



SWAps Policy Brief

# Planning and financing

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### Overview of research

Just over a decade since the introduction of education sector-wide approaches (SWAps), CfBT Education Trust has conducted research to review their global progress since the Ratcliffe and Macrae (1999) publication, commissioned by the United Kingdom's Department for International Development, entitled *Sector Wide Approaches to Education: A Strategic Analysis*. Since 1999 there has been a lack of rigorous, comprehensive, global analysis regarding the effectiveness of SWAps drawing on the national, international and thematically focused literature. As a result, this research seeks to fill this gap by highlighting key historical trends, presenting new findings from the global literature as well as emerging good practice from the field for the first time. It also looks at the implications of the research for the future of SWAps. The research comprised a desk review of the global literature as well as the grey literature on SWAps, complemented by stakeholder interviews. The publication *The impact of sector-wide approaches: where from, where now and where to?* from which this policy brief is taken, analyses the evolution of SWAps and their relationship with: (i) aid effectiveness; (ii) planning and financing; (iii) education outcomes; and (iv) fragility.

This policy brief summarises the relationship between SWAps, planning and financing.

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### The evolution of SWAps towards 'SWAp-like approaches'

SWAps were initiated due to the various shortcomings of projects in relation to their use and strengthening of government systems, their inefficiency and their limited impact on broader development outcomes. As a result, there were very high expectations of what SWAps would achieve. With time and experience, people's aspirations have lowered. SWAps have been formally adopted by many bilateral and multilateral agencies and have influenced general approaches to education planning and financing. Since SWAps were introduced, there has been a move from a purist approach of what a SWAp entails, namely full alignment, towards an increasing pragmatism in the light of constraints at country level and on the part of donors supporting the SWAp. Pragmatists have argued that SWAps should become more inclusive and less prescriptive in order to attract a broader range of donors. This has resulted in the use of the term 'SWAp-like approach' which is now more commonly used. Meanwhile, in countries with mature SWAps, it is no longer necessary to talk about SWAps *per se* since the principles underlying SWAps have been embedded in the working practice of and between line ministries at national and sub-national levels, such as in Rwanda.

A commonly held definition of a SWAp is where:

*'...all significant funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector, and progressing towards relying on government procedures to disburse and account for all funds.'* (Brown, Foster, Norton and Naschold, 2001: 7)

### SWAps have usually been adopted in aid-dependent countries

Education SWAps have been implemented in the vast majority of aid-dependent, low-income countries and they have also been adopted in some lower-middle-income countries; and are likely to still be relevant if aid-dependent countries move from the low-income to middle-income category (due to developmental gains or the discovery and responsible exploitation of natural resources). Where countries are not particularly dependent on aid, there is less need for a SWAp as it will be more closely equivalent to a costed national education sector plan. Those low-income countries that have not adopted SWAps tend to be countries affected by conflict or fragility where there are questions regarding the basic pre-conditions for a SWAp.

### Sub-sectoral SWAps generally lay the groundwork to move towards full SWAps

Purists argue that in order to reap the full benefits of a SWAp it needs to cover the whole sector. A sub-sector SWAp meanwhile skews resource allocations to a specific sub-sector (namely primary education) reminiscent of large sub-sector projects distorting policy and resourcing priorities. The research showed that 25 low-income countries have education SWAps, only five of which are sub-sector or partial SWAps. This data supports the view of pragmatists regarding the fact that sub-sector SWAps are normally transitional arrangements which prepare the way for full SWAps since many started as partial SWAps. Nevertheless, it is recognised that all sub-sectors need to be part of a sector plan in order to allow sector-wide trade-offs and efficiencies to be made, even if the SWAp does not provide for implementation in all sub-sectors.

### Planning is a crucial part of the SWAp

There are many similarities between SWAps and educational planning, though SWAps implicitly assume that donors and external funding are involved. By comparison, education planning in non-aid-dependent countries takes place at the national level in ministries of education or planning. There is acknowledgement that SWAps make higher demands of the leadership, technical, managerial and financial capacity of the partner government, as well as that of in-country donors. As a result, SWAps have entailed a greater focus on 'systemic approaches to building capacity with... governments through institutional development and system-wide reform' (Steer and Wathne, 2009: xv).

### SWAps have impacted positively on the educational planning process, though there have also been some constraints

The success of SWAps can mainly be seen in the improved planning capacity, policy development, working ethic, governance and broader institutional development of partner governments (Shepherd and Cabral, 2008; Latham, Ndaruhutse and Smith, 2006). Nevertheless, SWAps do not operate in a vacuum and implementation can be weakened where they are poorly aligned with national government reform programmes such as wider civil service reforms and sector management reviews. The broader working conditions, human resources policies and remuneration levels have also been found to reduce the effectiveness of SWAps and the sustainability of their results. Indeed, approaches to building capacity – no matter how well designed – are constrained where morale and motivation are low due to inadequate remuneration and poor working conditions.

### SWAps can re-centralise or be a vehicle for promoting decentralisation

The early implementation of SWAps in countries such as Ethiopia, Mozambique, Tanzania and Uganda was criticised for a lack of involvement of decentralised government officials. Indeed, the inherent focus on policy, planning and financing has meant that SWAps can have a re-centralising influence (IHSD, 2003; Shepherd and Cabral, 2008). However, more mature SWAps, such as those in Cambodia and Rwanda, have tended to promote more effective and accountable decentralisation, strengthening the links between planning processes at national and sub-national levels.

### In many countries, the introduction of SWAps has been closely tied to public financial management reforms

SWAps have usually been introduced at the same time as a programme of developing and strengthening public financial management systems and the success of a SWAp is closely related to the strength of the public financial management system. Weaknesses in the public financial management system will directly impact upon the financial aspects and effectiveness of the SWAps.

### A mixture of aid modalities has been used to support SWAps

While the purist definition of a SWAp assumed that as SWAps developed, donors would make a seamless transition towards providing all their aid via more aligned and harmonised modalities (general and sector budget support), the reality is that this has not happened. Instead the whole range of aid modalities has supported and continues to support SWAps, even if there is, at the very least, more coordination between donors and ministries of education and a more coherent sector plan with which donors can align their aid. However, fragmented approaches are still being employed by some donors. While the purist definition may make most sense from a macroeconomic viewpoint, from a sector perspective ministries of education are likely to continue to prefer a range of modalities with the majority of sectoral aid being provided through sector budget support as this gives the maximum flexibility in relation to resource control and use.

### There have been advances in service delivery and sector capacity development under SWAps

A major success of SWAps has been the move by donors away from solely providing projects which cannot support recurrent costs, particularly since recurrent costs constitute a very large percentage of the overall education sector budget. Using a more flexible range of modalities has meant that important recurrent costs of service delivery such as teachers' salaries can also be supported. In some countries, such as Uganda, SWAps have made the abolition of school fees possible, particularly for primary education. Where this has been accompanied by the establishment of capitation or school grants to replace the income lost by schools from fee abolition, this has ensured funding for school-level recurrent costs including school rehabilitation and textbooks. This has resulted in greater empowerment of headteachers and more accountability at local level (World Bank and UNICEF, 2009). The most successful SWAps have introduced a capacity development fund alongside sector budget support to ensure that while funds can flow for service delivery, there is also a dedicated pot of money for building the capacity of the education sector through technical assistance and learning from other countries, such as has taken place in Cambodia and Rwanda.

### There is mixed evidence on whether transactions costs have reduced under SWAps

While one of the main rationales for SWAps was the promise of reduced transactions costs due to greater alignment and harmonisation, the evidence to date seems to point strongly to the conclusion that transactions costs do not fall but actually increase in the short term. Where they fall slightly for the ministry of education, they increase for the lead donor. In the longer term, there is mixed evidence regarding whether costs do actually fall.

### Key finding

Mature SWAps in stable low-income countries have had a strong impact on institutional development and new ways of working have been established within ministries of education.

### Recommendation

In light of the fact that a variety of financing modalities can be used to support a SWAp, donors should seek to be inclusive in their partnerships with one another, rather than forming exclusive alliances to the detriment of the long-term institutional development of the ministry of education.

## Where next for SWAps?

SWAps have moved away from the initial purist view which implied that donors would all move towards budget support and projects would over time cease to have a purpose. While it is true that many donors are now able and eager to provide sector budget support or pooled funding which is more easily provided in the context of a SWAp, other donors have legal constraints in providing sector budget support, and in contexts of weak public financial management systems, it is not an appropriate aid modality. Where sector budget support has been provided, this has given partner governments much greater flexibility to support the recurrent costs of an Education Sector Plan, including teachers' salaries, which usually constitute the largest part of the education budget. It has also enabled those countries which have abolished school fees to ensure that money is flowing to schools to replace the money they used to receive from fees. However, in other circumstances – especially in fragile and conflict-affected states and in situations where donors are supporting capacity building, but also where donors have supported a SWAp without being able to provide sector budget support – projects have remained an important modality. In light of this evolution away from a tight understanding of SWAps, the following definition is proposed for a SWAp-like approach:

*A SWAp entails government leadership of a sub-sector plan or a comprehensive, single sector policy, supported by the majority of significant funding through a variety of modalities, securing consensus from education stakeholders on shared approaches to planning, financing, implementing, regulating, monitoring and reporting, where the lead donor bears the main transactions costs and where accountability moves increasingly downwards to citizens.*

In the future, it is likely that SWAps will be initiated in those low-income and lower middle-income countries that have not yet adopted them. They may also be extended to other sectors within existing countries (where this has not already been done). The research, however, mainly points to the fact that in the years to come there will be a focus on 'maturing' existing SWAps particularly embedding the ways of working at sub-national levels where planning, coordination and reporting may still be very *ad hoc*.

It is possible that mature SWAps in countries with more developed governance might go 'up a level' to become social SWAps (incorporating the main social sector ministries such as education, health, social welfare, women, etc.). This would allow more meaningful and holistic policy dialogue across all the pro-poor sectors and enable a greater potential for cross-sectoral working and linkages. However, this would also require much more complex planning and coordination among a larger and more diverse group of ministries and other stakeholders with differing priorities, clients and agendas.

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This is one of a set of four policy briefs summarising the main findings of a research programme reflecting on and reviewing the global progress of education sector-wide approaches (SWAps) in developing countries since their introduction in the late 1990s. The research analysed the evolution of SWAps and their relationship with (i) aid effectiveness; (ii) planning and financing; (iii) education outcomes; and (iv) fragility. Each policy brief covers one of these themes.

The full report can be accessed at [www.cfbt.com](http://www.cfbt.com)

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