

Building coherence between sector reforms and decentralisation: do SWAPs provide the missing link?

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Table of contents

PREFACE.....	4
LIST OF ACRONYMS.....	5
1 INTRODUCTION	6
1.1 BACKGROUND AND PURPOSE.....	6
1.2 PLACING THE STUDY IN CONTEXT	7
1.2.1 <i>Decentralisation</i>	7
1.2.2 <i>Implications for sector programmes and poverty reduction strategies</i>	8
1.2.3 <i>Sector-wide approaches (SWAps)</i>	9
1.2.4 <i>Are SWAps the missing link in sector-decentralisation relations?</i>	11
1.2.5 <i>Looking at the regions</i>	13
2 INSIGHTS FROM ANGLOPHONE AFRICA	14
2.1 INTRODUCTION	14
2.2 LEARNING FROM UGANDA AND TANZANIA	14
2.2.1 <i>The macro level</i>	14
2.2.2 <i>Decentralisation: a commitment to devolved government</i>	15
2.2.3 <i>The introduction of sector-wide approaches (SWAps)</i>	16
2.3 THE RELATIONSHIP BETWEEN SWAps AND DECENTRALISATION.....	16
2.3.1 <i>An interdependent relationship guided by conditionalities</i>	16
2.3.2 <i>SWAps as a tool for supporting the decentralisation process</i>	17
2.3.3 <i>SWAps as a challenge to the decentralisation process</i>	18
2.3.4 <i>Implications for civil-society participation</i>	18
2.3.5 <i>Implications for designing capacity development strategies</i>	20
3 INSIGHTS FROM OTHER REGIONS; FRANCOPHONE AFRICA AND BOLIVIA	22
3.1 INTRODUCTION	22
3.2 LEARNING FROM FRANCOPHONE COUNTRIES	22
3.2.1 <i>The macro level</i>	23
3.2.2 <i>Decentralisation: a focus on deconcentration with limited devolution</i>	23
3.2.3 <i>The introduction of sector-wide approaches (SWAps)</i>	24
3.2.4 <i>SWAps and decentralisation: issues arising</i>	25
3.3 BOLIVIA: AN EXPERIENCE FROM LATIN AMERICA	27
3.3.1 <i>The macro level</i>	27
3.3.2 <i>Decentralisation</i>	28
3.3.3 <i>The emergence of SWAps</i>	29
3.3.4 <i>Relating SWAps and decentralisation</i>	29

4	DECENTRALISATION, SECTOR REFORM AND SWAPS: TOWARDS POLICY COHERENCE.....	31
4.1	INTRODUCTION	31
4.2	GENERAL CONCLUSIONS AND RECOMMENDATIONS.....	32
4.2.1	<i>Understanding decentralisation.....</i>	<i>32</i>
4.2.2	<i>Sector reforms and sector-wide approaches (SWAps).....</i>	<i>33</i>
4.2.3	<i>General recommendations.....</i>	<i>34</i>
4.3	IN THE CONTEXT OF ADVANCED SWAPS AND ADVANCED DECENTRALISATION PROCESSES.....	35
4.3.1	<i>Conclusions.....</i>	<i>35</i>
4.3.2	<i>Recommendations.....</i>	<i>37</i>
4.4	IN THE CONTEXT OF EMERGING SWAPS AND EMERGING DECENTRALISATION PROCESSES	38
4.4.1	<i>Conclusions.....</i>	<i>38</i>
4.4.2	<i>Recommendations.....</i>	<i>40</i>
4.5	IN THE CONTEXT OF EMERGING SWAPS AND ADVANCED DECENTRALISATION.....	40
4.5.1	<i>Conclusions.....</i>	<i>40</i>
4.5.2	<i>Recommendations.....</i>	<i>41</i>
	BIBLIOGRAPHY.....	43

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Preface

Sector-wide approaches (SWAs) emerged during the course of the 1990s as one of several new means of streamlining development assistance by improving donor coordination, reducing the fragmentation of efforts and moving towards broader government-formulated policy frameworks and implementation mechanisms. SWAs were seen as a way of applying the principles of equitable partnership, dialogue and country-driven approaches to development cooperation.

The way in which SWAs have helped to improve the overall performance of sector ministries in the delivery of key services and enhance donor-recipient relations has been the focus of a significant number of studies and analyses in recent years. Less attention has been given to exploring the influence of SWAs on centre-local relations, especially in decentralising environments where governments are in the process of transferring powers and responsibilities to the provincial and local levels.

This report summarises the findings of a research study that set out to understand the relationship between SWAs, sector programmes and decentralisation processes in different institutional contexts. It seeks to ascertain the role that SWAs do or can play in reconciling sometimes conflicting policy objectives relating on the one hand to enhanced service delivery and on the other to the development of stronger democratic governance processes. In so doing, the study offers insights into the role that SWAs can play in implementing PRSP objectives in the context of decentralisation.

The paper draws on the findings of a five-country study carried out between April and November 2002 in Benin, Bolivia, Burkina Faso, Tanzania and Uganda, as well as on a review of recent literature on decentralisation and sector-wide approaches. The paper also draws on the outcomes of an international policy seminar that was held in Maastricht, the Netherlands, from 1 to 3 April 2003.

This research has been exploratory and provides insights from various decentralising environments that are rapidly evolving. Whilst the report includes a set of conclusions and recommendations, the authors acknowledge the need for continuously monitoring processes as they unfold in practice. However, the report should hopefully offer insights that can assist development partners in ensuring coherence between the design and implementation of SWAs, sector reform programmes and decentralisation processes.

This first chapter places the study in context. It introduces the concepts of decentralisation and sector-wide approaches, introduces the case studies and proposes a simple conceptual framework for examining the relationship between sector reforms, decentralisation processes and SWAs.

Chapters two and three summarise the findings of the five country case studies. Additional insights from Mali are also included.

Chapter four draws conclusions on the relationship between sector reforms, decentralisation and SWAs. Finally, a set of recommendations follows for using SWAs to support sector reforms and decentralisation in a balanced and coherent way.

Readers who are interested in the details behind the issues and findings are encouraged to read the entire report, particularly Chapters 2 and 3. Those readers who are more interested in the broader policy issues arising may wish to focus on Chapters 1 and 4.

List of acronyms

ANICT	Agence Nationale d'Investissement des Collectivités Territoriales
CBO	Community-based organisation
CIDA	Canadian International Development Agency
CSO	Civil-society organisation
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development (UK)
DGCD	Direction Générale de la Coopération Développement (Belgium) / Belgian Ministry of Foreign Affairs
DGIS	Directorate-General for Development Cooperation (The Netherlands) / Dutch Ministry of Foreign Affairs
ECDPM	European Centre for Development Policy Management
EU	European Union
HIPC	Highly Indebted Poor Countries initiative
LAD	Law of Administrative Decentralisation
LDN	Law on National Dialogue
LGDP	Local Government Development Programme
LGRP	Local Government Reform Programme
LPP	Law of Popular Participation
MC	Municipal Council
MTEF	Medium-Term Expenditure Frameworks
NGO	Non-governmental organisation
NSA	Non-state actor
ODI	Overseas Development Institute (UK)
PAF	Poverty Action Fund
PAP	Programa de Apoyo Presupuestario (PAP/Holanda)
PBA	Programme-based approach
PEAP	Poverty Eradication Action Plan
PMU	Project management unit
PNACT	Programme National d'Appui aux Collectivités Territoriales
PDDEB	Programme d'Éducation de Base
PRSP	Poverty Reduction Strategy Paper
SNV	Netherlands Development Organisation
SWAp	Sector-wide approach
TAS	Tanzania Assistance Strategy
UNDP	United Nations Development Programme
VC	Vigilance Committee
VCG	Viceministerio de Coordinación Gubernamental
VPEPP	Viceministerio de Planificación Estratégica y Participación Popular

1 Introduction

1.1 Background and purpose

Sector-wide approaches (SWAs) are being used more and more by donor agencies and their country partners to achieve development objectives founded on principles of common interest and equitable partnership, national ownership and execution, of the aid donor harmonisation, capacity development and performance. Besides providing a framework for improving the quality relationship, SWAs are also seen as a means of translating the goals of Poverty Reduction Strategy Papers (PRSPs) into operational plans that can facilitate a transition from project aid to forms of budget support.

Yet because the emphasis in the past has been on looking at the role of SWAs at a macro-level, and on exploring the emerging relationship between national governments and donors, the impact of SWAs on internal processes of governance has tended to be overlooked. This is particularly true of intersectoral relations, as well as the relationship between the central administration, deconcentrated and devolved tiers of government, and non-state actors.¹ In countries where governments are committed to decentralisation, it is becoming apparent that SWAs can have a significant influence on centre-local relations, and hence on the locus of decision-making, lines of accountability and the role of non-state actors. SWAs can also influence the interplay between sector reform programmes and decentralisation processes, as well as promote intersectoral coordination, which is needed in order to create synergies in implementing poverty reduction strategies.

Particularly in the context of devolution, observers have expressed concern that SWAs might be having a negative impact on the devolution process by privileging institutions at the centre at the expense of localities, and by reinforcing top-down planning processes, resulting in a *de-facto* recentralisation of power and authority. Other observers, however, point to the benefits gained from the introduction of SWAs, such as the availability of more, and more predictable levels of, funding to local authorities.

This paper explores the relationship between SWAs, sector programmes and decentralisation in a range of institutional contexts. It tries to ascertain the extent to which SWAs provide a framework for bringing coherence to sector reform programmes and decentralisation processes that in practice often run in parallel and at times in contradiction to one another, but which are ultimately interdependent. On the basis of experiences in individual countries, the paper identifies issues for consideration and suggests ways of fostering coherence in the design and implementation of sector reforms and decentralisation processes.

The paper draws on the findings of a five-country study carried out between April and November 2002 in Benin, Bolivia, Burkina Faso, Tanzania and Uganda,² as well as on a review of recent literature on decentralisation and sector-wide approaches.³ The paper also draws on the outcomes of an international policy seminar that was held from in Maastricht, the Netherlands, 1 to 3 April 2003. Some 40 experts, including policy-makers and practitioners from the case-study countries, as well as development agency staff and researchers gathered to discuss the topic and to formulate policy recommendations.⁴

This *first chapter* places the study in context. It introduces the concepts of decentralisation and sector-wide approaches, introduces the case studies and proposes a simple conceptual framework for examining the relationship between sector reforms, decentralisation processes and SWAs.

Chapters two and three summarise the findings of the five country case studies. Additional insights from Mali are also included.

Chapter four draws conclusions, on the basis of the country experiences, on the relationship between sector reforms, decentralisation and SWAs. Finally, a set of recommendations follow on how to use SWAs to support sector reforms and decentralisation in a balanced and coherent way.

¹ This point was also made in a recent DAC evaluation study of donor support to decentralisation (DAC, 2003).

² It also includes insights from Mali based on recent fieldwork. The choice of countries was determined firstly by a desire to highlight a range of contrasting experiences in different institutional contexts and, secondly, by the availability of funding, which limited the total number of cases that could be undertaken.

³ We found that relatively little has been written on the relationship between sector-wide approaches and decentralisation.

⁴ See the individual country studies for further information on the methodology of the case studies.

1.2 Placing the study in context

1.2.1 Decentralisation

Since the beginning of the 1990s, a large number of developing countries have adopted decentralisation as a key policy objective. In many parts of Africa, it is often part of a wider process of institutional reform associated with democratisation, performance improvement in the public sector as well as a greater stress on local governance and poverty reduction.

As has been amply documented in the literature,⁵ it is difficult to generalise about the forms and objectives of decentralisation. Decentralisation is generally recognised to be a relatively confusing and intangible topic. All commentators agree that it is usually a complex and long process that responds to different policy concerns, and that attracts ardent supporters as well as strong detractors. Translating policy objectives into law and in turn into action is a painstaking task. Inevitably, grand ambitions tend to get watered down in the process. There are also differences in understanding between countries and in particular across administrative traditions. This is why, for example, the notion of decentralisation in the Francophone world differs from that in the Anglophone world.⁶

The case studies carried out for this study reveal some of the different experiences of decentralisation in different institutional contexts.

Devolution

Countries such as *Uganda* and *Tanzania* have emphasised a form of devolution involving the transfer of significant powers and responsibilities to locally elected authorities. Devolution is expected to boost the effectiveness and efficiency of the delivery of basic public services, as well as to address issues of equity, participation and accountability. By its very nature, devolution is a transformational process that challenges centre-local relations and power relations, and in so doing redefines a country's institutional landscape and system of governance. It often accompanies public-sector reforms and initiatives for strengthening democratic institutions. It is therefore inherently political, although political motivations may differ. Devolution may be seen as a way to redistribute power and secure political stability by extending the influence of the centre over the periphery through patronage relationships. This is often the primary motivation of national governments. Alternatively, devolution may be seen as a more practical way of democratising the development process and enabling the poor to participate more directly in the policy process, thereby contributing to the wider policy objective of poverty reduction. This is often the main interest of external agencies that have come to adopt devolution as something of a new paradigm that establishes a link (albeit not necessarily proven) between decentralisation, local governance, sustainable development and poverty reduction (Romeo, 2003).

Box 1: Devolution

Devolution (or democratic decentralisation) is an arrangement or a process in public administration in which distinct bodies are (progressively) created by law, separate from the central administration, and in which local representatives – *either* elected or appointed by the population – are (progressively) given powers to decide on a variable range of public matters and (progressively) gain access to resources which can be utilised at their discretion. The political base is the locality, and powers are *devolved* (after Watson (2002)). The principle objectives of devolution are political: reshaping the political landscape by redistributing powers, and in so doing deepening democratisation and local participation. It is a long-term institutional transformation process. But it also seeks to improve overall government performance in the delivery of key services and functions by bringing government closer to the people.

⁵ See, for instance, *Public Administration and Development*, vol. 23, no. 1 2003.

⁶ Both notions of decentralisation are relevant to the Anglophone, Francophone and Spanish-speaking regions reviewed in this paper, although there are some differences in the way in which the terms are used. In Anglophone countries, decentralisation normally implies devolution or democratic decentralisation, whereas in the French and Spanish literature, decentralisation embraces both deconcentration and devolution. For the purpose of this paper, we will use the word 'decentralisation' as an umbrella term for both sub-categories, i.e. deconcentration and devolution, while recognising that the French term 'dévolution' is normally used in another context. Commentators in Latin American and Lusophone countries also use the word 'municipalisation', which is basically a form of devolution in which powers and responsibilities are transferred to municipalities (i.e. urban and/or rural).

Unlike the first generation of decentralisation, which followed soon after the arrival of independence, some argue that this 'second generation' should not be considered as a passing fad, but rather as evidence of a longer-term commitment towards more devolved forms of local government (Nielsen, 1999).

Bolivia is a country with a quite different administrative tradition from that of Uganda and Tanzania, but which has also taken steps to establish devolved local government with significant powers and responsibilities. In contrast with the Anglophone African cases, devolution to date has not led to a transfer of responsibilities for the implementation of sector programmes. Instead, devolution has been implemented as a parallel process with separate funding channels. However, this has not necessarily been by design. Although Bolivia has adopted laws to deconcentrate central government functions to the provincial level to accompany the devolution process, implementation has stalled, with the resultant overshadowing of the provincial level of government.⁷

Deconcentration

Countries such as *Benin* and *Burkina Faso*, both Francophone African countries, have also legislated for decentralisation as part of a wider process of institutional renewal. However, the emphasis here has been on the deconcentration of powers from the central administration to provincial and regional government, while there has been only a limited devolution of powers to locally elected governments. This is somewhat the reverse of the situation in Bolivia.

Whilst deconcentration can certainly challenge power bases and interests, especially within the bureaucracy of traditionally highly centralised Francophone administrative systems, it does not carry the political implications associated with devolution. It is first and foremost an administrative tool aimed at enhancing service delivery, coordination and outreach. It can also be used as an instrument to distribute patronage and to ensure closer central control of the periphery without transferring power and authority.

1.2.2 *Implications for sector programmes and poverty reduction strategies*

A crucial point from the perspective of this study is that *devolution* is often associated with a significant transfer of responsibility for the implementation of national policies and programmes from sector ministries to local authorities.

This has implications for sector ministries that are used to implementing their own policies and programmes, in terms of (professional) prestige, authority and span of control. It also raises questions as to the kind of relationship that should exist between sector ministries and local authorities. Sector ministries may simply be unwilling to 'let go' of responsibilities, or they may not be prepared to recognise the comparative advantage that local authorities have in the delivery of services. They may also be unaware of the implications of decentralisation legislation, and may ascribe a low priority to concerns relating to issues of governance and participation, emphasising instead the need to ensure the prompt delivery of services and the timely achievement of poverty reduction targets. Sector ministries, moreover, often question the capacity of local authorities to manage

Box 2: Deconcentration

Deconcentration is an arrangement or a process in public administration in which a field office, or official, or a central department or ministry acquires some degree of delegated authority to make decisions or otherwise regulate the operations of the office. This authority may vary from day to day. The office or official is responsible to the central agency for these decisions. The political base is the nation and powers are delegated. The main objective of deconcentration is to improve administrative efficiency, as well as to ensure adequate central government representation and supervision at provincial and local levels. Deconcentration is also a strategy for improving sector service delivery to lower levels of society. Deconcentration may be seen as comprising two components: sector ministry deconcentration, and deconcentration of the ministry charged with the deconcentration of (general) administration. In an ideal situation, both components of deconcentration are implemented in a coherent and mutually reinforcing way. The practicalities of implementing decentralisation policy show that administrative deconcentration is sometimes also seen as an intermediary step in the development of devolved structures at lower levels of government.

⁷ Although resulting from a quite different administrative and political tradition, the situation in Mali is not dissimilar to that of Bolivia, in that a clear policy decision has been taken to create devolved local government structures as the cornerstone of a national institutional reform process. As in Bolivia, the provincial level has found itself somewhat sidelined by the rapid pace of devolution, which has created a gap between devolved and deconcentrated government.

sector programmes. The task of transferring functions may also be seen as being too complicated, demanding additional supervision on the part of the parent ministry, which may not be readily available.

It is also important to recognise that no two sectors are quite alike and that, depending on their characteristics, some are easier to decentralise than others. It may be better to retain certain functions or certain sub-sectors of a particular sector at the centre rather than devolve them, and any efforts to devolve them are likely to be resisted. In other words, the merits or otherwise of decentralising sectors as part of a broader process of devolution need to be carefully considered in relation to the particular characteristics of sectors, sub-sectors and functions (Brinkerhoff, 2002).

Devolution also carries implications for finance and planning ministries that inevitably must forego some of the control they have enjoyed over public resources. Likewise, governments at large as well as parliaments face the prospect of handing over responsibility for implementing national policies, over which they are ultimately accountable, to autonomous entities.

Maintaining accountability to external funders is another reason why sector and core ministries may be reluctant to devolve responsibilities to a local level. In particular, the emergence of a new partnership between donors and recipient countries based on policy dialogue and a growing commitment to budgetary support - most recently highlighted in PRSPs - has reinforced the need to set performance targets and to impose stringent financial control requirements that can make it more difficult for sector managers to 'let go', especially if they feel that there is not sufficient capacity at a local level.

For these various reasons, tensions may develop between sector ministries and local authorities. Such tensions may result in both sector programmes and decentralisation policy not being fully implemented. Some of the potential synergies to be gained from the two processes may well go to waste in the process.

By contrast, processes of *deconcentration* do not involve the transfer of responsibility for the implementation of national policies and sector plans from sector ministries to local authorities. Sector ministries retain overall responsibility, whilst finance ministries maintain tight control over the budgetary process. The key issue is how much delegated responsibility is to be given to deconcentrated administrations, so as to facilitate better intersectoral coordination at sub-national levels. Devolved local authorities are mandated to attend to other local development responsibilities, with a clear distinction being made between sectoral responsibilities managed by central or deconcentrated administration, and local development responsibilities for which devolved institutions are responsible.

As such, tensions do not develop in a manner similar to the context of devolution. Rather, parallel processes may emerge that tend to work independently of each other. This may also impede effective resource utilisation, the development of intersectoral synergies and productive interaction between top-down and bottom-up planning processes.

1.2.3 *Sector-wide approaches (SWAps)*

Against this background, sector-wide approaches (SWAps) are of interest in terms of the potential role they can play in reconciling the kinds of tensions and disconnects between sector programmes and decentralisation processes that have been described above.

SWAps⁸ emerged during the mid-1990s as one of several new methods of streamlining development assistance by improving coordination, reducing fragmentation, moving towards broader government-formulated policy frameworks, and achieving better 'service delivery'.

A SWAp is a process, rather than a blueprint, in which sector funding – whether internally sourced or provided by donors – supports a single policy and expenditure programme, under government leadership, and which adopts a

⁸ It is important to note that the term SWAp is predominantly used by the donor community. Host government officials generally refer to the existence of a 'wider sector development plan', or a 'sector strategy' for which donors channel their funds into baskets for jointly defined areas of intervention. For example, if donors talk about the Tanzania Education SWAp, they are referring to the basket funding of the Primary Education Development Plan, which is but one element of the Ministry of Education's Sector Strategy, comprising primary, secondary and higher education, and vocational training.

common approach to implementation and management across the sector as a whole.⁹ It is generally accompanied by capacity development interventions aimed at strengthening government procedures for disbursement and accountability. Ideally, SWAPs should enhance coordination among donors and between donors and government, and should facilitate broad stakeholder consultation in the design of coherent sector programmes.

The notion that SWAPs will encourage broader participation in policy formulation and implementation has only proved accurate in part, however. Experiences from the initial years of SWAP implementation suggest that policy-making remains the exclusive domain of government, with non-state actors participating only at the implementation stage. At the same time, SWAPs are gradually turning more into all-inclusive processes (Kruse, 2002). As donors and host governments move towards the adoption of PRSPs, which require stakeholders to participate in the process, governments and donors are increasingly willing to include non-state actors in SWAP development, implementation and monitoring.

This study makes a conceptual distinction between what are termed 'advanced' SWAPs, which embrace both harmonised planning and budgeting as well as common implementation arrangements preferably steered through national institutions, and 'less advanced' SWAPs, which might consist of a common platform for dialogue and agreement on policy objectives and sector strategies, but in which implementation (including budgeting) is not harmonised and remains largely projectised.

Box 3: Working with sector-wide approaches

A SWAP is an approach, rather than a blueprint, that is underpinned by a set of principles emphasising national ownership, national execution and policy dialogue. It is based on an assumption that:

- the government takes the lead in defining the policy framework and expenditure programme for the sector;
- the government adopts an all-inclusive approach to policy development by inviting broad-based participation from civil society, the private sector, international NGOs and the donor community;
- donors commit themselves to reducing the fragmentation of development cooperation efforts and shifting from a project to a programme approach (and ultimately to budget support);
- donors establish common planning, implementation, disbursement, reporting and accounting arrangements, preferably based on recipient government arrangements, and thereby helping to reduce the administrative burden and strengthen the national institutional capacity;
- government and donors regularly monitor and evaluate process achievements and results.

This is a somewhat idealistic scenario, and it is rare to find all these principles applied uniformly. They normally begin with a limited number of activities that may eventually evolve into a fully-fledged SWAP. Selected activities could be formulating a strategic plan for a sector, strengthening the capacity of a sector ministry to develop a SWAP approach, or investing in the design of an integrated financial management system. Such activities are sometimes referred to as '*pre-SWAP* activities'. SWAPs are therefore best viewed as long-term processes.

There are several reasons why SWAPs have progressed at different speeds in different regions. First of all, there is a difference between 'SWAP-minded' and less, or 'non-SWAP-minded' donors, each of whom favours different approaches to aid delivery. Policy decisions or legal frameworks may forbid donor countries from participating in SWAPs. But there are different approaches even within the SWAP-minded community, such as differing views about moving towards a greater reliance on government financial and accountability systems, or about the participation of key stakeholders in sector policy processes.¹⁰ Donors also adapt their practices and work within the boundaries set by host governments, which often means that non-state actors are not permitted to take part in crucial policy formulation or monitoring processes. This stems partially from a tradition among governments and donors under which sectors tend to be managed more from a technocratic perspective than from a governance perspective.¹¹ Yet in some countries, such as Uganda, governments have invited non-state actors to take part in policy discussions on poverty alleviation. The more recent adoption of PRSP processes has intensified the debate on the role of SWAPs in the regions.

⁹ Foster, M. 2000. *New Approaches to Development Co-operation: What Can We Learn from Experience with Implementing Sector Wide Approaches?* Centre for Aid and Public Expenditure. ODI. London.

¹⁰ Lavergne, R. and A. Alba. 2003. CIDA Primer on Programme-Based Approaches, CIDA Policy Branch

¹¹ Peter Harrold. 1995. The Broad Sector Approach to Investment Lending: Sector Investment Programmes. World Bank Discussion Paper No. 302, August 1995.

1.2.4 *Are SWAps the missing link in sector-decentralisation relations?*

As we have already noted, SWAps offer a way to translate PRSP and related national policy objectives into operational sector plans that are both coherent and integrated. What, then, are the implications of implementing SWAps in decentralising environments? Do SWAps have the potential to facilitate a better linkage between ongoing sector reforms and decentralisation?

In countries in which *devolution* is taking place, SWAps must obviously take account of the fact that, by and large, autonomous local authorities have been entrusted with the task of implementing sector programmes. SWAps must therefore contend with the tensions that emerge, for instance, between sector ministries that are reluctant to 'let go' and local authorities that expect to assume responsibility for sector implementation.

By contrast, in countries in which the focus is on *deconcentration*, and where parallel processes of limited devolution are taking place, the potential role of SWAps to facilitate the deconcentration process and create linkages between the deconcentrated level and devolved government needs to be considered.

In reality, only relatively limited experience has been gained with SWAps in relation to decentralisation. Their impact on the relationship between sector programmes and decentralisation processes has not been systematically studied. The remainder of this paper therefore attempts to go some way to fill this gap by exploring the relationship between SWAps and decentralisation processes in a number of institutional contexts. This is done on the basis of a simple conceptual framework that positions:

- *sector reform programmes* that principally aim to enhance service delivery, particularly with respect to the provision of those services that directly impact on poverty reduction;
- *processes facilitating devolution*, that aim to promote local democratic governance in order to foster transparency, accountability and equity in the policy-making process, and which in turn are expected to improve service delivery and intersectoral coordination;
- *processes focusing on the deconcentration of central government functions* to regional or sub-regional levels, that aim to facilitate intersectoral coordination and improve service delivery. These processes are sometimes seen as part of a longer term strategy to fully devolve powers to local authorities. A mix of deconcentration and devolution is often prevalent in Francophone countries, and appears to be the pattern of Bolivia, too.

In reality, sector reform processes and decentralisation processes (through either devolution or deconcentration) ought to be treated as complementary. Practice suggests, however, that tensions can develop between them. Against this background, the core question that this paper seeks to address is;

Do SWAps provide an opportunity for reconciling centre-local relations by delivering services more effectively and promoting decentralisation?

The available evidence, mainly from a number of Anglophone African countries, is that SWAps have been treated as instruments of sector ministries. As a result, they have tended to adopt positions that undermine devolutionary processes and strengthen the position of sector ministries, by re-emphasising systems of top-down planning and budgeting and by limiting local discretion over the management of sector programmes. SWAps are therefore not providing the needed link, but rather risk encouraging a recentralisation of powers at the expense of the local level, and in so doing exerting a significant influence on centre-local relations (Gould, 1999). In the Francophone context, the potential role of SWAps in linking up deconcentrated and devolved tiers of government has not yet been recognised. This is largely due to the fact that SWAps are a comparatively new phenomenon. Moreover, the focus to date has been on encouraging development partners to agree on common sector policies and strategies, and little attention has been paid yet to implementation issues.

The same is true of Bolivia, where devolution has been well established, but where SWAps are a recent phenomenon. Concern has been expressed that a failure to coordinate and harmonise efforts among donors and government could result in potential synergies not being exploited. SWAps could help to initiate a process by which macro support is better integrated with decentralisation and local development.

In addressing this core question, the paper also seeks to answer two complementary questions. These concern issues of participation and capacity development:

Can SWAps facilitate the participation of different stakeholder groups under national leadership in the design, implementation and review of policies relating to service delivery and local democratic governance?

The question is to achieve wider stakeholder ownership of the reform agenda, including appropriate roles for central and decentralised bodies, for civil-society organisations, and for private commercial and non-profit organisations (DfID, 2001).

Concern has been expressed that SWAps in fact shift the locus of decision-making to the donor-sector ministry level, thereby reinforcing lines of accountability between host governments and donors and weakening lines of accountability between host governments and local stakeholders. Yet there have also been examples of SWAps creating opportunities for non-state actors to participate in the delivery of services at a local level, and to participate in poverty monitoring exercises at a national level. What sort of implications does this have for local authorities, who may risk being sidelined? At the same time, commentators have also pointed to the difficulty experienced by civil society and other local stakeholders in meaningfully engaging with this new aid mechanism and providing a counterweight to the influence exerted by the centre (including external partners) in the policy-making process (Benson-von der Ohe et al., 2000).

Do SWAps provide entry points for capacity-development support that meets the needs of sector programmes as well as those of decentralised institutions and actors?

All too frequently, capacity development resembles a patchwork of uncoordinated interventions without any holistic, 'systems' perspective. Typically, sector programmes are accompanied by interventions aimed at enhancing the implementation capacity of sector institutions, while quite separate capacity development programmes accompany decentralisation processes that focus on either enhancing core management and technical competences or addressing broader institutional development challenges, including governance, networking and accountability. The multiplicity of interventions, which may be complementary but which risk duplicating efforts or counteracting one another, is compounded by the fact that these are often 'projectised'. This means that they are linked as it were to particular investment programmes operated by individual funders, rather than forming part of a broader institutional development strategy. In the absence of such a strategy that is able to address the question 'capacity for what and for whom?', intense competition can build up between different institutional actors for access to resources, competition that is ultimately counterproductive.

The following table outlines some of the dimensions of these questions:

Table 1:

Objective of strategy	Improved service delivery	Decentralisation of central administration	Development of local governance
Decentralisation	Focus on sectoral deconcentration	Focus on administrative deconcentration	Focus on devolution
Civil-society participation	To support implementation		To support implementation and engage in policy dialogue
Capacity development	Focus on core management and technical functions to enhance service delivery	Focus on core administrative functions to enhance policy coordination and intersectoral synergies	Focus on wider governance issues
Service provision	Focus on delivery of sector-specific outputs, independent of other sectors	Focus on intersectoral coordination in order to ensure effectiveness and efficiency	Focus on delivery of sector-specific outputs within an intersectoral context
Improved accountability	Focus on managerial and administrative accountability	Focus on managerial and administrative accountability	Focus on social and political accountability
Donor harmonisation	Enhance national ownership and capacity; rationalise sector management through instruments such as SWAps	Little donor support, and little effort to harmonise approaches	Little effort yet made to harmonise support for decentralisation, though some decentralisation SWAps emerging

The role of external agencies

It is important to recognise that the donor community is active in supporting both decentralisation as well as SWAps, but that more often than not, these two intervention areas are poorly coordinated. Thus, typically, sector advisors and programme officers see SWAps as essentially a tool for implementing sector ministry plans and for achieving wider PRSP and macro-economic objectives. Their primary concern is the effective delivery of services and the attainment of sectoral poverty reduction targets - not the combined effect of intersectoral allocations at a sub-national level on poverty reduction.

Quite separately, decentralisation and governance specialists work on decentralisation issues where the concern is to promote local democratic governance in order to foster transparency, accountability and equity in the policy-making process, which is in turn expected to improve service delivery. It has been suggested (Romeo, 2003) that decentralisation remains the 'Cinderella' in the aid relationship between donors and recipients, receiving as it does comparatively minor budgetary allocations and limited time in policy exchanges compared with sector programmes and concerns about macro-economic management. Moreover, the focus in the debate on decentralisation has been on devolution and comparatively little attention has been paid to issues of administrative and sectoral deconcentration.

In aid-dependent countries, there is a risk that aid in general will encourage a centralisation (and externalisation) of decision-making towards the donor level, due to the influence that donors can continue to exert. Accordingly, the way in which donors relate SWAps and decentralisation can have a profound influence on what happens on the ground. This is true of the overall relationship that develops between the centre and local levels, of the direction that decentralisation eventually takes, of the design of capacity development support, and of the participation of non-state actors. This dependency dimension will come into play when we examine the three questions raised above.

1.2.5 Looking at the regions

The relationship between SWAps and decentralisation in enhancing service delivery and strengthening systems of democratic governance is a complex one that unfolds in different ways. The following two chapters explore these dynamics as they have played out in Anglophone East Africa, Francophone West Africa and Spanish-speaking Latin America. They distil key lessons of experience from which general conclusions are drawn and recommendations made about the relationship between the two processes and the ways in which SWAps can help to better link up what often turn out to be diverging policy concerns.¹²

¹² Readers are reminded that the case studies were carried out in mid-2002 and provide a snapshot of a rapidly evolving policy environment. Consequently, some of the findings contained in this report are likely to have since been overtaken by events. Every effort has been made, however, to bring the findings up to date.

2 Insights from Anglophone Africa

2.1 Introduction

Many Anglophone developing countries are pursuing ambitious political and institutional reforms including democratisation, public service reform and decentralisation, the goal of which is to devolve significant powers and responsibilities to local governments. At the same time, SWAs have been introduced in many of these countries, particularly in the education, health, water and sanitation, roads and agricultural sectors. They are seen as promising mechanisms for improving government performance and for coordinating the efforts of external funding agencies in delivering essential services and in tackling poverty more generally. In this sense, they provide a framework for translating the objectives of Poverty Reduction Strategy Papers (PRSPs) into operational plans.

It is in such 'decentralising environments' that recipient governments, donors and local stakeholders have to find ways of reconciling sometimes competing objectives for service delivery and local governance development. Operational questions arise about reconciling the need for the effective delivery of public services with a reform agenda that identifies local government as the prime implementer of sector programmes. Concerns are most acute in circumstances where there is pressure to expend funds as rapidly as possible because of political pressure to respond to public expectations of better service delivery, but where local government capacity and local governance structures are too weak to enable rapid implementation. The situation is often compounded by donor pressure to disburse funds within given time limits for earmarked poverty reduction activities.

This chapter explores the way in which these issues have played out in Tanzania and Uganda, two countries that can be described as 'decentralising' and in which SWAs are becoming a key instrument for managing sector programmes and guiding the implementation of PRSPs. Uganda and Tanzania provide interesting insights into the interplay between SWAs and decentralisation processes.

2.2 Learning from Uganda and Tanzania

Uganda, a small landlocked and mountainous country and Tanzania, a physically much larger country with a significant coastline, share a common border around Lake Victoria in East Africa. Both Anglophone, they have in common a system of public administration based on the British tradition and have undergone a similar colonial experience. However, whilst Tanzania's post-independence history has been largely peaceful and renowned for its experimentation with African socialism, Uganda's experience has been turbulent and violent, characterised by political tyranny, dictatorship and civil war.

Both Uganda and Tanzania have passed legislation that provides for a far-reaching transfer of powers and responsibilities from central government to locally elected government. At the same time, both countries have embraced SWAs as a key mechanism for managing sector reforms and harmonising external assistance. How have these countries fared in working with SWAs to balance sector reform and decentralisation processes? What kind of issues have arisen, and with what consequences?

2.2.1 The macro level

Both Uganda and Tanzania are poor countries that remain heavily dependent on aid. However, political, economic and administrative reforms instituted during the 1990s have turned both countries into relative 'success stories' and there is growing optimism about their futures. Strong leadership and political vision, particularly in Uganda, have helped provide momentum and local ownership of the reform agenda, while providing the basis for a more open and frank partnership with the donor community.

Donors have expressed growing confidence in the capacity of the political and administrative machinery of government and are willing to work through harmonised aid mechanisms such as sector-wide approaches and budget support. Moreover, both countries have completed Poverty Reduction Strategy Papers (PRSPs) that provide a framework for aligning donor support to national policy objectives, and have adopted Medium-Term Expenditure Frameworks (MTEF), which donors regard as a precondition for providing sector and budget support.

Uganda in particular has been praised for its 'home-grown' PRSP – the Poverty Eradication Action Plan (PEAP) – and was the first country to access HIPC (I and II). Progress in Tanzania has been somewhat slower. However, after a period of strained relations with the donor community in the mid-1990s, the partnership is now much stronger, guided by the PRSP and by Tanzania's own medium-term framework for promoting local ownership and development partnership – the Tanzania Assistance Strategy (TAS). The TAS is a coherent national development framework for managing external resources that encompasses the joint efforts of the government and the international community.

2.2.2 Decentralisation: a commitment to devolved government

Although the history of decentralisation reform differs in the two countries, both Uganda and Tanzania adopted legislation in the late 1990s aimed at devolving significant powers to locally elected urban and rural councils to provide basic services and promote local economic development. In both countries, the stated aim of decentralisation is to improve service delivery as well as to enhance local democratic governance. To this end, local authorities have been empowered to manage manpower, revenue generation, planning and budgeting.

There are nevertheless differences in the institutional set-up of decentralised structures in the two countries. For example, Tanzania has retained a regional administrative level that constitutes a deconcentrated layer of central government and which provides a potential link between devolved government and central government. Uganda has no such intermediary level, however. There, local government is divided into five tiers extending from the district and town level down to the village and ward level.

Uganda has made considerable progress in implementing its 1997 Local Government Act. However, the process appears to have lost some of its initial momentum and it is unclear who is now responsible for championing the process. In Tanzania, the Local Government Reform Programme (LGRP) is driving a process of decentralisation that started somewhat later than in Uganda. It is looking to the Uganda experience for inspiration, especially as regards dealing with capacity development and fiscal decentralisation. As in Uganda, there are doubts about the level of genuine political commitment to the decentralisation process.

Uganda's Local Government Development Programme (LGDP), a key initiative aimed at supporting the decentralisation process, has tried to tackle issues of fiscal transfers, accountability and capacity development in a complementary way. In terms of approach, it has been highly significant and has provided the basis for Uganda's recently adopted fiscal decentralisation strategy. Fiscal decentralisation has been a key issue in the decentralisation process and has been at the centre of a debate on the relationship between SWAps and decentralisation (see below). It is an issue that is now receiving increasing attention in Tanzania. There, a *Fiscal Decentralisation Task Force* has recently been set up, and discussions are under way on revenue-sharing arrangements whilst consideration is being given to introducing a Local Capacity Development Fund based on Uganda's LGDP experience.

Both countries face a number of similar challenges in taking their ambitious decentralisation programmes forward. These include:

- clarifying the roles and responsibilities of sector ministries and local government;
- updating sector legislation so that it is consistent with the provisions of decentralisation;
- working out an appropriate system of fiscal transfers that will enable local authorities to discharge their new-found responsibilities;
- developing credible leadership and technical competence at a local level;
- promoting closer cooperation between local authorities and other local stakeholders in civil society and the private sector;

Perhaps most importantly, both countries need to demonstrate the value that decentralisation brings to the fight against poverty.

The management of such ambitious reform processes remains a challenge for both countries. The sheer complexity of managing a decentralisation process (including finding ways to link up with public service reforms and the PRSP) is huge, yet there is insufficient capacity to manage such a transformation. Both countries require a strong change agent to provide leadership and guidance, particularly in the face of the opposition to change within line ministries and, in the case of Tanzania, regional government. Both countries, moreover, have to confront the reality that capacities within the new local government structures remain extremely weak, affecting their ability to seize new opportunities, implement new roles and responsibilities, and deliver results.

2.2.3 The introduction of sector-wide approaches (SWAps)

Both countries have introduced sector-wide approaches in recent years. In Uganda, SWAps are being implemented in the health, education, water & sanitation, and agricultural sectors. These help to translate broad PRSP/PEAP objectives into operational sector programmes, and provide a framework within which budgetary allocations can be made to the Poverty Action Fund (PAF), which channels external and national resources to the PRSP/PEAP priority sectors. Although a growing number of donors now work through or have aligned themselves with SWAps, a number continue to work outside the SWAp framework, providing project support to government departments and local authorities on a bilateral basis.

In Tanzania, SWAps have been introduced more recently. Progress has been made in setting up SWAps in the health and education sectors, whilst support for the Local Government Reform Programme, although not strictly speaking a sector, is also treated as a SWAp. With a PRSP in place, SWAps are expected to play an important role in translating broad policy objectives into coherent implementation plans that rally together the inputs of different donors. The PRSP experience with broad-based participation has also encouraged the government and donors to make more effort to involve non-state actors in SWAp processes. However, even more so than in Uganda, donors who are less willing to channel resources through the government system or who are restrained from doing so for legal reasons, continue to provide direct project support, or earmarked project support (i.e. project support within a sector programme) or work through a mixture of programme and project support.

2.3 The relationship between SWAps and decentralisation

SWAps have been introduced into institutional environments undergoing significant reform where substantial powers and responsibilities are being transferred from the central administration to local authorities. Experiences suggest, however, that the two processes have not been sufficiently harmonised, in spite of being interdependent. In important respects, they are actually pulling in opposite directions.

Managers of SWAps are primarily interested in enhancing service delivery and seeking managerial solutions to ensure that PEAP/PRSP performance targets are met. At times, this means overlooking the political dimensions of decentralisation, and treating local government departments as field offices of line ministries rather than as autonomous departments responsible to locally elected officials. Issues of local-level capacity are looked at from a sector viewpoint, and less so from the perspective of the local authority. By contrast, those responsible for decentralisation tend to be more concerned with governance issues and are therefore concerned that the influence of sector programmes may well derail the decentralisation process, and result in a recentralisation of powers and responsibilities. A process of devolution then quickly becomes a process of deconcentration.

It has also proven difficult to formulate appropriate capacity development strategies that adequately account for the needs of sector programmes as well as the decentralisation process. The role of civil society, meanwhile, is also difficult to define as long as these tensions persist.

Whilst there is a growing recognition of the need to reconcile these processes, discussion of these issues among donors and host governments has been limited to date. Uganda and its partners have nevertheless started to examine the relationship more systematically and are now exploring ways to build coherence between the two processes.

2.3.1 An interdependent relationship guided by conditionalities

It is important to recognise that SWAps and the decentralisation process are interdependent. This is because the law requires a significant part of sector programmes to be implemented through local government structures. In turn, the operations of local authorities are coming to depend almost entirely on funds obtained through sector budgets.

Although the extent of this interdependence is greater in Uganda, a similar trend is occurring in Tanzania. In Uganda, two-thirds of the Poverty Action Fund (PAF), which is composed of sector budgets, is transferred to local authorities. The PAF has thus become the most important system for transferring resources from central to local government, and is the principal instrument for distributing sector budgets in the local government system. Meanwhile, local authorities are struggling to raise local revenues. In Tanzania, only 20% of basket funds were

transferred to districts as 'block grants', while 80% remained at the central government level in the 2000-2001 financial year. Although this proportion was small, it was estimated to represent almost 75% of local government funding. Meanwhile, local government transfers for health and education have increased substantially. For the 2003-2004 financial year, district councils have been allocated close to 65% of the health sector basket.

In both countries, sector budgets are transferred under strict conditions defined by the sector ministry together with external partners. These conditions spell out budgetary allocations, performance targets and technical specifications with which the local authorities are required to comply.

Conditions are imposed on local authorities primarily to ensure compliance with agreements reached by the sector and finance ministries and external donors in relation to PRSP and HIPC targets. This is considered especially important in view of the fact that responsibility for implementation lies mainly with the local authorities, and not with the sector ministry. The central government is also concerned that local government lacks the necessary capacity to assume full responsibility and control over the use of funds as envisaged in decentralisation legislation, and therefore requires close supervision and monitoring. In this regard, local authorities have been criticised by central government for poor planning and financial management and weak technical supervision. Councillors are also often accused of being incompetent or corrupt, and of diverting funds from their intended purposes.

Central government argues that, until the local level has developed adequate capacities and can prove itself to be transparent and accountable, it will be necessary to maintain close supervision over the use of funds, even if doing so runs contrary to the letter and spirit of local government legislation. This is perceived as a transitional measure, however, the assumption being that the degree of control will be reduced as local capacities are enhanced. Critics note, however, that no time scale has been given and that the retention of control by central government will irrevocably delay the decentralisation process. They also argue that, in fact, many sector managers and donor sector specialists are unaware of decentralisation legislation and do not realise the impact their actions might have on the process of devolution.

Views obviously differ as to whether SWAps currently support or undermine the devolution process. The following are the main arguments put forward by the critics and defenders of SWAps.

2.3.2 SWAps as a tool for supporting the decentralisation process

Those who defend the conditional grant system and related sector ministry supervision argue that SWAps actually facilitate decentralisation in three important ways:

1. *Increased and predictable funding:* SWAps have contributed to an unprecedented and rapid increase in resource flows to the local level. Whilst conditions are attached to the use of these resources, the fact remains that local authorities have a real budget to work with, sometimes for the first time enabling local governments to discharge their responsibilities in ways that were not previously possible.
2. *Building sector coherence and a clear policy framework:* sector funding based on the pooling of national and donor funds through SWAp arrangements is helping to harmonise and consolidate efforts and ensure coherence with national priorities. It has also begun to reduce the fragmentation of interventions that characterised the past, and will in time reduce local authorities' dependence on often poorly coordinated donor inputs. It has also helped clarify the role of local administrations vis-à-vis other local actors, such as NGOs, which in many countries have come to function as surrogate providers of public services in the absence of credible local government structures.
3. *Capacity development; providing supervision and technical guidance:* sector programmes are also credited with providing much needed technical guidance to the local level, and thus helping to strengthen very weak systems of planning, budgeting, supervision and reporting. In the face of weak capacities, local authorities are introduced to procedures, guidelines and a way of working that will be beneficial to their long-term capacity development. Conditions can also help improve local performance by keeping local authorities focused on and accountable for meeting national policy objectives. This discipline also helps to enhance local capacities with regard to results-based management.

Together, these factors help to strengthen the competence of local authorities to deliver services in an efficient and transparent manner, and to become good implementers of national policy, thereby contributing to the realisation of the national poverty reduction strategy.

A note on the issue of subsidiarity

There is a separate argument that devolved government may not necessarily provide the most appropriate institutional framework for implementing sector programmes or particular service delivery functions, and that, where this is the case, a deconcentrated system of management is often more suited. In such circumstances, the sector ministry is reluctant to 'let go' in the interests of supporting devolution. Some donor sector advisors believe that delivery through field offices of sectoral ministries leads to a more efficient and speedy delivery of services, and that this should not be compromised by wider concerns for devolution. It is here that the argument of subsidiarity applies. While, in principle, responsibilities should be devolved to the lowest possible level, this does not hold true in all situations and there can be good reasons to retain responsibility at a higher level.

2.3.3 SWAs as a challenge to the decentralisation process

Critics argue that SWAs are having the effect of disempowering local authorities, denying them the independence and discretion foreseen in the legislation and converting a process of devolution into one of administrative deconcentration. Local authorities are left with limited discretionary powers, undermining the very rationale of devolved local government and the authority of locally elected representatives. Even though local elections take place and there is access to resources, they are unable to exercise control over the use of those resources. Issues of governance, local ownership and accountability, equity and choice are compromised in the interests of assuring compliance and delivering tangible results in the short term.

Critics also point to the fact that local politicians and technocrats have little say in the formulation of sector policies and strategies, and in the planning and budgeting of programmes, because key decisions are taken by technocrats operating at central government level, together with donors. SWAs are seen to reinforce such a top-down mode of planning and budgeting, whereby local authorities are expected to implement centrally-defined programmes, and to adhere to work plans and performance targets negotiated at the centre. Some of the consequences are as follows:

- There is little incentive to take ownership of resources over which the local level has little control.
- Access to central government resources generates a growing dependency on sector ministries, and reduces the incentive to generate revenues locally.
- Centralised planning reduces the incentive for local government to involve other local development actors in defining priorities and in identifying strategic partnerships.
- A bias is given to compartmentalised sector planning rather than to a district-based approach, thereby resulting in missed opportunities for intersectoral cooperation and area-based planning.
- Conditions impose an accountability regime that emphasises compliance by local technocrats with the central level, rather than with locally elected officials and the electorate.
- The application of standardised planning criteria does not take account of local realities, and can result in an inefficient and inappropriate use of resources;
- Capacity-building programmes are geared principally towards the needs of sector implementation (i.e. the core management capacities of sector ministries including deconcentrated management units for effective management and financial reporting) and not the development of autonomous local government structures.
- Reporting requirements linked to a multiplicity of conditional grants can quickly overload already weak administrative capacity, diverting it away from implementation functions. Meanwhile, limited capacities at the centre result in an inability to be responsive to the local level and in delays in releasing funds.
- Support for sector-wide approaches and conditional grants plays into the hands of interest groups that are reluctant to transfer powers to the local level as required by decentralisation legislation, thereby delaying the devolution process.

2.3.4 Implications for civil-society participation

The introduction of SWAs in decentralising environments has particular implications for civil-society organisations (CSOs) at a national as well as a local level. The interplay of the two reform processes requires CSOs to reflect on

their strategies, to redefine their areas of involvement and eventually to take up new roles in their interaction with national government, the donor community and local administrations.

What can be observed from Uganda and Tanzania? While governments and donors see SWAps as offering opportunities for multi-stakeholder participation in strategy preparation and implementation, in practice, the participation of non-state actor organisations has been relatively limited in both countries. To some extent, this reflects a continuing hesitancy on the part of both donors and host governments to open up the policy process to CSOs. But there are also differences at both national and local levels.

The Tanzania review notes a weak, but steadily increasing level of participation by umbrella CSOs in policy dialogue at a national level. In part, this has been inspired by the PRSP process, which strongly encourages civil society to become involved in policy discussions and poverty monitoring. Civil society, for example, became more involved in the preparation of Tanzania's primary education SWAp, which was developed after the completion of the PRSP process. More recently, civil society was invited to participate in the 2002 Joint Health Review. In Uganda likewise, civil society is involved in poverty monitoring at a national level. This (primarily externally financed) engagement of CSOs in the policy process is also in line with recent donor thinking, which attributes a watchdog function and poverty advocacy to civil society.

Civil-society participation at a local level is very different. There is an obvious dilemma between CSO participation in local governance and the provision of services, their traditional area of involvement. Funding applications for local activities increasingly require local and international NGOs to support civil society in poverty advocacy, local government monitoring and engagement in governance processes in addition to service delivery. The rationale is that resources are increasingly transferred through SWAp-funded government channels, which will enable local governments to direct the local development process and to utilise CSOs for implementation. Local CSOs are thus expected to combine implementation in partnership with local governments, with participatory planning and poverty monitoring in one and the same function – tasks which are not easy to merge.

But the reality is different, due to the difficulty experienced by CSOs and local governments in adapting to new roles, combined with a mutual resistance to working together and insufficient transfers of resources and responsibilities to local governments. The review of the Local Government Reform Programme in Tanzania found that the application of participatory planning approaches throughout Tanzania is still at a very early stage. There are also few instances of NGOs implementing projects on behalf of government authorities, although the case of the Same district is an interesting example of local partnership development between district councils and civil-society organisations.

Generally, the situation in Uganda is similar, although several initiatives have been taken to engage civil society more directly. In two sectors, funds have been deliberately earmarked to enable civil-society participation in service delivery. In the health sector, the Ministry of Health has a budget line for service delivery through non-governmental providers. The money is sent to the districts, where it is disbursed to service providers by District Health Officers. Meanwhile, in the water sector, the Ministry has earmarked funds for non-state actors working in urban areas.

But where no funds have been deliberately earmarked by the central government, there appears to be little incentive for local governments to engage with local NGOs and the private sector. Critics argue that the centralised planning and decision-making that characterise SWAps means that there is no point in local governments trying to plan with the people, since decisions over funding priorities have already been taken. In Uganda, as in the above example of Same in Tanzania, there are instances in which districts have taken steps to promote local partnerships, for example in the Rakai district. However, this has often required the encouragement of a donor agency that is willing to earmark funds to support such local initiatives.

Civil-society organisations are genuinely concerned that they risk losing access to funding as a result of donors shifting towards budgetary transfer systems, such as SWAps, and see earmarking as a means of guaranteeing that at least some funding reaches them for sector service delivery. The portion of earmarking and the number of sectors where this takes place are both still relatively modest. But there is growing recognition among governments and their development partners that local government cannot yet respond adequately to local service delivery requests. The recent decision taken in Tanzania to earmark funds for implementation in the education sector confirms this trend.

These changes at a macro level suggest that CSOs should adapt their roles and focus, and review their strategy on service delivery and policy work. There is already an ongoing specialisation in the countries under review, where a group of CSOs is focusing on policy dialogue, poverty monitoring and in-country networking and poverty advocacy to enhance bottom-up pressure on policy processes. Out of a total of approximately 2,500 NGOs in Tanzania, for example, there is a network of some 20 organisations which are primarily engaged in this domain. The other organisations provide service delivery either throughout the country or in individual districts or at a sub-district level.

Changing aid modalities such as SWAp requires them to establish new ways of working with central and local government, as well as with the donor community, and will have repercussions on their own strategy and way of working. It may force organisations to restructure and to acquire a new set of capacities, such as effectively engaging in policy dialogue, networking and alliance forming, negotiating, building up analytical capacities, etc. This obviously engenders concerns in civil society about how it can benefit from capacity development support to adapt to the changes.

Moreover, there are concerns that, with the centralisation of funds, civil society risks being marginalised, as the focus of attention shifts to the needs of local authorities. Here again, the question of earmarking funds for civil-society capacity development arises, and is a reminder that any comprehensive strategy for local capacity development should take account not only of local authority needs, but also of those of non-state actors.

Donors, CSOs and parts of central government recognise this growing gap and have started discussions on how to reduce the fragmented support currently provided to civil society and support them more systematically. Initiatives tend to be *ad hoc* in nature and poorly integrated into the wider change process. In Tanzania, initial discussions have started about setting up a fund to finance NGO capacity development. The Tanzanian authorities recognise that balanced support needs to be provided throughout society to support governance and bottom-up development. For the present, there is no agreed strategy for achieving this, nor any operational modalities. However, efforts are clearly underway to improve the situation and to harmonise approaches.

2.3.5 Implications for designing capacity development strategies

Neither country has what may be described as a coherent strategy for guiding capacity development at a local government level that balances the needs of sector programmes and devolution.

Capacity for what and for whom?

The Uganda report notes the difficulty of designing an appropriate capacity development strategy as long as these issues are clouded in uncertainty.

Various initiatives have been taken in Uganda that risk contradicting or duplicating one another. As a result, local authorities have been confronted with a plethora of capacity development initiatives with insufficient strategic direction, reflecting an absence of overall policy coherence.

Typically, each SWAp includes provisions for the training of personnel involved in the implementation of the SWAp and for strengthening systems and procedures, especially for financial management, planning and monitoring. Such support is mainly targeted at the personnel of the sector ministry concerned, as well as at local government staff. These packages accompany the transfer of conditional grants and have been designed by and large by the sector ministries focusing on the specific implementation needs of the sector concerned. Usually, capacity building of this kind is repeated for each sector, and is designed from the perspective of the sector in question, and less from the perspective of the integrated needs of local government. As such, the personnel and implementing departments responsible for implementing the SWAp are treated as an extension of the parent ministry. To the extent that support focuses on technical and professional matters, there is no intrinsic problem. Difficulties arise when broader management functions are addressed which really ought to be looked at from the wider perspective of local government as an autonomous institution.

In parallel, decentralisation programmes include capacity development components aimed at strengthening the core management functions of local authorities. These are normally designed so as to enable local authorities to assume their new roles and responsibilities as defined by decentralisation legislation. Such programmes are implemented either through a centralised programme as part of a wider decentralisation initiative, or as part of donor-funded district support projects. To a more limited extent, capacity-building is targeted at central-level institutions that are involved in the decentralisation process.

Uganda's Local Government Development Programme (LGDP) has tried to provide broader-based assistance aimed at strengthening institutional capacities related to overall management and administration, procurement, financial management, planning, human resource management, management information systems, etc. It has also tried to tie the provision of such capacity support to performance improvement, so that the system is not seen merely as one of entitlements coming from above, but rather one based on a locally identified set of needs. Experience from the initial programme suggests, however, that the districts are not necessarily able to define their own needs and have

ended up proposing training courses that meet the minimum requirements set by the Programme for securing additional resources.

There has also been a third avenue of capacity-development support linked to project assistance and general local government administration which donors have provided directly to individual local authorities, including municipalities. Recent developments suggest that most donors have agreed to channel their capacity-development support through a centralised transfer system modelled on the LGDP and that this may go some way in bringing order to capacity-development support. Equally, the EU is set to launch a project for supporting 'organisational development' training for local governments (coordinated through the Ugandan Local Authorities Association). The project is intended to strengthen the capacity of local governments to critically review their own mission, objectives, strategies and training needs.

In Tanzania, such concerns over the structuring of capacity-development support have not yet received the same level of attention. Although there are many initiatives associated with the Local Government Reform Programme, consisting mainly of training programmes aimed at skills enhancement for different cadres and functions, there is as yet no coherent capacity development plan to accompany the decentralisation process.

There is interest, however, in the experiences of Uganda, and a proposal has been made for developing a scheme akin to Uganda's Local Government Development Programme. This would link support to performance improvement and would make the local council responsible for identifying its own needs.

Access to capacity-building assistance for non-governmental actors is limited, and is only available on a systematic basis in instances where direct funding is provided to such actors. To a limited extent, capacity-building programmes for local authorities financed either through SWAPs or through decentralisation programmes are open to NSAs; this is the exception rather than the rule, however. As we have already noted, civil society has expressed concern that the trend towards sector and budget support programmes risks cutting off access to much-needed funding for capacity development.

3 Insights from other regions; Francophone Africa and Bolivia

3.1 Introduction

The situations in Francophone Africa and parts of South America are quite different from that in Anglophone Africa. Whilst institutional reforms are taking place in many countries in these regions, including public sector reform and decentralisation, their scale and impact are not necessarily of the same nature.

Countries in these regions have different traditions of public administration based primarily on their different colonial experiences, and have adopted different concepts of decentralisation. Systems of governance have traditionally been far more centralised and hierarchical in nature, with comparatively weak local government structures.

SWAps are a much more recent innovation and only in a few instances are there fully-fledged SWAps in operation. However, a number of countries have now prepared PRSPs and in the process have recognised the need to pursue sector reform on the one hand and to carry through institutional reforms on the other, in order to effectively operationalise PRSP objectives.

The nature of the relationship between SWAps and decentralisation therefore differs from that presented in the previous chapter, and as a result different kinds of policy and strategic issues emerge with respect to the management of sector reform processes and decentralisation. This chapter identifies the issues that have emerged in two Francophone countries; Benin and Burkina Faso (with additional insights from Mali) in Africa, and one South American country, Bolivia.

The Benin and Burkina Faso cases provide insights into two countries that are slowly implementing decentralisation reforms and which have begun to explore the use of SWAps. Both countries are lagging behind Tanzania and Uganda in terms of conceptualising and implementing decentralisation and SWAps. Decentralisation programmes are slow and piecemeal and, whilst the government's formal position on devolution is clear, its willingness to carry the policy through is questionable. SWAps have not as yet made use of the opportunities offered by decentralisation legislation to harmonise individual sector reforms through deconcentrated administration.

The slowness and opaqueness of the reform process can be attributed in part to a lack of guidance and political will on the part of national governments. However, the donor community is also partly to blame, in that there really is not a group of donors that is actively exploring ways to harmonise their inputs, as is happening in a number of Anglophone countries. Rather, it comprises different groupings each with its own priorities and ideas on the direction that reforms should take.

Additional insights are provided from Mali, another Francophone country, but one where devolution has been placed at the centre of its institutional reform agenda (somewhat similar to Bolivia; see below), and where key questions are being asked today about the relationship that should exist between sectors and decentralisation and about the role of SWAps in complementing the reform process.

Although the Bolivian case provides yet a different scenario, it is in some ways closer to that of Mali. Here, although far-reaching decentralisation has been effected that has placed municipalities at the centre of the development process, powerful countervailing forces that seek to retain power at the centre and to serve their respective clienteles are clearly in evidence. SWAps are a comparatively new innovation with which little practical experience has been gained to date. However, SWAps could clearly have a significant influence on the future implementation of the decentralisation process.

3.2 Learning from Francophone countries

Both Benin and Burkina Faso have embarked on institutional reforms that include provisions for deconcentrating powers from central to regional government, and for a limited devolution of powers to local governments. SWAps have been introduced only recently, and their potential role in supporting both sector reform and decentralisation has yet to be fully determined. What kind of issues have arisen in these circumstances and with what consequences?

3.2.1 The macro level

Burkina Faso and Benin are two West African countries that share a French political, legal, administrative and public finance tradition. Both have experienced periods of instability and dictatorship that ended at the beginning of the 1990s. Burkina Faso adopted a new constitution in 1991 and has embarked on economic and administrative reforms in a context of structural adjustment and democratisation. Benin's current situation can be traced back to a national conference held in 1990 that marked the end of a political, economic and financial crisis. Both countries, however, remain among the poorest in the world. Similarly, Mali, also a West African country with a comparable colonial history, experienced a period of constitutional reform at the beginning of the 1990s. The reform, the aim of which was to transform Mali into a democratic society, included the adoption of a widespread decentralisation policy attempting to bring an end to the highly centralised structure of the public sector.

Today, Benin and Burkina Faso have an elected president, an elected parliament and a formally independent judiciary. The government's administration, which is based largely on the French model, remains highly centralised, with only limited powers and spending authority being delegated to deconcentrated authorities for service delivery. In both countries, a representative of the minister responsible for territorial administration represents sector ministries at a deconcentrated level and has formal coordinating powers.

Whilst both countries have adopted administrative reform programmes, little progress has been made implementing these. Meanwhile, public finance reforms are ongoing, including the introduction of programme budgeting and Medium-Term Expenditure Frameworks. By contrast, recent developments in Mali indicate that the recently elected government is committed to advancing with the reform of the state and fully implementing the decentralisation begun by the previous government.

Both Burkina Faso and Benin have also recently finalised PRSPs that are expected to provide a framework for coordinated donor assistance. Yet overall, the extent of donor coordination and harmonisation with national systems and procedures is limited, with donors by and large continuing to provide project aid (although some progress has been made in jointly developing sector strategies). Donors are not yet confident that the governments are willing and able to take full leadership and ownership of the reform process and are therefore hesitant to move towards providing budgetary and programme-based support such as SWAPs to the same extent as in Uganda and Tanzania.

3.2.2 Decentralisation: a focus on deconcentration with limited devolution

Both countries have made commitments to decentralisation, as part and parcel of the wider reform agendas adopted at the start of the 1990s. In Burkina Faso, a committee controlled by the then government wrote decentralisation into the Constitution in 1991. In Benin, decentralisation was a major claim of the national conference of the 'forces vives de la nation' in 1990, which put a peaceful end to the so-called communist dictatorship.

Decentralisation reform in both countries comprises elements of deconcentration and devolution. In Burkina Faso, the reform provides for three deconcentrated levels of government as well as two tiers of devolved government. By contrast, Benin has adopted a more straightforward institutional arrangement that requires minimal additional investment and recurrent expenditure. There is one level of deconcentration, with all deconcentrated agencies using the same administrative departments, and one level of devolution with 77 communes, covering the whole country and all having an urban and a rural component.

As regards *devolution*, neither country has made significant progress to date. In *Burkina Faso*, devolution has extended only to the 45, where municipal elections were held in 1995 and 2000. A lot of work still needs to be done on the rural side in clarifying the exact nature of the communes and their relations with higher levels. The regional councils are not expected to be operational for another 10 years, whilst commune elections are expected to take place in 2005. In *Benin*, municipal elections in all 77 communes were held for the first time in December 2002.

With respect to *deconcentration*, both countries have taken steps to increase the vertical and horizontal coordinating powers of regional government representatives, but little concrete progress has yet been made. With few exceptions, sector ministries have not thought through the consequences of deconcentration either within their own sector or between different sectors. In *Burkina Faso*, the recent introduction of administrative regions with a governor, as well as uniform regions for sector ministries, marks an important step in deconcentrating central

government and creates potential opportunities for facilitating intersectoral coordination and regional development. However, the exact nature of the relations between and the resources of all these structures are not yet clear. Until 2002, each ministry had its own, rarely corresponding, regions and often different headquarters for its decentralized agencies.

In *Benin*, the departmental government representative ('Prefet') is to become the delegated manager of the budgets of all decentralized sector agencies, with formal coordinating powers, on behalf of the entire government system. This provision has just taken effect. The Prefet is also supposed to preside over two departmental coordination and advisory bodies one of which will include a representation of the mayors of the communes and their councillors; a representative of the departmental producers' association; and a representative of the departmental federation of schoolchildren's parents' associations.

In *Mali*, decentralisation also combines devolution and deconcentration. Unlike the two other countries, devolution was introduced fairly rapidly throughout the country without an initial pilot phase. This approach was triggered partially by the violent political unrest that occurred in the north of Mali in 1992, when the Touareg tribe demanded a form of regional self-government. Devolution in Mali aims to strengthen a bottom-up societal change process, in which local government is the expression of the will of the population. Under the decentralisation laws, the people select and control their local representatives, who in turn direct and control their local administration.

By contrast, and as in the other countries, the deconcentration process in Mali has lagged behind. Strengthening this, as well as consolidating vertical and horizontal planning and execution are seen as major challenges currently facing Mali.

In both Burkina Faso and Benin, decentralisation efforts are supported by a larger number of donors. Building on their experiences in Anglophone countries, as well as on decentralisation processes in their home countries, many donors have tended to focus on issues of devolution, despite weak commitment on the government side. Only a few, such as France and Germany in Benin and France, Germany, Canada, Denmark and Belgium in Burkina Faso, have actively supported the administrative deconcentration process. Overall support for decentralisation remains fragmented, with limited policy or strategic direction by the government. Donors continue to provide wide-ranging project support to various institutional actors at decentralized and devolved levels. Such support, in the form of technical and financial assistance, including Municipal Cooperation, is generally organised on a bilateral basis, bringing with it its own approaches, procedures and conditions.

The situation is somewhat different in Mali, where a group of donors have now pooled their resources to support local governments with financial assistance to fund social development projects, and with complementary technical assistance. The programme known as 'Programme National d'Appui aux Collectivités Territoriales' (PNACT) has become one of the principle sources of funding for local authorities (see below for further details).

3.2.3 The introduction of sector-wide approaches (SWAPs)

There are currently no advanced SWAPs in either Burkina Faso or Benin. However, both countries are developing a number of sector (for example, in education and health) and crosscutting (for example, for governance and rural development) development strategies in consultation with selected donor partners. Yet this harmonised planning does not extend to implementation, where each donor generally formulates its own programmes in separate consultation with the government. The consequence of this is that most assistance continues to be provided in the form of individual and weakly coordinated projects, resulting in a considerable fragmentation of effort.

In *Benin*, although both government and donors have indicated their interest in working towards budget support, internal and external resistance to SWAP-type arrangements is significant. Although macro-economic management in general and public finance management in particular is improving, donors are not yet willing to pool resources. The only possible exceptions are Denmark, which is trying to integrate all its contributions to the agriculture sector, and Germany, which has agreed in principle to do so, but wants to proceed step by step. Although France and the World Bank also agree in principle, in practice each provides its specific project support. This trend recently changed with the formulation of the World Bank's new support programme following the completion of the PRSP. The programme, which will be implemented primarily by government agencies, includes provisions for capacity-building and seeks to formulate sector wide programmes and eventually to provide budgetary support.

Denmark, the EU and the Netherlands all have experience with joint missions for policy or programme formulation, monitoring or evaluation, gained from supporting the PRSP. The government prefers to negotiate with donors on a case-by-case basis, as there is neither political nor administrative willingness to integrate financial and technical support from donors into an overall framework.

The situation is much the same in *Burkina Faso*, although government sector coordination is generally better organised there. The government is anxious to improve coordination among donors but sees this as a long-term process that needs to accommodate the different philosophies, approaches, procedures and intervention modalities of its more than forty partners.

Donor interventions have begun to converge in relation to the rural development and education sectors. In both cases, common procedures have been developed, but have yet to be adopted. In education, the intention is to adopt government procedures after a four-year first phase, but the necessary plan of action is only now being formulated. The intention is also to strengthen the Ministry of Basic Education's capacity for financial management, budgeting, procurement, monitoring, evaluation and donor coordination. Donor coordination, initially set up by EU members on an informal basis, has gradually progressed to include all donors in the sector and has now been formalised. The coordinating donor, Canada, represents all donors in a policy dialogue with the government. It believes that a climate of trust and partnership now exists, and that there is a growing willingness to harmonise interventions. A formal framework for donor coordination is being prepared and will be signed by most donors and the Ministry (see Box 4).

Until the conditions for moving towards SWApS and budget-support mechanisms have improved, sector programmes will continue to comprise a collection of projects, characterised by different forms of donor procurement regulations and by their close involvement in all aspects of programme management irrespective of the rhetoric of ownership and partnership.

The situation is much the same in Mali, where in fact the only real example of a working SWAp is the PNACT programme of support for local communes in which a number of donors have now pooled their resources. All other SWApS remain principally at the level of strategy formulation, with limited operational follow-up.

3.2.4 SWApS and decentralisation: issues arising

Clearly, the experience with SWApS and decentralisation in Benin and Burkina Faso is very different from that in Uganda and Tanzania. SWApS are still in their infancy in the former, and little devolution has yet taken place, or is likely to take place. The kinds of issues that arise in an Anglophone context concerning the relationship between the two processes, most notably, the centralising tendencies of SWApS in the context of devolutionary processes and their implications for service delivery and local governance development, do not therefore really feature in a Francophone situation.

The main issue in a Francophone context is rather one of the untapped potential for creating synergies between the processes of deconcentration and SWApS. Tensions are likely to emerge only if and when resource transfers to devolved local governments become more significant. This is unlikely to happen in the medium term as long as responsibility for sector programmes remain vested in central government.

Moreover, the experience of Mali raises an additional challenge. There, the creation of a parallel structure for channelling donor resources to local government has certainly been successful in terms of increasing the resources

Box 4: Education SWAp in Burkina Faso

The 'Programme Décennal de Développement de l'Éducation de Base' (PDDEB), the government's ten-year plan for education, is financed under a SWAp, with direct budget support from the World Bank, CIDA and the Netherlands, who have agreed to pool their funds in a common basket. They and the Ministry of Education have agreed on a common set of administrative procedures, have agreed to fund the government's annual plan as opposed to project plans, and have established joint follow-up and evaluation mechanisms. Other donors including France, the EU and Switzerland have agreed to join the basket of pooled funds in the near future.

The Ministry of Basic Education and Literacy produces an integrated national plan every year, identifying what it can cover with State funds, what it would like to support from the pooled funds, and what other donors may fund.

It is hoped that, by the end of Phase 1, donors will have harmonised their procedures and will be ready to move to direct budget support. It is a difficult adjustment for all concerned, and while all have agreed, it is a constant struggle to keep together on this. The transition is a time-consuming process.

available to local government and enhancing donor coordination. It has also managed to circumvent the opposition of several sector ministries to decentralising human and financial resources to lower government levels. But in the process, it has also had the effect of delinking the devolution process from that of deconcentration or sector reform including SWAps, both of which have been somewhat eclipsed by this new structure.

As such, a clear distinction can be drawn between the Anglophone and Francophone contexts. In the Anglophone situation, tensions arise over powers and authority because sector ministries are required to work through devolved institutions. Unclear mandates, roles and responsibilities mean that both central and local government see themselves responsible for managing sector programmes. Such confusion does not yet exist in Francophone countries, on the other hand. The principal responsibility for sector programmes remains with the central administration and the key issue is the extent to which headquarters deconcentrates its powers to the provincial and regional level.

Ambiguous government policies

The official position of the governments in both Benin and Burkina Faso on the introduction of SWAps remains somewhat ambivalent. Whilst some progress has been made in bringing donors around the table to develop sector policies and strategies, there has been little willingness to harmonise implementation modalities. The role that SWAps might play in the wider context of political administrative, financial and sector reform has not been articulated.

Likewise, the extent of government commitment to seeing through the process of decentralisation is uncertain, with respect to both deconcentration and devolution in particular. Policy objectives, particularly with respect to the role decentralisation can play in service delivery and local governance development, have not been clearly articulated. The role of devolved local government in the design, implementation and monitoring of sector policies is also not clear.

Although both countries have now adopted PRSPs, the potential contribution that sector-wide approaches and decentralisation (in relation to both deconcentration and devolution) can make to effecting PRSP implementation has not been adequately explored. Equally, the synergies that could be exploited between the two processes in improving service delivery and/or strengthening local governance have not as yet been given the attention they deserve.

In Mali, by contrast, there is growing awareness that the reform of the state needs to be all-encompassing, i.e. to coordinate 'devolution' and deconcentration and to ensure a harmonised approach in terms of procedures, guidelines, use of human resources, etc. It is now felt that the decentralisation process has placed considerable emphasis on devolution and attendance to the local level, but has ignored the interface between central and local levels. In order to better link the work of sector ministries with devolved government, the regional and sub-regional levels are currently seen as crucial elements for advancing the reform process and further implementing decentralisation through the formal local government channels. Whilst the new government's interest in strengthening the deconcentrated level certainly reflects a desire to realise more coordinated and harmonised local development, it is also an expression of an awareness that the sector ministries risk becoming marginalised at the expense of new structures with their accompanying funding mechanisms.

Insufficient coherence in donor support strategies

Most donors support sector programmes and decentralisation initiatives, but rarely in a coherent or coordinated way. As indicated above, although an element of coordination has begun to affect sector strategy development, such strategies continue to be implemented along conventional project lines. The same is true of decentralisation support. The result is a piecemeal approach resulting at times in a duplication of effort, contradictory actions and missed opportunities.

Whilst several donors have begun to work with the government in developing sector policies and programmes (e.g. education in Burkina Faso), this has not been followed up yet by the development of common implementation arrangements. Donors continue to support sector implementation on a bilateral basis.

With respect to decentralisation, the opportunities for linking devolution and deconcentration processes so as to contribute to improved service delivery do not seem to have been explored in a strategic way. This is equally relevant to the issue of capacity development, where technical assistance, training and related activities are provided to individual municipalities and communes in the absence of a broader strategic vision.

In Mali, fragmented donor coordination and a diversity of approaches are problems that are frequently encountered. However, efforts are being made (as already noted) to harmonise support to local governments through the PNACT. As we have also noted, however, there is growing concern that this approach has created a parallel structure that delinks devolution from sector reform processes.

Moreover, the kind of pooling taking place under PNACT is not being replicated at a sector level. Most sector support continues to be provided through a project logic at either central, regional or local level, and this prevents the government from assuming ownership and taking control of the channelling of funds. However, most donors argue that there is little point in adopting shared implementation modalities such as through SWAPs or budget support unless there is agreement on sector policies and strategies, and that is not yet necessarily the case.

A note on capacity development and civil-society participation

Capacity-building programmes in SWAPs tend to centre on training and technical assistance for reinforcing policy and programme management capacity at a national level. With decentralisation, both Burkina Faso and Benin have recognised the need to accompany the process with capacity development right from the start. With donor support, various training and technical assistance programmes have been set up in both countries. Yet a performance-based, learning-by-doing approach such as the LGDP in Uganda has not yet been proposed.

Civil society is involved in the implementation of sector programmes, in the form of NGO service-providers and CBOs providing facilities such as schools and dispensaries. Claim-making or lobbying NGOs are rare. Participation is practised as a ritual in nearly all important strategy formulation processes. Actual participation in implementation and management is limited.

More recently, some donors, in consultation with several non-state actors, have realised the need to facilitate civil-society participation in wider policy processes through structured mechanisms. The first step is to map out the non-state actors landscape, to identify the type of support that is needed, and to improve the interaction in and the structure of the NGO community.

3.3 Bolivia: an experience from Latin America

3.3.1 The macro level

The experience of Bolivia provides a complementary perspective on the relationship between SWAPs and decentralisation in a highly aid-dependent South American country. Landlocked, Bolivia shares more than 3,000 km of borders with its five neighbours, Brazil, Paraguay, Argentina, Chile and Peru. More than 60% of its population is of indigenous origin, and Spanish, Aymara and Quechua are the country's three official languages. The country ranks among the poorest in the region, with an annual per capita income of less than USD 1,000, although this figure masks a relatively uneven distribution of income.

Bolivia is an interesting case, having embraced democracy in 1982 and having chosen to implement a series of ambitious reforms as of 1985. The most notable of these is the Law of Popular Participation (LPP, enacted in 1994), which has placed decentralisation at the core of the country's framework of governance.

The country remains heavily dependent on foreign aid. At the same time, the increasing level of international cooperation during the 1990s opened the door to the formulation of a number of sector strategies, to increased government-donor and donor-donor cooperation and coordination, including the use of more harmonised procedures, and to the introduction of macro and sector budget support.

The decentralisation process of the last eight years has focused on the creation of locally elected municipal councils, and municipal governments today are seen as the key actors in the country's development process. This process is complemented by the Administrative Decentralisation Law (LAD, 1995), that defined the role of regional bodies (Prefecturas) and designed the basis for sectoral deconcentration to regional bodies and local governments. The National Dialogue Law (LDN) of 2001 provided a strong base for formalising civic participation in public affairs and allocating resources to local governments, feeding into Bolivia's Poverty Reduction Strategy Paper (PRSP) preparation process, also completed in 2001.

3.3.2 Decentralisation

After a long period of highly centralised government, decentralisation formally took off with the municipal elections in 1987. It took another seven years, however, before the process received a real push with the adoption of the LPP in 1994, complemented with the Law of Administrative Decentralisation (LAD) in 1995, and a revision of the Law of Municipalities in 1999. Today, there are 314 municipalities, spread over 9 'departamentos' or regions.

The LPP empowered these democratically elected Municipal Councils (MC) to design and execute policies and programmes for local development, financed through:

- i) unconditional (automatic) transfers of 20% of national revenue collections;
- ii) donor projects obtained via budgetary transfers from central government; and
- iii) local resources collected through a number of municipal taxes devolved to municipalities.

The LPP has also provided the legal basis for civic participation in the formulation of five-year municipal development plans and annual work plans. Finally, the law allows for the establishment of Vigilance Committees (VC), set up in parallel with the MC, to monitor and control the municipal management of resources and operational activities.¹³ These VCs consist of six elected representatives from 'traditional institutions' such as peasant syndicates and neighbourhood councils.

While the LPP introduced a highly devolved decentralisation model bringing the municipalities to the centre of the development process, and combined with a strong emphasis on civic participation in the design and control of local development plans, it largely overlooked the involvement of regional government, Bolivia's 'departments'. As a complementary element, therefore, the above-mentioned LAD was passed in order to deconcentrate resources and responsibilities from the centre to the departmental prefectures.

This new institutional dispensation has resulted in a significant reshuffling of public investment. While, in 1994, national investment accounted for 75% of total public investment, departmental investment for 17.2%, and municipal investment for 7.8%, the situation had changed as follows in 2001: national investment 38.6%, departmental investment 43.8% and municipal investment 17.6%.

Despite these important developments, there is a long way to go before the decentralisation process will be able to shrug off old practices of clientelism and patronage, in favour of demand-based development activities, and effective local participation in planning and monitoring. For the majority of municipalities, the most important achievement is that changes are taking place in the right direction, resulting in a slow improvement in service delivery. The smaller and medium-sized municipalities (including their rural hinterlands) have been the main beneficiaries of this change in direction. But major problems remain at the deconcentrated level (i.e. the prefectures), which has tended to block rather than facilitate the decentralisation process, and whose performance is generally considered to be poor.

Today, the most important challenge for the Bolivian decentralisation process is to formulate a formal decentralisation policy which puts an end to uncoordinated programmes and which marks out a path along which the decentralisation process should be further implemented. A major need is to clarify the roles and responsibilities of the different tiers of government at national, departmental and municipal levels. These shortcomings have been recognised by the Bolivian government, which, with the support of its international development partners, has commissioned a series of studies¹⁴ aimed at working out proposals for a new law to redefine the roles and responsibilities within these three tiers of government.

¹³ They can call for regular audits and, if they detect instances of corruption, can report these to the national executive, which passes them on to a special committee of the Senate. The Senate has the power to suspend funding to the municipal councils in question until the matter has been resolved. (From: UNDP, 2002 *Developing Capacity Through Technical Cooperation*, pp. 57-89.)

¹⁴ VPEPP. *Estudio de Evaluación de Capacidades Institucionales y de Gestión de los Gobiernos Municipales*. Viceministerio de Planificación Estratégica y Participación Popular (VPEPP) y Programa de Apoyo Presupuestario (PAP/Holanda). La Paz, January 2002.
VCG. *Análisis de Competencias, Capacidades y Recursos Sectoriales*. Estudio Sectorial General. Viceministerio de Coordinación Gubernamental (VCG). La Paz, January 2002.
VCG. *La Visión del Sistema Prefectural*. Estudio de Capacidades Prefecturales. Viceministerio de Coordinación Gubernamental (VCG). La Paz, February 2002.

3.3.3 The emergence of SWAps

In the mid-1990s, a number of Bolivia's development partners, notably the Swiss, the Danes, the Dutch and the Swedish, initiated Programme Support. This has led in turn to the formulation of a number of sector and sub-sector strategies. In many cases, however, these strategies have remained incomplete and provide only partial guidance for Bolivia's many development partners.

One reason for this situation is the lack of government awareness of the potentials and opportunities that SWAps can bring to the management of a sector. In this regard, the government has not produced anything like a policy paper or guidelines on how to work with SWAps. A second reason is the division within the donor community between the more 'SWAp-minded' donors and the majority, who continue to follow the project logic. That said, the recent PRSP dialogue process has helped to improve aid coordination in general and has encouraged partners to go beyond the mere formulation of sector strategies and start considering ways to harmonise implementation through different forms of programme support.

Thus, as in most of Francophone Africa, well-advanced SWAps do not exist yet in Bolivia. What has happened is that a number of 'SWAp features' have emerged in various sectors, such as agreements between the government and some donors to pursue a common strategy, and to follow harmonised procedures and guidelines.

The most advanced sector is education, which has put a common strategy in place and enjoys joint funding among its principal development partners. Another area in which progress has been made is agriculture, where a strategy was completed in 2000. However, this strategy still needs to be translated into operational plans. Finally, there is the joint support provided by some major donors to the decentralisation process. However, this support is in need of clear policy guidance to help partners determine how their inputs can best assist the overall decentralisation process.

The PRSP formulation process, completed in 2001 after the intensive involvement of different sectors and actors, showed that the process could not encompass all poverty areas due to missing sector strategies. SWAps are a mechanism that could potentially stimulate the completion of this work and act as a complementary coordination mechanism for government-donor dialogue to facilitate the formulation of poverty reduction objectives.

3.3.4 Relating SWAps and decentralisation

The most obvious interrelationship between SWAps and decentralisation in Bolivia is in the education sector. Strong ministry leadership, combined with considerable resources managed by the centre and a top-down planning process which has seen limited participation from the regions and municipalities, has generated tensions between deconcentrated services and the municipalities. The familiar concern of central and deconcentrated government employees, i.e. to account to external aid-providers, and thereby to resist the transfer of powers and responsibilities to a local level, has also been witnessed in Bolivia. This has been aggravated by a poor definition of tasks and responsibilities among the various levels of government.

The overall focus on devolution, and the relative neglect of the intermediate level, have transformed the local level into the most dynamic part of the decentralisation process. This situation has been exacerbated by the donor community, which has supported this decentralisation process by providing project support for different municipal sectors. But there are risks involved. An analysis of the agricultural sector, which is heterogeneous in nature and is characterised by a diversity of actors and a relatively weak central leadership, shows there is a need to have a shared policy in place that is more consistent with the objectives of the decentralisation policy and is better able to link up services between the departmental and municipal levels.

Implications for civic participation

The 2000 National Dialogue provided a solid foundation for further encouraging civic participation in the policy process. Although most constituencies within the country participated in the Dialogue, policy-making is far from being community-driven. The participatory processes are now being strengthened as part of the follow-up to the PRSP process. The National Dialogue Law (LDN) also provides a good basis for encouraging civic participation in sector policy dialogue and in so doing making SWAps complementary to the PRSP process.

As in many other countries (such as Uganda, with its Local Government Development Programme), the Bolivian government and its development partners have developed financing mechanisms – known as social investment funds – under which municipalities can apply to central government for funding for local development plans. These mechanisms are intended to complement unconditional transfers of national revenues and sector funds transferred through the deconcentrated level. However, the social investment funds have not always lived up to their expectations. In certain cases, cumbersome procedures, which tend to favour municipalities with better capacities for applying and managing the funds (i.e. bigger municipalities), have impeded sustained success.

Implications for capacity development

Despite considerable inputs over almost ten years, capacities remain generally weak at the lower levels of government. The transfer of responsibilities to devolved government, in particular to smaller and medium-sized municipalities, has not been matched by the building up of adequate human resources. Meanwhile, the LPP and the subsequently enacted LDN have had positive effects on the initiation of more focused civil-society capacity development, which will enable the lower levels of government to participate more effectively in future policy processes and to enhance the quality of the process.

The continued practice of aid delivery through projects risks deterring Bolivian government structures from taking ownership of the development process. This is also true of SWAps, which will not contribute to capacity development as long as they do not go beyond the stage of strategy formulation.

It is worth noting that, after more than eight years of intense decentralisation, the education system has not taken note of this important reform. There is no institute of higher education that can provide schooling in this area, and curricula throughout the education sector have not yet been adapted in this regard.

4 Decentralisation, sector reform and SWAps: towards policy coherence

4.1 Introduction

On the basis of the country case studies, and in the light of the core questions raised in Chapter 1, this chapter draws conclusions and recommendations on the interrelationship between sector reforms, decentralisation and SWAps. The central question is whether SWAps provide a mechanism for reconciling potential tensions in centre-local relations by achieving a balance between more effective service delivery and supporting the process of decentralisation.

Related questions concern the extent to which SWAps facilitate the participation of different stakeholder groups under national leadership in the design, implementation and review of policies relating to service delivery and decentralisation, and the extent to which SWAps are entry points for providing capacity development support that meets the needs of sector programmes as well as of decentralised institutions and actors.

The answers to these questions vary from situation to situation, depending on the character of the decentralisation process in a given country, the nature of sector reforms and the extent to which SWAps are operational. The country case studies suggest three different institutional contexts:¹⁵

- settings in which the decentralisation process is fairly well advanced and aims at devolution, and in which SWAps are also well advanced (i.e. Tanzania and Uganda);
- settings in which the decentralisation process (with respect to devolution) is fairly well advanced, in which deconcentration is now receiving more attention, but in which SWAps are only beginning to be introduced (i.e. Bolivia and to some extent Mali);
- settings in which comparatively little progress has been made in implementing decentralisation and in which SWAps are only beginning to be introduced (i.e. Burkina Faso and Benin).

Table 2:

Decentralisation is...	advancing	less advanced
SWAps are...		
More advanced	Uganda, Tanzania	
Less advanced	Bolivia (Mali) ¹⁶	Burkina Faso, Benin

The first part of this chapter sets out a number of broad conclusions and associated recommendations that are relevant to all these settings. The following sections then present more specific conclusions and recommendations that are relevant to a particular institutional context.¹⁷

¹⁵ This is not comprehensive, but is based on the case studies presented here. Moreover, the situation in these countries is changing rapidly. The idea is not therefore to draw conclusions on individual countries, but rather to present the nuances of fluid and rapidly changing environments, from which a number of observations and trends can be ascertained based on situations observed during the course of 2002.

¹⁶ Although exhibiting similarities in terms of the experiences with devolution and the issues affecting the interface with deconcentrated government, the decentralisation process in Bolivia is significantly more advanced than that of Mali, having now had over eight years of experience to draw on.

¹⁷ When discussing the issue of SWAps in decentralising environments, a distinction needs to be made between sector-SWAps and cross-cutting SWAps, in particular the type of support for decentralisation provided by different donors, which is sometimes also referred to as a SWAp. The conclusions and recommendations presented here mainly aim to address sector-SWAps, because the horizontal-vertical divide is so evident in them.

The recommendations are intended in the first instance for all national stakeholders and external partners who are involved in the conceptualisation, design and implementation of SWAps. National stakeholders include core and sector ministries, local governments and their representative bodies, and non-state actors. The assumption is that a SWAp is more than an instrument for managing external aid, and is instead an approach to the management of sectors that involves the legitimate participation of different state and non-state actors at national and local levels. Accordingly, there seems little point making separate recommendations for separate actor groups.

4.2 General conclusions and recommendations

4.2.1 *Understanding decentralisation*

- **Decentralisation is driven by different policy agendas, some more explicit than others, that are susceptible to change over time:** The policy agendas that underlie decentralisation initiatives are subject to change over time, resulting in varying levels of ownership and commitment over the life of the reform process. At times, this also results in major changes of direction and emphasis. The extent to which an explicit desire to decentralise has been declared varies significantly from country to country.
- **This study has confirmed the importance of distinguishing the many varied forms of decentralisation:** Both the cases and the broader literature point to a continuum of decentralisation forms, ranging from deconcentration, that emphasises service delivery improvement foremost and is more managerial or technocratic in character, to devolutionary processes that tend to emphasise local governance development and by their nature are more political in character. In practice, many decentralisation programmes combine a mix of sectoral and administrative deconcentration and devolution.
- **As an inherently political process, devolution requires top-level political commitment, supported by enabling legislation and policies:** The reallocation of budgets, powers and responsibilities between central and local government transforms power relationships, raises the political stakes and inevitably attracts both strong supporters as well as detractors.
- **In all the countries reviewed, decentralisation is part and parcel of wider public service reform processes:** But there are differences in focus. While some countries, such as Bolivia and Uganda, have put devolution at the centre of a broader and nationally driven institutional transformation process, others, such as Burkina Faso and Benin, focus on a mix of supporting deconcentration, and give complementary attention to the devolution of powers to communities. Here, devolution is less at the centre of concern.
- **In Bolivia, Mali, and Tanzania, the importance of the intermediary level in linking devolved and central government and providing the necessary efficiencies in poverty reduction through intersectoral coordination is gaining recognition. For this reason, deconcentration remains an important, but as yet unrealised, element of decentralisation:** All three countries are lagging behind in implementing this particular element, and have not fully worked out the relationship between the different processes. In Bolivia, although legislation is in place, little has happened in terms of operationalisation. In Mali, attempts have been made through various reforms and laws, but there has been little follow-up on the ground. In Tanzania, there is a growing realisation that deconcentration is an important component of the decentralisation reform.
- **Benin and Burkina Faso have been slow to operationalise decentralisation legislation and the intentions of the overall process remain ambiguous:** There is, moreover, a clear disconnect between devolution and deconcentration. In part, this reflects a failure to arrive at an adequate definition of the role of decentralisation within the broader context of institutional reform.
- **Decentralisation presents a complex political, technical and administrative challenge, demanding strong management capacity to guide the process forward:** Assuring that there is coherence and coordination of effort between related reform initiatives is critical. Most countries struggle to find an appropriate coordination mechanism that enjoys the necessary authority and capacity to carry the reform process forward, that can adequately mediate the different interests at play, and that can provide a necessary interface with the donor community.

4.2.2 Sector reforms and sector-wide approaches (SWAps)

- **Against the background of these varied decentralising environments, many countries are simultaneously engaging in sector reform processes:** Often, such reforms are part and parcel of a broader set of public service reforms. In some instances, they are independent, driven by the particular needs and ambitions of a sector.
- **Increasingly, SWAps are becoming an important aid instrument for supporting such sector reform processes and for guiding the subsequent implementation of sector programmes, particularly within the framework of PRSPs:** Yet the degree to which this is happening differs significantly from country to country.
- **There are just a few countries which have fully adopted sector SWAps and in which implementation through SWAp mechanisms is taking place on the ground:** In Africa, SWAps have progressed furthest in Anglophone countries such as Tanzania and Uganda. It is here that most insights into operational issues and the relationship with decentralisation processes can be gained.
- **There are many more countries in which development partners are now beginning to talk about the idea of sector SWAps and which have taken the first steps to formulate harmonised sector strategies:** This is the case in most African Francophone countries, where the focus to date has been on encouraging intra-sector policy dialogue and formulating strategic frameworks, and where some experience has been gained with pilot schemes in the education and health sectors.
- **Sector reforms often include provisions for the selected deconcentration of powers to the provincial or regional level, and for the establishment of quasi-governmental bodies to manage services at the point of delivery:** Often, however, such provisions are not consistent with decentralisation processes and may result in the formation of parallel structures and institutional competition.
- **The extent to which SWAps provide an appropriate framework for reorganising sectors varies from one sector to another, depending on their particular characteristics:** Sector reforms are more easily structured and implemented in sectors such as education and health, where government traditionally plays a leading role, where the diversity of actors is limited and where the programmes undertaken permit the use of similar techniques, procedures or methodologies across the country. This has implications for the ease with which SWAps can be introduced. This is in contrast with a sector like agriculture, which is more difficult to structure and manage due to the diversity of actors involved and to differing regional characteristics. It is for this reason that the agricultural sector may require different strategies and approaches within which central ministries play a less directive and centralising role.
- **SWAps have a centralising tendency, favouring centralised planning approaches and strict financial control:** This is because the prime emphasis lies on strengthening the core technical and management capacity of sector ministries to deliver key services efficiently and effectively. This centralising tendency is reinforced because SWAps are linked to significant external aid flows, and to higher level cooperation agreements such as PRSPs. In return for channelling significant sums of external aid through national management systems, governments are required to meet strict demands of financial accountability and to achieve ambitious performance targets negotiated with their external partners.
- **The less confidence external partners have in national systems of governance, the higher the level of external control imposed and the more likely it is that the centre will retain authority:** Where systems are weak, donors are more likely to work through project approaches, limiting SWAps to policy dialogue.
- **Project Management Units (PMU) can be a useful temporary mechanism for supporting sector reforms:** In the absence of sound financial management mechanisms which would allow the donor community to rely on the allocation of funds through government channels, Project Management Units (PMUs), including technical assistance at national, regional and local levels, can be set up to ensure that sector-related resources are implemented in accordance with preset objectives. Unfortunately, this tendency has the consequence of weakening the national institutions that should formally be in charge of administering sector resources. These PMUs are often staffed by national professionals whom higher salary prospects have tempted away from government institutions.

- **Given the importance of SWApS as an instrument for channelling large amounts of external financial and technical assistance, SWApS can have a significant influence on a country's system of public management in general, and on centre-local relations in particular:** This has implications for the process of decentralisation. SWApS, therefore, cannot be viewed independently of related institutional reform processes including decentralisation. Yet experience suggests that sector SWApS have been designed without adequate reflection on their relationship with the decentralisation process, and on the relationship between different sector SWApS.

4.2.3 *General recommendations*

Understand the policy and institutional environment: Before engaging in SWAp processes in countries where decentralisation is taking place, and in order to ensure that SWApS can build coherence between sector programmes and decentralisation processes, development partners should ascertain the extent and nature of decentralisation and sector development as a basis for tailoring their interventions. In other words, they need to:

- ***clarify the goals and objectives of decentralisation:*** and consider the implications for the different layers of government, with respect to roles, responsibilities and mandates, more especially in relation to the management of sector policies.
- ***gauge the depth of political commitment to the decentralisation process:*** identify policy champions and key change agents and ascertain what specific actions are being taken to guarantee the smooth implementation of the process.
- ***clarify the status of sector policy development:*** and consider the implications of decentralisation for the delivery of sector programmes, taking account of the specific characteristics of individual sectors.

Design SWApS in a way that builds coherence between sector programmes and decentralisation processes: Partners should design SWApS in a way that balances the needs of the decentralisation process while taking account of the particular needs of each sector. Principles of subsidiarity should be considered in this regard (i.e. what should be transferred to what level, in order to achieve what?). Moreover, to facilitate this process of SWAp design:

- ***Governments need to clarify their respective policies,*** enunciate what their policy priorities are, provide guidelines to sector ministries on the implications of decentralisation, and provide opportunities for local stakeholders to understand the implications of SWApS and contribute to their development. In particular, there is a need to ensure compatibility between decentralisation and provisions of public service reform initiatives as well as sector reforms, so that these are in tune with the long-term objectives of decentralisation.
- ***Donors need to reconcile their internal policies and programmes for sector support and decentralisation*** so that they are consistent with one another, and adapt these to the local reform process at hand. Donors have a special responsibility to reflect on how their actions can influence internal policy processes, particularly in countries that remain aid-dependent. It is clear that an instrument such as a SWAp is more than a tool for managing sector resources or for managing ministerial programmes and projects, but impacts on governance processes. It has the potential to stimulate a multi-actor approach to policy management that takes account not only of managerial considerations related to the delivery of services, and of the needs of a core institution, but equally governance dimensions. This broader perspective is critical, especially in countries where decentralisation is taking place. A narrow perspective, which treats SWApS as a tool for improving the management capacity of single institutions to deliver services, risks undermining broader governance issues and on-going decentralisation processes.

Provide tailored capacity development support: Capacity development plays a key role in accompanying any reform process, and careful consideration needs to be given to the design of an appropriate intervention strategy that takes account of decentralisation and sector requirements. There is a need to:

- **Adopt a broad definition of capacity development** that recognises the long-term nature of organisational and institutional transformation and that includes the development of appropriate incentives frameworks, manpower plans, systems of accountability and governance.
- **Treat existing institutions as legitimate entities**, provide space to make mistakes, and design interventions on the basis of demand and self-assessment, in order to avoid supply-driven approaches.
- **Encourage governments to assume responsibility for the coordination and harmonisation of capacity development efforts**, but in a way that leaves space for local stakeholders to define their needs, as well as to monitor the appropriateness of interventions.
- **Keep sight of some of the more fundamental issues that affect any process of political and institutional transformation**: encouraging changes in administrative culture and citizenship takes considerable time, can only be addressed in a step-by-step fashion and requires a learning-by-doing approach.
- **Consider using PMUs, in the absence of clear structures and regulations**, as part of a capacity development strategy to help implement SWAps in fragile institutional environments. However, this should be done only to a limited extent, since it may undermine capacity development. Develop from the outset a plan of action that ensures an orderly integration of temporary and auxiliary support structures into regular government structures.

Adapt performance indicators: Redefine criteria and associated indicators for assessing the performance of SWAps. The aim in doing so is to take account of the institutional development role that SWAps can play in strengthening local institutions and the process of local governance development more generally, as well as the interface between central and local levels. Ensure that monitoring procedures and indicators are shared among stakeholders, and that different non-state stakeholders, such as independent researchers and advocacy NGOs, are involved in the dialogue.

4.3 In the context of advanced SWAps and advanced decentralisation processes

4.3.1 Conclusions

The following **conclusions** may be drawn in relation to *Tanzania and Uganda*, where the purpose of decentralisation is to devolve significant powers to the local level and to assign local government the responsibility for the delivery of a range of public services, and where SWAps play an increasingly important role in sector reform processes:

- **SWAps have an unrealised potential for harmonising sector reform processes and devolution with respect to tackling poverty:** There is every reason for SWAps and devolutionary processes to complement one another in tackling poverty. Decentralisation can strengthen SWAps by providing a framework for participatory governance and local accountability, which is equally important for addressing poverty. SWAps provide a planning and budgeting framework that helps to link up national sector policy objectives (including PRSPs) and their implementation through local government structures. Yet in practice, sector reform processes and devolution processes have not been sufficiently harmonised, and in certain respects tend to pull in opposite directions.
- **SWAps have demonstrated a number of benefits they can bring to the process of devolution:** SWAps can facilitate the transfer of increased levels of funding for sector programmes on a more predictable basis. They also offer a more clearly defined policy framework that is accompanied by technical guidance and supervision. This is especially significant in facilitating the implementation of national poverty reduction strategies.

- **SWAps tend, however, to privilege centralised decision-making processes and control mechanisms that can undermine devolution.** SWAps tend to focus on expediting service delivery and, in the context of PRSPs, to achieve significant gains with respect to key poverty indicators. By their very nature, they tend to follow a logic of centrally managed and largely technocratic decision-making that may be at odds with a decentralisation process that seeks to broaden participation and local (representative) democracy in the long term. There is a risk that sector programme managers and politicians may become impatient with the time that is required to create effective and accountable local institutions. In their impatience, they may choose either to by-pass decentralised institutions deemed to lack adequate capacity in favour of faster disbursing and implementing mechanisms, or alternatively to impose limits on the discretion granted by law to local institutions.
- **Problems and tensions are more acute when SWAp managers pay insufficient attention to the institutional framework or reform intentions, or when the government has not clearly articulated its policy objectives for decentralisation.** Conversely, the more decentralisation has been institutionalised, backed up by the law, political commitment and resources, the less likely it is for SWAps to have a distorting impact on nationally driven processes.
- **Left unchecked, a process of devolution can be transformed into one of administrative deconcentration.** Unless the centralising tendencies are kept in check, and the principles of devolution are respected, there is a risk that a process of devolution may easily be transformed into one of deconcentration. As a result, priority may be given to concerns about efficiency and effectiveness in service delivery at the expense of broader institutional change processes and concerns about local governance.
- **Consequently, views differ as to whether SWAps have primarily positive or negative impacts.** Stakeholders seeking to reduce poverty by developing good governance at a local level have signalled that SWAps might exert a significant negative influence on the interplay of centre-local relations and the unfolding of devolution processes. Others, who are concerned with sector reform and effectiveness, see positive aspects in the working of SWAps, despite the presence of certain associated negative aspects.

Some more specific conclusions with regard to participation and capacity development:

- **Devolution provides a potential framework for multi-actor participation:** In theory, devolution offers opportunities for strengthening local participatory governance by creating space for non-state actors to participate as partners of local government in policy discussions and review, and in service delivery.
- **In practice, local government structures can be unwilling to create space for non-state actors and these can find themselves excluded from funding and decision-making processes:** By transferring powers and authority from central government to autonomous local governments, devolution may in fact reduce opportunities for participation. Powers, responsibilities and budgets for local development are controlled by local bureaucracies that may not recognise the role played by non-state actors in local development, or which might see these as unwelcome competitors.
- **SWAps can meanwhile encourage the participation of non-state actors in the development process as partners of local government:** SWAps can mitigate this risk of exclusion by facilitating broader-based participation in so far as they acknowledge the role of non-state actors in supporting public institutions in the policy process. In principle, funds can be set aside to support the development of the capacities of non-state actors. In practice, however, this has rarely been done and where it has, has depended on the encouragement of a donor agency.
- **SWAps can frustrate the participation of non-state actors in the development process:** SWAps may shift the locus of decision-making to the national level. Local authorities then have less incentive to engage in participatory planning processes, since decisions are taken at the centre. The consequences can be more far-reaching, by undermining the development of a system of democratic and participatory governance at the local level.
- **The channelling of sector funds through the government budget can also undermine the independence of non-state actors in that they become dependent on public-sector institutions for their funding.** This has implications for their independence of action, particularly with respect to any actual or potential watchdog and lobbying role. It also exposes them to greater financial vulnerability, as there are fewer guarantees that resources will necessarily reach them, unless funds are specifically earmarked.

- **SWApS also offer a potential framework for linking participation in policy dialogue at the national level with implementation on the ground.** If undertaken in an inclusive manner, SWApS can provide a link between macro-level (and often bureaucratic) planning and resource mobilisation, and the participation of decentralised actors at a local level. Umbrella CSOs are enjoying a weak, but steadily increasing level of participation in policy dialogue at a national level. In part, this has been inspired by the PRSP process, which encourages civil society to become involved in policy discussions and poverty monitoring.
- **Neither country has a coherent strategy for guiding capacity development at a local government level that balances the needs of sector programmes and devolution.** As long as there is inadequate coherence between sector reforms and devolutionary processes, it is difficult to coordinate capacity development interventions in a way that balances the needs of a particular sector and at the same time furthers the objectives of devolution. As the cases suggest, the result can be a duplication of effort, conflicting objectives, and the neglect of certain key areas.

4.3.2 Recommendations

In situations in which decentralisation involves a significant devolution of powers and responsibilities to local authorities, and where SWApS are a key instrument in the delivery of sector programmes, as exemplified by Tanzania and Uganda, there are particular challenges in trying to harmonise the policy objectives and operational modalities of sector programmes and decentralisation processes. The following recommendations are intended to facilitate coherence between these processes:

- **Recognise devolution as the default setting and as a long-term development objective which defines the institutional framework within which sector programmes must be designed and implemented.**
- **Institute a phased programme for the gradual transfer of powers and responsibilities from sector ministries to the local level. This programme should balance the long-term objective of devolution with the need to meet service delivery targets in the short to medium term, and recognise that some local authorities will obtain greater autonomy earlier than others.**
- **At the same time, it is important to ensure that the devolution process stays on course and does not slip into a process of deconcentration that transforms local institutions into an extension of the sector ministry. This can be done by setting clear performance targets in relation to achieving devolution and by closely monitoring sector reform processes to see that they are consistent with decentralisation legislation and policies.**
- **Meanwhile, apply the principle of subsidiarity and consider economies of scale in balancing the prerogatives of devolution and the needs of particular sectors so as to determine which institutional level is most appropriate for the delivery of a particular service or component of a sector programme.**
- **Where service functions provided at a deconcentrated level operate well, these should not be sacrificed in the name of devolution. There may well be a case for strengthening such deconcentrated services if they are found to be weak.**
- **Encourage the participation both of sector managers in addressing decentralisation issues and of local government representatives in formulating sector policies and implementation strategies. The establishment of mechanisms for dialogue and exchange among stakeholders at local and central levels can facilitate such participation.**
- **Ensure that the formulation of SWApS takes account of the needs and priorities as expressed in local development plans. In this way, the SWAp formulation process can provide a mechanism to facilitate the harmonisation of top-down and bottom-up planning processes.**

SWApS also offer a framework for designing an appropriate capacity development strategy that accompanies the progressive transfer of responsibilities, powers and resources to the local level and that balances the needs of institutional development at local government level and management capacity development at sector level. Accordingly, a lack of capacity at a particular point in time is not a valid reason for stalling the devolution process. Further recommendations are to:

- **Avoid designing capacity-development programmes from the perspective of sector needs alone. Instead, begin from a perspective that addresses the overall needs of local government as a discrete sphere of government, within which specific sector-related capacities can be developed. The more immediate needs of the various sectors to improve service delivery need to be combined with investments in a more holistic institutional transformation process that goes beyond managerial considerations, and which also takes account of the needs of other local development actors.**
- **Focus capacity development support for local government on enabling their participation in national policy discussions, delivering services effectively and efficiently, developing as accountable and transparent democratic institutions, and facilitating partnerships with non-state actors.**
- **Develop the capacities of sector ministries to effectively interface with local authorities and in particular strengthen capabilities for policy coordination and dialogue, programme monitoring, financial control and technical mentoring.**
- **Envisage the earmarking of sector funds for non-state actor involvement in service delivery at a local level in response to concerns expressed by civil society that the trend towards sector-support programmes risks cutting off their participation in the development process.**
- **Earmark capacity development support for non-state actors to enable them to play a more effective role in the policy process; policy dialogue and monitoring at a national level, and service delivery at a local level. In this regard, the creation of national funds for non-state actor capacity development has been proposed and should be considered.**

4.4 In the context of emerging SWAps and emerging decentralisation processes

4.4.1 Conclusions

Burkina Faso and Benin are two countries where decentralisation aims to strengthen deconcentrated layers of government, and to devolve limited powers to local authorities, and where comparatively little progress has been made to date in introducing SWAps. We may draw the following conclusions:

- **There is currently little interaction between sector ministries and devolved local government structures in the management of sector programmes. Accordingly, the role and impact of SWAps are very different from situations in which devolved government has assumed a major responsibility for the management of sector programmes.** Responsibility for sector programmes should remain with the sector ministry through its administratively deconcentrated departments, whilst devolved government deals with other local development matters.
- **External support for decentralisation remains fragmented, with little policy or strategic direction.** Donors continue to provide wide-ranging project support to different institutional actors at the deconcentrated and devolved levels. Traditionally, donor support to service delivery at a local level has been channelled mainly through non-governmental actors (i.e. projects) rather than through local government structures. The entire notion of working through a strengthened local government that facilitates the development process and which allocates roles and resources to the different local development partners is gaining ground only slowly. So far, there has been relatively limited public pressure to address these questions.
- **Donors also tend to neglect the importance of administrative deconcentration for improving inter-sectoral synergies and for implementing poverty reduction strategies.** A related issue is intra-sectoral deconcentration, which is virtually non-existent. There is also a need for planning and budgeting systems that include the regional level in an integrated manner and which pay explicit attention to the inter-sectoral balance at these levels.
- **Donors and partner governments are currently reluctant to develop SWAps beyond serving as a helpful tool for planning and strategising.** Donors are not yet confident in the ability and willingness of governments to take

full leadership of sector reform processes. Current attempts to harmonise have been aimed mainly at putting in place the preconditions that will eventually enable a better implementation of sector strategies. These include developing procedures and regulations that are acceptable to both sides, as well as putting in place medium-term expenditure frameworks that provide a basis for sector budget support.

- **The potential role that SWAps could play in improving service delivery, by strengthening the management of sector programmes and by supporting the decentralisation process more generally, has not yet been recognised.** SWAps can offer a framework for strengthening sector management capacities at both the central and deconcentrated levels of government. They may also create opportunities for linking up devolved local government structures with the deconcentrated level. Together, this should help to improve service delivery. It could also help to strengthen local governance, particularly aspects such as decision-making, transparency and accountability.
- **The lack of recognition may also be attributed to the unwillingness of recipient governments to formulate clear plans for guiding the decentralisation process and for reforming sector programmes.** With more national guidance and political will, such a plan would provide a framework within which SWAps could be fitted. Current experiences are mainly informed by the work in the education sector in Burkina Faso, and by the emerging (top-down) PRSP processes in both countries.
- **However, the appropriateness of SWAps in the Francophone context remains to be tested.** Donor views differ significantly on the suitability of SWAps. Some seek to emulate experiences in Anglophone Africa, whereas others are more cautious about going beyond agreeing on a shared policy framework. Many donor and government representatives use SWAp terminology as a synonym for more or less loosely coordinated sector activities. A small number of donors, such as the Dutch and the Canadians, want to see much more integration, such as common approaches and procedures, basket funding, a more intense government-donor monitoring of sector progress, etc.

Some more specific conclusions with regard to participation and capacity development:

- **There is still a huge rift of trust and engagement between formal government institutions and the population at large, which sees these institutions essentially as prolongations of colonial government.** Steps that have recently been taken to establish devolved government are important in drawing citizens and local decision-makers together, and creating a sense of citizenship and engagement. At the same time, they risk being seen as a tool of central government for better exploiting local resources and controlling the population. In Burkina Faso, for instance, candidates for local elections must be members of political parties. Independent candidates are not allowed.
- **The capacity of non-state actors to participate in sector policy formulation and monitoring, both at local and national levels, remains weak. Meanwhile, development NGOs have primarily experience as deliverers of services financed through donor projects.** A number of fundamental structural problems account for the low level of participation by non-state actors. First, education and the fact that only approximately 10% of the population can communicate in writing in the official language. Second, attempts to boost participation face an enormous challenge because of the variety of languages spoken and the lack of means of communicating within the country more effectively (through the media, availability of translation services, etc.).
- **Administrative deconcentration may create an important institutional space for bringing together the views and opinions of local government, central government and other interest groups.** In Benin, for instance, legislation provides for the establishment of consultative forums at this level to facilitate horizontal and vertical dialogue including civil-society groups such as parent-teacher associations and teachers' unions. Here again, SWAps might be used to facilitate the development of a framework for consultation and review that embraces different stakeholder groups.
- **Capacity-building programmes in SWAps have tended to centre on training and technical assistance for reinforcing policy and programme management capacity at a national level.** Both Burkina and Benin have recognised the need to accompany the decentralisation process with capacity development right from the start. With donor support, various training and technical assistance programmes have been set up in both countries. However, there has been no attempt to formulate a shared, wider capacity-development strategy. Little support has been received in this respect from the development partners, as the case of Burkina Faso shows.

4.4.2 Recommendations

In situations such as those of Benin and Burkina Faso, where decentralisation does not envisage a significant role for local authorities in the management of sector programmes, and where SWAps have only been recently introduced, SWAps have not had an obvious role to play in mediating sector reform processes and decentralisation. Yet there is evidence that they do have a potential role to play in bringing coherence between sector reform strategies, deconcentration measures and limited devolution that may be of strategic importance in ensuring the more effective delivery of key services and the promotion of local participation in the development process. In order that SWAps can play this role, development partners should:

- **Reflect on the transferability of sector reform concepts borrowed from Anglophone experiences to regions that have a very different understanding and tradition of public administration and management.**
- **Encourage governments to assume leadership of the reform process and to provide policy guidance on the implementation of decentralisation legislation and the adoption of SWAps.**
- **Be aware that, while direct funding for local development is important, governments and donors should not overlook the need to accompany this funding with complementary support for sector deconcentration in order to better link up both processes financially and institutionally.**
- **Think how decentralisation legislation, in relation both to deconcentration and to a lesser extent to devolution, can be used to enhance sector performance and the achievement of PRSP targets,¹⁸ particularly in improving horizontal synergies between sectors, and vertical synergies between tiers of government.**
- **Explore the potential of SWAps to link these processes to wider administrative and public finance reforms, as well as to harmonise external interventions around a common and clearly articulated government strategy.**
- **Formulate a comprehensive capacity development strategy that responds to the question ‘capacity for what and for whom?’, and which avoids the current patchwork of initiatives driven by different agendas and funders. Capacity development strategies need to link up with or feed into emerging sector reform strategies.**
- **Support the development of civil society and the private sector to build up their capacities, to organise themselves better and take a professional approach to national and local level participation in sector policy formulation, implementation and monitoring.**

4.5 In the context of emerging SWAps and advanced decentralisation

4.5.1 Conclusions

In **Bolivia**, where SWAps are being slowly introduced against the background of considerable progress in instituting a devolved layer of government, the intermediate level of provincial or regional government has been largely ignored. Growing attention is now being paid to seeing how this intermediary layer can be strengthened in order to provide a link between the devolved government and central government. Although the institutional contexts and administrative traditions in Bolivia are quite different, and given in particular that Bolivia has had a much longer and more fundamental experience with decentralisation, a number of comparisons can be made with Mali with regard to their progress in implementing decentralisation and introducing SWAps:

¹⁸ This issue is equally relevant to countries such as Tanzania, which have retained a deconcentrated layer of government at a regional level, and which will continue to play a strategic role in the delivery of sector programmes.

- **Within parts of central government, and sector ministries in particular, there is considerable resistance to the devolution process, and wavering political commitment to the process.** Despite the existence of considerable political will to decentralise within parts of central government, other elements such as deeply rooted patronage systems, political party alliances, and religious or tribal ties can have much greater power, thereby blockading the decentralisation or other reform processes.
- **This resistance to transferring resources and responsibilities to lower levels by sectors provides a momentum for a parallel decentralisation process at a local level (often supported with donor project inputs).**
- **Most donors continue to implement sector programmes through a project logic, rather than through government institutions. This may discourage governments from taking ownership and control of the reform process.** This fragmentation of aid stands in the way of the operationalisation of sector programmes that are coherent and attuned to the decentralisation process.
- **The priority given to devolution has led to a process that has increasingly delinked devolution from sector reform processes.** The focus given to supporting devolution and the institutionalisation of civic participation in the planning and monitoring of local development has had the effect of 'sidelining' the intermediate level. Resource flows to the local level, through instruments such as the 'Productive and Social Investment Fund' in Bolivia, or the ANICT in Mali, are perceived as parallel mechanisms that ought to be better coordinated between the different government levels and with sector planning. Whilst these ensure that resources are in place to enable the delivery of services, they risk delinking support for decentralisation from sector-reform processes, including SWAPs.
- **SWAPs could play a strategic role in reconnecting the different tiers of government in the management of sector programmes.** This remains a potential role rather than one that is actually performed in practice.
- **SWAPs also risk reinforcing the centralising character of some sectors.** The Bolivian case demonstrates that, under the guidance of strong sector leadership in a more centrally organised ministry like education, the availability of a jointly agreed sector strategy, in combination with pooled government and donor funds, risks encouraging top-down planning, implementation and recentralisation instead of facilitation, guidance and monitoring involving local governments.
- **Dialogue on SWAPs can raise questions about the nature of the decentralisation process and a demand for the clarification of the decentralisation policy.** In the context of SWAP planning and implementation, a need for clarifying the nature of the decentralisation process, in particular the role which intermediate deconcentrated levels have to play in an ongoing process of devolution (or deconcentration), can rise to the surface.

Some more specific conclusions with regard to participation and capacity development:

- **The introduction of the PRSP, which demands civil society participation, and the move towards SWAPs have triggered a process in which development partners want to know each other better.** This has created a demand for a better understanding of civil-society organisations, their strengths and weaknesses, their capacity needs and their potential for getting involved in policy processes. It also places pressure on civil society to organise itself in order to be a viable partner. In the countries under review, the various partners have started to reflect on this issue. Steps to facilitate broader participation are still at an early stage.
- **The 2000 National Dialogue provided a solid foundation for further encouraging civic participation in Bolivia's policy process.** Although most constituencies within the country participated in the Dialogue, policy-making is far from being community-driven. Participatory processes are now being strengthened as part of the follow-up to the PRSP process. The Law on National Dialogue (LDN) also provides a good basis for encouraging civic participation in sector policy dialogue and in so doing making SWAPs complementary to the PRSP process.

4.5.2 Recommendations

The potential role of SWAPs for facilitating linkages between the micro, meso and macro levels is beginning to be recognised in situations such as that of Bolivia (and to some extent Mali), where the focus of decentralisation efforts has been on devolution, but where there is a growing recognition of the need to strengthen the deconcentrated level of government so as to bridge the gap between sector programmes and local government, and where SWAPs have only been recently introduced. To allow SWAPs to play this role, development partners should:

- **Focus on the interlinkage between deconcentration and devolution, in particular by linking devolution to sector reform processes.**
- **Bridge the divide by creating space for multi-actor dialogue, more particularly between local actors (i.e. local governments and non-state actors) and sector actors from the central and deconcentrated levels of government.**
- **Support civil-society participation in national policy processes, including sector policy formulation and implementation, and build on recent experiences with PRSP processes.**
- **Build on positive experiences with joint government-donor, and joint multi-donor support for decentralisation processes and explore the extent to which these experiences can be used for sector approaches which seek to reduce fragmentation.**
- **Formulate a comprehensive capacity-development strategy that responds to the question ‘capacity for what and for whom?’, and which avoids the current patchwork of initiatives, driven by different agendas and funders. Capacity development strategies need to link up with or feed into emerging sector reform strategies.**
- **Support the development of civil society and the private sector to build up their capacities, to organise themselves better and take a professional approach to national and local level participation in sector policy formulation, implementation and monitoring.**

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