

Sector-wide Approaches (SWAps) in Education

An Overview

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What is a SWAp: definition

- A “sector wide approach” is an **approach** to support a country-led and owned program for a specific sector in a comprehensive, holistic and coordinated manner:
- A SWAp is not a lending instrument; and support under this approach is not limited to a specific financing modality
- It can also be called a program based approach, sector approach, sector program or sector investment program

Main Elements of a SWAp

- It encompasses a type of development cooperation which has following elements:
 - Government leadership and ownership
 - A sector or sub-sector program is developed
 - Common expenditure framework is agreed
 - Partnership with development partners
 - Harmonized implementation mechanisms and increased use of Government systems and procedures

How SWAp works

- All partners finance the same Government defined sector expenditure program under Government leadership
- Working modalities are highly structured, with government-led coordination and consultation
- Formal development partner(s) working modalities through MoUs, code of conduct, joint monitoring, joint reports/aide memoires
- All partners use agreed appraisal, procurement, disbursement, accounting and audit procedures
- At various stages of a sector program - forms of SWAp could have different financing modalities

Sector Programs & SWAps

- SWAps can operate around a large sector, sub-sector, multi-sector or around a large program
- A necessary condition for successful SWAps is government leadership and ownership
- They need to be underpinned by a defined Sector policy and program, and a multi-year expenditure program
- ***Sector policy and program*** provide the anchor for development partner coordination and harmonization
- SWAps are one mechanism for supporting the sector
- In education SWAps have also been used for a sub-sector (e.g. primary education sub-sector in Bangladesh), and for a well defined sector program (e.g. SSA in India)

SWAps and Sector Budget Support

- SWAps were considered better than the traditional project approach or general budget support approach
- SWAps and *sector budget support* approach share following common characteristics :
 - Government ownership and leadership
 - Result oriented – with a focus on sector performance
 - Encourage development partner coordination in support of one program
 - Predictability of funding
 - Reduced transaction costs for Government
 - Sector-wide accountability
 - Capacity building by strengthening and using country's systems
 - Improved transparency
 - Increased resource allocations to under-resourced sectors

Experience with SWAps

African Case

- From 1990s – development partner assistance for education moved towards sector wide or sub-sector wide approach
- Africa had an overwhelming development partner presence with different agendas and separate reporting requirements (e.g. Uganda education had 100 projects with 20 financing agencies)
- SWAps in the 90s were financed through parallel financing mode: limited pooling or co-mingling of funds; separate project agreements for financing specific areas/activities; conventional disbursement and procurement arrangements

Experience with SWAp

South Asian Experience

- Notable examples of SWAp are in India and Bangladesh

India: example of a large program

- *Sarva Shiksha Abhiyan* – SSA: centrally sponsored national elementary education **program** covers the entire country with 35 states and union territories
- Total program cost is US\$3.5 billion for 3 years (2004-2007)
- 45% financing provided by the central government, 25% by state governments and 30% by development partners (WB, DFID and EC)

India SSA: Main features

- Supporting government's own flagship program –complete ownership
- External funds pooled with GOIndia resources -- with no parallel financing.
- Procedures harmonized through MOU with common formats for expenditure and audited accounts, common M&E framework, common withdrawal claims and format for reporting on progress and impact to reduce transaction costs,
- Bi -annual Joint review mechanism (two formal missions)

India SSA: Financial Management and Procurement

- Annual disbursements against agreed % of total eligible expenditures
- Pooling arrangements into Consolidated Fund of India
- Disbursement arrangements
 - single annual disbursement linked to national budget cycle;
 - disburse 2/3 of SSA program expenditure above rising annual eligible thresholds as per each development partner 's share;
 - advance of 15 percent; and
 - retroactive -20 percent
- Manual for Fiduciary arrangements prepared and agreed with DP's and compliance part of legal agreement.
- Works, goods, & services procured with community contracting at decentralized levels through local shopping, & NCB under GOI and state rules. No ICB

India SSA – some issues

- Limited development partner interaction with government
- Uneven capacity across states and districts, leading to vicious cycle of low capacity and low expenditures, and low allocations
- Limited technical and personnel capacity in GoIndia to support weaker states
- Limited dialogue with states on issues of governance and service delivery
- Weak internal audit capacity and capacity to record expenditures at local level (village and school level)

Bangladesh Sub-sector SWAp: Main Features

- Bangladesh Second Primary Education Development Program has the following elements:
 - Harmonization of development partners' financial assistance, based on country systems
 - Multi-development partner pooling
 - Government procedures for NCB (85% of total procurement) but ICB financed directly by IDA outside the pooled financing
 - Development partner consortium led by ADB (eleven bilateral and multilateral development partners)

Bangladesh – Main features

- Funds managed through four separate accounts. US dollar accounts are held for the ADB loan, ADB-managed co-financing grant funds, and IDA funds.
- Government draws down from these three accounts to a common pooled local currency account
- Single set of financial and external audit reporting

Bangladesh: Advantage of SWAp

- Government in the lead; Fewer legal agreements (only between ADB and Government, and WB and Government)
- Government NCB procedures followed
- Improved development partner coordination through joint annual operational reviews
- Lower transaction costs for government
- ICB goods financed outside of the pool: IDA is financing approximately 70% of ICB goods according to IDA procurement guidelines, while goods financed by other partners follow ADB guidelines

Bangladesh: Types of financing

- Financing not synchronized:
 - Both development partners' and government policies prevented the adoption of a simplified solution with one pooled bank account
 - Three types of financing: co-financing by major development partners (pooled funding), non-pooled bilateral funding, and parallel non-pooled financing of ICB goods and services (mainly through IDA)

Bangladesh: Some issues

- Effective monitoring system yet to be established, including agreement of a revised program framework of performance indicators
- To synchronize program support, all development partners signed a **Code of Conduct** in 2003 with guiding principles. A separate **Memorandum of Understanding** (MOU) between the ADB and the World Bank outlines common implementation arrangements. However, an adequate conflict resolution mechanism not yet in place
- Coordination remains a challenge to accommodate different organizational cultures and areas of professional experience

Education Sector in Pakistan and Development Partners: 1980s to date

- Development Partners actively supporting education sector since 1980s
- Major multilateral financiers – ADB and WB, bilateral – Japan and USAID with major focus on expanding access to education through *construction of primary schools*
- Main instruments used for this support were traditional sector investment projects
- Other development partners provided small scale project assistance and technical assistance

Experience with investment projects in Pakistan

- Development assistance in 1990s saw 3 clear shifts:
 - Investment projects also included components to improve quality
 - Bilateral partners pooled resources with multilaterals to provide technical assistance on quality components
 - Province-specific investment projects were developed, especially by ADB and WB

Issues of Investment Projects in Pakistan

- Ineffective project management and leadership
- Procurement and financial management issues
- Governance issues (especially in school locations, teacher recruitment and civil works)
- Severe implementation delays
- High level government oversight and monitoring was minimal

Social Action Program (SAP): beginning of a SWAp like mode

- In early 1990s Government of Pakistan developed a multi-sectoral approach to address endemic sector issues under an overarching SAP framework
- SAP covered four core social sectors: primary education, basic health, population welfare, and rural water supply and sanitation
- SAP was supported by WB, ADB and several bilateral development partners

SAP: beginning of a SWAp like mode (2)

- Annual sector plans with annual budget outlays were prepared by Federal and Provincial Governments – 27 sub-programs
- Annual operational plans formed the basis of annual financing agreements
- Government financing was foreseen at 80%; on-going development partner assistance under investment projects was 10%; and development partner financing under SAP was 10%
- Actual reimbursements varied between 7-10%
- Development partners reimbursed annually agreed % of eligible expenditures on a quarterly basis through Statement of Expenditures (SoEs)

SAP: Development partnership

- ADB and WB provided separate reimbursements against same SoEs under parallel financing mode. Grant development partner funds (DFID, Netherlands and EC) were disbursed through the World Bank under Trust Fund arrangements
- Reimbursements were made in the Federal account and provincial non-food Account # 1
- Other bilateral development partners and UN system provided Technical Assistance through the Multi donor support unit for SAP, managed by the World Bank
- Government procurement, audit and financial management systems were adopted. ICB was through World Bank (only for health and population sector procurement through UNFPA and UNICEF)

SAP: Did it work?

- *This was the first example of multi-sector SWAp like mode in the country and in the region*
- In the early years there was government leadership. SAP significantly improved development partner coordination and harmonization and the program showed improvement in sector indicators
- From mid-90s onwards, the program suffered due to political and economic crisis
- Development partner harmonization continued but failed to create sufficient traction due to ***weakened government commitment and ownership***
- Large development partner missions (forty plus mission members) created severe capacity burden on government
- Program ended in 2002 with stagnating sector indicators

Existing Support by Development Partners

- Education sector is being supported in all four provinces by both bilateral and multi-lateral agencies through separate agreements
- Provinces have developed and are implementing multi-year sector or sub-sector programs – 90% of sector budget is provincial
- External financing averages at 10% of total sector budget
- Key issue for Government is to ensure that development partners support an agreed overall sector program and follow existing government systems and procedures and reduce transaction costs for government

Federal and Provincial Education Programs

- Education Sector Reforms (ESR) – a multi-year program is financed by the federal government
- ESR covers development expenditures only

Provincial Level sector/sub-sector programs

Punjab Education Sector Reform Program (PESRP)

- Funded through annual single tranche development policy credits, with WB funding pooled with GoPunjab funds
- Annual disbursements linked to outcomes and results

Punjab Education: Main features

- Key elements of PESRP are similar to the SWAp mechanism:
 - Integrated sub-sector/sector program developed by government
 - Government ownership and leadership
 - External funds (WB) pooled with government funds
 - Government leadership ensured that bilateral partners support the activities within the program through parallel financing and technical assistance

Punjab Education: Main Features

- Government capacity and institutions for implementing sector policy reforms being strengthened
- Sector financing through government's budget and MTBF process
- Government's financial management and procurement procedures followed
- No special or separate account created
- Issues: continuity of government ownership to ensure that all new partners support the same program and its components; need to strengthen district capacities

Sindh Education Reform Program

- Sindh Education Reform Program (SERP)
 - WB funds pooled with GoSindh (annual single tranche disbursement)
 - Government financial management and procurement systems being used under budget support financing by WB
 - EC support through parallel financing to SERP, and TA
 - Other partners include both multilateral and bilateral
 - Important that development partners support same program activities as multiple development partners with separate program inputs and separate reporting requirements create a burden on both the province and districts

NWFP Reform Program

- NWFP Reform Program
 - Sector education plan prepared
 - WB funding under annual single tranche disbursement – pooled with government funds
 - Government financial management and procurement systems being used
 - Bilateral funding likely to be provided for the same sector plan, either pooled or separately
 - TA support provided by bilateral partners
 - Harmonization critically needed as several new development partners likely to support the sector

Issues in Provincial Reform Programs

- Sector programs exist and/or are under finalization
 - Donors need to mobilize support for the same programs
- Leadership and commitment is mixed
 - Punjab:good; NWFP:emerging; Sindh:weak
- Role of Federal govt is limited as financing and service delivery is at provincial and district levels

Emerging scenario for harmonization in the Education sector

- Development partner assistance is successful when there is **government leadership and commitment of the program** – this in itself ensures harmonization
- Issues of harmonization are reduced when **sector policy and expenditure programs** exist
- Development partners are increasingly harmonizing support for government's sector program at the provincial level but more needed
- Issues remain as some development partners require separate reporting requirements under their project agreements

Emerging scenario....

- Key need is for government to lead the sector, develop its sector program, and encourage development partners to harmonize assistance in support of the program
- Where possible, encourage adoption of existing expenditure reporting, financial management and procurement systems
- The financing modalities could vary depending on each partner's requirements