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**Degree of Master of International Studies
(International Area Studies)**

**Analysis of Role of Official Development Assistance's
(ODA) in Education Sector of Sri Lanka**

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**Analysis of Role of Official Development
Assistance's (ODA) in Education Sector of
Sri Lanka**

A thesis presented

by

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ABSTRACT

During the last fifty years, the Sri Lankan education system improved using a huge amount of Official Development Assistance (ODA). Such as, expansion of school networks, improvement of quality of the education, establishment of vocational training institutions, etc. The main purpose of this study is to analyze the role of education sector ODA in Sri Lanka. According to the OECD data, Sri Lanka annually receives a big amount of ODA and significant amounts of ODA has been used for education development. This study will use to analyze education ODA under education subsectors, such as Basic education, Secondary education and Post-secondary education. Secondly, using data will compare education sector ODA disbursement between Sri Lanka and other South Asian countries such as, Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives and Pakistan. Thirdly, will compare between government expenditure and ODA on education sector in Sri Lanka. In finally, using this study will identify new key strategic areas in education sector for improvement through the effective use of Official Development Assistance in future Sri Lanka.

Keywords: Official Development Assistance (ODA), Education Sector Aid, Aid Allocation, Bilateral aid, multilateral aid

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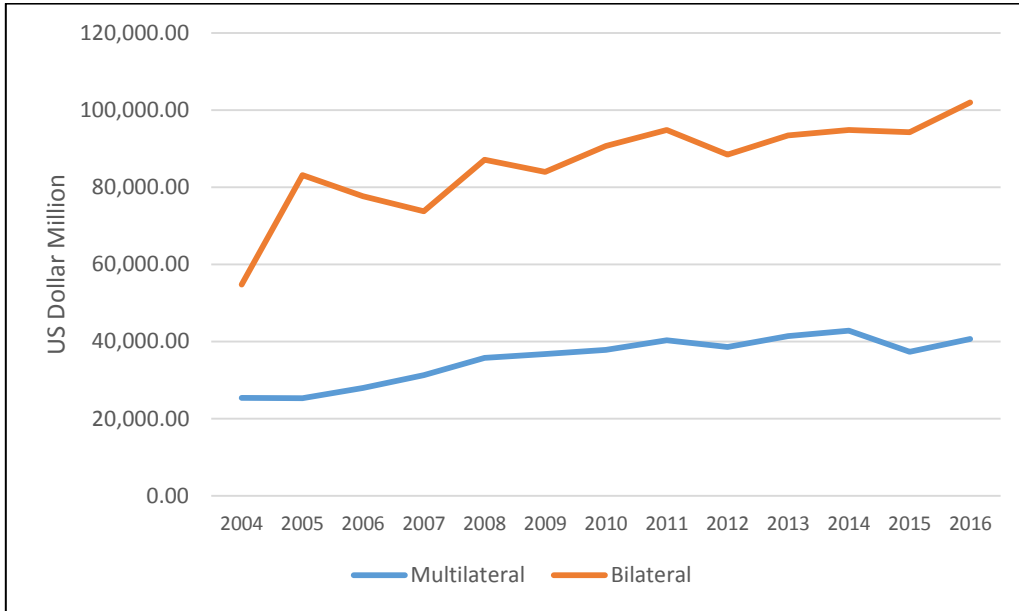
1. Introduction

1.1. Background and Purpose of Study

Since world war II, foreign aid was one of the most important policy tools that high income countries used for helping economic growth, improve population well being and institutional development to low income countries. Official aid is made up of two elements, such as bilateral aid and multilateral aid. “Bilateral aid is provided directly by government through their official and agencies to and aid recipient countries. Multilateral aid is provided to the recipient countries by an international organization active in development. Thus 75 per cent of ODA consists of bilateral aid”.¹ Figure 1 shows total ODA commitment since 2004 to 2016 by multilateral and bilateral base.

¹ Roger C. Riddell, (2008). “Does Foreign Aid Really Work?”, Oxford University Press. Ch. 2,3

Figure 1. Total ODA Commitment USDM 2004 - 2016



Source: OECD/DAC

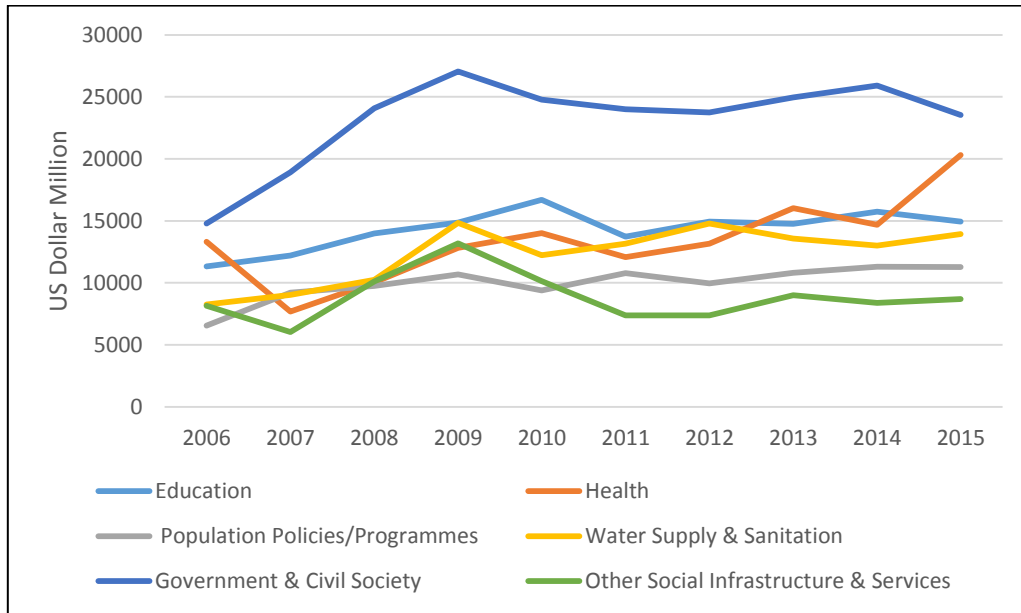
In addition, ODA is classified into grant-type and loan-type aid. Grant-type aid, involves technical cooperation, food assistance, and disaster relief. Loan-type aid, also called as credit assistance, imposes duty of redemption to recipient developing countries. Public infrastructure development projects are usually conducted with the support of loan-type aid. Also, in accordance with limiting conditions, ODA is classified into tied aid and untied aid. “Tied aid means that procurement of the goods or services involved is limited to the donor country or to a group of countries”. Under the condition of untied aid,

“the associated goods and services are fully and freely procured in all countries” (OECD DAC Glossary).

Education plays an important role not only in human resource development but also in political economic and cultural development. “Education sector contributes to the areas related to national development such as human resource development, technical innovation and socio economic growth (World Bank 1993, 2002, Chemingui & Ayadi 2003)”. During the MDG-EFA period, an average of 8.6 per cent from total development assistance committed on education by all donors. However, variation between countries, donor couldn’t meet the target of 20 per cent aid to education. GCE (Global Campaign for Education) has long called for governments to allocate 20 per cent from their national budget to education.(this amount is equivalent to at least 6 per cent of their GDP).² Data on education ODA in relation to the social sector shows that education always ranked second and there is a rising trend in education ODA as compared to the entire social sector. Figure 2 shows that total social sector ODA commitment since 2006 to 2015.

² Education Aid Watch 2015. (2015). Global Campaign for Education p.6

Figure 2. Total Social Sector ODA Commitment USDM 2006-2015

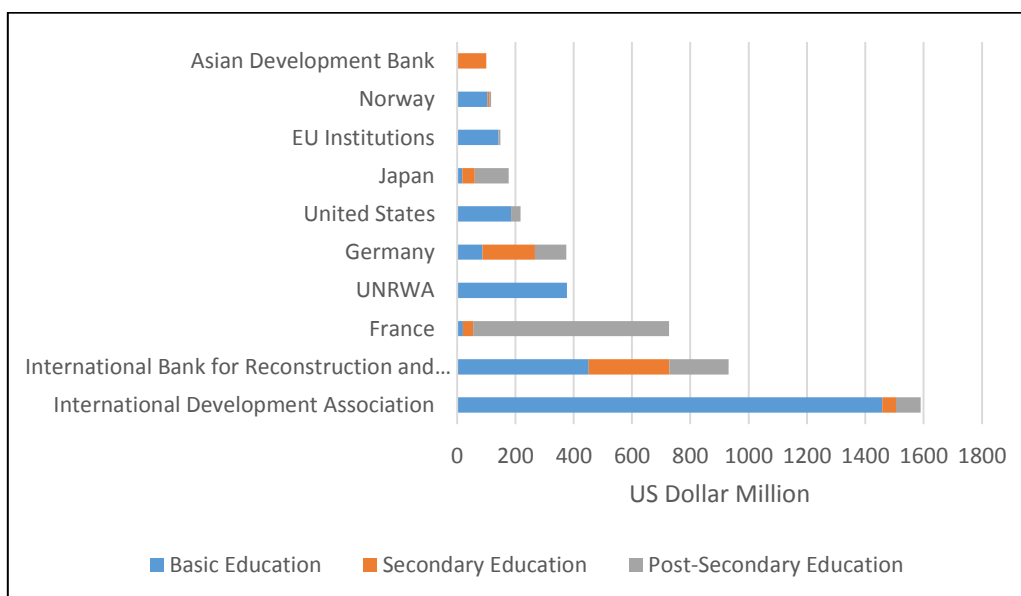


Source: OECD (2017)

There is rising trend on education ODA by the DAC, from where bilateral ODA usually comes from. On average, 41 per cent of education aid worldwide is spent on basic education. The GMR (Global Monitoring Report) estimates that if this is increased to 50 per cent, an additional USD 1.7 billion annually can be mobilized to finance Education for All. On average, only 1 per cent of education aid is spent on life skills and adult literacy. Multilateral organizations that focus on basic education include the World Bank’s IDA, the European Commission, the African Development Fund and UNICEF. Some 11 bilateral donors also direct about half or more of their education aid to basic

education. These include the US, Netherlands, UK, Canada, Sweden, Norway, Denmark, Ireland, Finland, Spain and Australia. Some big donors prioritize higher education, among them German, France, and Japan.³ Figure 3. Shows top 10 donor commitment by education sector in 2014. It shows that France, German, United States, Japan and Norway allocating more ODA on education sector than other OECD countries. However, France allocating most on Post secondary education sub sector and Japan allocating more percentage on basic primary education.

Figure 3. Top 10 Donor commitment by Education sector USDM in 2014

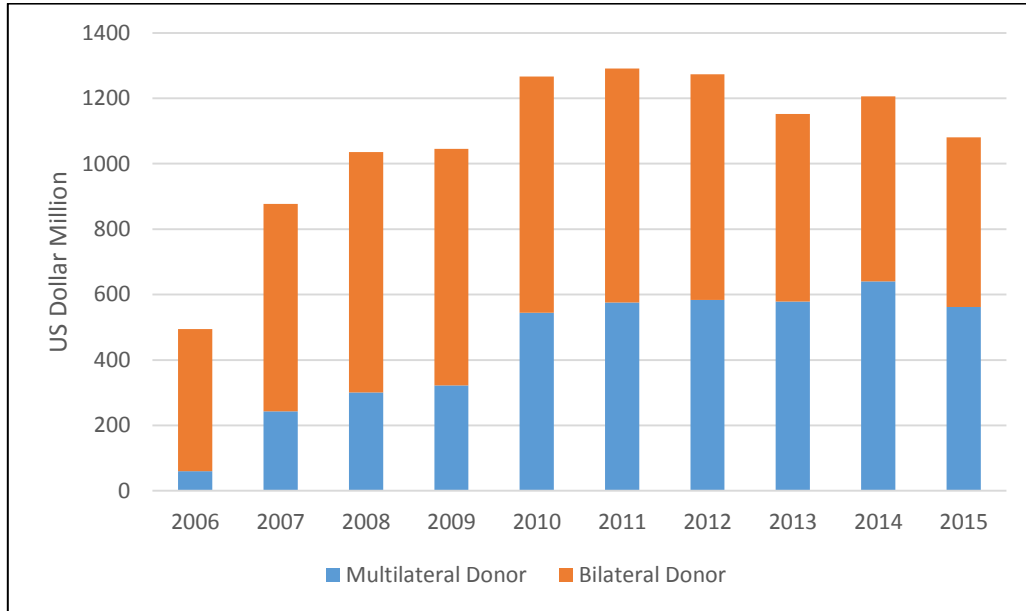


Source: OECD (2017)

³ “South Pacific Association for Basic and Adult Education (ASPBAE). (2011). ODA for education in Asia and the Pacific”. p. 17

Sri Lanka is a middle income country with 21 million people in the South Asian region. Since the end of the three-decade terrorism, Sri Lanka focusing on long-term strategic and structural development challenges as it strives to transition to an upper middle income country. Official Development Assistance has been one of the major financing source for Sri Lanka's development activities. Because, domestic resources are not enough to fulfill recurrent expenditure and principal debt payment obligations. Thus, Sri Lanka receiving Official Development Assistance (ODA) from many multilateral organizations such as, Asian Development Bank, EU Institutions, International Development Association, International Development Corporation, International Bank for Recon, IFAD, WFP, UNFPA, UNDP, GEF, WTO. In 2014, multilateral ODA disbursement was USD 639.91 Million (OECD/DAC Data). In addition, bilateral donor countries like Japan, Australia, Korea, Norway, France, United State, Switzerland, Sweden, Canada and United Kingdom are giving more ODA. In 2014, bilateral ODA disbursement was USD 566.01 Million (OECD/DAC Data). In 2014, net ODA disbursement was USD 1205.9 Million (OECD/DAC data). Figure 4 shows Sri Lanka's net ODA disbursement since 2006 to 2015 by multilateral and bilateral base.

Figure 4. Net ODA Disbursement Sri Lanka USDM 2006-2015



Source: OECD (2017)

Sri Lanka education system basically consist of three subsectors; namely school or general education comprising of primary and secondary education, higher education and skills education or vocational training. In addition to these, Research and Development expenditure is also taken into account under education. Figure 5 shows salient features of education system in Sri Lanka from 2013 and 2014.

Table 1. Salient Features of Education System in Sri Lanka (2013 and 2014)

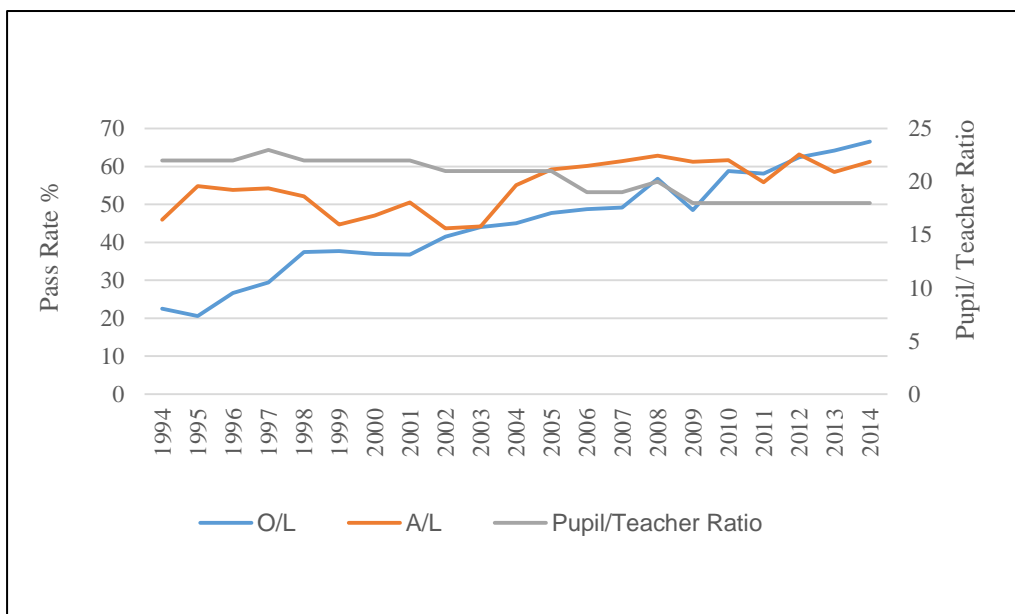
Indicator	2013	2014
<i>General Education</i>		
Total Number of Schools	10,849	10,973
Total Number of Students	4,302,407	4,345,810
Total Number of Teachers	242,345	249,024
Primary Net enrolment ratio (5-9 years)	98.45	N/A
Secondary Net enrolment ratio (10-14 years)	99.19	N/A
<i>Higher Education</i>		
Number of universities	15	15
Other Higher Educational Institutes	18	18
No. of students (undergraduates)	77,126	81,153
No. of academic staff	5,439	5,809
Progression to University from GCE A/L		
- Eligible for university admission (%)	63.04	58.27
- Admission as a % of eligible	58.27	17.50
No. of Graduates		
- Basic degree	20,839	24,559
- Postgraduate Degree	8,636	9,705
New admissions for basic degrees	24,198	25,200
<i>Skills Education</i>		
Number of registered TVET institutions	1,081	1,191
Total Number of accredited courses	1,601	2,277
Number of issued NVQ certificates	22,855	28,535

Source: Central Bank, Annual Report 2014

Since the Free Education Act of 1949, education has been free, to a large extent, up to the first degree university level. Thus, Sri Lanka had been

benefits of having a free education policy for about 7 decades and it has garnered many achievements to the country over the years with educational performance constantly improving.

Figure .5 Key Education Indicators 1994-2014

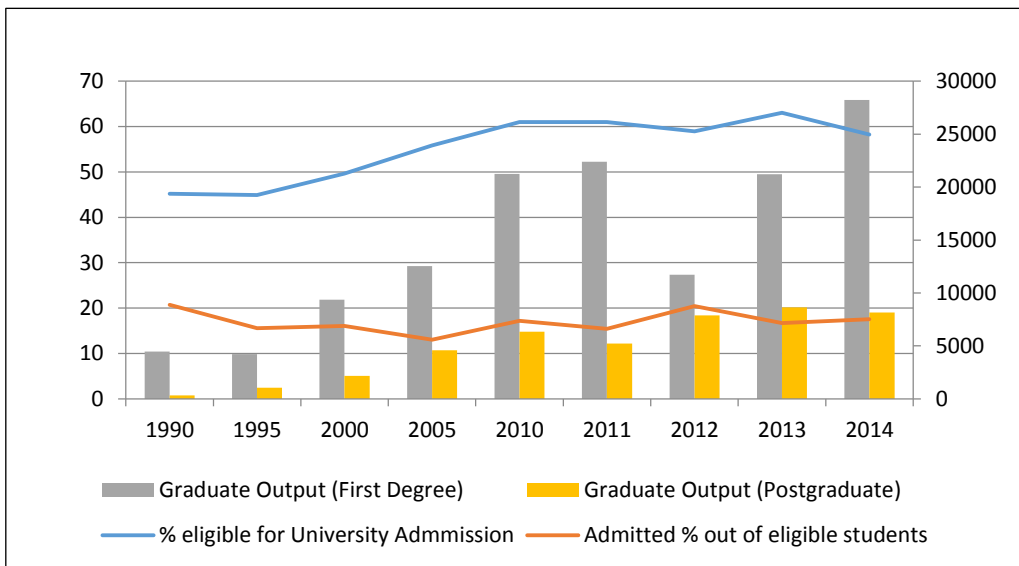


Source: “Department of Examinations, Ministry of Education”

Access to Higher Education has also grown with the number of students admitted to universities growing over the years. The Graduate and postgraduate output has also grown over the years indicating the higher number of individuals of the labor force gaining professional qualifications. Similarly, the number of opportunities available for the engagement in skills education and

vocational training has also grown. At present, around 176,000 students join public and private vocational institutions to follow various vocational training courses. Figure 6 shows that enhancement of access for higher education in Sri Lanka from 1990 to 2014.

Figure. 6 Enhancement of Access for Higher Education



Source: “Sri Lanka University Statistics, University Grants Commission”

Education development is a long term effective investment on poverty reduction. During the last fifty years Sri Lankan education system significantly improved using official development assistance. According to the sources of OECD/DAC average of the last five years, Sri Lanka received USD 1,233.65 Million total ODA and education sector received USD 117.63 Million for

expansion of School network, improvement of quality of education and establishment of Vocational Training Institutes. According to the sources of OECD/DAC average of the last five years, education sector was the largest third ODA disbursement sector in Sri Lanka. It was a 9.5 per cent of total ODA. Largest ODA disbursement was Economic Infrastructure and services sector 43.7 per cent and Other social sectors 20.8 per cent. The government of Sri Lanka maintained the system properly and was able to improve it to some extent. Last 50 years' thousands of professionals like doctors, engineers, teachers were equipped with innovative knowledge of their respective fields and were employed in the society and society was able to achieve the maximum benefits from them.

In South Asia, many governments “(Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka) had allocated huge amount in education to achieve the MDG (Millennium Development Goal) of universal primary education for all children by 2015”. This investment resulted to the net enrollment rate of primary schools from 75-89 per cent from 2000-2010 in South Asia. It is bringing the South Asia region closer to enrollment rates in “Latin America, Caribbean (94%), East Asia and the Pacific(95%)” (World

Bank, 2014)⁴. Comparing to South Asian countries, Afghanistan, Pakistan, India, and Bangladesh are the high education ODA recipient countries. Except for India, all South Asian countries that were studied are heavily dependent on ODA to finance development needs.⁵

The main purpose of this study is to analyze the role of education sector ODA in Sri Lanka. According to the OECD data, Sri Lanka annually receives a big amount of ODA and significant amounts of ODA has been used for education development. This study will use to analyze education ODA under education subsectors, such as Basic education, Secondary education and Post-secondary education. Comparing to social sector, education is the second largest ODA disbursement sector in Sri Lanka. In this sense, it is very important to analyze education sector ODA by subsectors to get deep understanding. Secondly, using data will compare the education sector ODA disbursement between Sri Lanka and other South Asian countries such as, Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives and Pakistan. In this study will use South Asian countries for comparison, because, those countries are members of the South Asian Association for Regional Cooperation (SAARC). Thirdly, will compare between government budget allocation and ODA on education sector

⁴ World Bank. (2014, June 30). "Poor Quality Education Holding Back South Asia, World Bank says" [Press release].

⁵ "South Pacific Association for Basic and Adult Education (ASPBAE). (2011). ODA for education in Asia and the Pacific". p.16

in Sri Lanka. Comparison of government budget allocation and ODA is very significant in this case, because, Sri Lanka is the country which giving free education up to the first degree university level. Therefore, government need more expenses for education sector comparing to other social sectors. It also good to understand role of the ODA in education sector expenditure. However, education ODA disbursement is very low to comparing government allocation on education sector. In finally, using this study will identify new key strategic areas in education sector for improvement through the effective use of Official Development Assistance in future Sri Lanka. Thus, these strategic areas can be made to justify the need for continued ODA support for the development of the education sector in Sri Lanka.

The structure of study is designed as follows. Chapter 1 will be the introduction with the background and the purpose of the study. By focusing on the aid allocation, education sector aid, education sector and education sector aid allocation of Sri Lanka. Chapter 2 provides a theoretical framework for the study by reviewing existing literature related to both general ODA allocation and education sector ODA allocation as well as significant of the education sector. Chapter 3 explains the methods that have been used for conducting research and for the analysis of the data which used in this study. Chapter 4 presents the data analysis according to the research objectives and question by

focusing four areas. Such as, Official Development Assistance on education in Sri Lanka, compare education ODA disbursement between Sri Lanka and other South Asian countries, compare government Expenditure and ODA on education sector in Sri Lanka and identifying key strategic areas in education sector improvement through the effective use of ODA in Sri Lanka. Chapter 5 summaries the research findings, draws conclusion from those findings and present some of the implication of the findings. The next section will look at past literature related to both general ODA allocation and education sector ODA allocation as well as significant of education.

2. Literature Review

Literature review will look at past literature related to both general ODA allocation and education sector ODA allocation as well as significant of the education sector. “Education can be defined as the act or process of acquiring knowledge, especially systematically during childhood and adolescence”. Martin Luther King, Jr. sums up education as the function of education is to teach one to think intensively and critically and to build intelligence plus character.

Investment in education is treated as an investment in the human capital, since benefits accrue to an educated individual over a lifetime of activities. Education has always remained a priority of the country and of the world. The Sustainable Development Goal 4 (SDG 4) on “ensuring inclusive and equitable quality education and promote lifelong learning opportunities” for all sets a goal on ensuring every government’s commitment to education.

The role of human capital on the development of the economy has often been emphasized and the role played by education in moving towards a knowledge economy, which creates, disseminates and uses knowledge to enhance economic growth and development has been recognized.

Human Capital refers to all the attributes of workers that potentially

increase their productivity in all or some productive tasks. “The term was coined because many of these attributes are accumulated by workers through investments. Human Capital theory, developed primarily by Becker (1965)⁶ and Mincer (1974), is about the role of human capital in the production process and about incentives to invest in skills, including pre-labor market investments (in the form of schooling) and on-the-job investments (in the form of training)”.

The idea captures the fact that investment in human beings, like investment in tangible forms of capital such as buildings and industrial equipment, generates a host of benefits.

According to Peter Evans (2011), the expansion of human capabilities is both the goal of development as a measure of social well-being and the key means of development. Enhanced human capabilities are the principal source of increased productivity. One of the most important benefits of education is higher income from labor market participation which is the key to understanding the nexus between investment in education and economic growth. The role of the education ODA is to develop the human capabilities of the peoples of developing countries by improving education system.

⁶ BECKER, G. S., (1965) “A Theory of the Allocation of the Time”, Economic Journal No. 5, P.493-517

2.1. Aid Allocation

With increasing the level and importance of ODA providing to developing countries, literature on aid allocation appear to be growing. Most of the literature focused on aid allocation deal with both donor interest and recipient needs.

Dudley and Montmarquette (1976)⁷ their study, explained that “the supply of foreign aid is explained by the demand by the donor country for the impact its aid has on the recipient country”. They find that mostly foreign aid is providing to small countries and countries with low GDP receive high aid. Dudley and Montmarquette explained the small country affect, the effect which the OECD has referred to as the tendency for small countries to receive more aid per capita than large countries. Also that countries with law population are to receive more aid.

Tarp Finn (2010) in his study of “Aid Growth and Development”, explained the trend of foreign aid on some selected time period. He was presenting, that in 2006, the total amount of foreign aid disbursed by donors to recipient countries and multilateral organizations reached USD 113.6 billion. However, Average citizen in the donor countries contributed less than USD 112 in as ODA in 2006. Comparing to the years, around USD 64 in 1960-73 and

⁷ Dudley, L and Montmarquette, C (1976), “A Model of the Supply of Bilateral Foreign Aid”, V. 66, No 1,P. 132

USD 99 in 1991 to 1992. And also Tarp Finn explained that ODA per capita almost double in real terms from 1970 to 1990, but perhaps the most revealing aspect here is the downturn from 1991 to 1992 after the steady increase in the previous decade. Furthermore, he explains it also evident that aid as a share of GNI in recipient countries has been on a declining trend since the early 1990s (Tarp Finn, 2010)⁸. Because more donors came to the field and the amount of aid increased but share of GNI was declining.

Burnside, Craig and Dollar, David,⁹ in their research on “aid, politics and growth”, they try to answer the question of whether donor government and agencies allocate more aid to government with good policies. From this research they find that “aid has a positive impact on growth in developing countries with good fiscal, monetary and trade policies”. However, has a slight impact on growth in developing countries with poor policies. In this study they argue that aid itself has slightly and insignificant impact on growth on developing countries but aid interacting with good policies have a significant positive impact on growth. In this sense, policy seems much important for aid effectiveness in low income countries. Another finding of this study is, they find that “there is no tendency for total aid or bilateral aid to favor good policy”.

⁸ Trap, Finn, “Aid, Growth and Development,” in Mavrotas, G. (ed.), (2010). Foreign aid for development: issues, challenges, and the new agenda. Oxford: Oxford University Press.

⁹ Burnside, Craig and David Dollar, (2000). Aid, Politics, and Growth, American Economic Review. Vol. 90, No. 4 (Sep., 2000), pp. 847-868

However, multilateral aid is allocated in favor to good policies. Recipient countries need good policies to utilize ODA as effective way.

Peter Hjertholm, Howard White (2006) in their study of “Foreign Aid in historical perspective background and trends” they tried to illustrate some main issues of foreign aid history. They explained the 1940s to 1990s with four aspects, such as, dominant or raising institutions, donor ideology, donor focus and types of aid. Table 2 shows that schematic overview of the main development in the history of foreign aid.

Table 2. Schematic overview of main development in the history of foreign aid

	<i>Dominant or raising institutions</i>	<i>Donor ideology</i>	<i>Donor focus</i>	<i>Types of aid</i>
1940s	Marshall Plan and UN system (including World Bank)	Planning	Reconstruction	Marshall Plan was largely program aid
1950s	United States, with Soviet Union gaining importance from 1956	Anti-communist, but with role for the state	Community Development Movement	Food aid and projects.
1960s	Establishment of bilateral program	As for the 1950s, with support for state in productive sector	Productive sectors (e.g. support to the green revolution) and infrastructure	Bilateral gave technical assistance (TA) and budget support: multilaterals supported projects

1970s	Expansion of multilaterals especially World Bank, IMF and Arab-funded agencies)	Continued support for state activities in productive and meeting basic need	Poverty, taken as agriculture and basic needs)social sectors)	Fall in food aid and start of impact support
1980s	Rise of NGOs from mid-1980s	Market-based adjustment (rolling back the state)	Macroeconomic reform	Financial program aid and debt relief
1990s	Eastern Europe and FSU become recipients rather than donors; emergence of corresponding institutions	Move back to the state toward end of the decade	Poverty and then governance (environment and gender passed more quickly)	Move toward sector support at end of the decade

Source: Peter Hjertholm, Howard White (2006)¹⁰

2.2. Education Aid Allocation

Compared to literature on general ODA allocation, studies about specific to allocation of education aid shows to be very limited. However, some studies regarding the effectiveness of education aid and regional studies about ODA as well as specific donor countries and their patterns of education foreign aid exist.

¹⁰ “Paper provided by University of Copenhagen. Department of Economics in its series Discussion Papers with number 00-04”

Buchert, L. (1995) in his study of “Recent trends in education aid: towards a classification of policies” presents trends of education aid from donor countries to recipient countries, specially by DAC members. Thus, Buchert shows that “while the total DAC commitment to education increased in absolute terms during 1985/86-1991/92 (by approximately USD 140 million). However, the relative allocation of ODA to education by DAC members declined (from 11.5 per cent to 8.7 per cent) during 1989-91”. Furthermore, he presents “during 1991/92-1993, a number of education donors, for example Canada, Finland, Netherlands, Norway and Sweden, witnessed significant declines in education support, while only a few (minor) donors increased their support, for example Australia and Denmark. As a proportion of total ODA, DAC support for education declined from 10 per cent to 9 per cent during 1985/86-1991/92. During 1991/92- 1993, there were major declines in relative terms in the cases of Canada and the Netherlands, while Sweden and Finland maintained the same proportionate shares for education despite declines in absolute terms”. He argued that “this same pattern appears from the percentage distribution of the overall aid budget to education among national and multinational donors. For most donors the proportionate share for education was declining or largely remained the surrendering 1989-94, while in some

cases (Australia, Denmark, Sweden, World Bank) there have been moderate increases”.¹¹

Chae, Jae-Eun & Woo, Myung-Suk (2012)¹² education ODA divided into specific fields of education as listed in the Table 3.

Table 3. OECD/DAC classification for development cooperation in education

Division	Item
Basic Education	Early Childhood Education Elementary Education Adolescent-Adult Education
Secondary Education	Secondary Education Vocational Education
Higher Education	Higher Education Technical Education Education and Training of Administrator
Other Education	Education Policy and Administration Educational Facilities and Training Teacher Training Educational Research

Source: KEDI, 2013

Lee (2007)¹³ in his study of “The Study of Educational Cooperation with Developing Countries in Asia”, ODA in education divided into hardware,

¹¹ Buchert, L. (1995). Recent trends in education aid: towards a classification of policies. Paris: International Institute for Educational Planning, United Nations Educational, Scientific and Cultural Organization. P. 15-18

¹² Chae, Jae-Eun & Woo, Myung-Suk (2012). The Educational Development and Cooperation Plan. Seoul: Korea Institute for International Economy Policy.

¹³ Lee, Seok-Hee et al. (2007). The Study of Educational Cooperation with Developing Countries in Asia. Seoul: Korea Educational Development Institute.

software, human-resource in accordance with components of the project. Hardware project would be providing facilities and materials that are needed in education such as school construction and educational materials. Software projects include supporting curriculum via educational content and teaching methods. Lastly, human-resource project is related to the building of individual capacity in education, for example, competence improvement of teachers by training program and consulting. Education project is fully operated with the involvement of teachers, curriculum, and facilities, so that effective synergy occurs when all fields and types of education ODA are associated (KEDI, 2013).

Asiedu E. (2014) in his study of “Does Foreign Aid in Education Promote Economic Growth? Evidence from Sub-Saharan Africa”, he finds that three main findings covering 38 countries over the period of 1990-2004. First, “aid in primary education has a positive and significant effect on growth. Second, aid in post-primary education has an adverse effect or at best no significant impact on growth. Third, growth increases as the share of primary education aid in total education aid rises”.¹⁴ This study shows that ODA in primary education is significant for economic growth and development.

¹⁴ Asiedu E. (2014). “Does Foreign Aid In Education Promote Economic Growth? Evidence from Sub-Saharan Africa”. Spring 2014

Buchert (1995)¹⁵ his study of “current foreign aid patterns and policies on education in developing countries among like-minded nation: some key issue” examines the education ODA patterns and policies of Denmark, Holland and Sweden. This study mentioned that the foreign policies of these countries have been “alleviation of global poverty through the promotion of social and economic development in developing countries” the reason for their continuous financial support to developing countries. The study mentions that Denmark ODA focused on low income countries and specially for basic education for sub Sahara Africa. About Swedish education aid focused on primary education and vocational training. This study shows that donor country’s education aid patterns and focused the area was different.

Stephen P, Heyneman (2006) on his study of “The Effectiveness of Development Assistance in Education: An Organizational Analysis” mentioned that education aid has failed because foreign aid goes beyond in general. He presents that “to be successful in a sector, there has to be a general consensus surrounding the importance of various sub-sectors”. He explains using example from foreign assistance to health sector. According to him, health sector foreign aid could not be successful if donors only giving priority to rural clinics. Also important to consider about areas in subsectors like “developing hospitals,

¹⁵ Buchert, Lene (1995), “Current Foreign Aid Patterns and Policies on Education in Developing Countries among like-minded Nations: some key issues”, P. 61

improving research and development networks, increase the efficiency and effectiveness of the pharmaceutical industry, and various horizontal networks to care for AIDs and other significant diseases. In addition, a constant supply of high level training and expertise in health economics and health policy is necessary so that health finance can successfully balance the demands of private as well as public medicine”.¹⁶ He pointed out it is also true with education. Furthermore, Stephen P, Heyneman mentioned his study, “after the period of the manpower forecasting in which vocational education had a virtual monopoly on foreign assistance, the donor community became infatuated with basic education, and specifically with ‘Basic Education-for-All’. What began as simply common sense (World Bank 1986), became a restrictive ideology, one which treated other important areas of the education sector as being of low priority and tantamount to poor economic strategy.” Heyneman pointed out “this less concern was directed to like secondary and higher education, vocational education, medical, engineering and other professional education, capacity- building in education research and policy analysis, as well as science and technology areas in education sector”.¹⁷ This study shows that education aid need to go specific sub sectors and through the specific key strategic areas

¹⁶ Stephen P. Heyneman. (2006). “The Effectiveness of Development Assistance in Education: An Organizational Analysis”. V9, No.1, P7 -25

¹⁷ Stephen P. Heyneman. (2006). “The Effectiveness of Development Assistance in Education: An Organizational Analysis”. V9, No.1, P7 -25

under subsectors for the development of sectors and aid effectiveness.

“Asia South Pacific Association for Basic and Adult Education (2011)”, “ODA for education in Asia and the Pacific” study examines that in South Asian region education ODA comparison with the countries. This study finds that Afghanistan, Pakistan, India, and Bangladesh are high education ODA recipient countries. Except for India, all South Asian countries that were studied are heavily dependent on ODA to finance development needs. Furthermore, this study shows that while ODA for education was on the increase from 2002 to 2007 to 2008 in Afghanistan, Pakistan suffered almost a 75 per cent decrease in just one year, from 2007 to 2008, plunging from USD 510 million to only USD 128 million. There was a dip in Bangladesh amounts in the same years, but not by much. It is also surprising to note that although Bangladesh was receiving much more ODA for education than any other South Asian country, except India and Afghanistan, the percentage share of education ODA in Bangladesh to their total ODA received was a measly 8 per cent in 2008. On the other hand, Nepal, which saw a doubling of its aid for education between 2002 and 2007, further received increasing ODA for education in 2008, which was 12 per cent of its total ODA.¹⁸ This study shows that there is difference in receiving ODA in South Asian region by countries and sectors.

¹⁸ “South Pacific Association for Basic and Adult Education (ASPBAE). (2011). ODA for education in Asia and the Pacific”, p. 16

Education Aid watch, (2015)¹⁹, “Global Campaign for Education” study explains that, During the MDG-EFA period, an average of 8.6 per cent from total development assistance spent on education by all donors. However, variation between countries, donor couldn’t meet the target of 20 per cent aid to education. GCE (Global Campaign for Education) has long called for governments to allocate 20 per cent from their national budget to education. (this amount is equivalent to at least 6 per cent of their GDP) (Education Aid watch, 2015). This study shows that how the importance of ODA on the education sector. Because education sector not receiving expected amount of ODA. However, looking at data on education sector ODA, we can find that there is a trend of increasing education sector ODA among OECD/DAC.

Previous studies are mostly focusing on general aid allocation and very lack of studies about education ODA allocation. However, there is a huge gap about country specific study about Sri Lankan education ODA. Using this study will try to fill that gap of country specific analysis on education sector ODA. The significance of this study can explain with research purpose and objectives. This study will analyze Sri Lankan education ODA under education sub sector such as, Basic education, Secondary education and Post secondary education and compare education sector ODA disbursement between Sri Lanka and other

¹⁹ Education Aid Watch 2015. (2015). Global Campaign for Education p.6

South Asian countries such as, Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives and Pakistan. This comparison and analyze will help policy makers in education sector in Sri Lanka for introduce better and sustain policies. Using this study will identify new key strategic areas in education sector for improvement through the effective use of Official Development Assistance in future Sri Lanka. This section will help for specially donor countries to identify new strategic areas in education sector which need improve through the ODA. Moreover, can be made to justify the need for continued ODA support for the development of this sector. The next section will explain the theoretical framework of study.

3. Theoretical Framework

3.1. Research Methodology

Research is the process of collecting, analyzing, and interpreting data in order to understand a phenomenon (Leedy & Ormrod, 2001)²⁰. Carrie Williams (2007) in his study mentioned “three common approaches to conducting research, such as quantitative, qualitative, and mixed methods”. The data in this research will use quantitative. Therefore, the analysis will employ with comparative methodologies. It uses tables and graphs in order to respond to the research questions.

The data for this study will collect from secondary data sources. For describing and analyzing Sri Lankan education sector ODA under education sub sectors and compare education sector ODA disbursement between Sri Lanka and other South Asian countries, secondary data will be use. The total amount of ODA to the education sector from donor country to recipient country by commitment and disbursement is extracted from the OECD Creditor Reporting System (CRS), which has data on all ODA flows from donor countries and multilateral organization to recipient countries. The education

²⁰ Leedy, P. & Ormrod, J. (2001). “Practical research: Planning and design (7th ed.)”. Upper Saddle River, NJ: Merrill Prentice Hall. Thousand Oaks: SAGE Publications.

sector ODA data with South Asian countries and also includes 4 sub-sectors such as, education level unspecified, basic education, secondary education and post secondary education. In this study will use education ODA data from 2006 to 2015 for 10 years. In addition to OECD data other secondary data will retrieve from following sources. Such as, World Bank, IMF, and World Development Indicators. The country specific data on Sri Lanka will retrieve from annual reports and the Ministry of Education Sri Lanka, the Central Bank of Sri Lanka and the Ministry of finance Sri Lanka.

3.2. Research Questions

This study will concentrate on the role of the ODA's in education sector of Sri Lanka. According to the purpose of study and objectives this study has five research questions.

- Official Development Assistance for education in Sri Lanka: how much and where?
- Why Sri Lankan basic education sub sector needs more ODA than other sub sectors, such as secondary education and post secondary education?
- What are the differences in education Official Development Assistance disbursement between Sri Lanka and other South

Asian countries and how much?

- What are the differences between government expenditure and ODA on education sector in Sri Lanka?
- What are the new key strategic areas in education sector improvement through the effective use of ODA in future Sri Lanka?

The next section will present the data analysis according to the research objectives and question by focusing four areas. Such as, Official Development Assistance on education in Sri Lanka, compare education ODA disbursement between Sri Lanka and other South Asian countries, compare government Expenditure and ODA on education sector in Sri Lanka and identifying key strategic areas in education sector improvement through the effective use of ODA in Sri Lanka.

4. Data Analysis

This chapter has four sections. First section analyses Official Development Assistance on education in Sri Lanka, concerning with education subsectors such as, basic education, secondary education and post secondary education. The second section compares education ODA disbursement between Sri Lanka and other South Asian countries. The third section compares government Expenditure and ODA on education sector in Sri Lanka. The final section will use to present some key strategic areas in education sector improvement through the effective use of ODA in Sri Lanka.

4.1. Official Development Assistance on education in Sri Lanka

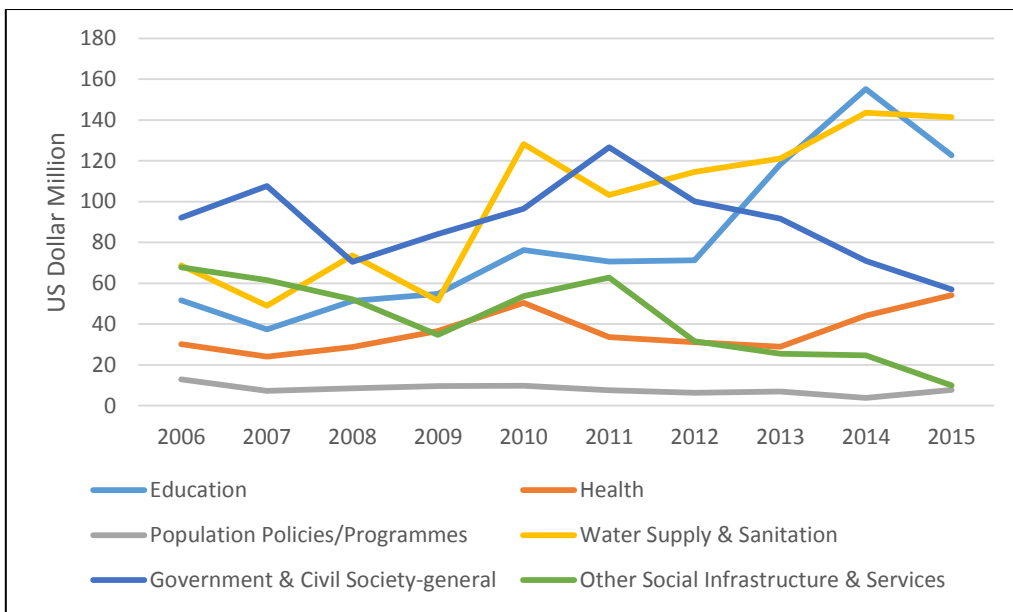
Sri Lanka is an island nation in the Indian Ocean with a population of just over 20 million. Since the end of the internal conflict in 2009, the country has performed strongly in terms of economic growth and development. Thus, the World Bank (2016) categorizes the country as a lower-middle-income country with a per capita gross domestic product (GDP) of USD 3800. After independence in 1948 Official Development Assistance has been one of major financing source for Sri Lanka's development activities, including education sector development.

Education development is a long term effective investment on poverty reduction for developing countries. During the last fifty years, Sri Lankan education system significantly improved using official development assistance. According to the sources of OECD/DAC average of the last five years, Sri Lanka received USD 1,233.65 Million total ODA and education sector received USD 117.63 Million for expansion of School network, improvement of quality of education and establishment of Vocational Training Institutes. As mentioned before, according to the sources of OECD/DAC average of the last five years, education sector was largest third ODA disbursement sector in Sri Lanka. It was a 9.5 per cent of total ODA. Largest ODA disbursement was Economic Infrastructure and services 43.7 per cent and other social sectors 20.8 per cent. To focus on Sri Lanka education sector ODA, it is necessary to study recent ODA and education ODA patterns and characteristics. Among ODA provided to Sri Lanka by sector since 2006, social sector was one of the greatest sector which ODA is allocated.

Moreover, to further analyze of social sector ODA since 2006, government & civil society-general sector is the greatest area in which ODA is provided. However, this apparent that since 2012, there has been a steady increase in ODA to the education sector. This apparent that since 2011, there has been a steady decline in government & civil society-general sector.

Comparing to other social sectors, the education sector receiving more ODA from last few years. This is illustrated in figure 7 which provides information on social sector ODA disbursement from 2006-2015.

Figure 7. Social Sector ODA Disbursement in Sri Lanka USDM 2006-2015

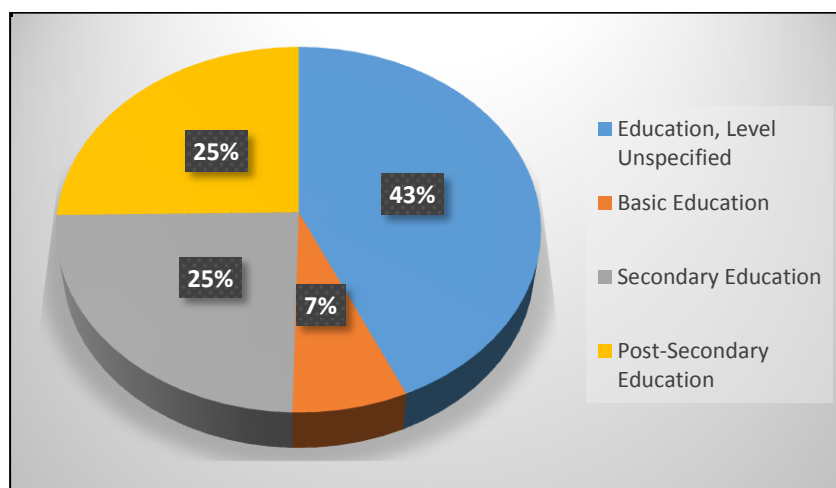


Source: OECD (2017)

Furthermore, in relation to education ODA within the education sub sector, ODA is provided to few subsectors. Such as, Education, level unspecified, Basic education, Secondary education and Post-secondary education. Comparing to Sri Lanka education sector ODA under subsectors, the largest amount of ODA is provided toward education level unspecified, among

all subsectors of education. It recorded 43 per cent from the total education ODA commitment in 2009. In the same year other subsectors, Basic education 7, Secondary education 25 and Post-secondary education 25 per cent recorded from total education ODA in Sri Lanka. Figure 8 illustrates this clearly by providing comparison on ODA to education sector in Sri Lanka, by subsectors percentage of commitment in 2009. Moreover, comparing to Sri Lanka education ODA commitment average of the last ten years, Secondary education sector was largest ODA commitment sector in Sri Lanka. It was 36 per cent of total commitment. Other sub sectors, recorded as, Education, level unspecified 31 per cent, Basic education 17 per cent and Post-secondary education 16 per cent respectively.

Figure 8. ODA to Education by Subsectors commitment in Sri Lanka, 2009



Source: OECD (2017)

Stephen P, Heyneman (2006)²¹ on his study of “The Effectiveness of Development Assistance in Education: An Organizational Analysis” mentioned that education “aid has failed for reasons which go beyond foreign aid in general”. That’s why education aid need to allocate according to the importance of various sub-sectors. According to the figure 8, it shows that in Sri Lanka basic education sector and Post-secondary education sector ODA commitment was very low, comparing to other subsectors. Moreover, Education level, unspecified subsector commitment is very high percentage, comparing to other subsectors. Its less than half way of spending education aid for basic education with comparing with EFA target ODA for Basic education. But the thing is ODA need to go through the specific areas of the sector not only education sector but also other sectors of ODA for effectiveness.

4.2. Comparison of education ODA disbursement between Sri Lanka and other South Asian Countries

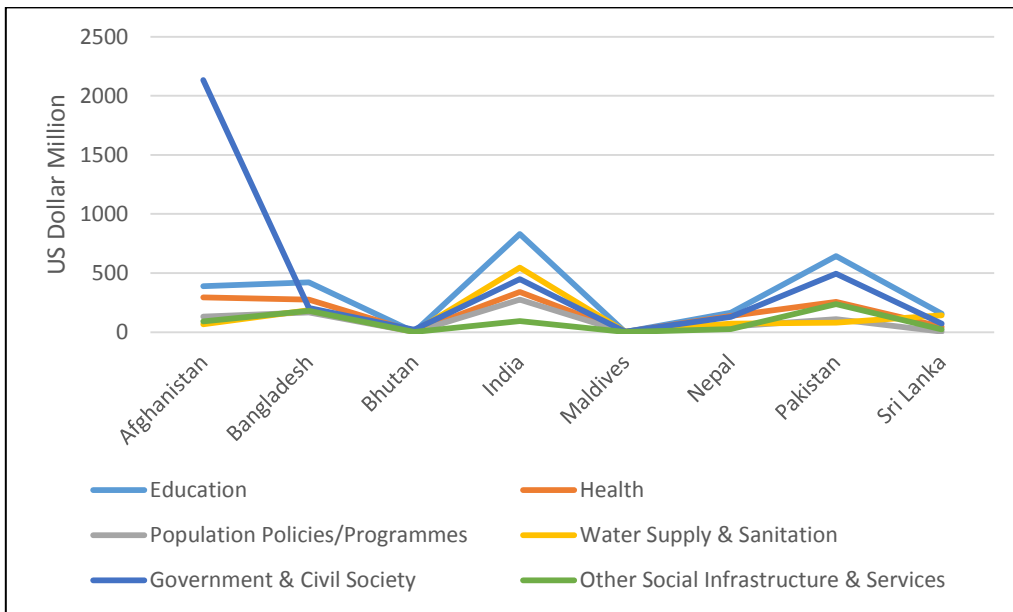
The current territories of South Asia are Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, India, Pakistan, and Sri Lanka. “The South Asian Association for Regional Cooperation (SAARC) is an economic cooperation organization in the region which was established in 1985 and includes all eight

²¹ Stephen P. Heyneman. (2006). “The Effectiveness of Development Assistance in Education: An Organizational Analysis”. V9, No.1, P7 -25

nations comprising South Asia”. South Asia has one fourth of world population about 1.749 billion. In South Asia, most of countries receives a huge amount of ODA from donor countries by annually. Comparing to social sector ODA disbursement in South Asian countries, except Bhutan and Maldives other all countries receives more ODA on the education sector. It is interesting to note that, Afghanistan is the country which received most ODA on the Government & Civil Society sector, it was USD 2133.2 million in 2014. It was the highest ODA receiving sector of Afghanistan in this year. This amount was more than total social sector ODA disbursement of other South Asian countries except India. Comparing to social sector ODA disbursement in South Asia, Afghanistan is the highest social sector ODA disbursement country. It was USD 3106.8 million in 2014. Other highest countries were India (USD 2536.5 million), Pakistan (USD 1823.1 million) and Bangladesh (USD 1434.6 million) in 2014 respectively. Some countries disbursed more ODA in the health sector, India (USD 340.9 million), Afghanistan (USD 295.4 million), Bangladesh (USD 276.4 million) and Pakistan (USD 255.9 million) in 2014. Other highest ODA disbursement sector on the social sector is water and sanitation. In this sector, India disbursed (USD 546.5 million), Bangladesh (USD 203.9 million) and Sri Lanka (USD 143.5 million) in 2014. Interesting thing is Sri Lanka disbursed their second highest social sector ODA on water and sanitation sector.

Its only second to the education sector. Figure 9 illustrated Social Sector ODA Disbursement SAARC USD\$M 2014.

Figure 9. Social Sector ODA Disbursement SAARC USD\$M 2014

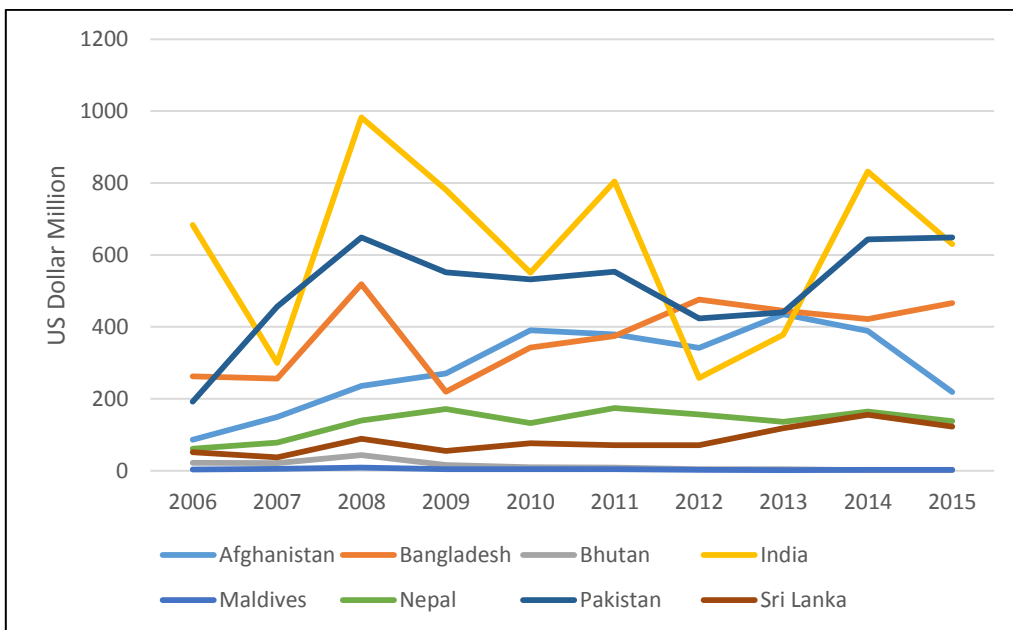


Source: OECD (2017)

In South Asia, Afghanistan, Pakistan, India, and Bangladesh are high education ODA recipient countries. In this region, India is the highest education ODA disbursement country, it was (USD 831.7 million), Pakistan (USD 643.2 million), Bangladesh (USD 421.3 million) and Afghanistan (USD 388.3 million) in 2014. Interesting thing is under the social sector, Sri Lanka disbursed their highest on education sector in 2014, it was USD 155.2 million. Disbursement of

education ODA to South Asia countries, stayed almost at the same levels from 2006 to 2015 except India. Disbursement of education ODA to India in 2007 dropped very rapidly, but suddenly jumped in 2008 by more than double. However, recorded decline again from 2008 to 2012 and recorded rapid increase from 2012 to 2014. Figure 10 illustrated Education Sector ODA Disbursement SAARC USDM in 2006-2015.

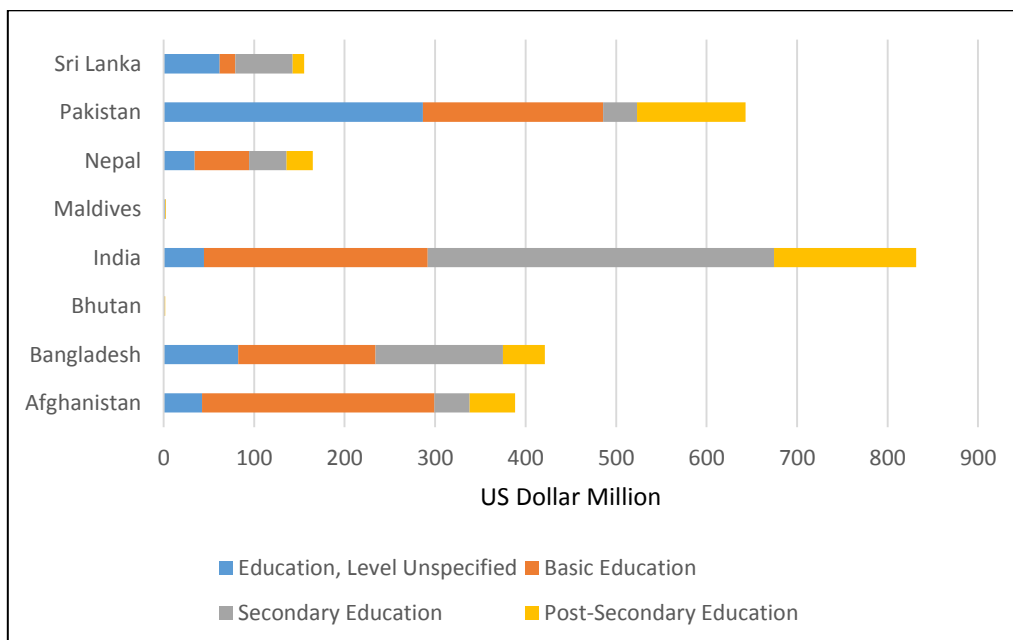
Figure 10. Education Sector ODA Disbursement SAARC USDM in 2006-2015



Source: OECD (2017)

Furthermore, in relation to education ODA within the education sub sectors, ODA is provided to few subsectors. Such as, Education, level unspecified, Basic education, Secondary education and Post-secondary education. Comparing to education sector ODA under subsectors in South Asian countries, the largest amount of ODA is provided toward basic education, among all subsectors of education. It recorded USD 932.6 million commitment in 2014. In the same year other subsectors, Secondary education USD 704.5 million, education level unspecified USD 554.2 million and Post-secondary USD 417.4 million recorded from total education ODA commitment in the South Asian region. Comparing to subsectors by countries, Pakistan and Sri Lanka has most commitment on education, level unspecified sector, Pakistan, India, Afghanistan and Nepal has more commitment on Basic education, India and Bangladesh has most commitment on Secondary education and India and Pakistan has most commitment on Post-secondary education. Furthermore, in 2014 Pakistan was the most ODA commitment country on education, level unspecified sector, it was USD 286.5 million, Basic education was Afghanistan (USD 256.6 million), Secondary education was India (USD 382.4 million) and Post-secondary education was India (USD 157.3 million). Figure 11 illustrates this clearly by providing comparison on ODA to education sector in SAARC region, by subsectors commitment in 2014.

Figure 11. ODA to Education by Subsectors commitment in SAARC countries, 2014



Source: OECD (2017)

4.3. Comparison of Government Expenditure and ODA on Education sector in Sri Lanka

Since the Free Education Act of 1949, education has been free, to a large extent, up to the first degree university level in Sri Lanka. Thus, Sri Lanka had been benefits of having a free education policy for about 7 decades and it has garnered many achievements to the country over the years with educational performance constantly improving.

Sri Lanka has reached 68th position out of 140 countries in the Global Competitive Index and has been classified as an efficiency driven economy. Sri Lanka has to transform itself to an innovation driven economy where innovation and technological transformation will be important drivers of economic growth.

Sri Lanka has become 85th in the ranking of Global Innovation Index, however have obtained 112 rank out of 140 countries on Human Capital and Research in 2015.

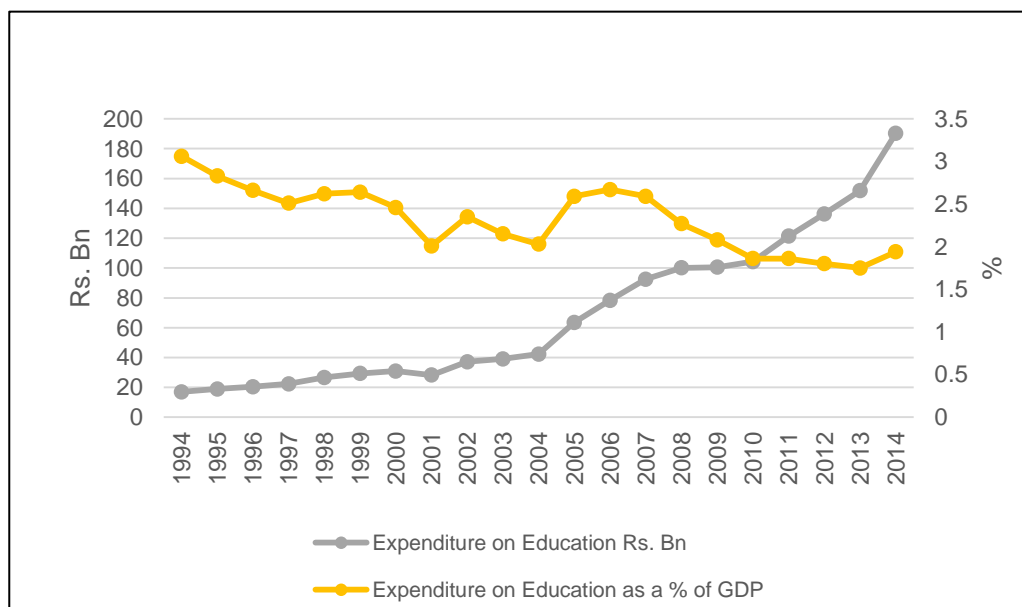
These international indices recognize the need for increasing investment in education. However, the increase in investment should be coupled with sound educational reforms that address the remaining issues within the sector. The policy measures taken in this regard should focus on reducing disparities within the education system, enhancing the quality of education offered and creating talented and skilled individuals for the future.

Developing a high quality resource base will enable the country to strive to higher growth through economic diversification and improved competitiveness. It also provides occupational mobility within the labor force, which leads to more productive and rewarding employment opportunities. Recognizing the skill needs and implications of skill constraints for a country's economic growth is more important today than ever before.

At present the total allocation on education as a percentage of GDP is reported to be 1.94 percent according to the Annual Report of the Central Bank of Sri Lanka 2014. Sri Lanka's investment on education compares poorly with other countries.

Sri Lanka had been constantly increasing expenditure on education, however the expenditure on education had not been on par with the country's GDP growth. Since 1994 expenditure on education par GDP growth has been declining. However, expenditure on education has been constantly increasing from 1994 and recorded rapidly increase from 2010 with GDP growth. Figure 12 shows that Expenditure on Education and Expenditure on Education as a % of GDP from 1994 to 2014.

Figure 12. Expenditure on Education and Expenditure on Education as a % of GDP



Source: Central Bank of Sri Lanka

However, comparing to education expenditure in both general and higher education sectors, larger proportion of public funds is spent on recurrent expenses of the education sector. Specially for salaries and allowances, overtime, travelling expenses who are working in education sector. This expenses take more than 50 per cent of government recurrent expenditure. In addition, operation expenditures, special initiatives (school text books, bursaries and scholarship, education for disabled students, pirivena education) and examinations and evaluations are the other expenses. Comparing to government

expense with recurrent and capital expense, capital expenses is very low around 15 per cent of total expenditure on education. Mostly expenses of capital for Institutional Expenditure (Rehabilitation and improvement of assets Acquisition of assets), Transfers of capital provisions made to institutions, Special development initiatives (Development of infrastructure of schools, Teacher development framework, Education quality development, Development of education evaluation systems)²². More than 95 per cent of capital expenses spent on Special development initiatives in education sector.

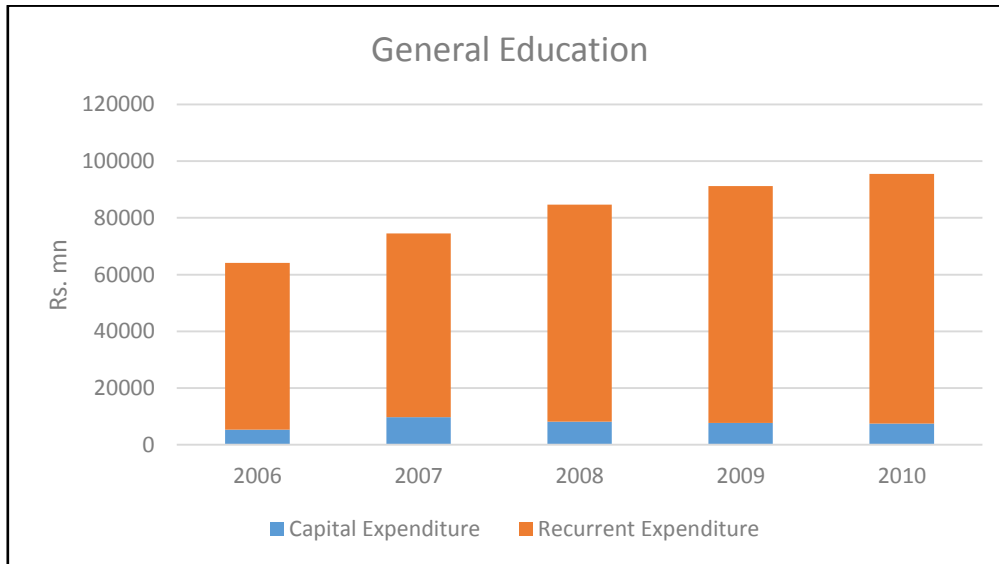
Moreover, comparing to expenses by capital and recurrent expenditure on education sector from 2006 to 2010, average of recurrent expenses on higher education²³ was 79 per cent and capital expenses²⁴ was 21 per cent. It recorded on general education²⁴ sector, 91 per cent as recurrent and 9 percent as capital expenses. Figure 13 and 14 shows that comparison of capital and recurrent expenditures on general and higher education sectors in Sri Lanka.

²² Ministry of Education Sri Lanka (2014) “Annual Performance Report – 2014”, Ministry of Education Sri Lanka, p. 9-10

²³ Central Bank of Sri Lanka (2016) “Economic and Social Statistics of Sri Lanka 2016” p. 149

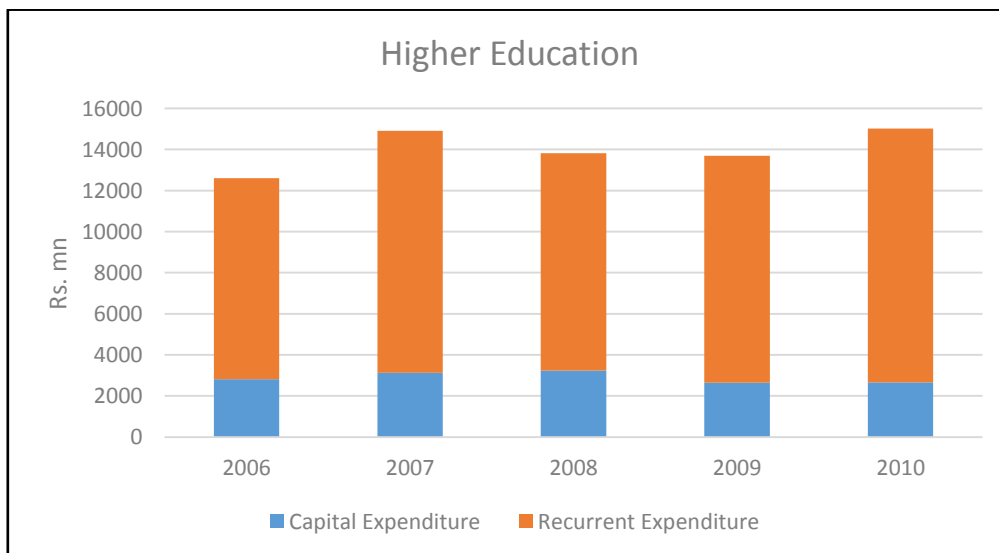
²⁴ Ministry of Education Sri Lanka (2011) Progress and Recent Trends, Ministry of Education Sri Lanka p. 44

Figure 13. Total expenditure on General Education 2006 - 2010



Source: Ministry of Education Sri Lanka

Figure 14. Total expenditure on Higher Education 2006 - 2010



Source: Central Bank of Sri Lanka

However, comparing to government expenditure on education sector and education sector ODA disbursement in Sri Lanka, foreign aid has a strong fiscal impact on the capital budget as they account for about 49.1 per cent average from 2006 to 2013. However, percentage ODA disbursement as % on total education expenditure recorded as 10.1 per cent average for 2006 to 2013 (Table 4). Moreover, mostly donor communities are dealing with areas in quality of education. In fact, in addition to policy reforms, it captures the total effect of quality inputs such as teacher training, student's welfare, curriculum development, physical facilities, equipment and other infrastructure facilities.

Table 4. Annual Budget- Higher Education, 2006 – 2013 (Rs. mn)

	2006	2007	2008	2009	2010	2011	2012	2013
Capital Expenditure	2816	3129	3233	2648	2666	3788	4941	6183
Recurrent Expenditure	9791	11775	10592	11044	12352	14307	16865	21655
Total	12607	14904	13825	13692	15018	18095	21806	27838
ODA Disbursement	1454	1377	1297	1414	2501	1638	1979	1620
ODA Disbursement as % Total expenditure	11.5	9.2	9.4	10.3	16.7	9.1	9.1	5.8
ODA Disbursement as % Capital expenditure	51.6	44.0	40.1	53.4	93.8	43.3	40.1	26.2

Source: Central Bank of Sri Lanka, 2016 and OECD 2017

Since a larger proportion of public funds is spent on salaries and other recurrent expenses of the education sector, foreign aid programs play a major role in achieving higher learning outcomes. More specifically, most of the innovative changes in the education sector have been initiated and funded through foreign aid programs. Furthermore, several donors including the World Bank and ADB have invested heavily in teacher training. ADB funded projects have also supported teacher training from its inception. For example, the Secondary Education Development Project (1993-1996) had a separate component for staff development (i.e. fellowships and study tours), upgrading teacher training institutes, and teacher training. Education for Knowledge Society Project (2007) is the most recent contribution to the education sector by the ADB (USD 15 million funded for this project)²⁵. Its main objective is to increase relevance of secondary and tertiary education to requirements of the labor market, resulting in increased employability of educated youth. The expected project outcome was to improve quality, relevance, effectiveness, and equity of access to secondary and tertiary education.

The World Bank has also been actively engaged in the development of the general education and higher education sectors in Sri Lanka since the early 1990s. Its first involvement with the education sector starts with the General

²⁵ Department of External Resources Sri Lanka (2009) Foreign Aid Review Sri Lanka, Ministry of Finance and Planning Sri Lanka p. 22

Education Project (GEP) targeted at the basic education sector. In 2008 for Additional Financing for Education Sector Development Project USD 9.57 million funded by world bank²⁶. In general education sector World Bank funded the Education Sector Development Project (2006-2010).

The UNICEF has been a major contributor to education development for the past several years and its most recent contribution to the education sector covers few major interventions: Such as, Rehabilitation and reconstruction of schools damaged by the Tsunami, improvement of Education quality through establishment of Child Friendly Concepts, coordination and support of key efforts of Ministry of Education towards EFA/ MDG.

The government of Japan has also been actively involved in the development of education sector activities. Its most recent involvement was in “Improving School Management to enhance quality of Education with Special Reference to Science and Mathematics (2005- 2008)”. The objective of the project was to expand Educational Kaizen Activities in the country’s education sector through the capacity building of the Zonal Education Officers’ and school staff and to improve the quality of education with special reference to science and mathematics.

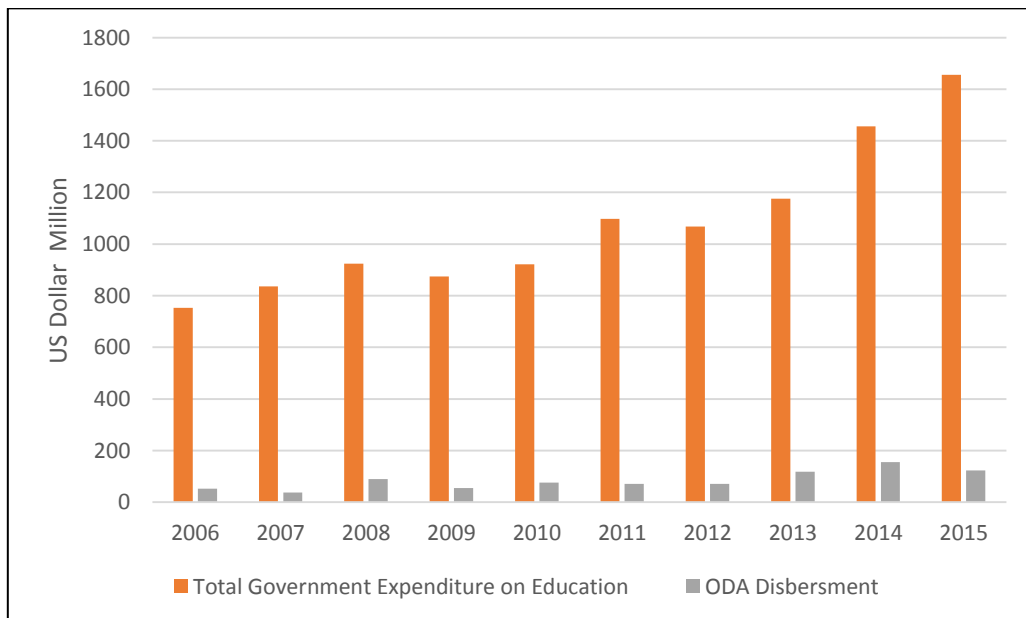
²⁶ Department of External Resources Sri Lanka (2009) Foreign Aid Review Sri Lanka, Ministry of Finance and Planning Sri Lanka p. 27

Research is one of the most important but poorly funded activities in the education sector in Sri Lanka. It has been only the donors who have been providing funds and advisory support for research studies and have built up research capabilities of the education sector. Several donors funded for research development such as ADB, UNICEF, German, Japan etc. The education areas of concentration by donors have been access and quality, management capacity and teacher training. In higher education, the areas of concentration have been improving quality and relevance and institutional capacity building.

Comparing to Government expenditure and ODA disbursement on education sector, Sri Lankan government allocating more on the education sector. As mentioned before since the Free Education Act of 1949, education has been free, to a large extent, up to the first degree university level. Therefore, the government need to expend more on education. Since 2006 to 2015 government expenditure had been constantly increasing expenditure on education. In 2006 government expenditure on education was around USD 753.5 million and 2015 was USD 1655.5 million. Furthermore, education ODA allocation also has been increasing the same period. In 2006 education ODA disbursement was USD 51.67 million and 2015 was USD 122.7 million. However, comparing to government education expenditure and ODA disbursement, Sri Lankan government allocating more on education. Education

ODA disbursement is less than 10 percent of government expenditure on education in Sri Lanka. This is illustrated in figure 15 which provides information on government expenditure and ODA disbursement on education sector in Sri Lanka (2006 - 2015).

Figure 15. Government expenditure and ODA disbursement on education sector in Sri Lanka (2006 - 2015)

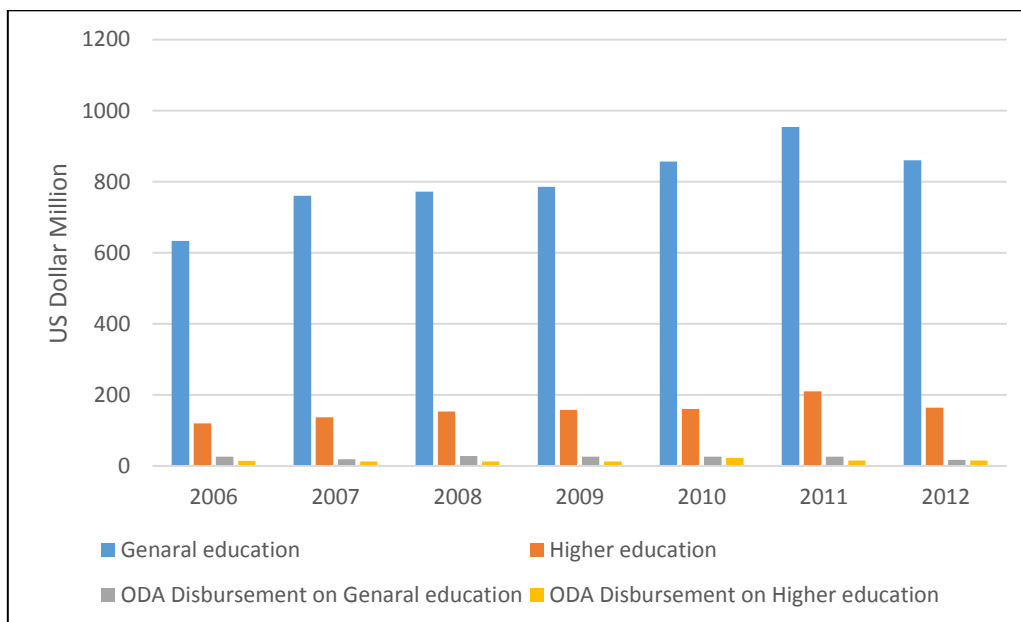


Source: Central Bank of Sri Lanka

Furthermore, comparing to government education expenditure and ODA disbursement under education subsectors in Sri Lanka, since 2006 to 2011 government expenditure on both general and higher education sectors were constantly increasing. In 2006 government expenditure on general

education was recorded USD 632.69 million and higher education USD 119.70 million. In 2011 general education recorded USD 954 million and higher education USD 209.72 million. However, Highest amount of ODA disbursement on general education sector recorded in 2008, it was USD 27.81 million. From 2009 to 2012 had been declining on this sector. It recorded USD 16.8 in 2012. ODA disbursement on higher education sector in 2006 was USD 13.99 million, but suddenly increased in 2010. It was USD 22.12 million. However, recorded decline again from 2011 to 2012 period. This is illustrated in figure 16 which provides information on government expenditure and ODA disbursement on education subsectors in Sri Lanka (2006 - 2012). Thus, comparing to government expenditure and ODA disbursement on education sector in Sri Lanka, we can find that there has been constantly increasing of government expenditure on education, both general and higher education subsectors. However, there is no significant relationship between increasing of government expenditure and ODA disbursement on education sector. It means that ODA allocation to education sector not affect to increase government expenditure on education sector in Sri Lanka. However, there is significant impact on education capital expenses. Because ODA allocation take 49.1 percent of government capital expenses on education, according to 2006-2013 average percentage.

Figure16. Government expenditure and ODA disbursement by education subsectors in Sri Lanka (2006 - 2012)



Source: Compiled from data in World Bank 2014, “Sri Lanka Investment in Human Capital, South Asia Human Development Sector”, Report No. 69²⁷ and OECD 2017

Education sector of Sri Lanka has been continuously improved over past years in terms of access, quality and research and development. Even though, the improved performance of the education sector cannot be entirely attributed to ODA assistance programs, one could safely identify foreign aid programs as one of the key contributors towards high achievement levels over the past years.

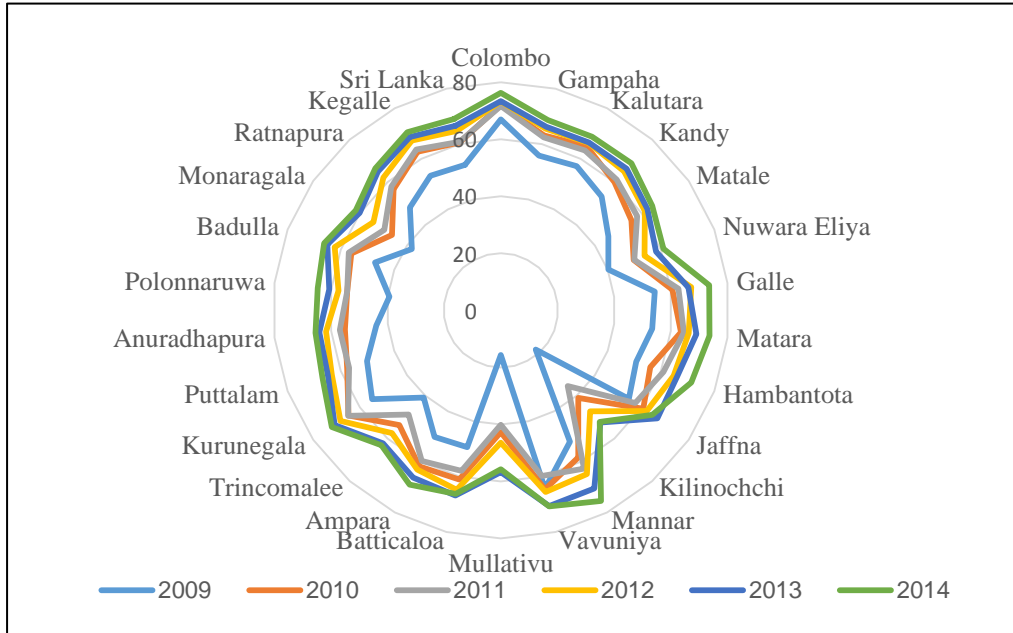
²⁷ World Bank. (2014). “Sri Lanka: Investment in Human Capital. South Asia: human development sector discussion paper” series No.69. Washington, DC. World Bank.

The sustainability of these achievement in future would very much depend on continued support from the donor community.

4.4. Key Strategic areas in Education sector improvement through the effective use of ODA in Sri Lanka

Sri Lanka education system basically consist of three subsectors; namely school or general education comprising of primary and secondary education, higher education and skills education or vocational training. In addition to these, Research and Development expenditure is also taken into account under education. The general education sector needs to be revamped with sound educational reforms and with increased investment on education in order to address some pressing challenges within the system such as the existing disparities as perceivable by disparities with regard to performance of students at national level exams.

Figure 17. Improvement of O/L Pass Rates by District



Source: Department of Examinations

This may be attributable to the disparities in the availability of resources, deployment of teachers and generally the socio-economic condition of the region as there is a significant variation in learning outcomes by province, gender (lower performance by male students), income and location. Furthermore, disparities become wider at higher grades (such as grade 8) reflecting the need to provide equally quality education at the secondary level across the country.

Numerous other challenges also exist in the sector such as the need for improvement in the survival rates of students. The overall survival rate at the

end of Grade 1-11 cycle is around 85 percent and it will be required to increase the school survival rates up to 100 percent. This is crucial to implement the Government's policy on 13 years of compulsory education.

In order to overcome the challenge of ensuring the quality of education, it is required to offer continuous professional development to teachers, principals and professionals in the education sector. However, the presently available structure needs much improvement in order to ensure capacity development opportunities are regularly available within the system. In addition, it is necessary to ensure the availability of teachers for all subjects in all schools through the adoption of well-planned and focused measures for recruitment, deployment and retraining of teachers.

Furthermore, the general education sector is faced with the challenge of providing knowledge and basic competencies needed for the knowledge driven economy with the aim of fostering innovation, creativity and productivity and bringing the knowledge and skills of students at par with those of the upper middle and high income countries. In this context, regular revision and updating of the curriculum and diversifying of the existing subject streams at G.C.E. A/L is significantly required.

The present higher education setup poses challenges with regard to access, quality and employability although many achievements have been

accomplished over the years. Even at present only 16 percent of the students eligible for university entrance are admitted to the universities (Figure 06 above). The intake should be increased by introducing market oriented degree programs.

It is also imperative to improve research activities at the university level in order to foster creation and innovation at university level. Creating linkages between universities and industries is important in this regard. All these efforts will be crucial increasing employability of graduates. According to the Graduan Employment Census of 2013 carried out by the Ministry of Education, the overall employability of graduates is 58.8 per cent.

Table 5. Employability of Graduates of State Universities by Discipline

Discipline	Employed (%)	Under Employed (%)	Unemployed (%)
Engineering	94.7	1.4	3.0
IT	92.5	1.9	4.5
Medicine	91.4	2.4	4.8
Science	71.0	6.4	22.1
Agriculture	69.7	6.7	23.6
Management	66.4	14.4	18.8
Arts	32.1	20.1	46.2
All	58.8	13.2	26.9

Source: Graduan Employment Census (2013), Ministry of Higher Education

Sri Lanka needs a higher education system which produces graduates who are able to carry out the complex tasks required by the market and learn new things easily. In this context, it is important to improve quality, access and employability of the higher education sector in order to make the sector capable of producing professionals required by the knowledge driven economy.

Skills Education is one of the foremost important areas that need to be strengthened if Sri Lanka is to achieve targeted socio-economic indicators. One of the key concerns of the sector is that around 64,000 who drop out of schools at various levels join the labor market without any acquired skill. This is rather alarming since 20.6 per cent of youth remain unemployed in the country.

One of the challenges that the skill education sector is facing is the lack of attraction of the youth towards skill education which may be due to less awareness on vocational training opportunities, unavailability of a proper mechanism to direct students from school education to vocational education. Furthermore, the output of skills education often lack competencies actually required by the labor market because of the mismatch between available vocational training courses and demands of the labor market.

According to the World Bank' Skills Toward Employment and Productivity (STEP) survey 2012, there are substantial mismatch between skills supply and demand for higher educated and higher-skilled workers in Sri Lanka.

A shortage of manpower with required skills has become the most severe constraint encountered by the business community in Sri Lanka. This can lead to slow growth in investment and job creation in the country. To compete globally, Sri Lanka needs to go beyond standard measures of skills in terms of enrolment and completion rates by looking at job specific skills in cognitive, technical and soft skills.

Furthermore, since we live in an increasingly globalized world, higher skills and higher order competencies have also become increasingly important due to the structural changes in the economy - a transformation from agricultural into manufacturing and services, a shift from labor intensive to more knowledge intensive industries, an expansion of Information and Communication Technology (ICT) sectors. Thus, there is an intrinsic need to build up capacity of the labor force on science, technology and innovation more than ever before. A country's ability to pick up new technologies and turn them into economic advantage will depend on the availability of its human capital to cater to these demands in adequate number and quality.

Therefore, skills education needs improvement for increasing access, quality and relevance of vocational training to be able to meet the evolving needs of a globalized world. To cater to this demand, Sri Lanka needs good quality formal education, complemented by relevant skills development

opportunities. Good quality education prepares future generations to meet skill needs of the economy, smooth the transition from education to the world of work enables adjustments to changes in technology and also fuels lifelong learning.

Investment in research and development is very important to lead economic growth and development. The rapid advancement in the field of Science and Technology makes it required for all economies to build up their capacities in Science and Technology.

Gross Expenditure on Research and Development (GERD) as a percentage of the GDP amounted to 0.19 per cent in 2014 which is significantly low in comparison with other emerging and developed nations.

Table 6. Comparison of Key Research and Development Indicators

Key Technology Competitiveness Indicators	Sri Lanka	China	India	Korea	Singapore	Malaysia	Japan	UK	USA
Total Expenditure for R & D as a percentage of GDP	0.19	1.98	1	4.04	2.15	1.2	3.3	1.72	2.8
Researches in R & D/ Million people	271	1020	160	5928	6438	1643	5158	4024	3979

Source: World Bank - Education and Technology Report, 2014

Lack of investment on research and development and education, has resulted in the lack of innovation and the use of technology. Countries such as Malaysia, Korea and Singapore escaped the Middle Income Trap based on their increased commitment for development of education and technology; other countries have failed owing to their technological incapacity. In order to prosper, Sri Lanka has to move beyond our traditional industries and technology and education and the investment on research and development play a major part in the process. Therefore, Sri Lanka needs to increase its allocation on Research and Development recognizing the role it can play in ushering economic growth and development. This area is very significant for donor countries to allocate their ODA for most effectiveness.

Sri Lanka receiving more ODA in education sector from last fifty years. Comparing to other developing countries Sri Lankan education sector has been improving by ODA. However, there are more to improve in this sector to sustain. As mentioned before, there are more challenging areas in education sector with general education, higher education and skill education or vocational training and also Research and Development sectors. If donor countries could address those challengers on education sector in Sri Lank, it will guide for effectiveness. These strategic areas can be made to justify the

need for continued ODA support for development of the education sector in Sri Lanka.

5. Conclusion

This paper has analyzed the role of ODA in the education sector of Sri Lanka. Within Sri Lanka education sector ODA by subsectors, education ODA disbursement compared between Sri Lanka and other South Asian countries, compared of government expenditure and ODA on education sector of Sri Lanka and identified some key strategic areas in education sector to improve through the ODA.

Thus, under the social sector since 2006 in Sri Lanka, the government & civil society-general sector is the greatest area in which ODA is provided. However, this apparent that since 2011, there has been a steady increase in ODA to education and water and sanitation sectors. Furthermore, under the education sub sectors, largest ODA commitment sectors are education level unspecified and secondary education. Comparing to other sub sectors, basic education and post secondary education sectors are receiving less amount of ODA in Sri Lanka. According to Education for all (EFA) GMR, 41 per cent of education aid world wide spent on basic education. This report mentioned that 50 per cent of aid for basic education need for education for all. However, Sri Lanka education aid ODA commitment average of last ten years recorded only 17 per cent for basic education sector. Its less than half way of spending to

education aid for basic education. That's why Sri Lankan basic education sector need more ODA than other subsectors.

In South Asia, Afghanistan, Pakistan, India, and Bangladesh are the high education ODA recipient countries. Comparing to social sector ODA disbursement in South Asian countries, except Bhutan and Maldives other all countries receives more ODA on education sector. In this region, India is the highest education ODA disbursement country and Maldives is the lowest. Comparing to education sector ODA under subsectors in South Asian countries, the largest amount of ODA is provided toward basic education, among all subsectors of education. Comparing to subsectors by countries, Pakistan and Sri Lanka has most commitment on education level unspecified sector, Pakistan, India, Afghanistan and Nepal has more commitment on Basic education, India and Bangladesh has most commitment on Secondary education and India and Pakistan has most commitment on Post-secondary education.

Sri Lanka had been constantly increasing expenditure on education sector. however, the expenditure on education had not been on par with the country's GDP growth. Since 1994 expenditure on education par GDP growth has been declining. However, expenditure on education has been constantly increasing from 1994 and recorded rapidly increase from 2010 with GDP growth. Sri Lankan government allocating more on education. Education has

been free, to a large extent, up to the first degree university level, since the Free Education Act of 1949. Comparing to expenses by capital and recurrent expenditure on education sector from 2006 to 2010, average of recurrent expenses on higher education was 79 per cent and capital expenses was 21 per cent. It recorded on general education sector, 91 per cent as recurrent and 9 percent as capital expenses. However, comparing to government expenditure on education sector and education sector ODA disbursement in Sri Lanka, foreign aid has a strong fiscal impact on the capital budget as they account for about 49.1 per cent average from 2006 to 2013. Percentage ODA disbursement as % on total education expenditure recorded as 10.1 per cent average for 2006 to 2013. Moreover, mostly donor communities are dealing with areas in quality of education. In fact, in addition to policy reforms, it captures the total effect of quality inputs such as teacher training, student's welfare, curriculum development, physical facilities, equipment and other infrastructure facilities. Since a larger proportion of public funds is spent on salaries and other recurrent expenses of the education sector, foreign aid programs play a major role in achieving higher learning outcomes. More specifically, most of the innovative changes in the education sector have been initiated and funded through foreign aid programs. However, comparing to government education expenditure and ODA disbursement, Sri Lankan government allocating more on education.

Education ODA disbursement is less than 10 percent of government expenditure on education in Sri Lanka. Thus, comparing to government expenditure and ODA disbursement on education sector in Sri Lanka, we can find that there has been constantly increasing of government expenditure on education, both general and higher education subsectors. However, there is no significant relationship between increasing of government expenditure and ODA disbursement on education sector. It means that ODA allocation to education sector not affect to increase government expenditure on education sector in Sri Lanka. However, there is significant impact on education capital expenses. Because, ODA allocation take 49.1 percent of government capital expenses on education, according to 2006-2013 average percentage.

Comparing to other developing countries Sri Lankan education sector has been improving by ODA since more than fifty years. However, there are more to improve in this sector to sustain. As mentioned before, there are more challenging areas in education sector with general education, higher education and skill education or vocational training and also Research and Development to improve. For general education sector, increase the investment on education up to 6 per cent of GDP, develop all primary and secondary schools with basic facilities and creates efficient and strong linkages between primary and secondary schools, standardize the teacher training mechanism to enhance the

quality of teaching, strengthen education administrative structure and promote private participation in the education system, provide training opportunities for the capacity building of education administrative officials, teacher educators and professionals of the education sector. For higher education sector, increase access of higher education and develop infrastructure in all universities, introduce more Public Private Partnership (PPP), encourage university research and innovation for the country's development through commercialization. For skill education or vocational training sector, developing the vocational training curriculum in line with the local and foreign labor market demand, improve private sector participation for providing vocational training and enhancing quality of existing training programs, improve quality, access and relevance of vocational education and develop infrastructure facilities in training institutions and enhance the quality of existing training program of vocational training sector etc. Sri Lanka had been allocating more on education. however, the expenditure on education had not been on par with the country's GDP growth, still couldn't achieve 6 per cent GDP on education target²⁸. Because of huge debt ratio (debt almost 80 % of GDP in 2017, world economic outlook database 2017). That's why Sri Lanka need much ODA to address their challenging issues areas in education sector. These strategic areas can be made to justify

²⁸ Education Aid Watch 2015. (2015). Global Campaign for Education p.6

the need for continued ODA support for development of the education sector in Sri Lanka. Can recommend these areas for continued external support.

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Appendix

Social sector ODA commitment in Sri Lanka from 2006 to 2015 (USD M)

Appendix 01

Sector	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	59.25	83.74	37.55	28.83	62.27	178.17	35.42	233.97	241.63	83.95
Health	16.32	13.22	31.13	73.43	40.26	13.59	59.94	189.29	12.92	13.54
Population Policies/Programmes & Reproductive Health	3.14	3.37	1.49	11.39	3.37	18.38	40.50	18.98	2.15	0.59
Water Supply & Sanitation	38.27	173.13	239.72	67.61	256.53	191.35	20.65	262.21	253.57	250.17
Government & Civil Society- general	86.17	63.59	124.30	72.54	156.13	90.42	108.04	42.67	97.35	49.26
Other Social Infrastructure & Services	32.01	26.48	62.23	73.14	5.59	33.87	39.05	14.04	31.56	7.94

Source: OECD (2017)

Social sector ODA disbursement in Sri Lanka from 2006 to 2015 (USDM)

Appendix 02

Sector	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	51.67	37.35	51.28	54.78	76.22	70.70	71.20	118.37	155.22	122.74
Health	30.23	24.02	28.82	36.55	50.46	33.62	31.07	28.91	44.12	54.10
Population Policies/Programmes & Reproductive Health	12.93	7.25	8.52	9.68	9.81	7.57	6.30	7.03	3.76	7.69
Water Supply & Sanitation	68.73	49.01	73.54	51.44	128.22	103.26	114.49	121.15	143.57	141.44
Government & Civil Society-general	92.20	107.69	70.40	84.13	96.49	126.57	100.15	91.64	70.96	56.97
Other Social Infrastructure & Services	67.86	61.59	52.14	34.73	53.64	62.84	31.56	25.39	24.63	9.93

Source: OECD (2017)

World Total Social sector ODA commitment from 2006 to 2015 (USDM)

Appendix 03

Sector	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	11315.16	12204.37	13978.56	14860.37	16698.62	13736.28	14934.82	14754.69	15726.57	14946.11
Health	13321.16	7681.22	10037.63	12820.03	14000.76	12077.09	13156.97	16034.67	14688.23	20321.17
Population Policies/Programmes & Reproductive Health	6542.60	9197.86	9745.44	10679.71	9380.45	10793.59	9951.77	10799.72	11300.88	11263.24
Water Supply & Sanitation	8249.80	9012.61	10228.12	14840.70	12214.78	13148.08	14796.15	13571.03	13000.56	13936.31
Government & Civil Society-general	14792.40	18920.53	24073.53	27037.16	24782.42	24004.14	23731.70	24967.43	25907.50	23529.35
Other Social Infrastructure & Services	8147.55	6039.44	10107.51	13175.69	10138.25	7360.88	7375.25	8999.44	8379.70	8687.90

Source: OECD (2017)

World Total Social sector ODA disbursement from 2006 to 2015 (USD M)

Appendix 04

Sector	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Education	9672.49	11338.70	11418.86	13944.99	15019.16	14525.79	13545.48	13039.81	13778.05	12217.71
Health	11678.49	7535.11	7975.51	10320.12	12144.43	12118.61	11987.94	14454.37	13695.53	14083.19
Population Policies/Programmes & Reproductive Health	4962.96	6295.01	7965.49	8986.33	9641.81	10631.68	10860.24	11308.03	10754.43	9925.18
Water Supply & Sanitation	4757.27	5000.30	6785.99	7324.21	9700.48	9360.05	8728.10	8766.20	9874.95	9762.75
Government & Civil Society-general	9720.23	15464.88	18761.70	21619.49	24620.98	20686.98	21145.86	22625.35	23078.50	22620.22
Other Social Infrastructure & Services	6368.35	6048.66	7077.55	11309.32	8678.24	7349.27	6762.64	8485.50	6636.20	7316.08

Source: OECD (2017)

Education sector ODA disbursement in SAARC Region from 2006 to 2015 (USDM)

Appendix 05

Year	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
2006	86.18	262.59	22.24	683.08	3.08	61.45	191.93	51.67
2007	149.02	256.04	20.99	299.81	5.04	77.96	456.53	37.35
2008	235.19	518.63	43.23	982.89	8.11	139.41	648.46	89.02
2009	270.52	219.44	15.74	781.24	4.43	171.83	551.24	54.78
2010	390.36	342.69	9.41	550.41	4.49	132.48	531.59	76.22
2011	378.53	374.18	8.20	804.77	4.18	174.02	553.34	70.70
2012	341.45	476.36	4.21	257.38	2.22	156.55	423.50	71.20
2013	435.37	444.90	4.40	377.94	1.67	135.86	440.52	118.37
2014	388.37	421.33	1.77	831.76	2.49	164.75	643.22	155.22
2015	219.05	466.46	1.47	630.27	1.97	137.35	648.45	122.74

Source: OECD (2017)

Total ODA commitment in Sri Lanka from 2006 to 2015 (USDM)

Appendix 06

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Multilateral Donor	263.97	502.38	461.16	673.91	609.30	779.51	525.05	736.02	1388.00	854.64
Bilateral Donor	184.84	651.03	802.29	401.34	830.26	922.42	792.03	757.20	839.37	496.64

Source: OECD (2017)

Total ODA disbursement in Sri Lanka from 2006 to 2015 (USDM)

Appendix 07

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Multilateral Donor	60.35	243.01	300.66	322.54	544.56	575.24	583.23	578.21	639.92	562.06
Bilateral Donor	434.26	633.71	734.96	722.70	721.93	715.40	690.41	573.58	566.02	519.02

Source: OECD (2017)

ODA to Education by Subsectors commitment in Sri Lanka, 2009 (USDM)

Appendix 08

Sector	Commitment	Disbursement
Education, Level Unspecified	12.49517636	16.74560527
Basic Education	2.029625	12.06243845
Secondary Education	7.027693892	13.66516301
Post-Secondary Education	7.277015969	12.3089204
Total	28.82951122	54.78212712

Source: OECD (2017)

ODA to Education by Subsectors commitment in SAARC countries, 2014 (USDM)

Appendix 09

Sector	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Education, Level Unspecified	42.58	82.23	0.53	44.48	1.51	34.39	286.59	61.97
Basic Education	256.67	151.87	0.29	247.49	0.13	59.91	199.05	17.22
Secondary Education	38.87	140.92	0.21	382.46	0.11	41.34	37.36	63.29
Post-Secondary Education	50.25	46.32	0.74	157.33	0.74	29.11	120.22	12.75
Total	388.37	421.33	1.77	831.76	2.49	164.75	643.22	155.22

Source: OECD (2017)

Comparison of expenditures on general and higher education sector in Sri Lanka (Rs. mn) 2006-2010

Appendix 10

	Higher Education		General Education	
	Capital Expenditure	Recurrent Expenditure	Capital Expenditure	Recurrent Expenditure
2006	2816	9791	5309	58873
2007	3129	11775	9705	64823
2008	3233	10592	8159	76554
2009	2648	11044	7744	83448
2010	2666	12352	7477	88010

Source: Ministry of Education Sri Lanka & Central Bank of Sri Lanka

국문초록

지난 50 년 동안 스리랑카 교육 시스템은 엄청난 양의 공식 개발 원조 (ODA)를 통해 발전을 이루었다. 학교 네트워크의 확대, 교육의 질적 향상, 직업 훈련 기관의 설립 등을 예로 들 수 있다.

이 연구의 주요 목적은 스리랑카의 교육 부문 ODA 의 역할을 분석한다. OECD 자료에 따르면, 스리랑카는 매년 많은 양의 ODA 를 받고 상당량의 ODA 를 교육 발전에 사용해왔다.

본 연구는 첫째, 기초 교육, 중등 교육 및 고등 교육과 같은 교육 하위 분야에서 교육 ODA 를 분석하는데 활용 될 것이다. 둘째, 스리랑카와 아프가니스탄, 방글라데시, 부탄, 인도, 네팔, 몰디브, 파키스탄과 같은 다른 남아시아 국가들의 교육 부문 ODA 지출 정도를 비교한다. 셋째, 스리랑카의 정부 지출과 교육 부문의 ODA 를 비교한다. 마지막으로 본 연구를 통해 효과적인 ODA 를 통한 스리랑카 교육의 발전을 모색한다.

주요어: 공적 개발 원조 (ODA), 교육 부문 원조, 원조 할당, 양자 간 원조, 다자간 원조

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