

# **Planning and Implementation of SWAPs: An Overview Issues Paper**

**Prepared as a Background Document for  
CIDA President's Forum on Sector-Wide Approaches (SWAPs)**

**October 10, 2000**

## **I Introduction**

The purpose of this paper is to provide an overview of issues relating to the planning and implementation of SWAPs. While much has been written on this topic in recent years, this paper seeks to pull together some of the key lessons and issues from the literature and in the process to serve as a background document for the CIDA President's Forum on SWAPs (October 10, 2000). Particular attention is given to implications for donor agencies, such as CIDA, of shifting towards greater reliance on SWAPs as an aid modality.

## **II Background**

The growing interest in SWAPs reflects widely documented concerns with traditional approaches to development assistance, in particular the project modality. According to the critics, project aid has too often contributed to aid fragmentation, overwhelmed developing country management capacity, undermined local ownership and yielded limited and often unsustainable results.

Donors and developing country governments have sought to respond to these criticisms by developing and implementing SWAPs which are intended to place greater emphasis on local ownership, policy coherence, complementarity, improved coordination among stakeholders, a longer-term strategic orientation, clearer links between domestic policies and public expenditures and capacity issues.

Various definitions of SWAPs have been put forward in the literature reflecting a range of views as to what is actually meant by this term. For purpose of this paper, we put forward the following definition:

"The sector wide approach defines a method of working between Government and donors.... The defining characteristics are that all significant funding for the sector supports a single policy and expenditure program, under Government leadership, adopting common approaches across the sector, and progressing towards relying on Government procedures to disburse and account for all funds."

As Foster et al have noted, this working definition "focuses on the intended direction of change rather than just the current attainment". This recognizes the reality that most SWAPs are at a relatively early stage of development – thus the gap between the concept and realities 'on the ground'.

As the definition above suggests, SWAps are a method of working or a way of ‘doing business’ rather than a blueprint for development. They also represent a conceptual shift from donor-led to developing country-led development. In practical terms, SWAps can be thought of as one type of aid modality, with many variations, which can be situated on a continuum of approaches to development assistance - from traditional stand alone projects to budgetary support (see Table 1 below).

**Table 1 – SWAps Programming and Financing Arrangements**

<b>Stand Alone Projects</b>	<b>Sector Reform Program</b>			<b>Budgetary Support</b>
	<b>Project Type Aid</b>	<b>Earmarked Funds</b>	<b>Sector Budgetary Support (Pooled Funds)</b>	
Donor-funded activities are outside of the government’s sector reform program. Donor funds are fed into project accounts accessed only by an intermediary agency which is accountable to the donor.	Donor-funded activities support the government’s sector policy framework but are managed as projects (e.g. relying on donor management systems, reporting, contracting etc.)	Donor funding supports the government’s sector policy framework. Financing is through dedicated accounts with conditionalities or performance agreements linked to their release.	Donors provide sector budgetary support pooled with other donors. Some pre-conditions may apply to the release of donor funds. Increased reliance on common procedures, e.g. appraisal, reporting, monitoring and evaluation, and joint review processes.	Donors provide budgetary support to the government not linked to a specific sector program. Normally in return, donors engage in policy dialogue with the government on the total budget, not just for a specific sector.

As one moves across the table (from left to right), there is a gradual but significant shift from donor-led and controlled processes to approaches which are led by developing countries, based on domestically developed policies and rooted in national systems and procedures. Choices made by donors as to which approach they will rely on will depend on an assessment of the development country’s policies, programming frameworks, budgetary processes, financial management and planning capacity and a number of other factors, including the quality of partnership arrangements. For example, where developing country policies are sound, linked clearly to a medium-term expenditure framework and government capacities in planning and management (esp. financial) are strong, support by donors is more likely to be based on pooling of funds and harmonized procedures. Donor involvement in SWAps at this end of the spectrum focuses more on policy issues and ongoing dialogue with government, including active engagement in sector planning and review meetings. Non-sectoral budgetary support, which is

increasingly being embraced by agencies such as DFID and the World Bank, is almost a 'post-SWAp' phenomenon which reflects a belief in the need to think beyond individual sectors and to support governments' efforts to address development concerns on a more comprehensive, multi-sectoral basis, e.g. health issues which cross over to education, or vice versa. This perspective is consistent with recent thinking on poverty reduction.

CIDA support for sector reform programs has mainly been in the form of project type aid with activities contributing to the attainment of sector policy objectives. For example, in Mali, CIDA committed \$20 million to the education sector program (non-basket funding) in 1997 which has targeted specific areas, such as teacher education and decentralized management. In Mali, CIDA relies on a project approach for financial management and contracts. However, consideration is being given to adopting common approaches in certain areas, e.g. indicators, joint missions. In Bangladesh, Canada is one of two bilateral donors not pooling funds in that country's health and population SWAp. Most of CIDA's funding for the Bangladesh SWAp (current contribution \$28 million) is provided through a co-financing arrangement with the World Bank and a parallel funding arrangement with UNFPA. A significant portion of these funds is in the form of tied aid, some of which is used to purchase contraceptives. A Canadian Executing Agency also provides technical, advisory and monitoring assistance. CIDA is active in various SWAp fora in Bangladesh. In the Uganda program, CIDA staff is seeking approval to support that country's education sector program. The proposal calls for \$10 million over five years in the form of sector budgetary support (non-earmarked). CIDA has been an active participant in the Uganda education SWAp since 1998, contributing to the development of the program. As a result of this involvement, staff has determined that sector budgetary support is the appropriate way to proceed since the Agency's programming priorities have already been embraced in Uganda's sector program and management and accountability systems are of sufficient quality. CIDA's investment in this education SWAp will also provide it with a 'seat at the table' which will allow it to participate effectively in the regular review processes, working groups etc. and contribute to the ongoing development of the program.

The rest of this paper will explore key issues relating to the planning and implementation of SWAps, with a particular emphasis on their implications for donors. The format is based on a series of questions followed by preliminary responses based on evidence to date with SWAps. The intent is to prompt thinking on selected questions which can be addressed in greater detail as the Agency contemplates its options in this area.

### **III SWAps – Planning Stage Issues**

As suggested above, SWAps represent a different way of doing business which is reflected in all stages of program development, implementation and evaluation. At the program development stage, the 'ideal' SWAp involves joint assessment of relevant issues in the sector, leading to the development or refinement of national policies, agreement on financial, managerial and procedural issues, as well as joint strategies for implementation. However, as Therkildsen et al suggest "sectoral programs rarely - if ever - evolve in orderly sequential stages". In most circumstances there is an evolution in approach as donors and governments start out with loose agreements on policies and programming priorities, then move over time to more formalized agreements and commitments and more structured ways of working together.

The questions and narrative below seek to draw out some of the key issues relating to the planning and implementation of SWAp.

**What processes are used to assess the program context in the lead up to the SWAp?  
Who is involved in the process?**

Processes for assessing the program context vary. However, the SWAp literature underlines the importance of relying to the greatest extent possible on **developing country-led processes**. Among other things, this eases the burden on developing countries (i.e. not having to deal with multiple assessment processes), solidifies ownership of the reform process, ensures the assessment reflects local perspectives, and contributes to the strengthening, or effective utilization, of domestic capacity, while enhancing prospects for sustainability.

Experiences also suggest a need for **broad participation** (governments, donors, civil society) in the assessment processes leading to the development of sector or sub-sector plans to ensure that the views of potential beneficiaries are heard, and the interests and knowledge of other stakeholders are captured in the process. Limited participation of key stakeholders raises the prospect of particular issues or interests (e.g. cross-cutting and sub-sectoral issues, such as poverty reduction, gender or reproductive health) getting lost in the broader reform process.

**What issues should be addressed in the assessment phase?**

During the assessment process, it is important to consider the **critical success factors** relating to the implementation of a SWAp, e.g. political commitment and stability, macro-economic conditions, the quality of sector policies and their relation to the government's expenditure framework, sector level financing arrangements, links with other reform processes, planning, management and budgeting capacities. Consideration of these issues can trigger decisions by funding agencies as to the nature of their participation in the SWAp, or whether a SWAp is the appropriate modality. Donors also need to be sensitive to the time frames required to affect change as well as other issues specific to the program context which could affect implementation.

**How are other development frameworks and reform processes factored into the SWAp planning process?**

As noted above, it is important in the planning stage that sufficient regard is given to links with other development frameworks and reform processes, e.g. Comprehensive Development Framework (**CDF**), UN Common Country Assessment (**CCA**), United Nations Development Assistance Framework (**UNDAF**), Poverty Reduction Strategy Papers (**PRSPs**) to ensure synergies are maximized and differences are minimized. For example, while UNDAF aims to improve coordination among UN agencies, individual UN agencies need to be clear on how its technical programs would integrate with the SWAp, and to what extent UN systems will support practices such as pooling of funds. Finally, SWAp also need to be planned with a view to meshing with domestic reform processes, e.g. **public sector reform, decentralization, poverty eradication**.

## **How are cross-cutting, vertical and thematic issues addressed in SWAps?**

Given the 'sectoral' orientation of SWAps, it is imperative that cross-cutting, vertical or thematic issues are factored into the planning and design process. **Early participation of relevant stakeholders** can help to ensure that such considerations are part of the dialogue.

## **What processes are used to develop SWAps? Who is involved?**

Various approaches have been used in the planning and design of SWAps, e.g. relying on **parallel systems** or **integrating planning**, and eventually implementation, **into the governments own systems**. As with assessments, there is a clear preference to integrate planning processes into existing organizational structures. A collaborative approach under the **leadership of national stakeholders**, provides an opportunity to affirm priorities, agree on strategies, resource requirements, roles etc. and to affirm national ownership of the process. However, there is a need to ensure meaningful participation of national stakeholders. Engaging civil society stakeholders and other governmental actors (e.g. other sectoral or central ministries, decentralized authorities) is particularly important from several points of view – effectiveness, ensuring specialized knowledge is brought into the process and credibility.

## **What is the role of donors and other participating agencies in the planning process?**

For **donors and other participating agencies**, it is beneficial to be **involved from the early stages** of the planning process before decisions on policies, strategies and management arrangements have been firmed up. At the same time, it is important that developing country stakeholders continue to assume the lead in the planning process, a scenario which is more likely if the developing country has sufficient capacity in policy analysis, development and planning. Donors also need to think about sector planning as an iterative process rather than distinguishing sharply between planning and implementation, particularly in light of the learning involved in a SWAp process. This can be a challenge for donors driven by set planning and budgeting cycles. As donors increase their involvement in SWAps, greater attention will have to be given to issues such as **field presence**, the authority of field staff and the personal qualities and skills of individuals assigned to field positions. In SWAps, there is generally less need for technical specialists and a greater requirement for people with strong policy, analytical and negotiating skills. Continuity of staff can be an issue given the longer-time frames of SWAps. Donors also need to have a clear sense of their **value-added** to the process and be able to back it up with appropriate resources.

## **How are differences in processes and priorities resolved among SWAp partners?**

Dealing with the **different processes and priorities** of various partners is part of the challenge in SWAps. For example, tensions are sometimes evident between government and donor planning processes, particularly given donor pressures to get to the approval stage quickly and to demonstrate results within a specified time frame. Developing country partners, on the other hand, may need a longer period of time to establish consensus on substantive priorities and approaches. Donor pressures to "expand the agenda" to cover their priority issues can also lead to overly-ambitious plans with implications for the success of the sector program. Earmarking or

project support outside the sector program framework can similarly distort priorities, place additional administrative and managerial burdens on developing country governments and undermine sustainability. Differences among SWAp stakeholders can best be addressed through **joint planning** exercises, led by developing countries and including donor representatives who are well informed about the local context and empowered to make decisions on behalf of their agencies.

#### **IV Implementation Issues Related to SWAps**

Since most SWAps are at a relatively early stage of development, there is limited hard evidence on factors affecting implementation. Nevertheless, the emerging experiences point to the following questions as being particularly central to the success of the implementation process.

##### **How effective are SWAp coordination mechanisms?**

**Successful implementation** of SWAps **depends** in large measure **on the effectiveness of the management and coordinating mechanisms** (e.g. committees, working groups etc.) that oversee the implementation process. The Education Sector reforms in Uganda, for example, are overseen by an Education Sector Consultative Committee, a series of working groups and various technical groups – all of which have representation from government and participating donor agencies. Education funding agencies in Uganda also meet on a monthly basis to monitor developments in the sector, address critical issues and prepare for senior level meetings with government officials. Donor agencies take turns leading the various groups as well as taking the lead in dealings with the government. This simplifies communications and reduces transaction costs for all parties. The annual review process is central to coordination in sector programs as it provides an opportunity to assess progress against expected results and to agree on undertakings for the period to follow. The review process depends on effective monitoring, information collection and reporting systems to ensure informed decision-making. Unfortunately, this is an area of weakness in many developing countries which can affect the quality of the review process and diminish the effectiveness of the government's leadership role. While coordination mechanisms in Uganda are seen as having been quite effective, not all SWAp experiences have been equally positive.

##### **To what extent have SWAp partners relied on common approaches for implementation?**

**Progress on harmonization** has been **mixed** as it has proven to be easier for partners to agree on some issues (e.g. disbursements, reporting, audits, technical assistance) than others (e.g. contracts/arrangements, indicators, sanctions, procurement, salaries/topping up, training, communications). There are various reasons for this, some relating to capacity constraints in developing countries and others relating to donor recalcitrance or policies which limit their options. For example, despite the push towards common financial arrangements, more than 80% of disbursements to SWAp-type operations are still through project procedures. It also has to be recognized that common basket arrangements are not always viable if, for example, the financial management capacity of the partner country is weak or if corruption is endemic. Data collection and monitoring systems in developing countries also tend to be weak, given limited capacity, which can lead to increased reliance on donor systems.

## **How have SWAps addressed the issue of accountability?**

The shift from projects to SWAps has significant implications for accountability relationships involving donors, donors' governments and publics, developing country governments and developing country citizens. Under traditional projects, the focal point for accountability has been the relationship between the donor and the project entity. In SWAps, the main locus of accountability shifts to the government ministry or agency responsible for implementing the sector program. The developing country government, in turn is accountable to its own citizens, as well as funding agencies, for performance in the sector.

There has been movement towards greater **shared accountability** in SWAps but not all partners have bought into these changes in full. The reasons include lack of confidence in some developing country accountability mechanisms, and the continuing need of some donors to be able to demonstrate a link between their investments and specific, measurable results in the program. SWAps challenge donors to find creative ways to address demands for accountability while supporting the basic principles associated with SWAps.

## **Other issues affecting SWAps implementation?**

The issue of developing country capacity is central to the success of SWAps. If there is not sufficient capacity in the sector at various levels (e.g. policy, management, delivery) the success of the SWAp will be compromised leading to the prospect of donors filling the void with technical assistance and undermining local ownership. Secondly, corruption reduces willingness to move towards delegated authority. Thirdly, there are questions about the extent to which SWAps have focused on poverty and effectively addressed concerns relating to gender.

## **V Implications for Donors**

Experience with SWAps suggest that there are a number of implications for donors in moving towards greater reliance on SWAps as an aid modality. These include:

- A need to review agency policies and procedures in various areas, e.g.
- links between agency programming frameworks and developing country sector programs
- options for funding arrangements
- accountability requirements
- procurement procedures

Donors also need to come to terms with the following issues:

- Criteria for participating in SWAps
- Field presence, including appropriate skills and authority
- A sense of their potential value-added in a SWAp
- Willingness or ability to participate in common approaches
- Ability to make a long-term commitment

## **VI The Way Forward for Donors**

For donor agencies considering greater involvement in SWAps, the following are some options for consideration to move the agenda forward.

- Establish processes to review constraints and opportunities for advancing participation in SWAps
- Participate in ongoing groups (e.g. like-minded donors) reviewing emerging experiences with SWAps
- Take a pilot approach. Choose a few countries and ensure conditions are ripe from the donor and developing country perspectives
- Establish agreement on entry criteria for participation in SWAps (in part to be able to determine circumstance where a SWAp is not the appropriate choice)
- Develop guidelines to support agency participation in SWAps
- Establish mechanisms to ensure experience and learning is funneled back into the agency and shared with partners, e.g. lessons learned papers, reviews, networks
- Take an iterative approach – go gradually, don't force reluctant staff; deal with scepticism through successful examples
- Ensure that appropriate staff are in place, and trained properly, to support participation in SWAps
- Provide targeted support to developing countries to support their participation in SWAps.

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