

## How to improve the Effectiveness of International Funding for Education? The Aligned Pooled Fund Approach

**International aid still largely relies on project-based financing.** However, this fragmented approach has revealed significant limitations: it often establishes parallel systems that compete with national institutions, leading to scattered funding and poor coordination among stakeholders. These dynamics ultimately weaken the long-term impact of aid. In contrast, **aligned pooled funds for education offer a more sustainable solution.** Rooted in national priorities and integrated into public financial systems, they help build institutional capacity instead of bypassing it—making them a powerful tool to tackle both the structural and operational challenges of the most fragile education systems.

### Limitations of the project-based approach

**The project-based approach remains dominant in international financing for development.** Aid delivery still relies heavily on standardized mechanisms based on the traditional project cycle, often viewed as a one-size-fits-all solution regardless of context or geography. Between 2012 and 2019, over 70% of international development funding was channeled through project-based interventions—despite growing evidence of their limitations<sup>[1]</sup>. Since 2010, the sector has seen a proliferation of actors and an increasing fragmentation of aid. In just a decade, the proportion of countries hosting more than 60 donor field offices has jumped from 55% to 78%. At the same time, the number of annual operations in social sectors has surged dramatically, from 26,000 to 119,000<sup>[2]</sup>.

**Project management units (PMUs) may end up in competition with national institutions and contribute to weakening them.** The project-based approach tends to underestimate the capacities of partner countries, minimizing the value of their human resources, institutional structures, and regulatory frameworks.

[1] World Bank (2022), "Understanding Trends in Proliferation and Fragmentation for Aid Effectiveness During Crises".

[2] World Bank (2021), "A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture".

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It pays insufficient attention to the tools and mechanisms these countries have developed to manage external funding, maximize its effectiveness, and deliver tangible results. Frequently, this approach relies on hiring external personnel and setting up temporary, stand-alone structures operating outside the national institutional framework. These PMUs assume core responsibilities that should rest with local institutional actors—such as planning, implementation, financial management, and monitoring. In doing so, they monopolize resources and impose their own methods, classifications, procedures, and reporting systems, often at the expense of existing national systems.<sup>[3]</sup>

**The coexistence of a multitude of parallel projects gives rise to overlapping—and sometimes even contradictory—standards and procedures.** This proliferation multiplies operational approaches, rules, and frameworks, which are typically applied only within the narrow scope of the projects themselves. In their pursuit of visibility and legitimacy, many projects draw heavily on the already limited human resources of education ministries. Directors and technical staff find their time increasingly consumed by project-related activities, often at the expense of essential day-to-day responsibilities required to keep the education system running. While each project tends to operate with its own action plan, some countries still lack a coherent strategy for the everyday operations funded through the national budget.

**The project-based approach is fundamentally built around temporary procedures, methods, and tools.** Its structure typically operates in parallel to national systems, limiting its capacity to drive long-term transformation in complex sectors like education. Even when systemic change is presented as a core objective, it often proves unrealistic and unattainable. In most cases, the practices introduced during the project lifecycle vanish once the project ends. These approaches are rarely scalable at national level, either because they were not designed with this in mind or because the financial cost of doing so is prohibitive. In many countries, ad hoc mechanisms have been used for decades to build schools, fund school feeding programs and educational materials (such as textbooks, kits, and furniture), and support school management committees. However, without being institutionalized, these procedures have left ministries in a passive role—recipients of externally driven activities rather than leaders of system-wide change.

**The risk of undermining national institutions is significant.** While capacity building is often cited as a core objective of development efforts, project-based approaches may end up mobilizing the human resources of public administrations more than reinforcing them. The multitude of operational demands tied to project implementation can disrupt institutional workflows and blur the distribution of responsibilities within national structures. Rather than directly supporting

these institutions, projects frequently depend on them to deliver on their own objectives—without necessarily offering structured or sustainable capacity support. In many cases, the project-based model imposes its own set of mechanisms, fostering a logic of substitution and external interventionism. By importing and enforcing distinct rules, procedures, and methodologies, it can erode institutional autonomy and hinder local actors from taking ownership and steering their own development agenda.

## Aligned Pooled Funds: A Coherent and Credible Alternative to Projects

**Aligned pooled funds are an embodiment of the Paris Declaration.** Aligned pooled funds provide a response to the demand of recipient countries to enhance the effectiveness of interventions, in accordance with the Paris Declaration on Aid Effectiveness (2005)<sup>[4]</sup>. This declaration introduced five key principles to increase the impact of international financing: ownership by recipient countries, alignment with national systems, harmonization of partners' efforts, results-based management, and mutual accountability. These principles seek to place national stakeholders and institutions at the center of development assistance. Aligned pooled funds put these principles into practice by pooling partners' resources and assigning them to national institutions. The allocation of financing is secured, plotted and monitored on the basis of national provisions for the management and control of public finances. Aligned pooled funds thus mark a break with the project-based approach, but also with traditional budget support, which is often criticized for its fungibility in national budgets and the uncertainty as to its additional nature.

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## What is an Aligned Pooled Fund for Education?

An Aligned Pooled Fund for Education is a financing mechanism that enhances the effectiveness of international aid by bringing together contributions from multiple technical and financial partners within a single, coordinated framework. It rests on two core principles: (1) Aligning external support with national institutions and procedures, so that funds are managed by local authorities in accordance with their own systems, responsibilities, and rules; (2) Pooling donor resources into a single financing mechanism, to reduce fragmentation and improve coordination. Within an Aligned Pooled Fund for Education, donors operate under a harmonized management framework that lowers transaction costs and strengthens coordination. This model enables budgetary support even in contexts with fragile public financial management, thanks to robust collective oversight and accountability mechanisms. Beyond its financial function, an Aligned Pooled Fund for Education also plays a transformative role by institutionalizing best practices in public management and transparency. It thus contributes to lasting improvements in the efficiency and effectiveness of public spending in the education sector.

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[3] De Sardan and Giovalucchi (2009), "Planning, Management and Politics in Development Projects: The Logical Frame Approach", *Revue Tiers Monde*.

[4] OECD (2005), "Paris Declaration on Aid Effectiveness".

**National institutions are in the driver's seat.** Aligned pooled funds are managed entirely through national structures and procedures, placing decision-makers and administrators of the education system behind the wheel. These institutions assume full responsibility for every stage of implementation—from planning to the justification of expenditures. Education services deliver activities and manage external resources using the same processes that apply to domestic funding. It is precisely this integration into day-to-day operations that strengthens institutional capacity and engages stakeholders across the system. By working within their own structures, actors are empowered to design and develop sustainable solutions rooted in local realities.

**Capacity gaps are anticipated and addressed more effectively.** The aligned pooled funding approach enables capacity gaps to be identified early and transformed into opportunities for institutional development. Rather than bypassing weaknesses, it fosters sustainable capabilities in leadership and management by working alongside national actors to drive change from within. Well-designed technical assistance plays a pivotal role in establishing and operationalizing these funds. It helps address institutional shortcomings in education services, supports reform processes, and mitigates operational and fiduciary risks associated with transferring resources to national entities. Technical assistance typically focuses on four key areas: (i) planning and reporting; (ii) budgeting, accounting, and financial management; (iii) procurement; and (iv) operating procedures within the education system. These support mechanisms are grounded in capacity-building plans and aim to gradually transfer expertise to national administrations. «Mature» aligned pooled funds for education may only require targeted, ad hoc support. In contrast, more recent funds often undergo multiple cycles of technical assistance before achieving sufficient autonomy. For instance, to accelerate capacity development, the Ministry of Education in Madagascar is in the process of developing an online training course with dedicated modules tailored to the various stakeholders needs.

## **A concrete and measurable impact on education systems<sup>[5]</sup>**

**The implementation of aligned pooled funds delivers tangible results, particularly in meeting the challenge of scaling up interventions.** Unlike isolated projects that often lead to fragmented progress limited to specific regions or thematic areas, aligned pooled funds promote national coverage and equitable access to resources. This approach helps overcome the “archipelago effect” commonly associated with project-based aid, enabling a more balanced and coherent distribution of external financing across the country. For example, despite numerous donor-funded initiatives aimed at subsidizing schools, Niger lacked a national mechanism to support school management committees. The aligned pooled

funds for education addressed this gap by developing an operational framework, complete with tools and procedures. In 2021, the aligned pooled funds for education subsidized over 6,618 primary schools and 1,779 secondary schools nationwide—reaching around 935,000 primary school students and 900,000 secondary students. In Madagascar, following the establishment of the aligned pooled funds for education in 2021, authorities opted to channel funding through the public accounting system allowing, as of 2025, all public institutions—including 30,589 primary schools, 2,934 lower secondary schools, and 165 technical education centers—to be financed with external resources under a nationally harmonized system.

**Simplification of the dialogue and reduction of management costs.** Aligned pooled funds can bring together contributions from as many as ten international partners within a single mechanism. This structure enhances coordination among donors and simplifies dialogue with government ministries by consolidating discussions through a unified channel. By adopting a shared management framework, partner countries significantly reduce transaction costs and administrative burdens. Donors relinquish individual control in favor of a collective approach, fostering greater harmonization and coherence in the delivery of aid.

**Experience shows that public expenditure becomes more efficient and transparent under aligned pooled funds.** These mechanisms have significantly improved the absorption of external financing. In Niger, just one year after its launch, the aligned pooled funds for education achieved an average implementation rate of 71.3% between 2019 and 2022, with an annual budget of €30 million. In Burkina Faso, the average rate reached 71% between 2017 and 2022, peaking at over 85%, with an average yearly budget of €36.8 million. By using the financial management systems already in place within the government—such as national budgeting, accounting, and auditing procedures—aligned pooled funds make it easier for countries to use aid effectively and efficiently. In many cases, sectors funded by national budgets struggle to fully spend the money allocated to them because of rigid procedures, lack of coordination, or weak administrative capacity. By aligning with existing national systems rather than creating parallel ones, aligned pooled funds strengthen those systems and help ensure that both external aid and domestic resources are actually used on time, for the intended purposes. This results in better planning, smoother implementation, and ultimately, stronger impact on the ground. Moreover, aligned pooled funds contribute to the establishment or reinforcement of key processes and tools that enhance transparency—such as improved access to financial execution data, systems to combat fraud and corruption, and stronger internal control mechanisms. Over time, these best practices are institutionalized and help improve the overall governance of public resources.

[5] All the examples and figures given in this section are taken from the capitalization work conducted in the study “Aligned Pooled Funds for Education in Africa: Principles, Implementation and Country Case Studies”, AFD-I&D study, October 2024, available here: <https://www.afd.fr/fr/ressources/fonds-communs-education-afrique>

**Key institutional reforms are supported.** Aligned pooled funds play a pivotal role in driving structural reforms within the education sector—particularly those related to regional deconcentration and decentralization. These reforms are essential to improving service delivery, enhancing efficiency, and raising the overall performance of education systems. Aligned pooled funds for education empower local stakeholders—teachers, students, school principals, inspectors, and administrators—to directly manage external resources, enabling them to take concrete, daily action to improve education outcomes. In Madagascar, public financial management systems have allowed aligned pooled funds resources to be allocated across all decentralized services of the Ministry of Education, including 22 Regional Education Directorates (DREN), 114 School Districts (CISCO), and 1,840 Administrative and Pedagogical Zones (ZAP). This funding has significantly reinforced teacher supervision and school monitoring. In Burkina Faso, 471 Basic Education Districts (CEB) and 45 Provincial Directorates have benefited from the fund, with 71% of the 2023 Action Plan's resources executed at the provincial level. In Guinea, the aligned pooled funds for education has supported the decentralization of classroom construction by institutionalizing collaboration between line ministries and the National Agency for Local Government Financing (ANAFIC), making local governance a central actor in education service delivery.

## Implications for the future of international financing for education

**Scaling up is a prerequisite for the effectiveness of aid for education.** Extending donor support to the national level is critical for achieving countries' development goals and ensuring a more equitable distribution of external resources. When aligned with national management systems, pooled funds enable resources to reach key frontline actors—teachers, school principals, and administrators—who are instrumental in improving education quality on the ground. As mechanisms rooted in national procedures and institutional frameworks, aligned pooled funds serve a dual purpose: they act as long-term catalysts for systemic transformation while also delivering concrete improvements in the quantity and quality of education services in the short term. By operating at scale, they incentivize administrations to develop sustainable and context-appropriate operating models. Moreover, these funds directly support the implementation of major reforms on critical issues such as teacher training (both pre-service and in-service), school operations, girls' education, and school feeding programs—making them a cornerstone for both ambitious reform and operational impact.

**Aligned pooled funds represent a shift toward a new culture of alignment in international development.** To fully realize their transformative potential, development institutions must progressively embrace approaches that are rooted in national systems, human resources and procedures. This shift calls for a fundamental rethinking of operating models and tools, as well as targeted training to challenge the persistent notion that project-based aid is the default response to all development challenges. Creating spaces for dialogue and peer learning is essential. These forums enable stakeholders to share successful experiences and best practices in the design and implementation of aligned pooled funds—thereby contributing to their wider adoption and long-term impact.

**Acting differently to achieve more sustainable results.** The experience of aligned pooled funds demonstrates that carefully crafted strategies—anchored in national systems and tailored to local contexts—can drive lasting transformation in education. By supporting structural reforms and reinforcing the capacity of domestic institutions, these approaches offer a credible and effective alternative for embedding long-term change. They pave the way for sustainable improvements in education systems, not through substitution, but through empowerment and ownership.

## Conclusion

**Aligned pooled funds for education represent a much-needed break from traditional aid modalities.** By consolidating resources, strengthening the capacities of local institutions, and supporting national reforms, they offer a tailored response to the complex challenges facing fragile education systems. Their impact goes far beyond short-term results: they help build resilient public institutions, reduce the fragmentation of public action, and lay the groundwork for the sustainable transformation of education systems.

**The future of the international financing of education lies in aligned approaches and effective coordination.** To meet the pressing challenges of education in emerging and developing countries, it is essential to promote mechanisms like aligned pooled funds—solutions that maximize the impact of financial support while preserving the sovereignty and leadership of partner countries. These approaches offer a clear path toward more equitable, efficient, and sustainable education systems.

