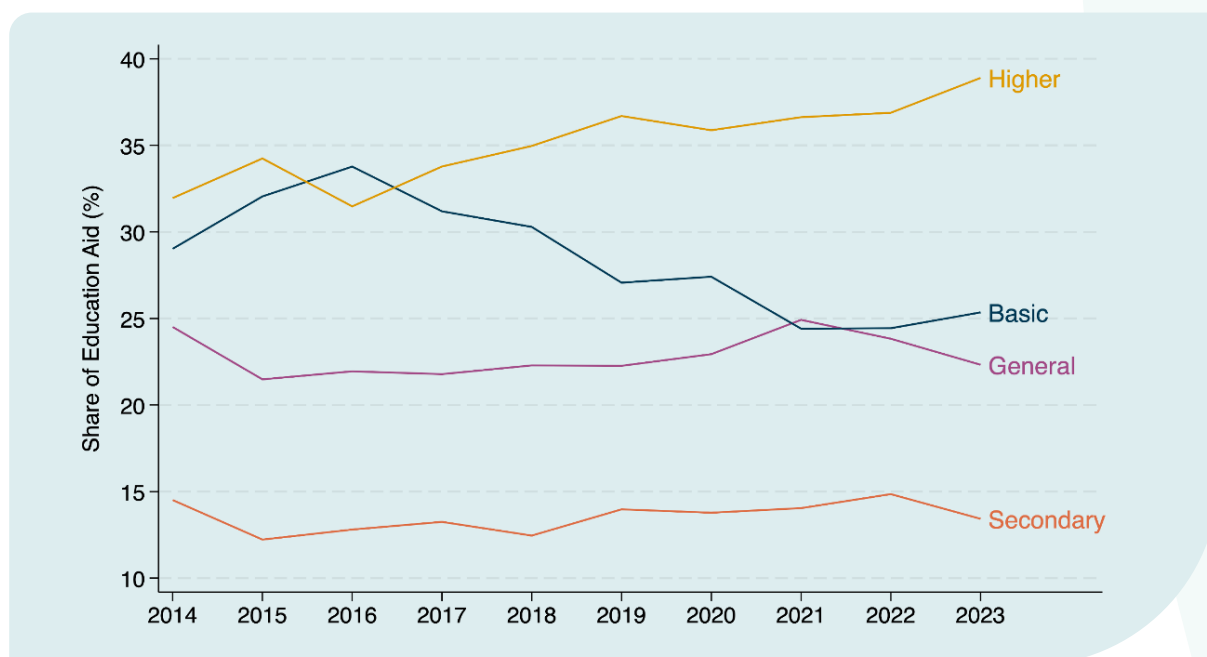
Figure 7 then shows how these different priorities affect sub-sector funding. The strategic differences between donors have important implications for the composition of aid and its vulnerability to fiscal tightening. The prominence of higher education costs in some portfolios, and grants in others, means the global mix of aid has shifted. Over the decade since 2014, post-secondary education aid (including scholarships and university projects) has grown to now take nearly 40% of total education aid, making it the single largest sub-sector. Meanwhile, aid to basic education has plateaued in real terms and fallen in its share of sector spending. A significant share of education aid is now tied up in foreign student costs, which does not directly expand schooling in recipient countries.

From a risk perspective, these trends affect how future cuts could play out:

- **Concentration risk:** With five donors providing nearly half of all education aid, major cuts by any one of them could have system-wide effects. This risk is greater for the more flexible parts of aid, particularly basic education grants, than for scholarship programmes, which are often contractually and politically protected.
- **Multilateral leverage:** IDA alone delivers about one-quarter of all basic education aid globally, financing nationwide programmes such as textbook distribution and teacher training. If IDA's resources are constrained, due to weaker replenishments or shifting donor priorities, basic education budgets in dozens of countries would be significantly affected.
- **Portfolio flexibility:** Scholarship-heavy portfolios are relatively inflexible, as much of the spending is committed to multi-year student awards and ultimately subsidises universities in donor countries. These programmes are 'politically sticky' and often protected. Programmatic grants, by contrast, are more elastic and thus more exposed when budgets are cut. If overall aid falls, programmatic funding, especially for basic education, is likely to take the largest hit. However, this also presents a rebalancing opportunity: without increasing overall spending, donors could shift part of their allocations toward foundational learning in partner countries.
- **Advocacy and targeting:** The shifting donor landscape informs how education advocates can respond. Protecting basic education now requires engaging a broader set of actors. While traditional focus on the US and UK remains essential, multilateral processes (like IDA replenishments) and mid-sized donors (such as Canada, Norway, and South Korea) are increasingly influential. In fact, together, these three countries provide more basic education aid than any single G7 donor except the US. Securing commitments from this second tier is critical to maintaining support for foundational education.



**Figure 7: Education aid by level of education**



Source: OECD DAC CRS database for given years. Notes: shows change in sub-sector shares of Official Development Assistant grants and Official Development Assistant loans.

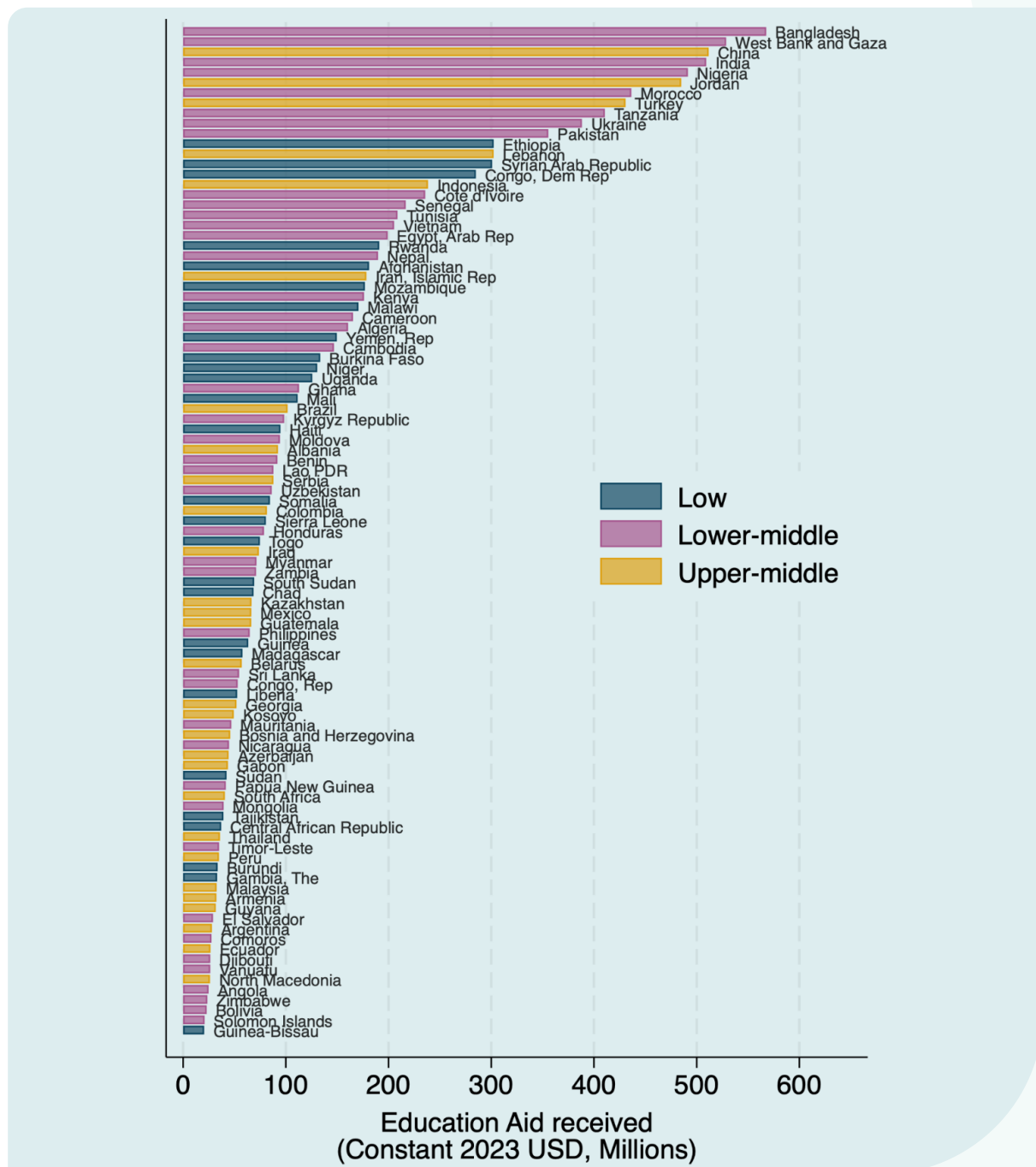
When we total this up across all donors, we see a shift in education funding over the decade since 2014, with the share of basic education falling, and the share of education aid allocated to higher-education costs rising steadily. In absolute terms, aid to post-secondary increased from just over \$4 billion in 2014 to nearly \$6.5 billion in 2023, making it the largest category of education aid. In contrast, aid to basic education peaked around \$4.8 billion in 2018 and fell to approximately \$3.9 billion in 2023. Secondary education funding grew only marginally, and general education support (eg curriculum reform and planning) remained smaller than post-secondary spending.

We can see the trend illustrated by the patterns of the World Bank's IDA, a major funder across all education levels. Between 2015–17 and 2022–23, IDA increased support to basic education by about 50%, from \$648 million to \$975 million. However, funding for other areas grew even faster: general education (system-wide reforms) rose by ~130%, and secondary education doubled. Post-secondary education was stable (from \$231 million to \$227 million). As a result, basic education now makes up a smaller share of IDA's portfolio than a decade ago. This mirrors the broader trend: even when donors expand their support to basic education in absolute terms, its share may decline if other sub-sectors grow more rapidly.

The distribution of education aid by country income level (Figure 8) shows substantial volumes directed not only to low-income countries but also to lower-middle and upper-middle income countries. In absolute terms, several upper-middle income countries receive large allocations, reflecting the weight of post-secondary spending tied to tuition

costs in donor countries. This pattern underscores how the changing composition of education aid, away from basic and toward higher education, shapes which countries are the main beneficiaries. The structure of aid flows means that countries with many students studying abroad can register higher aid receipts than low-income countries where needs for foundational learning are greatest. This composition effect highlights the importance of scrutinising not just how much aid is disbursed, but also to whom and at what level of education.

**Figure 8: Total education aid received by income level (2022–23 average).**



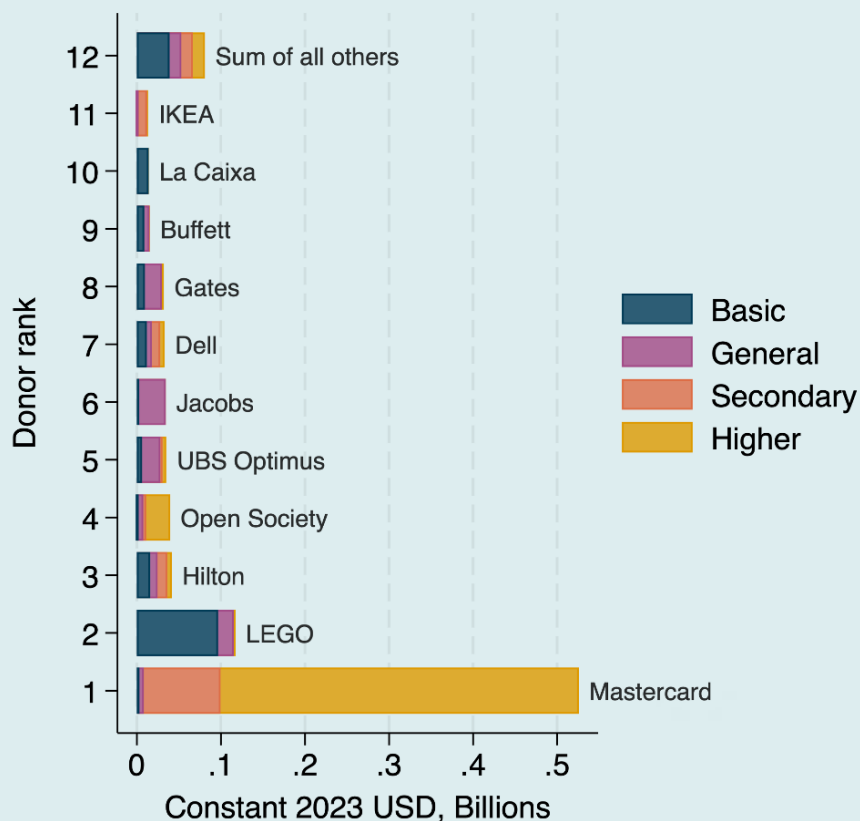
Source: OECD DAC CRS database for given years. Notes: shows total disbursement of aid by named recipient.

## Philanthropy and pooled funds are important sources that may be more open to influence

What this picture of receipts misses is private development finance provided by foundations and resources channelled through the two main education funds: the Global Partnership for Education (GPE) and Education Cannot Wait (ECW). Each year, approximately \$1.8 billion of external assistance for education is disbursed via these channels, which may be more open to influence than core bilateral spending. They are less tied to political cycles, often move more quickly, and can be shaped by the agendas of governing boards or foundation leadership.

By the end of 2023, donors had channelled \$7.2 billion through GPE and \$1.6 billion through ECW since their inception. On average, these funds have disbursed \$690 million and \$160 million annually, with some variation over time, including a COVID-19 spike but no sustained trend. While the donor contributions into funds are included in Figure 6, they are rarely assigned to specific countries, instead falling into ‘unspecified’ or ‘regional’ categories. Fund reports also do not allow spending to be disaggregated into OECD sectors or recipient groups, but the bulk of financing currently supports general and basic education in low- and lower-middle-income countries.

**Figure 9: Foundations disbursed almost \$1 billion annually in 2022–23**



Source: OECD DAC CRS database for given years. Notes: shows total disbursement of private development finance by donor, averaged across 2022 and 2023.

At a scale comparable to GPE and ECW combined, 30 private foundations disbursed an annual average of \$980 million to education in 2022–23 (Figure 9). Yet the allocation of private development finance is even more skewed towards higher education than ODA: 50% went to higher education and only 21% to basic education. The Mastercard Foundation accounted for more than half of private finance and strongly favours higher education, with half of its funding concentrated in just five institutions. Other foundations such as the LEGO Foundation (\$117 million), the Hilton Foundation (\$41 million), the UBS Optimus Foundation (\$35 million), the Jacobs Foundation (\$34 million), and the Gates Foundation (\$32 million) placed greater emphasis on basic and general education.

Philanthropic funding has expanded rapidly, rising from only \$30 million (reported via CRS) in 2014 to almost \$1 billion in 2023. Its allocation within education has been more volatile than ODA, with the share going to basic education fluctuating between 17% and 64% over the period. Philanthropies, operating under narrower governance structures, have demonstrated a greater capacity to pivot quickly, and potentially to be influenced by external evidence or advocacy, especially compared with government donors. These reduced governance requirements also mean funding levels and priorities can change abruptly. This makes philanthropy an important complement and source for innovation in the sector, rather than a substitute for sustained public aid in the long-term.

In summary, the sources of education finance have shifted, and that shift is reshaping what gets funded. Although total education aid has grown modestly, its internal composition is tilting away from primary and lower-secondary levels. Without deliberate steps to protect or rebalance priorities, these trends could deepen the gap between international financing and global education needs. The following section explores the potential impact of different future aid scenarios and what is at stake if current patterns continue.

## 5 | Looking Ahead: Plausible Futures for Education Aid

The future trajectory of education aid, of course, rests on the political and budgetary choices made by major donors. As multiple governments grapple with fiscal pressures and shifting priorities, global aid to education stands at a crossroads. Early evidence suggests a significant downturn is already underway: the **OECD projects** a 9–17% decline in overall official development assistance (ODA) in 2025 (further to a 9% drop in 2024) due to announced budget cuts by key donors. Without corrective action, education financing could rapidly backslide.

Decisions by the major bilateral donors are of course pivotal. The United States Congress has debated proposals that would dismantle most of USAID's basic education portfolio, effectively zeroing-out funding for primary education programmes. The United Kingdom intends to cap aid at 0.3% of GNI (roughly half its 2010s level), with education flagged for especially deep reductions. Meanwhile, other large donors such as Germany, France, and Japan had sustained their education aid through 2023, but they too face mounting fiscal constraints from domestic needs and global crises. In aggregate, donor plans analysed in mid-2025 indicate a contraction: **one tracker** estimates total ODA from major DAC donors will fall by over \$31 billion in 2025, led by cuts in the US and also Germany, with only marginal increases in a few countries (eg Japan, South Korea, Italy) insufficient to offset the decline.

In this context, we can sketch four plausible scenarios for education aid to 2026, each based on different policy choices and fiscal responses. These scenarios, illustrated in Figure 10, project how global aid for education (total sector aid and the subset for basic education) might evolve under varying assumptions. In all cases, the projections use the latest available donor budget plans (eg from Donor Tracker, August 2025) combined with historical allocation patterns of donors between sectors and to different levels within education. The scenarios are:

1. A benchmark case of '**Proportional cuts**' across the board;
2. A policy-led downturn with '**Deeper US and UK cuts**' following a potential US withdrawal and UK pullback;
3. A trend-based continuation of education's '**Squeezed sector**' share within all aid;
4. A '**Crisis-prioritised**' scenario where crisis-related sectors are protected while others (including education) absorb disproportionate cuts.

We describe each in turn, along with their assumptions and implications (summarised in Figure 10). Each scenario implies a decline in education funding, but the severity and distribution of the cuts, especially for basic education, vary markedly.

1. **Proportional cuts across the board:** In this base-case scenario, bilateral donors reduce aid uniformly across sectors in line with their stated overall budget changes. Each country's aid to education (and to other sectors) moves strictly in proportion to its total ODA trajectory. For example, if a donor like France cuts its total ODA by 20%, then its education aid (as well as other sectoral allocations and multilateral contributions) is also cut by 20%. This scenario assumes no shifts in policy priority or aid modalities and so education keeps the same share of each donor's aid as today. For multilateral donors which follow different funding and spending processes, we assume that levels through to 2026 remain fixed at 2023 levels. This seems like a reasonable assumption in the current period given replenishment timings and cycles.

The outcome would be a moderate contraction in education aid globally, roughly mirroring the overall ODA contraction. Under proportional cuts, total education ODA would recede to roughly its 2016–2017 level by 2026. This still represents a drop from the 2022–2023 peak, but it is a milder decline compared to the more pessimistic scenarios. Basic education aid would fall proportionally as well, maintaining its approximate share of the education sector.

2. **Deeper cuts with United States withdrawal and United Kingdom pullback:** This scenario models a sharper downturn in education aid driven by specific policy decisions by two major donors. It starts from the proportional cut baseline but then imposes additional reductions reflecting an extreme retrenchment by the United States and United Kingdom. Under this scenario, the United States, historically one of the largest education donors, is assumed to zero out its education aid in 2025, a proposal floated in recent **US budget debates**, and reflected in its **cancellation of existing basic education programmes**. Although a **recent US Senate bill** maintains \$730 million for basic education (a 20% cut from FY25), advocates warn that implementation risks remain high. Even if this materialises, with the US Agency for International Development (USAID) disbanded, there is a realistic possibility that funds appropriated may not be spent, effectively eliminating support despite Congressional intent. Future US funding for education remains very unclear.

Simultaneously, in this scenario the United Kingdom is assumed to halve its education aid by 2026, on top of general aid reductions, mirroring the Foreign, Commonwealth & Development Office's (FCDO) announcement that its 'Girls' Education' allocation will drop from £378 million in 2024–25 to £186 million in 2025–26, a cut far steeper than the ~7% overall ODA reduction planned.

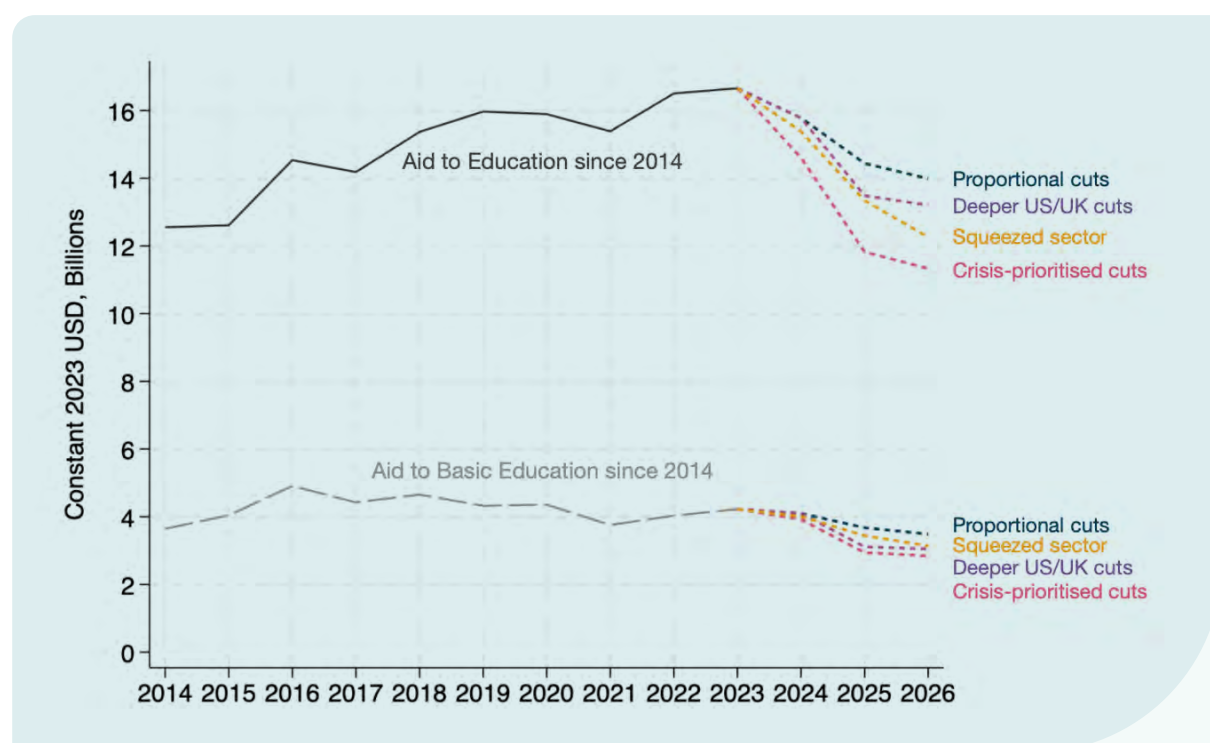


Under these policy-led cuts, global education aid would drop significantly below the baseline trajectory. Other donors are still assumed to behave as in the base case, but the sudden retrenchment of the US and UK, together accounting for a substantial share of aid, causes a marked fall in the totals in 2025–2026. Total education aid would approach the lower end of the historical range: ~\$13–14 billion by 2026.

In this scenario, basic education aid would be disproportionately affected. The United States has traditionally been one of the largest funders of basic education, particularly in early grade reading and maths; thus its exit creates a larger hole in basic education financing than in the overall education envelope. According to our projections, this Policy-Led Scenario, while the second-most favourable for total education aid, would rank as the second-worst outcome for basic education aid. The loss of US support alone, nearly \$1 billion annually in recent basic education spending, translates into millions of children losing access to quality schooling.

Beyond financing, the Global Coalition for Foundational Learning faces an important opportunity. Launched with strong leadership from the United States, the United Kingdom, the World Bank and other partners, now may be the time to engage a broader set of partners. Doing so can strengthen its financial base and provide new momentum toward the shared commitment to accelerate progress on foundational learning.

**Figure 10: Historical and projected aid to education (total sector aid and basic education)**



Source: see source detailed beneath Table 1. Notes: see notes beneath Table 1.

3. **'Squeezed' education within shrinking aid:** This scenario projects a continuation of the pre-2023 trend in which education's relative importance and so share of ODA gradually erodes. Over the decade since 2014, aid to education did rise in absolute terms, but not as fast as total ODA. Education's share fell from 7.4% to 5.8% of total ODA, equating to an average drop of about 0.2 percentage points per year since 2014. For a wide range of reasons, donors facing budget stress have shown that they would increasingly prioritise other sectors, eg health, emergency response, humanitarian relief, climate finance or domestic refugee costs, at the expense of education.

Concretely, the squeezed scenario assumes this reduction in prominence continues through 2026. We model total aid levels as per current plans for overall cuts, then dial down the fraction allocated to education each year. We do this to mirror the historical trend for bilateral and multilateral donors separately (they have both reduced, but at slightly different rates), so that by 2026 education claims a significantly smaller slice of the pie.

The squeezed sector scenario naturally results in a steeper decline for total education aid than a proportional cut would entail. Basic education would track a similar proportional decline in this scenario as we make no assumption about sub-sector allocations and there is no single outsized donor withdrawal, but rather a general belt-tightening for sector spending.

In summary, this scenario depicts a world in which education is continually squeezed within diminishing aid budgets – a continuation of the decade's warning signs, now exacerbated by fiscal austerity.

4. **Crisis-prioritised cuts:** The fourth scenario explores a stark trade-off: donors choose to protect spending on crisis-linked sectors, such as emergency response, in-donor refugee support, budget support for conflict-affected states, and other security-related aid, while forcing disproportionately large cuts on all other sectors, including education. This scenario is anchored in the observed pattern that donors have been very willing to allocate very large amounts of aid to a few crisis categories, with these having driven most recent aid increases.

Here we assume that as overall ODA budgets shrink, bilateral donors' crisis and security programmes are held at their 2023 funding levels, due to geopolitical imperatives and public pressure. For example, spending on Ukrainian refugee support, humanitarian relief in conflict zones, and pandemic response might be politically untouchable. Some donors have effectively signalled such priorities: the UK has indicated that surging refugee costs will be met from its limited aid budget, potentially consuming one-third of UK ODA by 2027. In this scenario, to meet fiscal targets, all remaining sectors (education, health, agriculture, governance, etc) must absorb the full brunt of ODA cuts.

We implement this for bilateral donors by fixing aid in the four crisis-related sectors at their 2023 levels and reducing every other sector proportionally, to achieve the required overall budget reduction. For multilateral donors in the education sector, we maintain the same assumption as in the first scenario, that multilaterals' sector allocations remain unchanged through to 2026.

The effect on education aid is severe: because education is outside the 'protected' crisis-related group, it faces larger percentage cuts than the overall ODA percentage reduction. Scenario 4 thus represents our most pessimistic, but feasible, trajectory for education funding. By 2026, global aid to education could reduce to under \$12 billion, the lowest in over a decade.

Unlike Scenario 2 (where one donor's exit hurts basic education uniquely), here all social sectors shrink in unison, so basic education's share of education aid might stay roughly constant. The crisis-prioritised scenario underscores the core message that when donors prioritise crises and domestic concerns, sectors like education inevitably lose out, unless deliberate measures are taken to protect them.

**Table 1: Absolute and proportional projections of aid losses, based on four potential scenarios**

Scenario	Aid to Education USD, billions			Aid to Basic Education USD, billions		
	2023	2026	% loss	2023	2026	% loss
1. Proportional cuts	16.7	14.0	-16%	4.2	3.5	-17%
2. Deeper US & UK cuts		13.2	-21%		3.0	-29%
3. Squeezed sector		12.3	-26%		3.1	-26%
4. Crisis-prioritised		11.3	-32%		2.8	-33%

Source: OECD CRS (2023 values); authors' calculations for 2026 based on scenario assumptions in this section. Donor-specific cuts use Donor Tracker projections of aid as a share of GDP through 2026, combined with IMF GDP forecasts to yield USD levels. Notes: In Scenarios 1, 2, and 4, bilateral cuts are modelled at the donor level and aggregated, with outcomes depending on each donor's aid share, portfolio allocation to basic education, and overall aid trajectory. Multilaterals are assumed to maintain current levels. In Scenario 3, education shares are derived separately for bilateral and multilateral donors based on historic trends before being combined. As a result, proportional reductions in education aid do not align exactly with reductions in basic education aid.

All four scenarios point to a contraction in education aid, but to varying degrees and with different drivers. Even the most optimistic case here, proportional cuts, implies that education aid in 2026 would be no higher (and likely somewhat lower) than it was in the mid-2010s. The worst cases foresee a dramatic rollback, undoing over a decade of incremental progress. Basic education funding tends to follow the overall trend, but is particularly vulnerable to who cuts first: a unilateral pullback by a major basic-education donor (as in Scenario 2) can produce a disproportionate loss for primary education programmes. By contrast, across-the-board austerity (Scenario 3) or crisis-first budgeting (Scenario 4) spreads the pain more evenly, yet still leaves basic education underfunded relative to global needs.

These are not predictions but plausible what-if projections. Actual outcomes could be more favourable, for instance, if donor governments heed calls to protect education budgets as a strategic investment in human capital and stability. Some multilateral and national actions hint at resilience: the European Union, for example, reached its target of devoting 10% of its external budget to education by 2024 and has pledged to maintain that level through 2027. Multilateral development banks have also emphasised education in their strategies (eg the World Bank's ongoing education initiatives), which could partially compensate for bilateral shortfalls. On the other hand, if fiscal pressures worsen or political support for aid erodes further, even the crisis-prioritised scenario may prove optimistic. Equally, it is possible that elements of these scenarios happen concurrently, such as if US and UK cuts are made, and donors also protect crisis sectors, squeezing education even further. The trajectory of education aid will ultimately depend on policy decisions: whether donor nations uphold prior commitments to global education or redirect resources elsewhere in the face of crises. Each scenario is a plausible future and a cautionary preview of what those decisions could mean for the world's education goals.

## 6 | The Consequences: Vulnerability and Exposure

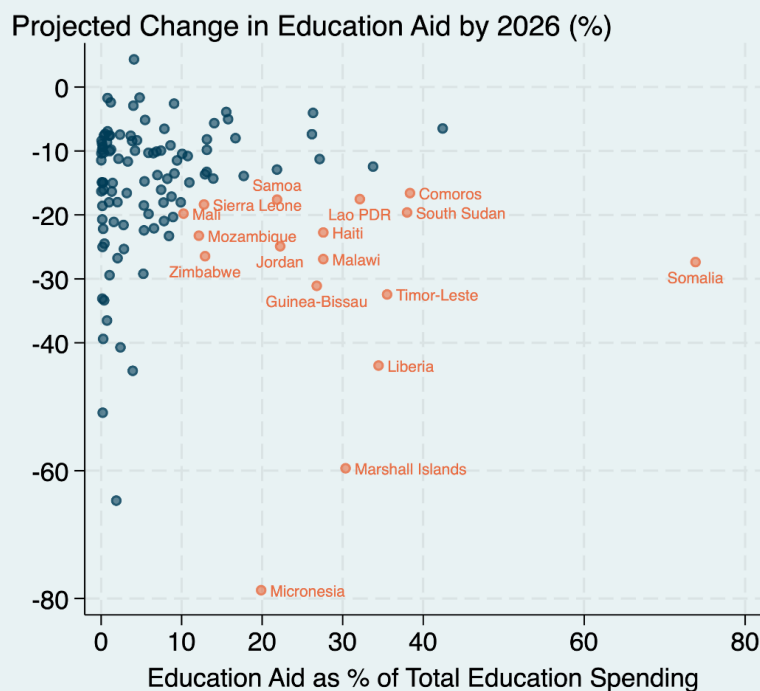
Not all countries will feel the impact of education aid cuts in the same way. Vulnerability depends on both the scale of aid relative to domestic resources and how that aid is distributed across sub-sectors. Some countries rely heavily on aid for the day-to-day functioning of their school systems, while others draw more modestly on external funds or concentrate donor support in higher education.

The analysis in this section offers three complementary perspectives: proportional exposure (which shows how reliant countries are on aid in relative terms), basic education exposure (which highlights where cuts hit hardest in the levels most relevant for foundational learning), and absolute exposure (which captures the size of the loss in USD terms). Each perspective tells a slightly different story: some countries look highly vulnerable because aid is a large share of their budgets, others because aid is critical to basic education, and others because even small percentage losses can translate into very large absolute sums.

We model all future expectations in this section using the 'Deeper US and UK Cuts' scenario, one that we view as a highly plausible trajectory, though not the most extreme among the options. Our estimates draw carefully on data from the UNESCO Institute for Statistics (UIS), the International Monetary Fund's World Economic Outlook (IMF WEO), the OECD Creditor Reporting System (CRS), Donor Tracker, and donor-specific financial reports. But we acknowledge that however careful we are in processing the data, their precision ultimately depends on the quality of the underlying sources. Even so, applying these data systematically and at country level offers the clearest picture of where the greatest risks may lie and which warrant further attention.

The first Figure (11) highlights several countries facing acute vulnerability to projected aid cuts, though in different ways. Somalia is the most exposed, with 70–80% of its education spending donor-financed and aid projected to fall by about 30%, while Liberia shows a similar pattern with one-third of its funding from aid and a projected 40–50% drop. A cluster of countries including Malawi, Mozambique, Sierra Leone, and Jordan combine mid-range dependence (10–30%) with estimated cuts of 20–35%. Several small island states also show potentially extreme percentage declines (–20–80%). Though their absolute losses are modest, the impact on their systems could still be significant.

**Figure 11: A picture of overall vulnerability to education aid cuts**



Source: UIS (education spending as % of GDP), IMF WEO (GDP), OECD CRS (education ODA), and authors' projections under the 'Deeper US & UK Cuts' scenario. Notes: Aid share = aid divided by (aid + government spending), therefore assuming all aid is off budget. While not universally accurate, it is the most consistent method given available data. We use the latest UIS spending year (post-2018 for 188 countries; 2009–2017 for 12). West Bank & Gaza, Afghanistan, Lebanon, and Sri Lanka are excluded due to missing growth projections and atypical trajectories.

Importantly, these values reflect total education budgets, yet the effects of cuts will vary across education sub-sectors and will depend on how national resources are currently allocated. For instance, in some countries most domestic spending is tied up in staff wages, giving aid more importance in all non-salary inputs. In other systems, large shares of aid support higher education, so reductions there may make less of a difference to school spending. This distinction matters because the most pressing concern for the Global Coalition for Foundational Learning – a group of agencies with a shared commitment to improving foundational learning for all – is the resilience of basic education, where donor financing may be critical to sustain programmes for foundational literacy and numeracy. This provides the rationale for focusing more directly on projected losses to basic education aid.

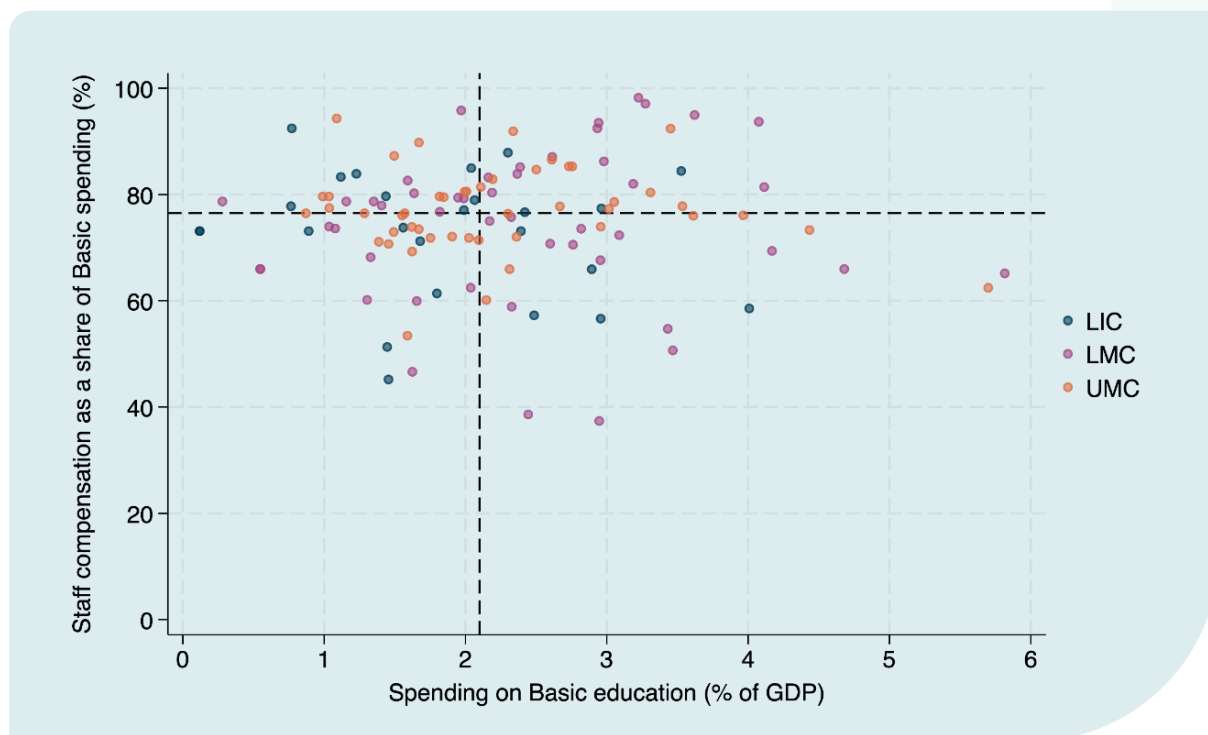
Across low- and middle-income countries, governments spend 4.4% of GDP on public education, of which 2.1% of GDP, just under half, goes to primary and lower-secondary levels (Figure 12).<sup>2</sup> Within this basic education spending, 77% goes to staff compensation,

<sup>2</sup> For this analysis we look at aid to basic education alongside government spending in basic education, estimated based on spending in primary and lower-secondary. We do not include government spending on early childhood care due to data limitations (but note that it is typically a very small share of budgets).



on average. There is no pattern of sub-sector allocations or spending on wages by country income status. Understanding which countries are likely to be most affected by cuts to basic education requires a closer look at each.

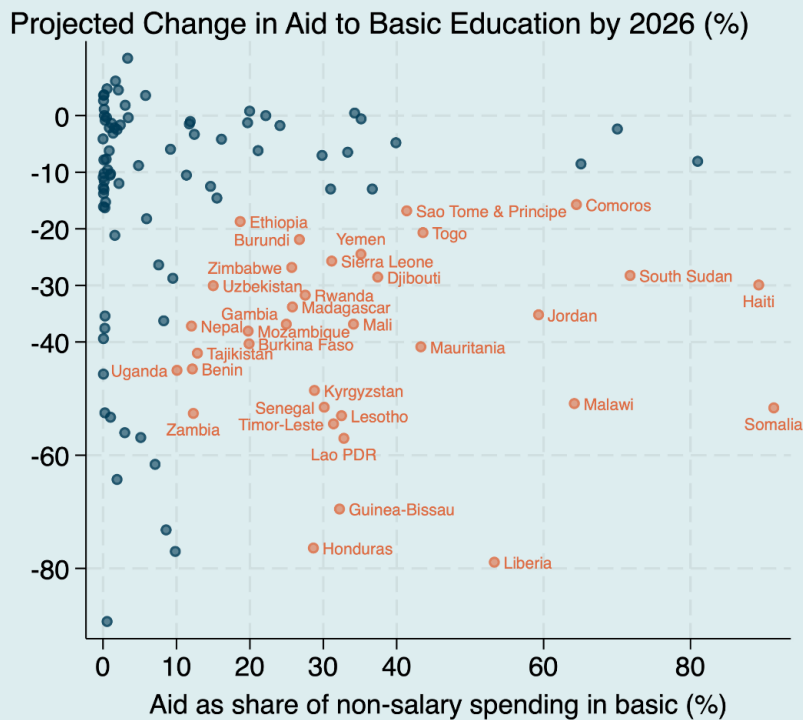
**Figure 12: Government spending on basic education and what share of that goes to staff compensation (latest year)**



Source: UNESCO Institute for Statistics data on government spending on primary and lower-secondary education (as % of GDP) and on staff compensation shares. Notes: Missing values were imputed using regional income-group averages: for spending (18 of 120 countries), we applied the regional ratio of primary (or lower-secondary) to total education spending; for compensation (31 countries), we assigned the regional income-group average share.

When we shift to basic education, a different picture of vulnerability emerges (Figure 13). Many more countries face larger proportional losses in basic education aid than in overall education aid. **Liberia** is highly exposed with an education sector that is highly dependent on aid. A single major donor's proposed retrenchment in 2025 would have huge ramifications on Liberia's entire education aid programme (nearly \$100 million of multi-year programmes cut). This example underscores how an aid contraction can translate into a sizable shock for the most aid-reliant economies.

**Figure 13: Within basic education a different picture of vulnerability emerges**



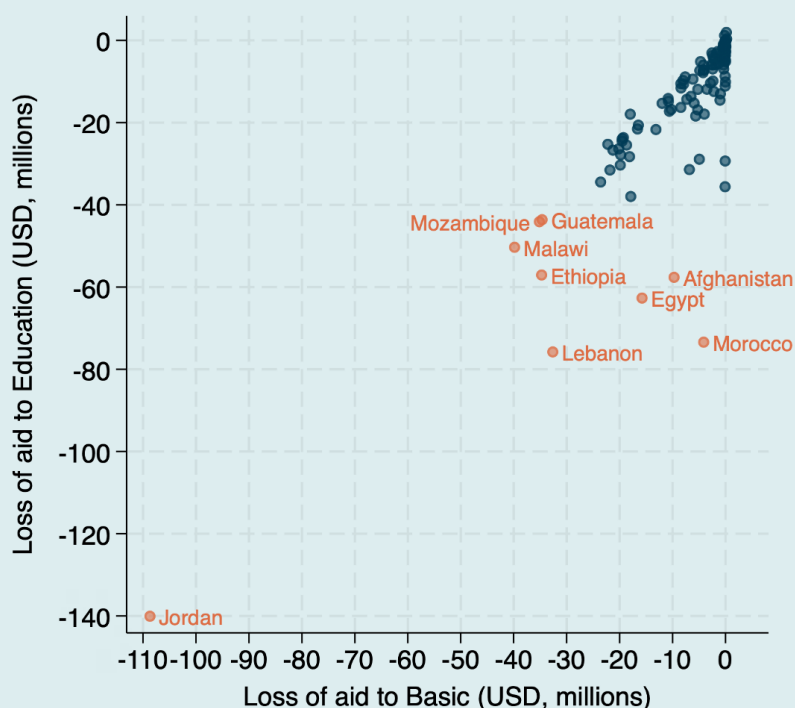
Source: UNESCO Institute for Statistics (government spending on primary/lower-secondary education as % of GDP and compensation shares); IMF World Economic Outlook (GDP); OECD CRS (education ODA); and authors' projections under the 'Deeper US & UK Cuts' scenario. Note: Missing values are imputed as in Figure 11. Non-salary spending is calculated as the residual after compensation shares, expressed in USD using country GDP.

The sharper losses shown in Figure 13, however, may be best interpreted as an upper bound of vulnerability. This rests on two implicit assumptions: first, that governments will not shift resources across sub-sectors to cushion the disproportionate blow; and second, that donor aid is always used as a direct complement to government spending. In practice, both assumptions hold in some contexts but not universally. In many systems, donors do finance core inputs such as textbooks, training, or foundational literacy programmes whose loss would be deeply felt. But in other cases, aid is directed to activities at the margins of the system, which, if withdrawn, would have little effect on the core functioning of schools.

A third and final perspective on potential country-level impacts comes from shifting from proportional to absolute projected cuts (Figures 14a and 14b). In dollar terms, the size of the country and its education sector becomes more decisive, and receipts vary dramatically across contexts. We present this for both total education and basic education. For this version, we exclude imputed costs for students from ODA-eligible countries studying at European public universities. If these transfers were retained,

absolute losses would appear heavily concentrated in large middle-income economies such as China and India. Yet these flows are unlikely to contract, as they simply reflect citizens enrolling abroad rather than funds available for domestic education. By removing them, the projections give a clearer indication of the actual reduction in aid dollars available to support education spending within each country.

**Figure 14a: A few countries may face very large absolute education aid losses (comparing 2026 projection with 2023 receipt)**

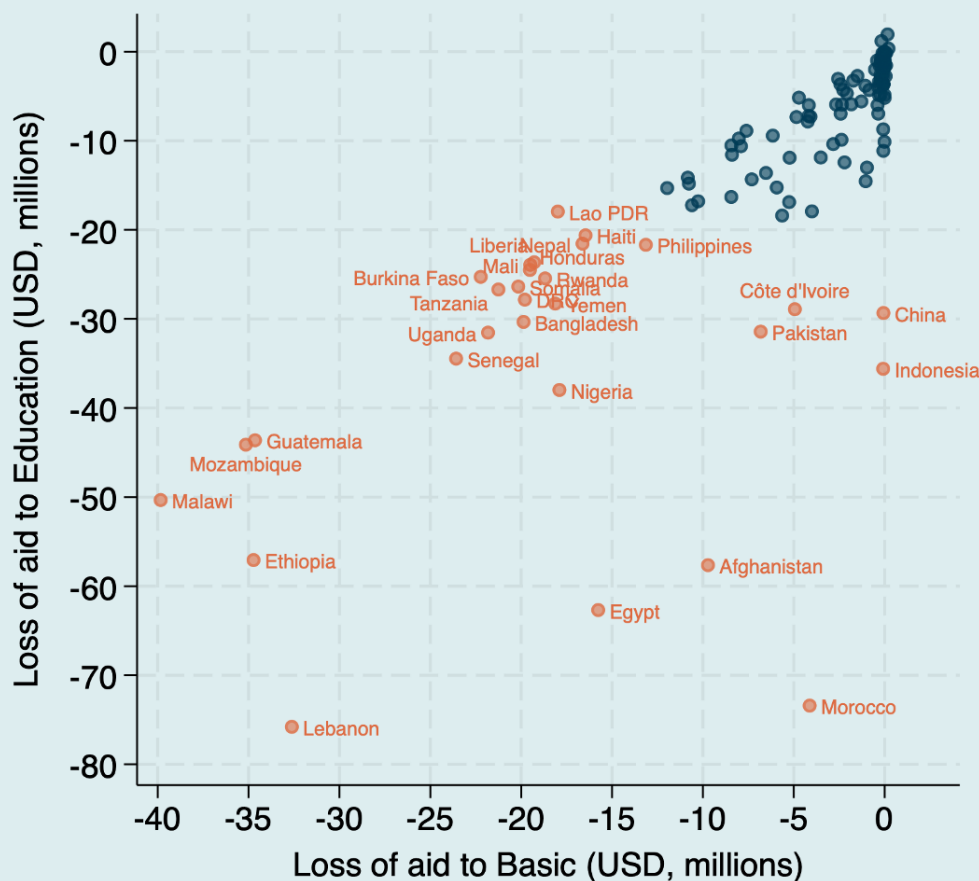


Source: OECD CRS; authors' projections under the 'Deeper US & UK Cuts' scenario. Notes: country-level losses are calculated as the sum of projected reductions from each donor currently providing support. Estimates are shown separately for total education aid and for basic education, in constant 2023 USD.

The first Figure (14a) shows Jordan as a clear outlier, with projected losses of more than USD 100 million in basic education aid and USD 140 million in total education aid, reflecting its reliance on a small set of major donors, particularly the US. In several other countries the overall decline is concentrated in basic education, highlighting the dependence of primary and lower-secondary systems on external financing. Malawi is a striking case: its basic education sector is heavily supported by donors, with recent programmes including a \$74 million nationwide early grade reading initiative and a \$150 million reform project financing classrooms, teachers and learning materials. If such aid were scaled back, the impact would be immediate. By contrast, in countries like Morocco and Egypt, the larger projected losses occur outside basic education, indicating that donor portfolios there are more heavily weighted toward higher levels.

When Jordan is removed in Figure 14b, the distribution of losses across other countries becomes clearer. Lebanon shows the largest overall reduction outside Jordan. Ethiopia, Mozambique and Guatemala, along with Malawi, see some of the steepest possible cuts to basic education, underscoring their vulnerability. In contrast, Egypt, Morocco, Afghanistan and Côte d'Ivoire continue to experience greater losses outside basic education, pointing to the importance of portfolio composition. Just as governments may reallocate across sub-sectors to cushion disproportionate cuts to basic education, the reverse may also occur: where aid is withdrawn from other levels, governments could respond by reducing their own domestic spending on basic education. This is something that education agencies and early learning advocates should pay close attention to in the coming years. Together, the figures demonstrate that it is not only the scale but also the structure of aid reductions and government spending that determines which countries and sub-sectors may be most at risk.

**Figure 14b: In 2026 many countries will get tens of millions less aid than in 2023.**



Source: OECD CRS; authors' projections under the 'Deeper US & UK Cuts' scenario. Notes: country-level losses are calculated as the sum of projected reductions from each donor currently providing support. Estimates are shown separately for total education aid and for basic education, in constant 2023 USD. This figure omits Jordan which is shown in Figure 14a.

In summary, how one interprets vulnerability depends on the concern at hand. If the priority is overall system resilience, proportional measures may be most relevant. If the concern is sustaining progress in foundational literacy and numeracy, then the focus should be on basic education exposure. And if the aim is to anticipate where absolute shortfalls could be largest, absolute losses provide the clearest signal. Each view points to different implications for policy and advocacy. That may be supporting governments to adjust domestic allocations or encouraging donors to protect specific countries or levels. Taken together, the evidence highlights the importance of tailoring responses: aid matters most in some places, for some levels, and for specific kinds of spending.

## 7 | How Can Aid Cuts Be Offset?

The preceding sections show that global education aid is likely to contract in the coming years, squeezed by donor retrenchment and the prioritisation of crisis-linked spending. When a major donor cuts education aid (as with recent US and UK reductions), others find it difficult to fill the gap quickly. OECD donors' aid has stagnated at about 0.33% of GNI, well below the 0.7% target, and budgets are tied to annual parliamentary cycles and domestic pressures. Many donors face demands to divert funds to priorities like humanitarian relief or Ukraine. Instead of offsetting withdrawals, several donors have also reduced aid. In this context of fiscal pressure and shifting priorities, the capacity to replace lost funding is highly limited, leaving financing gaps that domestic resources cannot easily cover.

However, while education's share of ODA has declined, there are still opportunities to protect and even expand the resources available for basic education. This section explores a set of strategies that education advocates and policymakers might pursue in the face of looming cuts. Some options involve reallocating within existing education portfolios; others focus on mobilising additional contributions from under-leveraged donors or strengthening multilateral channels. None are simple, and these are not presented in priority order, but taken together they represent a practical menu of actions that could help sustain foundational learning programmes at a time of heightened fiscal pressure.

1. **Reallocate scholarship-focused aid to basic education:** Several major donors devote large shares of their education aid to post-secondary scholarships and student costs, a large portion of which never leaves donor countries. For example, Germany and France now allocate roughly two-thirds of their education aid to higher education, and Turkey and Saudi Arabia channel over 75% to post-secondary projects or scholarships. Redirecting even 10–15% of these scholarship-heavy portfolios toward basic education could boost funding for primary and lower-secondary schooling by around \$400 million annually, without increasing aid budgets.

**Feasibility:** Politically challenging. Scholarship programmes are often tied to foreign policy and domestic institutions and are seen as prestige instruments. While the sums are large, shifting this aid requires overcoming institutional inertia and vested interests in donor countries. In many donor countries, for example Germany, this aid money is imputed costs for tuition in Germany and is not realistically funding that could be reallocated.

2. **Scale-up contributions from mid-sized donors:** A second approach is to encourage mid-tier education donors, such as Canada, South Korea, and Norway, to increase their education ODA commitments. These donors are already significant: before the recent cuts, collectively they provided more basic education aid than any single G7 donor except the United States. This means their combined annual support for basic education is on the order of a billion dollars, so even a moderate proportional increase would yield substantial gains. If each of these countries boosted its education aid by, say, 10–15% the collective increase would be on the order of \$100–\$150 million more per year for basic education. Given that this ‘second tier’ of donors has become increasingly influential in supporting primary education, securing new commitments or modest expansions from them could significantly shore up funding for foundational learning in low-income countries. Alongside the financial boost, having influential donors speak out for education could represent a turning point for the sector more broadly.

**Feasibility:** Moderately high. While these donors also face fiscal constraints, they have smaller but more flexible portfolios and stronger reputational incentives to remain active in global education, particularly where basic education aligns with gender, equity or humanitarian priorities.

3. **Preserve funding from key basic-education donors:** Protecting existing basic education aid is as crucial as raising new funds. Historically, certain large donors (notably the United States, United Kingdom, Norway, Australia) have prioritised basic education, directing most of their education aid to primary and lower-secondary programmes. Cuts by these donors therefore have an outsized impact on basic education finance. For instance, the United Kingdom’s education aid is set to be halved by 2026, a reduction of roughly \$300 million annually, given their recent ~\$600 million per year in education disbursements. Likewise, the United States has considered budget proposals that would effectively zero out its basic education funding, jeopardising on the order of \$800 million in annual support (since about 58% of the \$1.4 billion US education aid budget goes to basic education). Preventing such retrenchments yields very high payoff: averting a single large cut can safeguard more dollars for basic education than could be gained by many smaller increases elsewhere. In practical terms, advocacy aimed at honouring or extending current donor pledges (rather than allowing reversals) helps ensure that core basic education programmes – often delivered through flexible grants and global funds – are not abruptly defunded.

**Feasibility:** Variable. Retaining current levels requires navigating domestic political debates, especially in contexts where education aid lacks strong electoral support. However, these donors already have delivery mechanisms in place, so the marginal cost of preservation is low if political will can be maintained.

4. **Channel funds through multilateral institutions and global initiatives:** Multilateral institutions and pooled funds are among the most effective ways to prioritise basic education. The World Bank's IDA, for example, is the single largest financier of basic education worldwide, delivering roughly one-quarter of all basic education aid. IDA ramped up its annual support to basic education from about \$648 million in 2015–2017 to \$975 million in 2022–2023, an increase of ~50%. Large donor contributions to IDA replenishments and to global funds such as GPE translate directly into more primary education funding in low-income countries. These channels are valued for strong country ownership and for directing resources where needs are greatest. Protecting and expanding them is important, as they remain among the most flexible sources of education finance and are often first in line for cuts when budgets tighten. To deliver at their full potential, however, multilateral funds need to go further: helping countries design programmes around sound evidence and evaluating during delivery to assess whether their funding improves learning and other education outcomes, and for whom.

**Feasibility:** High. Multilaterals are already accepted aid channels for many donors, especially those unable or unwilling to run bilateral education programmes. While dependent on donor replenishment cycles, they offer a politically neutral vehicle for protecting and expanding basic education support. However, reporting from these multilateral agencies tends to remain focused on disbursements and country-level inputs rather than learning outcomes. To maximise credibility, these agencies could strengthen transparency on cost-effectiveness and results, particularly on foundational learning and raise the bar on outcome reporting right the way down to the grant level. Stronger evidence standards, like those applied in health aid, would make the case for protecting education budgets more compelling. Importantly, multilaterals and global funds are also well placed to absorb significant new resources once crisis-linked spending begins to recede. Their established infrastructure, broad mandates, and proven ability to scale quickly position them to channel renewed funding efficiently into classrooms and foundational learning, ensuring that education can regain priority when donor attention shifts back to longer-term development goals.

5. **Broaden the donor base for basic education:** Diversifying the pool of contributors is a longer-term strategy to increase and protect funding. Currently, nearly half of all international education aid comes from just five countries, which creates a concentration risk; a pullback by any one donor can have system-wide effects. Broadening the base means encouraging more countries (including smaller donors and new emerging donors) to invest in basic education aid, even if their individual contributions are modest. For example, if a group of five to ten smaller donor



countries each added around \$10–\$20 million to their annual basic education assistance, the combined increase would approach \$100 million. Such diversification not only raises additional funding but also spreads the dependence across more donors. In effect, a broader donor base would make basic education financing more resilient to shocks: with more contributors sharing the load, the sector is less vulnerable to any single donor's policy shifts. Over time, bringing new supporters into foundational education (or convincing occasional donors to become regular contributors) can incrementally expand the total envelope of aid for basic schooling, complementing the larger reallocations and commitments from major donors.

**Philanthropy has a role:** While philanthropic funds cannot replace ODA in scale (foundations disbursed just under \$1 billion annually in 2022–23, compared with more than \$16 billion in education aid from governments), they can play a catalytic role by de-risking innovations, piloting new approaches, and supporting reforms that larger bilateral and multilateral funders can later scale. At the same time, philanthropic flows are typically more volatile and less accountable than ODA, reflecting narrower governance structures and fewer formal reporting requirements. For these reasons, philanthropy is probably best understood as a complement to government aid – more responsive to evidence, better equipped to innovate and take new ideas forwards – rather than a substitute.

**Feasibility: Moderate.** While smaller donors are often nimbler and more responsive, they may lack technical capacity or political interest in education. Targeted engagement and peer examples (eg success stories from South Korea or the UAE) can help shift this calculus over time. At the same time, philanthropy is becoming significant enough to warrant attention: foundations' disbursements are now comparable in scale to a few mid-sized bilateral donors. If a major convener could align large players around basic education, the results could rival contributions from several country donors. Focused efforts to influence big actors, such as Mastercard Foundation and LEGO Foundation, to redirect portions of their allocations to basic education interventions backed by sound evidence could yield greater returns than advocating for incremental gains from smaller bilaterals.

6. **Ready the education sector to absorb crisis-linked funding.** The education sector may need to take a longer-term view: positioning itself to benefit when today's crisis-driven aid reallocations ease, and funds may be available within, for example the 0.3% commitments, that governments have made. Over the decade since 2014, most new ODA has gone to humanitarian relief, refugee costs, and security-related support. These priorities are unlikely to vanish quickly, but they are episodic. Once fiscal space reopens and donor attention returns to traditional development goals, education must be ready with a strong case.

Currently, crisis-related sectors account for around half of total aid: roughly \$150 billion, up from \$80 billion in 2019. If needs fall back to pre-crisis levels, even after expected cuts of around \$50 billion, some \$20 billion could remain to be reallocated. If education can secure more than its current share, this could represent a major funding opportunity. The task now is not to push against crisis allocations, but to prepare: maintaining evidence of cost-effective interventions, building political champions, and aligning with broader priorities such as stability, climate resilience and gender equity. This should be a particular priority for multilateral and global initiatives, who should be well positioned to absorb funds if there is a reallocation of crisis-related aid funds.

There is evidence to suggest this is a strong strategy. For example, The UK's Independent Commission for Aid Impact noted that to hit its legally binding 0.7% ODA/GNI target exactly, the UK frequently adjusted end-of-year aid flows by rescheduling or accelerating contributions to multilateral organisations (including UN pooled funds and the World Bank). This allowed DFID to channel 'surplus' ODA into multilaterals with high absorptive capacity, avoiding rushed bilateral spending while still meeting the target.

**Feasibility:** Medium–high. While this approach requires patience, the potential payoff is substantial. Crises have historically absorbed aid temporarily, but as pressures ease, sectors with clear strategies and delivery capacity can regain ground. Foundational learning is a connector: learning can help children to progress through schools on time, improving system efficiency, keeps them engaged in school during crises, and supports protection, health and stability outcomes. Positioning education as a cross-sectoral enabler strengthens its case when competing for funds against humanitarian or security priorities. By strengthening advocacy coalitions, refining its evidence base, and demonstrating how foundational learning supports other global goals, education can be ready to capture significant new resources when the pendulum swings back.

# Conclusion: Charting the Next Phase for Education Aid

The analysis presented in this report highlights that education aid is under pressure not only in absolute terms but also in its share of overall development assistance. Although total volumes reached record highs in 2023, education's relative priority has declined. This trend mirrors broader dynamics across non-crisis development sectors such as health, agriculture and infrastructure, all of which have ceded ground to crisis-linked spending. Education's reduced share therefore reflects not an isolated problem, but part of a wider realignment of aid in response to successive humanitarian and geopolitical shocks.

At the same time, the composition of education aid has shifted in ways that carry important implications for advocacy. Aid to basic education has stagnated or declined, while post-secondary allocations, often tied to imputed tuition costs in donor countries, have grown steadily. This change in balance underscores the need for advocates to engage with a wider range of actors. Efforts should focus on protecting and, where possible, restoring support from traditional basic-education donors such as the United States and the United Kingdom, whose retrenchment poses disproportionate risks. Equally, outreach to mid-sized and emerging donors is essential to ensure their contributions are directed toward cost-effective interventions with demonstrable learning outcomes. The sector's resilience increasingly depends on this broader coalition of supporters.

Finally, the coming period will be marked by constrained aid budgets, but also by potential opportunities. If donor governments maintain their overall aid commitments, whether at 0.3, 0.5, or higher shares of GNI, there is likely to be some reallocation of resources once immediate crises subside. To capture such funding, education must present a compelling investment case and demonstrate readiness to absorb additional resources. Strengthening evidence on cost-effectiveness, aligning with cross-sectoral priorities, and reinforcing multilateral channels will be crucial. The challenge must be not only to mobilise more dollars, but to ensure that the institutions that channel them, especially multilaterals, apply them to investments with high expected impact, and demonstrate accountability for children's outcomes and long-term return on investment. Preparing in this way could allow the sector not only to weather the current contraction but also to position itself strongly when donor attention returns to longer-term development goals.



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