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Research Article

Driving Quality Education Through Foreign Capital Inflows: A Pathway to Sustainable Development Goal 4

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Abstract

This study explores how foreign capital inflows, including foreign direct investment (FDI), official development assistance (ODA), and foreign remittances, influence the provision of quality education in developing countries to achieve Sustainable Development Goal 4 (SDG 4). Despite the acknowledged significance of quality education for human capital development and economic growth, many low- and middle-income nations encounter challenges such as inadequate funding, insufficient infrastructure, and unequal access. Employing a mixed-method approach, the research combines quantitative trend analysis and qualitative thematic review to investigate the impact of foreign capital on education development in diverse settings. The results indicate that when foreign capital is integrated into national education policies with transparent institutions, it can enhance infrastructure, expand access, improve teacher training, and foster digital inclusion. Case studies from countries like Ghana, Vietnam, India, and Kenya illustrate the successful incorporation of foreign investment into national education strategies. Nonetheless, the study also underscores obstacles like misallocation, excessive reliance, and uneven distribution of benefits. The research concludes with policy recommendations to optimize the influence of foreign capital on education through enhanced governance, equity, and international cooperation, paving the way for inclusive, high-quality, and sustainable education systems in developing countries.

Keywords: foreign capital inflows, quality education, sustainable development goal 4

Introduction

The majority recognizes quality education as the foundation for individual empowerment, social inclusion, and long-term national development. Sustainable Development Goal 4 (SDG 4) emphasizes the need for inclusive, equitable, and quality education, ensuring access to quality lifelong learning opportunities for all by 2030 (Department of Economic and Social Affairs Sustainable Development, 2015). However, despite increasing international advocacy, many developing countries are far from achieving this target. Financial constraints, inadequate infrastructure, and a lack of qualified educators continue to hinder the potential of the education system (UNESCO, 2020). These challenges are not isolated but closely linked to broader developmental problems. Without quality education, the ability to develop skilled human capital diminishes, limiting innovation, productivity, and sustainable economic growth (Kanval et al., 2024). Traditional domestic funding models have not met expectations, particularly in low-income countries where governments operate under tight fiscal constraints. As a result, there is a growing need to explore alternative financing approaches that can support educational transformation in the future.

One of such solutions is that of using foreign capital inflows. Some of them are foreign direct investment (FDI), official development assistance (ODA) and remittances; these can go a long way to fill in gaps of funding and extend the palate of access to educational prospects (Gupta et al., 2024). Beyond financing, foreign investments may provide excellent technical advice, encourage innovations in methods of teaching, and create partnerships that would enrich education systems (Karim et al., 2025; Korsah et al., 2025). Nevertheless, the effects of such inflows completely depend on the manner in which the inflows are regulated, targeted, and incorporated into national education policies. For example, such a capital can develop modern learning conditions and enhance digital inclusion of rural or underserved regions (Baquero & Escortell, 2022).

Similarly, the instructional capacity and student outcomes can also be improved by training teachers in programs that are also funded using international aid in situations where capacity is constrained (Ahmed et al., 2025). Nevertheless, it is equally important to be prudent over the reinstrumentation of foreign finance, which can lead to dependence or reorientation of policy away from the national interests.

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The Role of Foreign Capital Inflows in Education Development

Financial Support for Education

Lack of enough funding is one of the major challenges experienced in most underdeveloped countries in enhancing education systems. By channelling resources into education, such as foreign capital, for example, FDIs, ODA, and remittances, this problem. As noted by Abbas et al. (2022), foreigners' investments play an important role in the development of human capital, which is important in drawing more investment and stimulating long-term growth. Such financial resources are used to enhance teacher training, expand access to schools, and upgrade the facilities of schools. Mahmood and Tanveer (2021) also pointed out that foreign capital can help develop financial markets, and thus, the educational system is better enabled to contribute to economic development. Improved access to financial support means more investment in quality education which is cardinal in driving towards the targets of SDG 4.

Enhancing Educational Infrastructure

Foreign capital inflows are important to developing countries' education infrastructure. Most countries experience difficulties in allocating appropriate resources, including classrooms, study equipment, and technology. In their research, Dinh Su and Phuc Nguyen (2022) showed that foreign financial flows play an important role in closing those gaps, particularly in areas that lack domestic resources. This provides governments a chance to put up modern facilities and learning technologies that can improve the learning experience. According to Kanval et al. (2024), the foreign capital can also contribute to what is needed for the teacher training programs, which is vital to the quality of education. Such enhancements not only help students directly but also advance the whole development of human capital and thus produce a workforce with higher skills and a better education, which attracts more foreign investments.

Challenges in Effective Utilization of Foreign Capital

But the effects of foreign capital influx on education are not often assured. The success of such investments is a function of the governance arrangements and the institutional frameworks put in place to take care of such investments. Foreign investments in education, according to Kanval et al. (2024), can only be successful if the former is aligned with national education policies. Lacking strong governance and strategic planning, the foreign fund might be misallocated, therefore some improvements might be minor in education. According to Shahbaz et al. (2021), foreign investments towards infrastructure and human capital are important but should be supported through effective policy frameworks for the success to be sustainable and the funds to realize the desired outputs.

FDI and Economic Growth

In their research, Shahbaz et al. (2021), also mention the fact that FDI is also often associated with the economic development, which, in its turn, will contribute to a set of positive results in education; Those nations that register high FDI do so on account of the high levels of resources to invest in education since the economy grows making the tax base and revenues of the government increase. This builds a feedback loop that will lead to better education, an even more skilled workforce, and attract more foreign investment. Abbas et al. (2022) also support this notion; that foreign capital inflows not only help in sustaining educational infrastructure, but they also promote private-sector participation in educational development.

The goals of this study, therefore, are to evaluate the effect of foreign capital inflow (FDI, ODA, and remittances) on the quality of education in developing countries. For the purpose of assessing the challenges and barriers specific to the use of foreign capital to develop education, and also to determine the role of foreign capital in filling the financing gap in education in developing countries.

This research is important because it aims to investigate how the inflow of foreign capital (such as FDI, ODA, or remittances) can contribute to the quality of education in developing countries and thus support the aims for achieving the target of SDG 4. Through reviewing the issues and the opportunities that come with the use of foreign investments in education, the research seeks to offer useful information to policymakers, international development agencies, and educational institutions as to how they may optimally use resources, improve educational infrastructure, and create long-term sustainability. Ultimately, this research will support forming efficient defences for utilizing foreign capital towards inclusive, equitable, and quality education, empowered communities, and sustained development.

Review of the Related Literature

Foreign capital flow has been receiving mounting attention with regard to its importance in realizing sustainable development, especially in financing education needs and addressing the challenges of SDG 4. Researches were carried out to examine how foreign investments affect education quality and how the capital flows create an opportunity as well as a challenge for the developing countries. According to Kanval et al. (2024), human capital formation, FDI, and economic growth are interconnected, and the authors pay attention to the fact that foreign capital, especially educational, can stimulate sustainable development, ensuring a better quality of the labor force and more educational possibilities. Paralleling this, Slimani et al. (2024a) state that international capital flows play an important role in funding the sustainable development agenda in Sub-Saharan Africa, but they point out that investments in education can be transformative in terms of wider economic and social returns and facilitate longer-term stability. Pudryk et al. (2023) take this discussion further by looking at the link between migration and education, revealing that foreign investments can facilitate skill enhancement and enhance human capital formation, which should be important for sustainable growth. The studies also indicate the importance of governance and institutional quality in the use of foreign capital effectively. Slimani et al. (2024b) therefore argue that the success of international capital movements in delivering on SDG 4 is very dependent on good governance and diffusion of information and communication technologies (ICT), which could improve educational results and transparency in the use of funds. Several studies observed that foreign capital inflows help promote education, economic growth, and development in developing countries (Azam, 2009; Bahattab et al., 2016; Khan, 2024a; Mumtaz et al., 2025).

In their research, Caetano et al. (2024) analyze the intricate dynamics of inward and outward FDIs in the EU countries, arguing that investments oriented towards sustainability objectives can both stimulate economic development and provide environmental benefits that will encourage the existence of an education-oriented and innovative ecosystem. The analysis of the correlation between the foreign capital inflows and sustainable development has also been conducted within the scope of Eurasia countries, in which Izadi and Madirimov (2023) conclude that FDI may play a significant role in achieving SDGs, especially in enhancing the infrastructure and expanding access to education. Jiang (2025) describes the possible pathways for the growth of industry under the SDG framework, and refers to the priority investments, omnibus education, and other listed investments, which are essential in the achievement of greater economic and social objectives. Garg et al. (2025) echo this idea in demonstrating the fact that education, renewable energy, and governance remain the major drivers of sustainable development, and foreign capital can be a very fundamental enabler of these sectors, especially to the ASEAN economies.

SDG 4 seeks to achieve "ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all. This target is essential to empower people and communities, the growth of the economy, and the curbing of inequality. Recently, foreign capital influx, like FDI, official development assistance, and remittance, has come to be considered as tools that can help improve the quality of education, especially in developing countries.

This literature review explores the link between foreign capital inflows and the quest for quality education situating this in the context of sustainable development generally. This human right and catalyst for achieving all other SDGs is the underpinning of SDG 4. The Human Capital Theory is compatible with this argument, asserting that educational investment enhances individual productivity and generates a positive national economic effect (Kanval et al., 2024). Kopnina (2020) criticizes education for sustainable development (ESD) implementation, describing the discrepancy between the policy discourse and results. Moreover, the Dependency Theory captures a reverse argument: there is the danger of dependency creation if such aid is not planned to supplement local capacities and priorities.

There is emerging evidence indicating that foreign capital, especially in the form of FDI, takes a key role in financing and upgrading systems of education. Aust et al. (2020) discovered that the FDI in African countries has a positive impact on the SDG-related outcomes, such as education infrastructure. Izadi and Madirimov (2023) provide findings of similar results in Eurasian countries, suggesting that FDI improves access and the level of educational attainment through technology transfer and an enhanced institutional framework. Slimani et al. (2024a) research Sub-Saharan Africa and conclude that international capital flows play a large role in the financing of social development goals in regions where governance mechanisms are strong. Zhan and Santos-Paulino (2021) note that the effectiveness of foreign capital is based on the channels in which it mobilizes and implements thus; well-aligned investments should be incorporated in their national education strategies. Foreign capital makes an impact on education results through diverse channels such as infrastructure, curriculum, teacher training and digital tools (Kanval et al., 2024). Pudryk et al. (2023) discuss the impact of migration and remittances on opportunities to obtain education, stating that it is possible that inflows can relieve financial constraints to education. However, Slimani (2024b) underlines the fact that the success of these inflows relies on the level of quality of governance and the diffusion of information and communication technology, which drives inclusive learning.

The impact of education for sustainable development is diverse and includes its effect on income-generating activities, health, gender equality, and activity in the civic spheres. Zhan and Santos-Paulino (2021) demonstrate that strategic investments into education increase these benefits, creating long-term sustainability. According to Aust et al. (2020), Azam (2016), Azam et al. (2025), Khan (2024b), and Izadi and Madirimov (2023), foreign investments, when focused correctly, can provide significant gains in human capital formation and national resilience. Even with the positive evidence, there are still several gaps. While there is a lot of literature on how FDI can impact the economy, little attention has been paid to its qualitative effects, including educational equity, opportunity for critical thinking, and applicability to local contexts. There is also a dearth of thematic research on the impact of FDI on primary and secondary education in low-income regions. Existing literature highlights the potential for foreign capital outflows to enhance education quality and contribute to achieving Sustainable Development Goal 4. However, the positive effects of such investments are contingent on conducive environments, good governance, strategic alignment with local needs, and sustainable planning. Future research should delve into the nuanced effects of different types of capital on education and propose strategies for institutionalizing the benefits of foreign investments. Studies by Khan and Fauzee (2025), Rehman et al. (2018), and Rivaldo and Khan (2025) underscore the importance of education and governance in advancing educational outcomes.

Objectives

This research aims to investigate the level of inclination of foreign capital inflows to follow the agenda of SDG 4 for inclusive, quality, and sustainable education in developing countries. It explores the opportunities and restraints of the inflows, focusing on how these inflows can be optimized through accountable governance, local ownership, and evidence-based planning (Ocampo & Lazaro, 2024).

Methodology

Design

An exploratory research design was used to explore how foreign capital inflows, such as FDI, ODA, and remittances, affect education provision and quality of education. The architecture supported a detailed investigation of socio-economic variables, cultural trends, and institutional policies that defined the educational terrains of poor nations. The research went further to explore how these capital inflows are operationalised for access, infrastructure, and capacity in the education sector.

Method

In this study, the relationship between foreign capital inflows and the promotion of quality education was examined. This overemphasis was placed upon their role in attainment of the SDG 4 through the adoption of a mixed-methods approach, whereby both qualitative and quantitative research methods were integrated. This dual approach enabled them to have a more detailed perspective of the economic, policy-based, and contextual factors that were influencing the outcome in terms of education, particularly in Asia and Africa. Based on the available literature, this study analysis involved regression to study the way FDI, ODA, and remittances affect secondary education budgets, numbers of students enrolled in education, and levels of literacy.

Data Collection

The study involved the use of secondary data from credible global and regional institutions such as UNESCO, the World Bank, and national education ministries. Important indicators were school enrolment and dropout rates, gender disparities in literacy, public vs. private education funding, and foreign capital inflows for education purposes. Reports and policy documents from the government were also reviewed to determine if they align with the targets of SDG 4. Beyond numeric information, qualitative information came from academic literature and field insights.

We utilized annual data for the years 2020-2023 from countries including China, Rwanda, Belarus, South Africa, and Algeria the data was collected from the World Development Indicators, the World Bank data. We used multiple linear regression to evaluate how foreign capital entering the country (as a share of the GDP) influences the government's spending on secondary education. Thanks to this analysis, we saw the ways in which foreign aid changes how different countries invest in education.

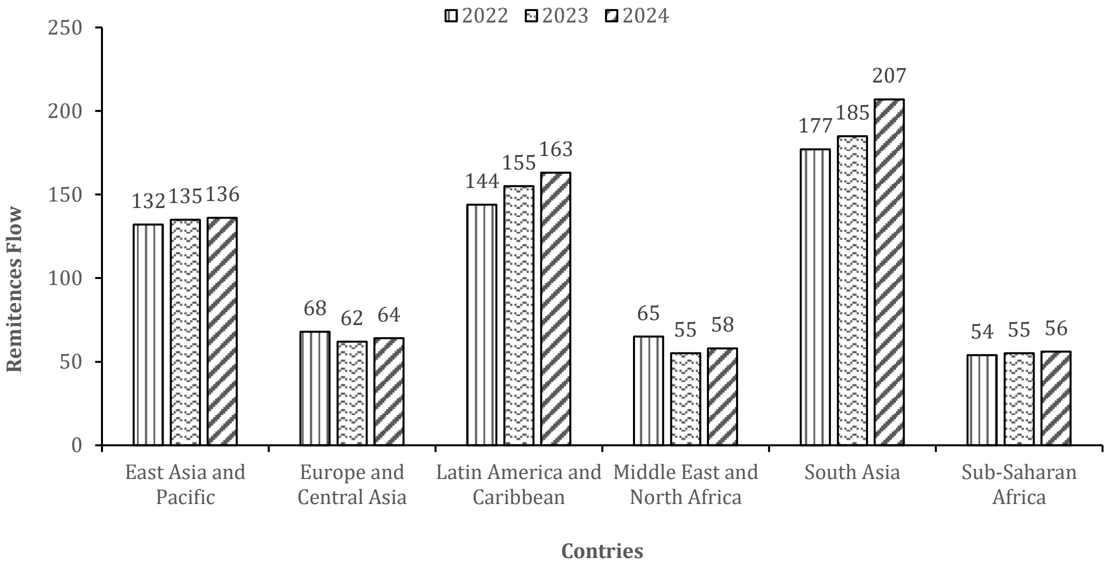
Results

A mix of trend analysis and thematic reviews was also employed in determining the relationship between foreign capital inflows and educational outcomes. Quantitative findings were interpreted using descriptive statistics to establish patterns and disparities in education investment and outcomes in selected countries. Policy effectiveness was measured by comparing data on literacy and enrolment historically and currently with capital inflow patterns. The research used qualitative content analysis to explain the socio-political environment that shapes education reform. The interaction between foreign aid, governance, and educational equity was examined critically to identify enabling factors or constraints of policy implementation that would achieve SDG 4.

From Figure 1, it can be seen that the dataset has yearly figures starting from 2022 to 2024 for six world regions, describing a particular measure over time. As a whole, the trend is one of growth, but there are regional differences in the data. East Asia and the Pacific had a consistent growth curve: 132 in 2022 to 136 in 2024, suggesting moderate but consistent progress. On the other hand, Europe and Central Asia experienced a decrease from 68 in 2022 to 62 in 2023, and marginally again rising to 64 in 2024, indicating a short-term drop in performance. Latin America and the Caribbean demonstrated a robust and consistent growth, from 144 to 163 during three years, reflecting a strong upsurge. The 2022 figure of 65 in the Middle East and

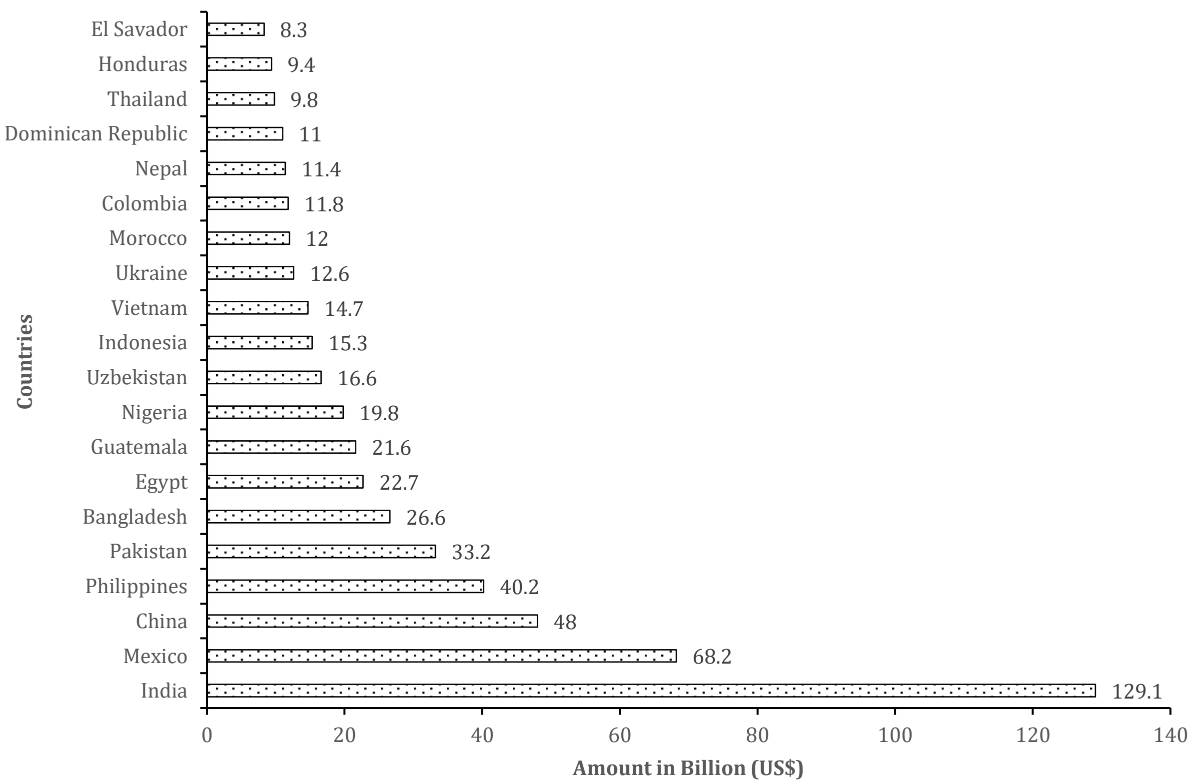
North Africa reduced to 55 in 2023, then subsequently recovered to 58 in 2024, suggesting some degree of volatility or external disruption. Among all the regions, South Asia grew the most, jumping from 177 in 2022 to 207 in 2024, showing strong and growing progress. Finally, Sub-Saharan Africa has had a stable trend with slow rises from 54 to 56. This indicates slow, but progressive, betterment. Overall, most regions demonstrated positive growth, and South Asia and Latin America took the lead, while in the case of Europe, Central Asia, and the Middle East, there were some fluctuations.

Figure 1
Remittance Flows to Low- and Middle-Income Regions from 2022 to 2024



Note. The data from "In 2024, remittance flows to low- and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined", by D. Ratha, S. Plaza, and E. Ju Kim, 2024, *World Bank Blogs*. Copyright 2025 by The World Bank Group.

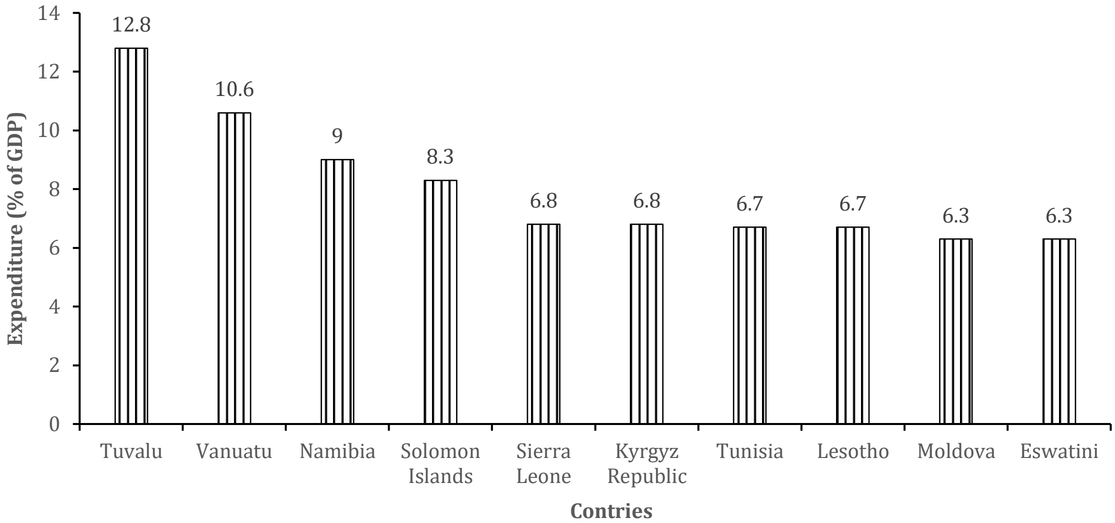
Figure 2
Top Recipients of Remittances Among Low- and Middle-Income Countries



Note. The data from "In 2024, remittance flows to low- and middle-income countries are expected to reach $685 billion, larger than FDI and ODA combined", by D. Ratha, S. Plaza, and E. Ju Kim, 2024, *World Bank Blogs*. Copyright 2025 by The World Bank Group.

India came out as the top remittance destination for the low - and middle-income countries in 2024 with an estimated total of $ 129.1 billion USD from remittances, much higher than other countries. Second was Mexico with $68.2b, followed by China with $48.0b and the Philippines with $40.2b, all showing a strong relationship of their global diaspora to their domestic economy. Pakistan and Bangladesh, too, stood out with $33.2 and $26.6 26.6billion, respectively. Other notable recipients were Egypt ($22.7 billion), Guatemala ($21.6 billion), and Nigeria ($19.8 billion). Some of them were also the countries of Central and South America, including Honduras, El Salvador, and the Dominican Republic, which topped the list of the 20 most remittances-receiving countries. Special attention should be paid to the fact that the region's economies are highly dependent on remittances. Around the same time, Asian countries, such as Uzbekistan, Indonesia, Vietnam, Nepal, and Thailand, had received between $8.3 and $16.6 billion, establishing clear undercurrents of foreign worker dependence. In general, the data reveal the vital role of remittances in propping up economies in several regions, and South Asia and Latin America are standouts in that sense.

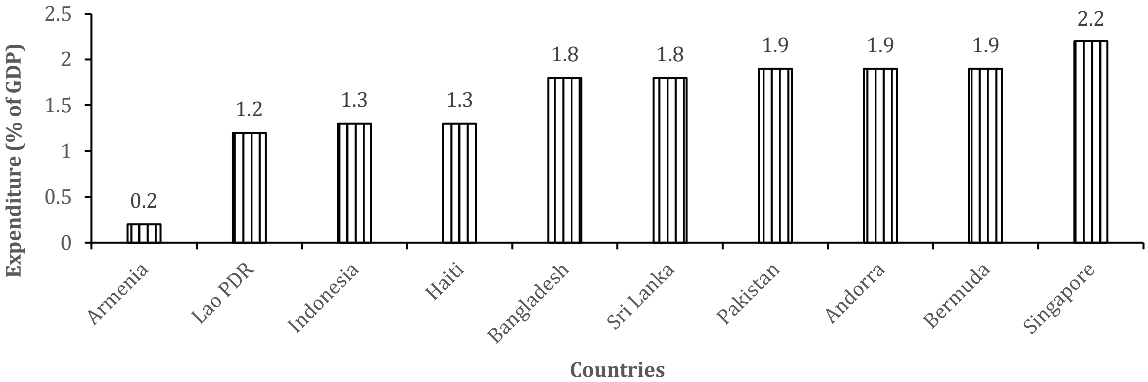
Figure 3
Countries with Top Government Expenditure on Education as of 2023



Note. The data from "Government expenditure on education, total (% of GDP)", by World Bank Group, 2024, *UNESCO Institute for Statistics* (https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS). Copyright 2024 by The World Bank Group.

Figure 3 shows that Tuvalu tops the list with a stupendous 12.8% hence a great emphasis on education to the neglect of its economy. Chances are that small island nations such as Tuvalu, Vanuatu, and Solomon Islands fill the highest places, probably because of a focused government strategy or outside aid. The fact that we have African (Sierra Leone, Lesotho, Eswatini) and post-Soviet (Kyrgyz Republic, Moldova) countries tells us that higher spending is not the same as wealth but appears to indicate policy preferences or development strategies.

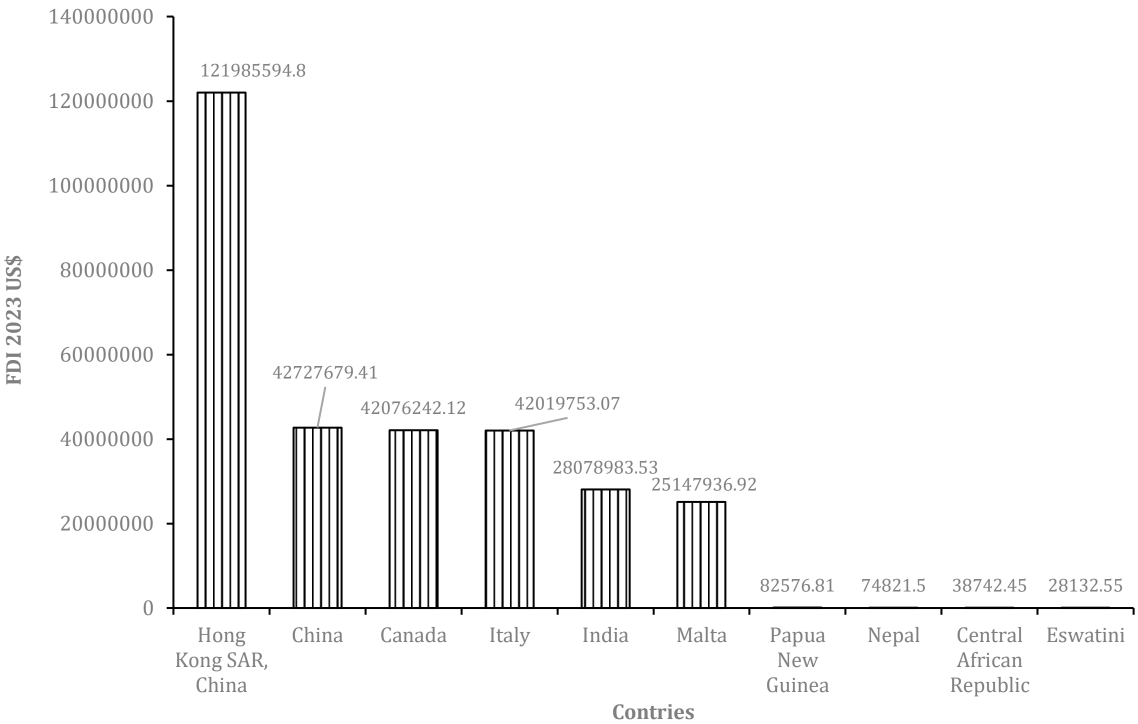
Figure 4
Countries with the Lowest Government Expenditure on Education



Note. The data from "Government expenditure on education, total (% of GDP)", by World Bank Group, 2024, *UNESCO Institute for Statistics* (https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS). Copyright 2024 by The World Bank Group.

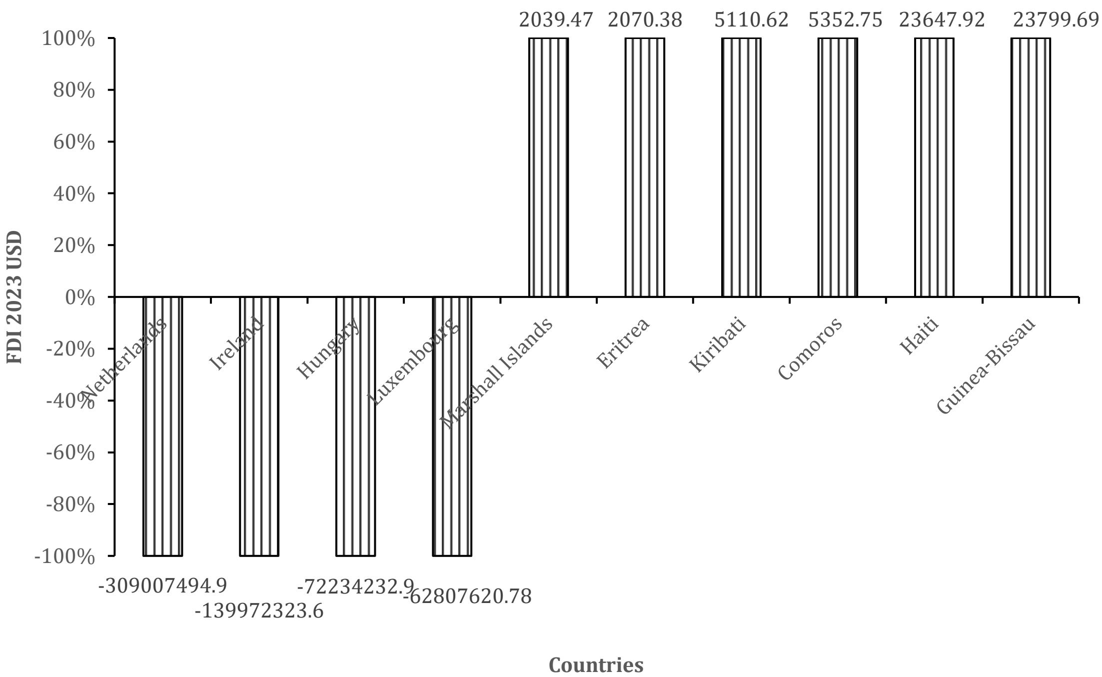
Figure 4 indicates that Armenia can be highlighted by very low government expenditure on education (SC of < 0.5% of GDP), which is very low by global indicators. Even being an advanced economy, Singapore is also there, but expenditures on these sectors are higher for it (2.2% approximately). This may be a high dependence on private/alternative education financing mechanisms. The list contains developed countries (Singapore, Bermuda, and Andorra) and poor countries (Pakistan, Bangladesh, and Haiti) both proving that the poor spending is not associated with a specific level of economy. South Asian countries are specially listed (Bangladesh, Sri Lanka, Pakistan), which suggests possible problems with regional investment in education.

Figure 5
High Foreign Direct Investment (FDI) Inflows



Note. The data from "Foreign direct investment, net inflows (BoP, current US$)", by World Bank Group, 2024, *UN Conference on Trade and Development* (https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD). Copyright 2025 by The World Bank Group.

Figure 6
Low Foreign Direct Investment (FDI) Inflows

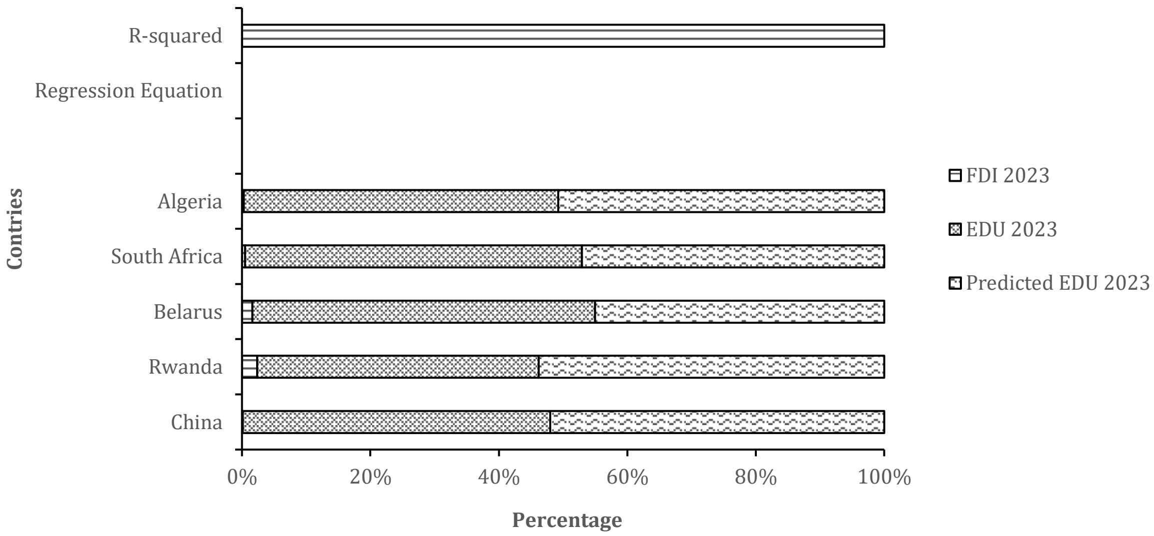


Note. The data from "Foreign direct investment, net inflows (BoP, current US$)", by World Bank Group, 2024, *UN Conference on Trade and Development* (https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD). Copyright 2025 by The World Bank Group.

Hong Kong bubbles out of the chart, with approximately 121.99 billion US$ of FDI inflow, outstretching all other countries on its board. China, Canada, Italy, and India come after in millions, receiving FDI in the billions from around 42 billion US$ to 28.8 billion US$. Malta and Papua New Guinea FDI inflows were reasonable, with 25.1 billion US$ and 825.8 million US$, respectively. The rest of these countries, being Nepal, the Central African Republic, and Eswatini, had very low inflows, with Eswatini having the lowest, Eswatini less than 100 million US$, while Eswatini had the lowest (approximately 28.132 US$).

Netherlands, Ireland, Hungary, Luxembourg, and Marshall Islands saw -100% FDI inflows. These are normally financial hubs or offshore centres, and the negative values probably denote capital outflows caused by tax reform compliance (e.g., the OECD global tax rules), corporate profit repatriation, and Internal restructuring of multinational companies. FDI in Fragile or Isolated Economies: Eritrea, Kiribati, Comoros, Haiti, and Guinea-Bissau received very low FDI inflows. These are small, growing, or politically unstable countries, with weak investment environments, Limited infrastructure, governance or policy instability, and Low investor confidence. Differences in Patterns amongst developed and developing nations: Even advanced economies (developed) demonstrate intentional capital shifts (negative inflows), not a state of economic decline. Problems in attracting new investment leave developing countries with little potential for economic growth. Investment Trends Reveal the State of the World: The data indicate a trend of financial tightening and selective investment by the world's capital in 2023. An investor focuses on stable, high-return markets and regulated environments.

Figure 7
Regression Analysis of Foreign Direct Investment and Education Index (2023)



Note. *Note*. The data from "Foreign direct investment, net inflows (% of GDP)", by World Bank Group, 2024, *Organisation for Economic Co-operation and Development* (https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?end=2023&most_recent_year_desc=false&start=1970&view=chart). Copyright 2025 by The World Bank Group. The data from "Current education expenditure, total (% of total expenditure in public institutions)", by World Bank Group, 2024, *UNESCO Institute for Statistics* (https://data.worldbank.org/indicator/SE.XPD.CTOT.ZS?end=2023&most_recent_year_desc=false&start=2014&view=chart&year=2020. Copyright 2024 by The World Bank Group.

Regression Equation

EDU2023=−5.61×FDI2023+91.82

Key Findings

Slope (Coefficient**)** = -5.61. This indicates a negative relationship between FDI and the education index in this dataset-as FDI increases by 1 unit, the education score tends to decrease by 5.61 units.

Intercept = 91.82. When FDI is 0, the model predicts an education score of 91.82.

R^2 (Coefficient of Determination) 0.42. This means that only 42% of the variance in education scores is explained by FDI. The rest may be due to other factors.

Interpretation

There appears to be a weak-to-moderate negative correlation between FDI and education scores among the five countries. However, with an R^2 of only 0.42 and such a small dataset, this result should be interpreted cautiously.

Discussion

Using quantitative regression analysis, the study found a weak to moderate negative correlation between FDI and the education index in five countries: China, Rwanda, Belarus, South Africa, and Algeria (R^2 = 0.42). The model's result indicates that boosting FDI does not always lead to better education results and, in a few cases, can actually make things worse. While this may be surprising, Shahbaz et al. (2021) agree that FDI benefits depend on strong governance and the fit of institutions. Reviewing policy papers and examining case examples in key countries (Ghana, Vietnam, and Kenya) suggest that those with clear education policies and planned investments could attract more foreign funding and use it to help more children access education, improve facilities, and support teachers. Ghana demonstrates this by using international funds for primary education, and Vietnam uses foreign funds to effectively improve vocational training. Remittances in Figures 1 and 2 are higher in value and growth than both FDI and ODA, mainly in South Asia and Latin America. Money sent home from abroad (as happens in the Philippines) supports education for the whole community. This points out why it is crucial to look past traditional aid or FDI to different types of capital strategies. Differences seen in Figures 3 and 4, for example, 12.8% for Tuvalu's education and almost 0.5% for Armenia, prove that the role of foreign capital depends on how much a country budgets for education. Governance quality and ICT diffusion reduce and remove, respectively, the positive impact of capital inflows, as Slimani et al. (2024a; 2024b) found. Typically, ODA provides more resources for basic learning, but FDI focuses on metro educational centres, leaving some rural areas low on resources. This supports what Kopnina (2020) said about the gap between the objectives in educational policies and the results for sustainable development. Importantly, this research supports the idea from Human Capital Theory that targeted spending on education leads to lasting benefits for the economy and society (Kanval et al., 2024). Still, we should acknowledge the Dependency Theory: overdependence on foreign capital without growing your domestic economy can make a nation vulnerable. All things considered, this research shows that smart and relevant handling of foreign capital can help improve education. Still, without strong frameworks, positive aims may not be achieved, and inequality could worsen. Going forward, expanding the data, using better econometric methods, and studying the effects by education sector can improve the research.

Conclusion

This study emphasizes the significant role that foreign capital inflows, such as FDI, ODA, and remittances, can play in enhancing the quality of education in developing countries. Relying solely on domestic financing to achieve Sustainable Development Goal 4, which aims for inclusive and equitable education for all, has proven insufficient. Foreign capital is an additional resource that can address funding gaps, improve infrastructure, train teachers, and provide access to technology. However, the benefits of foreign inflows are not automatic and require strong institutional governance, alignment with national education strategies, and transparent investment tracking. Case studies from countries like Ghana, Vietnam, India, and Kenya demonstrate that well-managed foreign investments can significantly improve education outcomes and human capital. It is essential to ensure that foreign capital is used strategically to avoid dependency, unequal distribution, and neglect of local needs. Foreign capital should complement, not replace, domestic commitments to education. By developing national education policies, fostering accountability, and promoting international collaboration, countries can build inclusive and resilient education systems that support Sustainable Development Goal 4. Achieving this goal requires not only increased resources but also their wise, collaborative, and sustainable utilization.

Recommendations

Strengthen Policy Alignment with SDG 4 Objectives

National governments should ensure that their foreign capital investments are aligned with their education policies and SDG 4 targets. This includes well-defined priority areas like basic education, gender equity, rural inclusion, and digital access. For instance, Ghana has incorporated foreign aid into its budget for basic education to fund the free secondary education policy, meaning that whatever the donor gives will directly add value to national objectives. In the same way, Vietnam has integrated foreign investments into its long-term education development programs to fuel vocational and technical training.

Enhance Governance and Institutional Capacity

Such a governance framework is indispensable in maximizing the benefits brought by foreign capital. Institutional mechanisms should be transparent, whilst regulatory oversight should be made stronger and corruption protected against to reduce misallocation of funds. Rwanda's Aid Management Platform is an exemplary model to make the foreign aid be monitored and coordinated in real time, including the disbursement of education-related aid, thus enhancing policies' coherence and transparency.

Promote Equitable Access to Educational Investment

Foreign capital has to be distributed in such a way that it reduces existing gaps between access and quality. This means tediously focusing on investments in marginalized regions, underserved populations, and disadvantaged social groupings. The DIKSHA digital education platform in India, funded by international partners, provides open-access, multilingual digital content that especially reaches students in rural and low-income areas. This initiative is an example of how inclusive planning can make use of foreign support toward closing the gap in educational inequality.

Leverage Remittances for Community-Based Education Projects

Now that remittance flows are outpacing FDI and ODA in most locations, policies must be created to ensure that some of this money ends up in specific community education structured programs. In the Philippines, remittance-matching schemes under the Balik Probinsya, Balik Pag-asa program give the diaspora groups the ability to co-finance schools and learning centers in their hometowns. These mechanisms do more than open financing but also create ownership and sustainability at local levels.

Encourage Public-Private Partnerships (PPPs) in Education

Governments should proactively establish partnerships with international organizations and businesses, as well as non-profit organizations, with a bid to enhance innovation and efficiency of the delivery of education. This is the exemplary potential of PPP: the case of Kenya's Tusome Early Grade Reading Program supported by USAID and private actors. Such models show the potential of a combination of international resources and local implementation, which can result in scalable and sustainable impact.

Invest in Monitoring and Evaluation Systems

One major constraint inherent in many education systems is the absence of effective monitoring to track the footprints of foreign-funded initiatives. Governments should initiate or strengthen national education monitoring systems, in which the performance of capital investments could be measured to ensure that they serve a long-term quality improvement goal. Chile's Quality Assurance System for Education (SAC) is a data-based model in which funding and policy decisions are made using indicator performance.

Foster Regional and International Cooperation

Countries must proactively adopt regional and global cooperation in sharing best practices, sharing resource capacity and bargaining power with international donors and investors. ECW with education cannot wait projects indicate the effectiveness with which multi-stakeholder platforms can mobilize foreign capital to crisis-affected education systems in over 40 countries. Such collaboration also builds resilience and adaptive capacities in vulnerable contexts.

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