

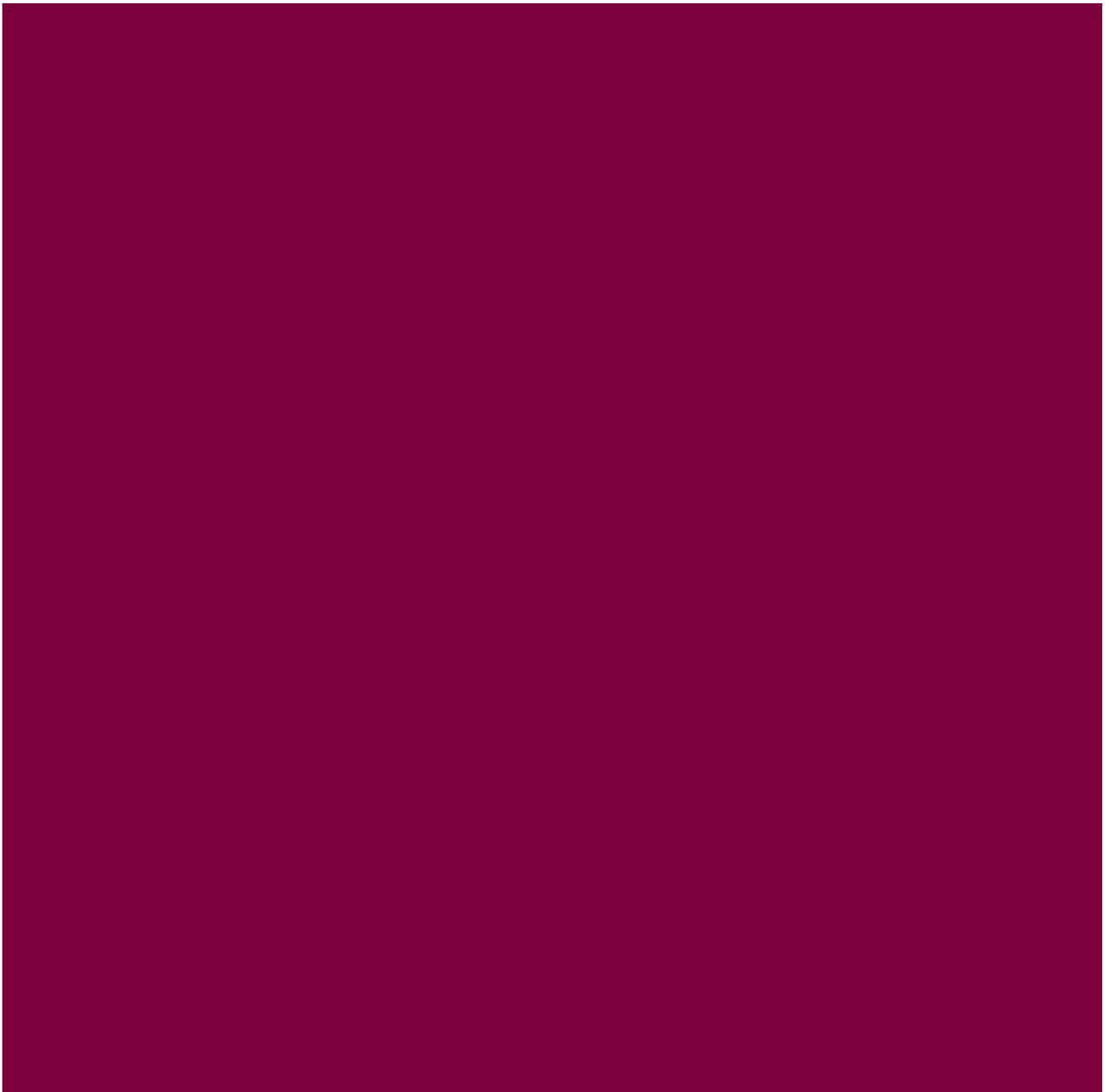


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DESO Project on Sector Programme
Support 2006

The Paris declaration in practice

– A review of guiding documents
in sector programmes



Contents

Introduction.....	3
Background.....	3
Purpose of the review	3
Methodology and limitations.....	4
Introduction to the key documents.....	4
Aid modality chosen	7
Thematic Analysis.....	7
Definition used for the SWAp	8
Ownership, harmonisation and alignment	9
Using national PFM systems – alignment vs harmonisation	11
Basis for the SWAp	16
Indicators and Monitoring & Evaluation (M & E) framework	17
Consultations and decision-making.....	18
Relation between MoU and other documents	19
Capacity development	21
Incorporation of poverty and rights perspectives.....	23
The process of negotiating a MoU/JFA – three cases	24
Honduras – (Sub) Sector programme support in Education (2003–2005)	24
Burkina Faso – Sector Programme Support in Health (2005–2008).....	26
Tanzania – General Budget Support (2006)	27
Conclusions and recommendations.....	28

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Introduction

Background

Sida's department for Democracy and Social Development (DESO) is currently running a development project aiming at improving Sida's interventions in relation to sector programme support, and thereby improving the overall performance of these programmes in the cooperation countries, in line with the Paris declaration and the Swedish Policy for Global Development. The DESO project aims at doing so by:

1) promoting mutual learning between persons involved in sector programme support across the organisation, 2) providing direct and relevant support to ongoing contribution preparation processes for sector programme support, and 3) compiling and analysing lessons learned regarding the methodology, instruments, processes and aid modalities used to support these programmes. In this context, the guiding documents used in the sector programmes (with a main focus on MoUs/JFAs) has been identified as an important aspect to be analysed for the future improvement of sector programme support. These documents often play an important role in operationalising the Paris declaration in the sector.

Purpose of the Review

The purpose of this review is to make an analysis of the key steering documents of the SWAp and its financing mechanisms – the Memorandums of Understanding (MoU), Joint Financial Arrangements (JFA) and Codes of Conduct (CoC) or equivalent – and draw some conclusions regarding how these documents support the aid effectiveness objectives stated in the Paris declaration, as well as other important aspects for the functioning of the sector programmes. The objective is to support Sida in its approach to, and usage of, these guiding documents, and to make recommendations regarding their further improvement.

The report can be seen as an input to this discussion within Sida, as well as in relation to its cooperation partners.

Methodology and Limitations

The review is primarily a desk study of the key documents for each programme support. The study will therefore mainly be able to draw conclusions regarding the content of the documents as such, and much less about how the documents influence the sector programmes in the respective countries in practice. Nor will it be able to pronounce itself regarding the systems, mechanisms and structures that are not explicitly regulated in these documents. This with the exception of the countries where the consultant has first-hand experience, or has had the chance to interview the Sida staff involved.

The study is also only to a limited extent able to draw conclusions regarding the reasons for the guiding documents to be drafted in a certain way, i.e. the process leading up to the end result. For example it has often not been possible to describe the reasons for Sida accepting substantial amounts of safeguards and/or conditionality, often in contradiction with the intentions of the Paris declaration. As expressed in the JFA guidelines from the Nordic+ group, each negotiation situation is unique. The results possible to achieve in each context, will to a great extent depend on the approach and relative influence of different aid agencies in relation to the Paris declaration principles.

In some cases process information, such as information about who held the pen when the documents were drafted, has been available. However often this has not been the case. Due to not having access to the complete documentation in several cases, and the relatively limited time allocated for the assignment, the study should be considered more of a schematic review than an in-depth study of each case. Nevertheless, several interesting conclusions can be drawn from the review, which could further guide discussions and initiatives in this area.

Introduction to the Key Documents

Guiding documents in the sector programme and their role

There are often several types of documents guiding the sector's work processes, including for international cooperation. Related to international cooperation and external contributions in the sector, there are bilateral/multilateral agreements, sometimes central laws/regulations for this purpose, and often one or more non-legally binding document directly or indirectly guiding the cooperation in the sector programme and the implementation of good international co-operation practice, i.e. the Paris declaration¹.

Code of Conduct/Partnership principles

Many sectors/countries find it useful to regulate the participation of all contributors to the sector – irrespective of the financing modality chosen – in a gentleman's agreement often called one of following names: *Code of Conduct*, *Partnership principles* or *Memorandum of Understanding for the SWAp*. This agreement can take on many different names and shapes in individual cases. For simplicity reasons however, it will from here onwards be called the *Code of Conduct (CoC)*. The Code of Conduct normally states the principles, rules and responsibilities of all actors supporting the implementation of the sector programme. In that sense it can be seen as a way of operationalising and specifying the Paris declaration in the sector context.

¹ The text refers to relevant documents in the co-operation country.

The Code of Conduct is in itself only a gentleman's agreement. In order to have the intended impact (harmonization and alignment of all actors in the sector in relation to national policy, planning and budgeting cycle), this document is ideally introduced early in the process of developing a sector programme. It is also important that this kind of document, if/when introduced, has a clear purpose and that its role in relation to other existing and planned documents is defined. It is normally logic to introduce the CoC before drafting a Joint Financial Arrangement (JFA) or MoU for a joint financing mechanism (see below).

Some examples of issues that could be regulated in a Code of Conduct include:

- The principle of all actors in the sector supporting the Government's one and only policy, plan and expenditure programme for the sector;
- The principle of Government ownership, and the submission of all development partners to the joint SWAp regulative framework;
- Definition of the Government's administrative focal point for the external support to the sector plan and roles of different ministry departments in the SWAp;
- Joint decision-making mechanisms and meeting cycle between all actors of the SWAp;
- Definition of where and how the poverty-related so called cross-cutting issues should be aligned to the sector's and Government's planning and budgeting cycle;
- Harmonisation and alignment principles such as decisions to:
 - avoid/abolish separate missions for evaluation, PFM assessment etc;
 - abolish and replace separate budgeting and reporting formats and mechanisms, PIUs etc, with jointly decided formats and co-operation under the sector's leadership in the regular administrative structures of the ministry/sector;
 - how both the sector and its cooperation partners should contribute to the strengthening of the capacity of the sector, including its PFM systems;
 - alignment of the donors' procedures and information requirements to the planning, budgeting and reporting cycle of the Ministry/sector and of the MoF/Government

Memorandum of Understanding (MoU)/Joint Financial Arrangement (JFA)

The actors agreeing on providing financial support to the sector in a joint manner, through a pooled fund, budget support or other type of joint financing mechanism, normally agree on the conditions for this joint support in a specific *Joint Financial Arrangement (JFA)* or *Memorandum of Understanding (MoU)*. The JFA/MoU donors often represent a limited number of agencies in comparison to the entire group of external financiers supporting the sector. For steering reasons, the MoU/JFA should therefore ideally only regulate issues relating to this specific financing mechanism. All issues of concern to the entire donor community should ideally be raised in the broader context where all or most of the actors in the sector participate, i.e. in a broader sector dialogue forum (which is often regulated by the CoC in the cases such a document exists).

The negotiations around a JFA are normally lengthy, depending on how many and which actors that are involved. It is essential that the proposal for the JFA is based on a ministry proposal which considers first and

foremost the Government's needs for information and alignment of procedures, linked to the deposit and transfer of funds.

You find a variety of different JFAs/MoUs in the different countries and sectors with whom Sida works. The Nordic + group has elaborated a template for this kind of financial arrangement (n.b. not agreement since it is not a legally binding document). This template comes with a guide for the process of negotiating the arrangement, and includes different standard alternatives under each headline, i.e. gives options regarding the degree of alignment with national systems of payments, reporting, procurement, audit etc.

The formulation of the JFA in the countries should normally as far as possible have the Nordic+ group's agreed JFA template as its point of departure. This document supports the process both by raising many of the important content issues related to PFM and other procedures, and by providing a transparent structure that facilitates the follow-up of mutual commitments among the parties. The MoU/JFA is a gentleman's agreement, meaning that it in itself does not have a legal status. The legal matters are still dealt with in the bilateral agreements with each development partner. However, by referring to the MoU/JFA in the bilateral agreement and annexing it, the JFA/MoU can be given a different legal status. For this to be possible for Sida, the JFA needs to be clear enough in its writings and include sufficient information for it to serve this purpose. For agreements above 50 million SEK it is compulsory for Sida staff to consult its legal department.

The content of the JFA/MoU should include all relevant aspects relating to the financing mechanism such as:

- Conditions for timing of pledges
- Disbursement procedures and conditions
- Timing for meetings with the steering committee of the financing mechanism
- Accounting
- Procurement
- Audit and scrutiny
- Additional safeguards
- In the cases where important aspects related to alignment and harmonisation in the sector are regulated in a CoC or equivalent, this needs to be taken into consideration when drafting the JFA/MoU, in order to avoid double-regulation or inconsistency between guiding documents.

To support the Paris declaration, the JFA/MoU should to the greatest extent possible refer to existing systems, procedures, manuals etc within the cooperating government, and only when absolutely necessary include safeguards/regulations or structures additional to the regular administration set-up.

Thematic Analysis

Aid Modality Chosen²

The reasoning behind, and process of moving from one aid modality to another, especially from pooled fund to general budget support (GBS), is not coherent between the different supports provided. Issues such as the continuation of participation in the sector dialogue, follow-up, assessments in the sector etc are often not sufficiently highlighted. In the cases where the sector is supported through GBS, the documents only to a very limited extent provide guidance for the development partner's collaboration and participation in the sector. The existence of a Code of Conduct or equivalent document at sector level (or at central level), could be a way of facilitating the participation of GBS donors in the dialogue at sector level. However, there may already exist other guiding documents at central or sector level that serve this purpose, and then an additional document may not be needed.

The move towards more of budget support modalities (SBS/GBS) is not necessarily always backed up by an assessment of PFM or other systems in the sector, but rather by overall central systems' reviews, which too seldom are sector specific. Reference to sector-specific conditions for effective implementation of the support, for instance what regards PFM, is rarely made in the JFAs/MoUs for GBS/SBS. Rather, the point of reference is often the central assessments such as the CFAA, CPAR etc.

The justification presented for choosing one aid modality over another is not always consistent between countries. In for example the case of Kyrgyz Republic (Health sector), the weak PFM and internal control systems in the sector are referred to as the reasons for choosing a pooled fund modality with substantial parallel mechanisms. The same argument is in the case of Mozambique (Education sector) used as a basis for

² There are essentially four modalities available (not counting bilateral project financing) for jointly supporting sector programmes:

- General Budget Support (GBS): Non-earmarked support to state budget linked to a PRS, sometimes including follow-up of sector indicators.
- Sector Budget Support (SBS): Non-earmarked support to state budget with focus on the sector plan and indicators, and participation in the sector dialogue.
- Pooled funding (or basket funding): Earmarked support for a sector plan, a sector-wide or sub-sector programme. Channelled through joint financing arrangement.
- Channelling through other actors' existing financial arrangements: Support to multilateral programmes through trust funds or equivalent, or through delegated partnership.

moving from pooled fund support to incorporating the sector support in the GBS to the country – without any reference to the need for PFM capacity strengthening at sector level. In another case, Zambia (Health sector), the choice falls on a pooled fund mechanism, with the reference to the risk of previous (largely donor funded) support to districts not being sufficiently prioritised by the Government, if the donors refrain from earmarking funds for these. Hence it has more to do with budget policy than weaknesses in the technical delivery of the PFM-systems as such.

The justification of the “modality mix“ chosen varies a lot between countries. In some contexts, such as in Kyrgyz Republic, reference is made to complementary support to civil society and decentralised levels, and includes the reasons for choosing this mix.

An interesting good practice that can be seen in both the Ugandan and Zambian JFAs/MoUs is the fact that budget support is listed as the preferred aid modality. This means it is the aid modality that should be used by default, and any deviation from this principle needs to be justified. This is, from an alignment point of view, a rather different approach to take compared to the way harmonisation processes often have been carried out previously (i.e. starting with mainly identifying all PFM weaknesses and often using these as reasons for including substantial safeguards). This new approach should enhance the use of national systems and take the starting point in what already exists in terms of national systems and structures.

There seems to exist a need for clearer guidance regarding the reasoning behind the choice of aid modality. This especially in times when Sida is committed to increasingly focus its support on fewer programmes and interventions. At the same time it is essential to carefully analyse what aid modality mix is likely to achieve the best results and best mitigate different kinds of risk.

Further, the process of moving from one aid modality to another, especially towards budget support, needs to be accompanied by measures that will ensure continued dialogue participation and focus on sector capacity to implement the support. It should never be a way of closing one’s eyes to the difficulties faced in the sector regarding implementation capacity.

Definition used for the SWAp

With some exceptions, the documents reviewed do not contain clear definitions of the concepts being used. Some examples of where it might be useful to include more of definitions are:

- The definition of the actual aid modality chosen. If any type of earmarking is used in relation to the support (especially regarding sector budget support the definitions are not always clear);
- The difference between the SWAp/Sector programme as such, and the different financing mechanisms that exist to support this programme (aid modalities). It is very common to mix up the SWAp and its financing modalities (SBS, pooled fund etc);
- Using the Government’s systems – what does this really mean? There seems to exist some differing ways of viewing this issue. One is that the Government’s regulatory framework is used, but the support is being implemented by special project management units. Being “on-budget” can mean anything from merely being “visualised” in the budget document, to the inclusion of the funds in the payment and accounting system of the Government. In one example it is stated in

the JFA/MoU that the support would be using “all the Government systems”, but then the rest of the document is filled with exceptions to this rule.

Some good examples of inclusion of substantial explanations and definitions can be found in the guiding documents for the health sectors in Zambia and Uganda.

It is advisable to include in the JFA/MoU (and/or CoC in the case this exists), a list of definitions of what is meant by all the main concepts used in the documents (related to on/off systems, earmarking, payment mechanisms etc). Taking the starting point in a joint understanding of the different concepts used, may also support the negotiations around the JFA/MoU, for instance what concerns the risk of mixing up programme support with different funding mechanisms.

Ownership, Harmonisation and Alignment

Language and ownership

With the exception of the JFAs/MoUs for GBS/SBS, the main emphasis is still on harmonisation of procedures among the donors, rather than on aligning the procedures with those of the Government. There is little evidence of correlation between the state of management systems in the country as such, and the level of alignment to these systems by the international development partners.

Emphasis is placed on Government ownership in theory in all of the reviewed documents, i.e. the word is mentioned as a principle of the support. At the same time the documents are formulated in such a way, and using such a language, that they sometimes send the complete opposite message (i.e. risk undermining ownership and mutual accountability).

Formulations in many of the documents are primarily focussed on the conditions to be fulfilled by the cooperation partner and give the impression of being “dictated by the donors”. Expressions like “acceptable to the financier” are not unusual, and little emphasis seems to be placed on the needs of the sector ministry itself regarding functioning systems and processes. In several cases the drafting of the JFA/MoU seems not to have been made by the ministry/sector, but by one or more of the donors/creditors, taking the starting point in their information needs rather than those of the sector ministry.

Further the demands on the ministry/sector in terms of performance is put down clearly in black and white, whereas the commitments from the development partners regarding harmonisation and especially alignment are put in a soft, non-binding language, making it easy to escape responsibility by saying “it was not possible to align more”. Conditions to be met by the co-operation partner often include wordings such as: “present plans... and reporting... that is acceptable to the donors”, and “presentation of satisfactory financial reports”. On the other side, the conditions to be met by the donors/creditors are phrased in a soft, non-binding way: “Communicate as soon as possible”, “Align as much as possible...”, “strive towards alignment as far as is possible...”, “Donors will to the extent possible refrain from conducting bilateral reviews of the PADS”. For suspension of support: “consult with the ministry reasonably long in advance”.

This way of formulating the commitments in relation to the sector ministry leaves a lot of discretion to the donors/creditors regarding the interpretation, and subsequently makes it hard for the sector to predict

the consequences of different actions/scenarios. This may in turn undermine the principles of ownership and mutual accountability.

One reason for the Nordic+ template and other JFA/MoU documents using such a “soft” language regarding the donors’ commitments is linked to the problem of some donors in the group not being able to sign joint documents of treaty/legal agreement character. Hence the compromise in the donor group has been to keep the language somewhat vague in order to bring important actors on board in terms of using the joint template.

However, there are also good examples of formulations that do promote increased ownership, predictability and alignment. These include:

- Clear definition of focal point at the ministry/sector, which makes it compulsory to pass all information and approvals of new supports through the same entity. (Burkina Faso, health)
- Inclusion of clear responsibilities between different organisations involved in the SWAp, preferably including also cross-cutting Government institutions such as the MoF. (Uganda, health).
- Inclusion of clear rules of what is ”permitted” or not, and not merely limiting the MoU to general principles (Nicaragua, health).
- Include annexes to the JFA/MoU with ToRs for the dialogue forums, the annual reviews, description of incorporation of donors into the annual budget cycle etc (Uganda, health, Nicaragua, agriculture)
- “Signatories to this MoU may withdraw from the MoU procedures at the end of the JRES. Three month’s written notice of such intention should be given to the chairperson and joint deputy chairpersons of the Education Sector Cluster Group, specifying the reasons for such withdrawal”. (Rwanda, education)
- “Development Partners will provide and share with each other and Government as much information as possible on the nature, value, timing and financing modality of future support to the education sector. To improve predictability and appropriate resource mobilisation this information should cover a three-year or longer forward period”. (Rwanda, education).

Surrendering to other actors?

Further, in many of the JFAs/MoUs regulating pooled financing, one might question the level of “surrendering” of key assessments and controls to other actors, such as for instance the World Bank in the cases of Kyrgyz republic (health) and Bangladesh (health). In many cases substantial parallel, bank-defined systems and procedures have been introduced, which often seem to provide an excessive amount of controls, and little encouragement of actual capacity development of the institution as such (i.e. taking the starting point in what already exists). Examples of this include special programme (project) management units, preparation and assessments missions led by the WB, and conditionality dictated by the credit agreement of the bank.

A template and general conditions for delegated partnership have recently been agreed within the Nordic+ group. The JFAs/MoUs of this review were all developed before this template.

One question worth pondering upon is to what extent delegated partnership always promotes harmonisation and alignment in relation to other donors, i.e. contributes to putting pressure on (or encouraging) other donors to increase their alignment to national systems and proce-

dures. On the one hand the delegated partnership should decrease transaction costs for the sector ministry and in the medium term also for Sida. However, at the same time this modality may also in practice mean that a pro-alignment voice, such as for example Sida, “disappears” from the sector negotiation table. “The Netherlands will represent Sweden in the committee where the development of the SWAp is discussed” is what is written in the bilateral agreement with the Netherlands regarding support to health in Burkina Faso, which is completely in line with the Paris declaration. However, it is essential that the contribution preparation includes measures to ensure that this way of working will also in practice contribute to implementing the Paris principles. Additionally, one may need to consider how the choice of delegated partnership (as well as other choices of aid modality) affects the competence development of Sida staff, and the possibility of its representatives to stay in touch with the development of the sector.

Above have been mentioned a number of measures that can be taken to further enhance alignment, harmonisation and ownership. Important aspects include drafting the documents in a language that is predictable to all parties; strive for a balance between the number of commitments by the Government and the Development Partners respectively, and ensuring that ownership is really enhanced by the sector ministry holding the pen when the MoU is being drafted.

Using National PFM Systems – Alignment vs Harmonisation

Introduction/general

Budget support modalities are naturally more aligned to the national systems since they by definition are channelled through the central treasury system (which implies using Government budgeting, payment, accounting, procurement and audit systems). However, there are often safeguards created to minimize the fiduciary risks of the provided support. These include fiduciary risk assessments, PERs, additional audits at different levels – including procurement – and different systems’ and capacity building programmes.

Pooled funding has a tendency to promote the usage of parallel and often vastly overregulated PFM-mechanisms and procedures. This is often done in a seemingly counter-productive way, meaning it does not necessarily enhance the development of the regular PFM systems in the sector.

One good practice in the area of PFM information provision for funds outside the systems, consists of the following: “Where financing, procurement or contracting is not provided through GoR systems, Development Partners will provide GoR with detailed information on the costs, cost effectiveness and implementation status of education programmes and projects, in a standardised format to be prescribed by MINEDUC and MINECOFIN” (Rwanda, Education).

The trend seems to be to move away from overregulation and special conditionality towards more of smart safeguards. This is perhaps due to increasing amounts of budget support modalities, where by definition the Government systems must be used, in combination with the insight that only focussing on preconditions and input control will not enhance development of the sector.

Planning, Budgeting and Budget policy

The guiding documents essentially all refer to the usage of national systems for planning and budgeting as the basis for the support. All support should be in line with national policy, and hence included in the plans and budgets of the sector. In most cases, especially in the cases of more aligned supports (GBS/SBS), guidelines regarding the adaptation of timing of pledges and actual disbursements to the national budget cycle are also included in the documents. In some of the pooled fund-supports, the reference to national planning instruments (MTEF, PRS etc) is somewhat weaker, and not as much emphasis is placed on adapting the support to the national planning cycle. Further, in these documents the formulations are too weak for them to have a steering effect on issues like common planning and budgeting formats, or the adaptation of the donors to the local budget calendar. Ex: development partners “should as far as possible adapt their planning cycle to that of the Government...”.

It is important that the SWAp is backed up by a clear intention regarding future (medium-term) resource allocations to the sector. This should ideally happen through a MTEF or equivalent commitment from the MoF/Government regarding resource allocations to the sector. In several of the JFAs/MoUs for the sector only a very general reference is made to the MTEF, whereas the actual commitment of funds to the sector is left to the annual budget process. Depending on the strength and reliability of the MTEF, this issue needs to be more clearly regulated in the JFA/MoU and CoC (if applicable), in order to ensure the sustainability of the support. In one assessment memo is even written that the “donors compensate for a relative decrease in funds’ allocation to the health sector” (Bangladesh, health), which may imply weak substantiability of the contribution. In the case of Mali, an indicator regarding allocations to the sector has been defined, which will be subject to annual follow-up. Further, it would be ideal if the overall resource allocation criteria within the sector were jointly agreed upon and referred to in the CoC and MoU/JFA, which is currently seldom the case.

Accounting and payments

For the pooled funds there are still several aspects relating to payments and accounting that are specially regulated, through additional account structures for activities funded through the project/programme. Although there are still a few examples where the financial management of the support is being dealt with by a special project management unit, there seems to exist a tendency towards increasingly relying on the sectors’ accounting systems also for these funds – even in the cases where the payments are made in parallel.

The pooling arrangements differ in terms of channelling of funds. In many cases new accounts are opened at all levels of the chain, from the central ministry to the decentralised beneficiaries of the support. In other cases the pooled funds are eventually mixed with the Government funds and can hence not be traced back to individual donors, or to the pooled fund. In these cases only the overall budget execution can be reported upon. In yet other cases, even pooled fund donors regulate their need to continue tracking their individual funds, in which case the value of having a pooled fund in the first place is substantially decreased (Nicaragua, health).

The documents sometimes make reference to sector accounting systems, and sometimes to central accounting systems, which is often not the same thing. Supporting the development of a management account-

ing system, which for instance can support the financial reporting based on programmes, is for a sector ministry often necessary to be able to live up to both its own management needs and those of the donors and MoF. Hence the inclusion of such an activity should not be seen as a parallel mechanism, but rather as an important complement to the existing MoF PFM-systems, and can often be important to encourage. However, this should not be mixed up with individual donor initiatives to impose their own accounting systems/procedures on the sector.

Procurement

The area of procurement is by far the most regulated one in the MoUs reviewed and there are few examples where the sector is allowed to use only the national procurement regulations and procedures without any safeguards or additional requirements. Cooperating partners that are traditionally strong in the area of procurement seem to have substantial influence regarding the regulations to be applied in this area.

Several safeguards/parallel procedures exist, including:

- Mix of different regulative frameworks depending on the amounts involved, for instance local regulations up to a certain amount, and WB regulations for amounts surpassing this threshold;
- Special procurement manuals and presentation and approval of special multi-annual procurement plans
- No-objections to tender documents, and/or to the procurement before signing the contract;
- Compulsory (financial) information provision to the sector regarding procurement managed outside the sector/ministry;
- Participation in the tender boards/committees by representatives from the donors (in which case feasibility and effectiveness need to be questioned).

From a capacity development perspective, it would be interesting to see more in the guiding documents regarding the development/reform of the procurement regulations and systems, and a reference to the ambition of gradual removal of safeguards/parallel mechanisms regarding procurement. Unless a “road map” for the gradual removal of these parallel mechanisms is presented, these are likely to continue for a long time. Although the JFA/MoU normally would not include such a road map, it could possibly refer to this kind of document as guiding the gradual increase of alignment of procurement in the sector.

Under the topic of alignment, one of the MoUs reviewed included a paragraph stating that: “even goods procured outside the national procurement system, should be included in the ministry’s logistics system once purchased (Uganda, health). This is an excellent example of partial alignment, i.e. where you try to identify when parts of a PFM system that can be used and align as far as possible. In another example, the procurement made outside the national system, should provide information regarding the cost-effectiveness of the parallel procurement to the ministry.

Activity and financial reporting

As mentioned above, when going “on-systems” the reporting formats for financial and activity reporting are normally automatically aligned. However, there are examples of more harmonised supports where

substantial additional information must be presented, but then this is at least clearly specified in the agreement or its annexes.

In the pooled fund supports it is not uncommon that the reporting formats are based on the standards of one of the cooperation partners rather than on internal systems of the Ministry. The reporting formats are rarely transparently included as annexes to the MoU, but sometimes included in the parallel financial management manual designed for the pooled fund. This manual is often based on the World Bank standard, and includes substantial parallel regulations.

Audit/review/evaluation

Audit is together with procurement heavily emphasised in many of the MoU/JFAs. Often references are made to commitments (directly or indirectly) by the National Audit Office (NAO), which are not likely to be fruitful unless this institution is also a signatory of the MoU. For example a ministry of health in country x makes a commitment regarding the audits to be performed by the NAO, which will present reports in a certain format, with certain content, and at a certain date. However, the JFA-template does not promote this kind of practice as a commitment, but gives the option of using the audits of the National Audit Office.

Since NAO is the parliament's independent scrutiniser of the Government and often has a heavy backlog of reports to be presented, this is a difficult commitment for the Government to make (not within its mandate). Although it is normally a good idea to involve the NAO, and thereby hopefully strengthen the national accountability systems, this kind of commitment should be formulated in such a way that it does not commit the Government in an area it cannot control. Other alternatives (which depend on the administrative legal framework of the country) could be to include the NAO as a signatory, or ensure a separate commitment from its side regarding its scrutinising role in relation to the sector. As a complement it might be fruitful to ensure its capacity and integrity by direct support to the NAO, which should imply that all key sectors be audited at least once a year by the organisation.

Another finding is that major emphasis is placed on ex-post audit per se. In some cases the JFA/MoU states that several types of audit should be performed (which is not encouraged by the Nordic+ template), at different administrative levels. However, little reference is made to how these audits should be followed-up in a fruitful manner (except in some cases where action plans for each audit should be presented to the donors!).

The JFAs/MoUs need to reflect a more balanced view of control and scrutiny that also enhances the capacity of the sector, considering the time and effort it takes for a sector ministry to assist several audits every year. From a PFM capacity development point of view, it may be more fruitful to place a stronger emphasis on strengthening the internal audit function including routines for audit follow-up, than to promote many audits. When using audit report presentation as a disbursement trigger, one needs to consider the timing of such triggers as well as where the focus is placed – on the audits themselves or on the effective follow-up of the audit recommendations?

In the cases where a Code of Conduct exists, it would make sense to promote joint audits – not merely of the pooled funds, but of all resources available to the sector. This since fragmentation of systems of scrutiny may increase the risk of corruption and/or inefficient application of funds.

PFM assessments

The PFM-analyses referred to in the assessment memos of the supports and JFAs/MoUs reviewed are far from always sector specific, but more often overall analysis of CFAA/PEFA type, which normally provide insufficient information regarding effective budget allocation and execution in the sector. The lack of this type of analysis at sector level, severely limits the possibilities of promoting alignment towards the usage of the systems that do work adequately/sufficiently, as well as to promote the development of PFM systems that serve the sector's needs (and not only those of the MoF).

A good practice in this context has been formulated in the Rwandan support to education: "The development partners providing assistance through general and sector budget support will use GoR annual public expenditure reviews, budget execution, accounting, audit and public expenditure tracking survey (PETS) reports for the purpose of financial review and fiduciary assurance. They will not undertake separate exercises except as defined in bilateral agreements". However, when stating the above, it is essential to ensure that the PERs and PETS to a sufficient degree serve the purposes of the sector and do not stay too much on a general Government (Ministry of Finance) level. PFM systems in the sector should be regularly assessed from a service delivery and local accountability perspective.

PFM-manuals/instructions

It is not uncommon that a separate PFM and/or procurement manual is developed especially for the management of the pooled funds. This manual is often not based on the existing ministry procedures, but a parallel set of regulations and procedures. In the cases where this kind of manual is viewed as necessary (which in many cases could be questioned), it should as far as possible build on already existing national PFM regulations and systems, and not provide a complete set of new rules. Further it should be kept simple and be introduced in such a way that it enhances rather than undermines capacity. It should also ideally be applicable to the entire ministry even in the cases where the support concerns a special programme or a sub-sector SWAp.

Safeguards

There seems to be a trend towards increasing use of national systems combined with safeguards, rather than building completely parallel mechanisms for the implementation of programmes. Some smart safeguards in the supports reviewed include external independent ex-post audit of procurement processes and audits that should contribute to strengthening internal capacity for audit at the ministries. Other safeguards, which could be used more, relate to capacity development activities (including TA supporting certain key functions) in areas identified as weak. This in combination with using existing systems should support the strengthening of the same.

Ideally the application of safeguards should also include a "road map" towards improving national/sector systems, and identify where/when a certain safeguard can be removed. Otherwise you may risk getting stuck in the safeguards. This kind of "road map" is seldom referred to in the MoUs/CoCs, but could be improved by more explicit reference to a PFM-reform programme for instance.

Conditionality

Regarding conditionality for support, many of the JFAs/MoUs are very vague regarding the actual commitments of the donors, which leaves a lot of room for the donors to interpret and follow the JFA/MoU as they please. Some JFAs/MoUs do not explicitly state which of the benchmarks/indicators that are also triggers for disbursements. In other cases donors avoid including outcome oriented performance indicators linked to the support, since they are afraid they will be used as disbursement triggers. Hence in one case, only output indicators have been agreed upon in the sector, which is perhaps not the best way of promoting a results orientation in the sector.

Recommendations regarding PFM

In general could be said that the practice of introducing more of budget support modalities should be promoted per se, since it enhances the alignment (using national systems) that is so difficult to achieve in the pooled fund environment. Further, the alignment to planning and budgeting systems must be compulsory for all joint financing – regardless of the aid modality. The link between the sector and the MTEF needs in some cases to be enhanced further, possibly by including the MoF as a co-signatory of the MoU. The PFM regulations should strive to balance between input controls (where the main focus lies today) and a results-orientation, by minimising the number of input control measures stated in the JFA/MoU. PFM-assessments referred to in the JFA/MoU/CoC need to consider the sector ministry's needs and not merely those of the MoF/donors. Finally, the distinction between benchmarks and disbursement triggers needs to be carefully considered, especially when aiming for a result-based management system in the sector.

Basis for the SWAp

The basis for the SWAp is normally the sector's multi-annual plan. However in the cases where the sector support has been "merged" with the GBS, it is not always clear anymore what the basis is, since the JFA/MoU for GBS does not always refer to the sector plans as such (Mozambique, education).

Several supports are only linked to one or more sub-sector(s) and not the entire sector's activities (Nicaragua, agriculture, Mozambique, agriculture, Honduras, education). In many cases it is not clear from the JFA/MoU and CoC how the programme supported relates to the overall sector planning instruments. This constitutes a problem regarding both resource allocation to and across the sector (linked to the MTEF), as well as a problem of non-coordination of the overall mandate of the sector.

In one case two sectors (from the organisational point of view) are included in the SWAp – MoH and Ministry of Social Development, but the basis for the SWAp is a common multi-annual plan (Mali, health). Depending on the institutional set-up in this context, this may constitute a challenge both regarding the coherency of sector policy and planning, and the resource allocation between the sectors. The agricultural SWAp merits special attention because its institutional arrangements are particularly complicated and multifaceted. Key stakeholders invariably include several ministries and powerful agents outside the government realm. In these cases a point must be made on how to deal with policy and strategy in a coherent way, despite considerable organisational fragmentation.

Indicators and Monitoring & Evaluation (M & E) framework

Due to lack of information regarding the M & E framework of most of the countries, this report will only be able to briefly comment upon the performance indicators and M & E systems of the programmes reviewed.

Most of the supports where information on performance indicators has been provided, use a combination of output (products/services produced), outcome (results/impact on target group) and process indicators (institutional reform initiatives).

In almost all cases the sector performance indicators are also linked to the PAF/GBS matrix of performance indicators, where the sectors are normally included in an aggregated manner (with a few benchmarks).

Only in some cases are the systems and mechanisms (capacity) for delivering the results' information mentioned. And even when they are mentioned, there are few if any descriptions of how the partnership intends to act, jointly and institutionally, to manage the monitoring and evaluation mechanisms and follow-up on the performance information it provides (or should provide).

There seems to exist some confusion between benchmarks and performance indicators on the one hand, and conditionality for support on the other. In one particular case (Zambia, health) only output indicators are used for performance measurement since "you cannot hold the ministry responsible for the outcomes". This may seem fair, in the sense that you may not want a major share of the funds to be blocked in the case of emergencies or events outside the control of the sector, which undermine the possibility of reaching certain outcomes. However, at the same time a result-based model must also be interested in and discuss the final outcome of the activities implemented by the sector, to know if it is doing the right things in the right way. Hence there is a need to clearly separate those performance indicators that should be part of a results analysis and feed into the planning process, and those that should trigger future disbursements.

In some (rather few still) cases part of the disbursements are triggered by certain performance indicators at the output and outcome level. However, in these cases it is not always 100% clear in the JFA/MoU how the assessment will be made and what measures should be used. In a majority of the programmes, it is only the presentation of the plan, budget, reporting and audit reports that are linked to disbursements. To what extent this model promotes results' achievement could be questioned.

Further, the link between available resources and the performance indicators is seldom made. Should the performance indicators remain the same even if the availability of funds decreases/increases? Reference to funding scenarios would be relevant to include in this context.

In several cases reference is also made to the change of indicators on an annual basis. It is however not clear what is meant by this. Since you need a statistics and information collection system to back up the performance indicators with, and want to compare between years, it is probably not very wise to change the indicators annually. However, in line with the reasoning above, it is reasonable that the actual targets to be achieved within each set of indicators are modified depending on parameters such as the results achieved during the previous period, additional information received (including costs) and available resources.

Finally, the process of following up on the results information and feeding this into the planning and budgeting process is hardly described in any of the guiding documents. Focus is often on defining the perform-

ance indicators, rather than defining how to use the results or describing the review/evaluation process.

In this regard, there seems to be a general need for updating results-based management (RBM) practices in sector programmes based on national PAFs (performance assessment frameworks). No guiding document reviewed clarifies just how this is supposed to work, nor how the actors involved intend to promote national capacity development for information collection and analysis.

From a result-based management perspective, there is a need to more clearly establish how funds made available are related to policy, and what performance indicators are associated with expressed policy directions. Once this is done, there is a need to deal with the issue of how performance information should be linked to decisions and policy making. The RBM concept, as expressed by the DAC and the Paris Declaration, means that outcome performance information shall influence policy – and decision-making, and serve as a basis for a better informed dialogue between Governments and donors. None of the documents reviewed makes this practice explicit. As an example in the direction of not linking disbursements mechanically to performance, however, the MoU for Proagri (agriculture, Mozambique) clearly states that disbursements will be made against plan "and will not be delayed due to concerns about underperformance against indicators and targets".

Consultations and Decision-making

Essentially all programmes have clearly defined dialogue forums and meeting cycles for these. Terms of Reference for these meetings are often attached to the JFA/MoU/CoC.

Influence of donors on decisions regarding programme plan and budget

Donors have a clear influence on the decisions made regarding the programme plan and budget, which is normally approved on an annual basis by all the participating donors (the signatories of the MoU/JFA – not necessarily all donors participating in the sector). Nevertheless, as mentioned under the section on guiding documents for the SWAp, the steering effect of the JFA in relation to other guiding documents sometimes limits the dialogue around the plan and budget to the JFA/MoU-financiers, although this should be a matter of concern to all the development partners in the sector.

Many of the JFAs/MoUs include a no-objection mechanism regarding issues such as terms of reference for reviews, audits, major procurements, and changes to the plan and budget. Only in a few cases are clear mechanisms defined for when the ministry needs to get an approval for changes in the budget approved by the development partners. Ways of dealing with this issue is to allow free reallocations under a certain percentage of the total budget, or define the type of changes (for example reallocations between programmes) that need prior approval by the donors, and which ones the Government only needs to keep development partners informed about. Deciding upon clear criteria for how decisions should be taken, as well as joint criteria for budget allocations which are coherent with the priorities set in the national policy and plan, may be ways to both increase the sector ministry ownership and enhance its negotiation power in relation to other actors such as for example the MoF.

In most cases there is still room for improvement regarding the promotion of real ownership on behalf of the sector ministry, especially regarding the planning and budgeting, i.e. that these processes are led by

the Government. In this context, all JFAs/MoUs and CoCs need to include strong writings regarding the adaptation of all kinds of support to the national planning and budgeting calendar.

Efficiency and relevance of decision-making procedures

Regarding the efficiency of the decision making procedures, the many no-objection mechanisms are likely to contribute to decreased efficiency. This is not least the case in several countries where development partners lack the capacity to play an active role in relation to the sector ministry.

In some cases the reporting requirements are also overwhelming for the sector ministry (due to an overkill of parallel reporting requirements and/or lack of capacity) which may contribute to the Ministry not being able to deliver the documentation in due time for the review meetings (Tanzania, education; Honduras, health; Mozambique, agriculture). This kind of additional reporting requirements have a tendency to delay the whole decision-making process and to undermine an effective contribution of the external partners in the national planning and budgeting cycle.

The demand for broad participation (both at decentralised levels and from different stakeholder groups) may also constitute a challenge for the ministry to follow the nationally defined budget calendar. Hence such demands need to be introduced as a natural part of the planning cycle, in accordance with national regulations and preferably in a gradual manner, to avoid chaos or “participation only on paper”. It is also important not to only focus only on participatory planning, but also on participatory M & E, to ensure the involvement of decentralised levels in the whole planning cycle.

Cases where one or a small group of the donors take on the responsibility to negotiate daily matters on behalf of the entire donor group, is one good way of solving the day-to-day programme issues in a more effective way.

Relation Between MoU and other Documents

Relation to the PAF/PRS

Almost all guiding documents make frequent reference to central Government planning instruments such as the PRS/NDP and the MTEF. In the cases where this reference is not there, the pooled fund support is often very close to a project support in its design (i.e. includes a substantial amount of parallel procedures). However, it is still unfortunate that these considerations are not made also in relation to project-type of support. According to Sida policy, all kinds of new contributions should consider and relate to these central level planning instruments – including new project support contributions.

What is regulated in the CoC (or equivalent) and in the MoU respectively?

The relation between the different guiding documents – primarily the MoU/JFA and CoC (in cases applicable) – is in many cases very blurry. Whereas in some contexts these documents are held separate (Honduras, education, Nicaragua, health), in many countries the two are merged, with the risk of unfortunate consequences. When merging them, as is the case for instance of Zambia, this may mean it is hard to tell the commitments from one group of donors (pooled fund) from those with more aligned support (GBS/SBS). This may mean that the ambition level of the document regarding alignment decreases, when basing itself on the lowest common denominator. At the same time one might argue that

having one joint document may increase the chances of all sector actors speaking the same language.

Yet in other cases no CoC-like document exists, which often means the sector does not have a steering document for all actors in the sector including project financiers. In these cases the MoU is often used for regulating issues of concern to the entire sector – not merely the pooled fund donors. This may imply that the dialogue around the plan and the budget, the achievement of the agreed benchmarks etc are treated in the restricted circle of JFA-financiers, which is very unfortunate for the other actors in the sector and subsequently for the performance of the sector.

In all sector programme settings, it is advisable to have a set of guiding documents which permit all actors in the sector to be included in the dialogue regarding the sector policy, plans and budgets. The MoU/JFA should ideally be formulated in such a way that it does not risk excluding any other actors from this sector dialogue, or risk monopolizing the planning and follow-up in a more restricted group of JFA-financiers. When choosing to merge the MoU and the CoC (or equivalent), one needs to develop a format for this (possibly with clearly separated sections) that make the commitments of the different signatories much clearer than today.

Relation to bilateral agreements, procedures manual, internal regulations etc.

In the Swedish case, Sida almost always refers to the jointly signed MoU for all the details regarding its support, with the exception of the amount of the contribution to be provided, which is still regulated in the bilateral agreement. The JFA/MoU is annexed to the bilateral agreement, which means the JFA/MoU indirectly is made part of the legal bilateral agreement. This practice creates transparency in relation to the ministry, and avoids double and contradictory regulating of the same issues in different documents. It is also likely to send a signal to the other cooperating partners regarding the weight of the JFA/MoU.

Almost all the JFAs/MoUs (with the exception of some of the newer highly parallel pooled fund supports) make reference to the central documents such as the PRS/PAF and MTEF, as well as international commitments (e.g. the MDGs).

In some of the programmes the template developed by the Nordic+ group has been used as the basis for the development of the JFA/MoU (Burkina Faso, health; Nicaragua, health) – often with substantial modifications (which is the point of this template). Even in the cases where this template has not been used, many of the same issues have been included. The Nordic+ template provides good guidance regarding the structure (transparency and good overview) and the process of negotiating the MoU (adaptation to local conditions). The template gives options from the most to the least aligned way of funding a programme, implying that if used correctly it should both enhance alignment and harmonisation. However, since several of the PFM and procurement aspects of the JFA/MoU are dealt with in much detail in the template, this may risk contributing to excessive input control, rather than more of a result-based management perspective. It is therefore important to understand the context in which this template is used and its relation to other documents.

In several of the programmes financed through a pooled fund, a special procedures manual regarding PFM and procurement is developed. This manual in several cases is not based on the existing govern-

ment procedures, but in detail outlines a parallel set of PFM-related procedures, often based on the standard procedures of for instance one of the multilateral actors.

Signatories

When comparing different JFAs/MoUs and CoCs, there does not seem to exist any one model for which organisations should be signing these documents. The reason for this may be that the constitution and institutional set-up varies substantially between cooperation countries. In some cases only the sector ministry signs on behalf of the entire Government, which may create a problem regarding the programme implementation, in the cases where the Ministry of Finance as the cross-cutting institution responsible for PFM systems and the budget process – does not understand its role in supporting the sector programme. A similar reasoning can be made for the ministries of planning or equivalent, in the cases where these exist and define the ground rules for planning, budgeting and follow-up processes.

In other cases, only the MoF signs but not the sector ministry. This may signal less of involvement and influence of the sector ministry in relation to its own budget process, and may imply that the conditions of the document signed is not coherent with the sector ministry's capacity, systems or intentions.

One good practice is that of Rwanda, where both the Ministry of Education and the Ministry of Finance are signatories of the JFA/MoU (=Code of Conduct in this case), and also the respective responsibilities of these institutions are included in the document.

Another problem relating to signatories is the frequent inclusion of institutions that are outside the mandate of the Government. One such example is the National Audit Office (NAO), which is normally a unit independent from the Government, linked to the parliament/congress. Inclusion of the NAO may risk creating an accountability problem since this institution in question cannot be held accountable for a document it does not co-sign. Hence any such references should either be removed, included in a separate agreement with this institution, or the parties should ensure that this institution – provided this is possible – co-signs the document.

The steering effects related to what is included in each respective document, and to the inclusion/exclusion of certain signatories, need to be considered when designing the guiding documents of the sector programme. Each document should only regulate the issues within the mandate of the group of signatories.

Capacity Development

The broader capacity development perspective promoted both by Sida and DAC is to a great extent absent in the steering documents reviewed. Capacity development is often made equal to technical assistance, whereas other important aspects such as inter-institutional relationships, sector structure and decision-making mechanisms are not sufficiently considered. In some cases capacity development is not even mentioned, and no reference is made to plans for improvement of capacity or institution-building. The Capacity Development perspective is insufficiently considered in the design of the guiding documents, i.e. one rarely seems to ask the question: “does the content and structure of this document strengthen or undermine already existing capacity”?

The formulations in the documents regarding the expectations of what the sector/ministry should be able to provide in terms of for instance financial and activity reporting are very high, at the same time as little or no reference is made to the existing capacity to deliver these reports. The formulations in many JFAs/MoUs reflect very high, possibly unrealistic, expectations on what different support systems, such as an IFMIS or HMIS, will be able to provide.

In several of the documents there is not a clear focal point for the sector programme at the ministry/sector, which may have the consequence that the development partners of the sector continue to “coordinate” their support with their respective departments instead of with one jointly agreed focal point. This may risk undermining the capacity of the planning and finance administration departments to carry out their important roles in relation to the SWAp.

Additionally, in the cases where several parallel mechanisms are put in place with reference to weak PFM systems for instance, normally no reference is made to the gradual alignment to national systems that should happen as these systems improve. Whether part of the normal sector plan or of a separate institutional capacity development plan, some sort of road map towards improved systems and increased alignment should ideally be included in the sector programme, and referred to in the steering documents.

In the cases where the support has moved from a pooled fund to budget support, the sector capacity analysis and development risk becoming marginalised, since these aspects are rarely included in the central steering documents (JFA of GBS).

An issue raised in relation to delegated partnership is how to manage funds for technical assistance, when having delegated the support to another development partner (Burkina Faso, health). The assessment memo reasons that it is not compatible with the delegated partnership to simultaneously provide direct TA support.

Some good practices in this area, that may enhance the capacity perspective in these documents, include:

- Institutionalisation of a special donor and ministry working group that follow up on HR improvement initiatives;
- Reference to Multi-Sector Capacity Building Programme managed by the Human Resource and Institutional Capacity Development Agency (cross-cutting reform) (Rwanda, education);
- Technical Sub-Group formed on capacity building;
- Capacity assessment of the partner in the cases of delegated partnership (Burkina Faso, health)

The inclusion (directly or indirectly) of a capacity development perspective in the guiding documents needs to be enhanced (i.e. broader than merely including it as a word). For instance the formulation of benchmarks regarding reporting and the delivery of different systems, need to be realistic. Further, it should be used in a broader way than merely covering technical assistance, such as for instance the important inter-institutional relationships of Government. Finally, as already mentioned, the usage of parallel PFM-procedures should be related to some sort of plan for the gradual integration of the support into the regular systems.

Incorporation of Poverty and Rights Perspectives

The inclusion of the rights and poverty perspectives in the guiding documents is rather limited. This is partly due to the nature of these documents – many such aspects are better dealt with in a planning document. To the extent that these perspectives are included, they are included in a rather mechanical way, through standard paragraphs of underlying principles of democracy, human rights, rule of law and poverty reduction. In some cases the breach of these underlying principles is referred to as a reason for development partners cancelling the disbursement of the support. Further, the actual meaning of the principles is never explained, which again leaves a lot of room for interpretation to the development partners.

Environment issues are often included in the same way, through referring to compulsory environment impact assessments, but no referral to why or how these assessments should be part of the planning framework and how the issue should be prioritised. It seems more like something to be “ticked off” on the assessment list of the development partners, rather than something genuinely important.

Sida in some cases has identified its “own” dialogue issues, but rarely seems to have a strategy for how to work with these. Nor does it appear to have a clear idea of how these relate to other similar dialogue lists drafted by other development partners. This may constitute a problem since also dialogue needs to be harmonised as far as possible. It needs to be conducted in a way that minimises transaction costs and maximises the mutual benefit.

In one of the supports reference is made to a gender equity strategy, which is part of the sector plan (Bangladesh, health).

There are a few good examples where reference is made to international agreements as well as national policy documents regarding non-discrimination, human rights, protection of vulnerable groups etc. This approach is probably more fruitful than merely including standard paragraphs in the guiding documents.

In summary, the inclusion of the poverty and human rights perspectives needs to become less mechanic and better identify its “entry-strategies” (i.e. when and how these issues should be addressed in the planning and working cycle of the organisation). Otherwise the process of including these important issues risks distorting sector programme priorities (where these issues should form an integral part) and undermine the sector ministry’s capacity.

The process of negotiating a MoU/JFA – three cases

Below three cases related to the negotiation of JFAs/MoUs are presented. The texts are written by the respective programme officers and reflect their views and thoughts in relation to the process.

Honduras – (Sub) Sector Programme Support in Education (2003–2005)

The negotiations regarding a JFA for the pooled fund supporting the sub-sector programme in education in Honduras had several challenges. One was differing views on how to include so called cross-cutting issues. The World Bank rules on safeguards regarding gender, environment and minority populations were very strict and risked overloading the Ministry with additional work. The Development Partners agreed to reduce the safeguards in relation to the Ministry and have the bank send consultants to analyse these issues instead.

Canadian CIDA operates under legislation which requires it to make an environmental impact assessment on the programme. This demand was hence added to the MoU, knowing that the Honduran legislation was less strict in this respect. Sida instead chose to take the approach of avoiding a lot of “own” safeguards as part of the MoU, and instead follow-up on cross-cutting issues during annual reviews.

Further, the WB had very strict rules on reporting. Attempts were made to reduce these to be aligned with the Ministry’s own reporting standards. Sida had no problem in using the Ministry’s reporting and strived for having as little reporting as possible.

During the negotiations the possible use of a Programme Implementation Unit (PIU) for the programme was discussed. Sida opposed to this idea. Hence, this was not included in the Fiduciary MoU, although it had previously been agreed in the MoU on general sector co-operation (equivalent to a Code of Conduct). Further, the World Bank insisted on having a separate operations manual for the programme, since the Ministry did not have adequate procedures of its own for a lot of the PFM-related issues. Sida opposed to the idea but had to accept it.

A separate accounting system was installed for a transition period since the WB said the IFMIS under development could not yet be fully trusted. Sida tried to encourage the usage of SIAFI. Regarding auditing, Sida tried to promote the involvement of the Supreme Audit Institution (SAI). The CFAA had shown that its capacity was very weak and WB recommended a totally separate external audit. It was decided that an

external audit firm would perform the audit and that the SAI would take part as observers.

The size, competence and mandate of each participating delegation influence the results of a JFA negotiation. The main actor among the development partners was the WB, who sent 4-5 persons to each of the negotiations, including experts in PFM, procurement, the education sector, and legal matters. The first draft of the MoU was a copy of a World Bank agreement. From each of the other signatories of the Code of Conduct (Cida, Sida and partly KfW) only one representative participated. The other actors (Development partners) seemed to have very little notion of the issues that later became part of the Paris agenda (alignment, reduction of transaction costs etc.). The representatives of Cida and KfW were almost exclusively focussed on ensuring financial control and to avoid corruption.

At that time there was little support from HQ in the process of drafting the MoU and CoC. The draft versions were sent to the legal department, the sector departments (to ask about how to include cross-cutting issues etc.), to the policy – and methods department (to the WB focal point to get advice regarding safeguards). No support regarding substantive issues, nor on how to act, were provided. The only response from the legal department was on the first draft (which was much less Paris-minded than the later versions), that it looked OK. More substantial comments and support was instead given by external consultants contracted directly by the Embassy.

Around three weeks full-time during a 6 month period was used for the negotiations on the MoU. In these, many parts of the Honduran government participated, which was very useful. The WB was responsible for drafting the document. At some stages the drafting was also done by the Ministry. It made a new draft which was then commented upon and given back to WB for finalisation. The PFM-related issues in the programme were based on the CFAA and CPAR that had recently been done and on other WB-assessments at sector level.

If the negotiations would take place today, it would be much easier, since the Paris agenda and the Nordic+ templates can be used as references and points of departure. These would facilitate a common understanding and provide a basis as well as arguments for the issues that Sida tried to “push” during the negotiations.

Another thing that Sida would do differently today would be to plan for the participation of persons from Sida HQ with competence on specific issues related to the MoU. These persons would need to participate and provide support during the negotiation process. The process would also have to be somewhat reversed. The Sida programme officer in Honduras was thrown into the MoU-negotiation process directly when arriving in Honduras. A decision on Swedish support had already been made at HQ, however without having included the MoU and some other specific aspects of the support in this decision, and there was a certain pressure to initiate the implementation of the support.

It is important that Sida forms work groups with competent persons who can support the programme officer in the field office during the negotiations. Time needs to be allocated for this. There is also a need to work with competence development at HQ, such as the sector departments and the legal department, regarding what a MoU implies, the process of negotiating it etc.

Burkina Faso – Sector Programme Support in Health (2005–2008)

The support to health in Burkina Faso is part of an effort to develop a fully-fledged sector wide approach during the implementation period. The programme supported – PADS – is a programme for financing of the National Health Plan, where the funds are earmarked for special activities within this plan. Sweden is a delegated partner to the Netherlands.

The MoU in Burkina Faso is used only for the collaboration between Sweden and the Netherlands in a so called delegated partnership. This was the first time a Nordic+ JFA template was used by the Sida Health Division. Our negotiating partner was not fully informed about its existence although the template was drafted by a countryman. The legal department and the responsible programme officer at Sida HQ had to go to The Hague for discussions with the legal department at the RNE office, who in turn had to give instructions to its Embassy in Burkina Faso regarding the JFA and its implementation. The Burkinabés came in very late in the discussions.

Sida was responsible for drafting the JFA as we had the latest information and the departments of policy – and methods, and legal matters respectively, were part of the Nordic+ group. The discussions were held with the Dutch who managed the contacts with the Ministry of Health. After finalising the JFA, France came in as a partner for one of the objectives (HIV/AIDS). However, the country never took part in the preparatory discussions. The Paris agenda was at that time too new to use as a basis for the discussions.

The JFA was drafted by Sida HQ. For additional information/clarifications, Sida had a local representative who held local meetings with the Dutch, on request by Sida HQ. The legal department was very helpful during the whole process. This department provided all the support needed during negotiation process. The Department for Africa was also continuously informed about the process and assisted at certain times.

Since the support is a delegated partnership, and the local negotiations were handled by the Dutch, it is hard to say how the ownership issue was managed. The Dutch continuously informed the Ministry of Health during the process. In advance to the preparation of the new agreement, Sida also had a separate meeting with the Ministry of Health regarding its future support. The Ministry of Health is leading the work for development of a SWAp and the preparation of the JFA and the Swedish/Dutch support to the health sector is a step towards this. The JFA will hopefully be used in the future when a SWAp is in place and the Ministry will be coordinating additional donors supporting its sector plan.

It is difficult to lead the drafting of a JFA from Sida HQ. Drafting agreements should be made in the country by the country. The negotiations should if possible involve the sector department with support from the legal department and the regional department. This is what later was successfully done in Mali.

This Burkina Faso case is not representative as it is a project support (co-financing of the country's national health plan, earmarked both what concerns activities and percentage distribution to central, province and district level.

Regarding the approach to delegated cooperation, Sida needs to decide on what level of involvement to have and what level of ambition to have regarding the preparatory work (assessments and design of financing modality). Should Sida just accept the JFA or try to negotiate through

our delegated partner? This is an issue for Sida to raise in the Nordic+ group and other harmonisation forums.

Tanzania – General Budget Support (2006)

The MoU on General Budget Support in Tanzania was signed in January 2006. When negotiating the GBS, the donor group used the MoU from Mozambique (which was based on the Nordic+ template). Sida HQ wanted the MoU to be based on the Nordic + template, however this did not materialise. The template was instead used as a reference document. Not all the 14 signatories were aware of the JFA-template in the beginning of the process. However there was no problem getting an acceptance for it as a first draft.

The main difficulty during the negotiations was to get acceptance for the corruption clause. The other development partners saw no need to include such a paragraph, and this ended up being a request from Sweden alone.

Both the Department for Africa and the Legal department were involved from the start. Both pointed out the merit of the JFA. The final version of the MoU was cleared with the departments of Africa and legal affairs. However, there was insufficient understanding from the legal department that negotiating a joint MoU for 14 partners requires some give and take, and that the timetable can not be expected to follow the requirements of one bilateral partner. In the Swedish case, the embassy had to sign the MoU before its full assessment of the support had been done. This then became an issue in the in-depth assessment, when this lack of timing (between assessment and signing of the MoU) was questioned by the legal department.

Regarding ownership, the first draft was made by the development partners based on the MoU from Mozambique. This MoU was then completely reworked by the Government. The Development partners then nominated two persons to work with GoT on final version.

Next time it would be advisable to anchor the process earlier with Sida HQ. It might be a good idea to ask for formal authorization from HQ to sign the MoU, although the in-depth assessment has not yet been finalised. A process for this has recently been developed at Sida. It is also very important to be aware of the fact that the cooperating Government is part of the agreement and needs to be closely involved in the process elaborating and refining the JFA. It is not merely a matter of Development partners agreeing upon the format.

Conclusions and recommendations

The SBS/GBS supports are for natural reasons more aligned than the pooled fund supports. In the pooled fund supports the problem still remains moving away from a focus on merely harmonisation between donors to alignment, i.e. taking the existing systems as the starting point and using these as far as possible.

In the negotiations regarding safeguards, conditionality and design of aid modality, Sida needs to ensure it does not completely surrender to dominating bilateral/multilateral agencies, but promotes real sector ownership of the process. This means always taking the starting point in the Government's policy, plans, budget process, reform plans, assessment frameworks and systems. It also means asking questions about who should be performing assessments, define the terms of reference for different exercises, define the formats of the plans and reports, and who should draft the JFA/MoU and CoC (where applicable).

When moving from one aid modality to another, Sida needs to be conscious regarding the mix of aid modalities chosen and the reason for this choice, as well as ensure a continued participation and capacity development in the sector. This especially when moving to GBS. Focus on capacity development in the sector (including PFM) does not become less important when funds are channelled directly to the Ministry of Finance, but rather the opposite.

The usage of the Nordic+ JFA-template should be further promoted, at the same time as the format in itself should be improved further by emphasising the importance of alignment and building on existing structures and systems (this improvement process is currently underway). Ideally the new version of this document would also be less heavily loaded with several options of parallelism regarding PFM, which may have a tendency to encourage parallel behaviour among donors, rather promote alignment.

Sida needs to make sure the capacity development perspective, defined by both Sida and DAC as something much broader than merely TA and training, is more emphasised in the sector programme documents, where applicable (especially in relation to the CoC). The promotion of, and reference to, joint broad capacity assessments and plans, should be included as important aspects of the sector programme's guiding documents (although more reflected in the planning documents of the sector programme). The actual drafting of the JFAs/MoUs and CoCs need to be done from a capacity development perspective, i.e.

consider what aspects are most important to include or leave out in order to enhance the cooperating organisations capacity.

Sida needs to become more conscious regarding the language used in the documents, and how this language enhances or undermines ownership and mutual accountability. It is often stated in the MoUs that “all the partners in the agreement have the same rights and obligations”. However this must also be shown in the way responsibilities are divided and commitments are made in these documents.

It would be useful for Sida to develop some complementary guidelines regarding the formulation of JFAs/MoUs (and CoCs as applicable), preferably jointly with others in international forums. These guidelines should ideally include information about the steering effects caused by different combinations of guiding documents. For instance the documents should ensure that the whole sector programme is regulated among all its participants on the one hand, and the joint financing arrangements on the other. Having such a guiding framework in place, would also facilitate in the cases where donors move from projects/pooled fund to budget support, since their participation in the sector would still be regulated through a CoC or equivalent. The consultant also believes it would be useful to promote additional sharing of examples and experiences regarding the drafting and implementation of Codes of Conduct or equivalent.

Considering the complexity of these guiding documents, and all the issues that need to be considered, it is essential that Sida has sufficient presence in the negotiation process around these documents in the countries, and that the involvement of Sida HQ and its advisors from different departments (DESO, JUR, POM etc) are involved at an early stage of the process in a coordinated way, in order to be able to influence the process in line with the Paris declaration. To do this, Sida staff must not only be present but also knowledgeable about the local systems and their performance, as well as inter-institutional relationships of importance.

Sida should develop its methodology and dialogue strategy for the delegated cooperation. Perhaps there are strategic moments when also Sida (even though having delegated the management of the programme) should be part of the sector dialogue, in order to support the move towards increased alignment, ownership and results-orientation.

Sida should keep in mind that so far, results-based management practices are underdeveloped in key guiding documents. In particular, MoUs are often vague in elaborating how the partnership/programme should be organised to react to performance information made available through their monitoring and evaluation mechanisms, for the programme as well as in relation to sector policy. In turn, these mechanisms are often described as something that is “in the making”, and not seldom as a separate or self-contained system. Promoting the view that performance information and development patterns are key to sound management practices, and a basic point of departure for sector analysis, partnership dialogue and resource prioritisation, would be in Sida’s as well as in the programmes’ best interests. A stronger emphasis on setting up – even rudimentary – monitoring and evaluation mechanisms early on in programme development would be advisable.

Sida needs to better define entry points regarding the rights and poverty perspectives than merely including them in a mechanical manner in the guiding documents. This implies presence in the country, knowledge about the local conditions, systems and instruments that could

be used as entry points. It also implies participation in the planning cycle, including an assessment of results achievement and underlying development patterns and the feed-in of the conclusions of this assessment in the planning process.

Signatories of the guiding documents should ideally also include other actors which influence the performance of the sector, such as the MoF, MoP etc. Commitments should not be made on behalf of actors which are not under the control of the Government, unless they are included as signatories.

Sida should continue to promote training and experience sharing initiatives regarding SWAp, PFM, the perspectives and the practical implications of the Paris declaration, for its own staff, its cooperation partners and other development partners. This should contribute to improved dialogue and results in relation to the aid effectiveness agenda and the Swedish policy for global development. The guiding documents (JFA/MoU and CoC) could for instance serve as case studies at such training events, in order to increase the understanding of how the design and usage of these documents influence the possibility of implementing the Paris declaration in the cooperating countries.

Bangladesh, Health, Pooled fund

Country/ sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Bangladesh Health	Pooled fund with 8 donors (un-earmarked through WB trust fund) + complementary parallel fund.	Sector programme support = SWAp	Pooled funds “earmarked” to sector, but channelled through central treasury.	“Sub-sector” programme w 5-year investment. plan; HNPSP 2005–2010, SIP 2003–2010.	MDG-based performance indicators Both process, output and outcome focused Partly performance-related disbursements based on the agreed Results Framework.	Govt ownership (?), Ex 5-year plan Harmonisation – Signed Partnership Arrangements (PA) preferably for all DPs.	
	Follow WB procedures for prep., appraisal & follow-up of Impl.;	– Sector Wide planning – Public planning	Most off systems, managed by WB-financed programme office..	Majority of MoHFW programmes (92% of activities)	Performance criteria and M & E system defined and agreed annually by the GOB, the WB and the financiers.	Annual review - i. technical work by independent reviewers; ii. Joint field visit; iii. Stakeholder participation meeting; iv. Policy Dialogue; v. APR wrap-up meeting to finalise the Action Plan	HNP Consortium leads the DPs, the APR ³ and the Policy Dialogue
	Initiatives with parallel funding adhere to the WB procedure as well as respective donor’s requirements for follow-up	– Sector Financing: Pooled and Non-Pooled	(PSO belongs to the office of the Secretary, the MOHFW – not the WB)				
		– Sector Wide implementation – Where possible	Definition of activities in the hands of WB/IDA?				
		– Sector Wide monitoring and evaluation (projects are ok if they are in line with the overall strategy)					

³ (External) annual programme review

General information

- Donors compensate for a relative decrease in funds allocation to the health sector – sustainability?
- Sidas contribution around 50% of total basket value.
- Agreed Results Framework – partially performance based disbursement system. Related to what indicators?

Harmonisation, alignment and ownership (Paris Declaration)

- More harmonisation than alignment
- PSO (Programme Support Office) located in and managed by the MOHFW in order to promote and support the implementation of HNPS and the DSP contributions to the plan (will assist the Secretary, MOHFW in the design and management of all TA, strengthen capacity of the Planning department to supervise the Operational Plans development process, budget allocation and revision process). The creation and existence of the PSO until programme completion is a condition for effectiveness of the IDA credit and continued pooled DP support.
- Contracting of a Management Support Agency (MSA) that will manage the contracting, monitoring and financing of non-government and private providers.
- “All pool funding DPs have chosen to follow the World Bank procedures for project preparation and partially so for supervision during implementation. The PA (Partnership arrangement) outlines for non pool funding agencies how these functions might be harmonised with those of Pool funding agencies as to minimise transaction and opportunity costs.
- Who has drafted the MoU?
- All preparation and implementation missions led by the WB – local ownership?

Mainstreaming/perspectives:

- Identification of “own” dialogue issues, but no clear strategy regarding how to work with these or why these topics have been chosen.
- Gender equity strategy with seven prioritised areas, such as data/information/statistics, inclusion of this issue in the planning process and training initiatives.
- Special environmental impact assessment (acc. to World Bank standards) and action plan.

Additional Planning and PFM-related issues:

- WB responsible for overall fiduciary management on pool financier’s behalf.

Capacity development

- Institutional and Management Capacity Assessment part of the safeguard requirements for the Joint Appraisal Mission.
- Capacity development plans seem to be deal with outside the regular sector activities)
- Special donor group that follows up on HR improvement initiatives
- Reference to financial management improvement plan but no mentioning of how/when moving towards using Govt systems as PFM systems improve

Burkina Faso, Health, Pooled fund

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Burkina Faso, Health	Pooled fund through a delegated partnership with the Netherlands	Confusion between “Joining the SWAp” and its funding modalities (BPM)	Agreed common (harmonised but not aligned) procedures for consultation, PFM and M & E	Sub-sector (PADS 2005–2008) programme /project (unclear what it entails in comparison with the overall sector plan)	Same indicators for PADS & PNDS Joint sector PAF linked to overall PAF, joint assessment and linked disbursements	For Sida – mainly annual meetings with Lead Donor. The Netherlands represents Sida in all sector meeting forums Meeting forums are defined w annexed ToRs:	MoU partly based on Nordic+ template(?) No separate CoC but could benefit from one (how is the coordination of other sector donors handled?) Some “CoC-type” principles regulated in MoU/JFA. MoF comment upon agreements (but does not sign).
			Special management unit created for the management of the PADS funds (agreed with the MoF)	Programme part of the National Strategic Health Plan (PNDS 2001–2010)	Clear reporting framework for programme Mid-term and final evaluation of programme	Comité directeur de PADS (every 6 w) Comite de Suivi du PNDS	
			Jointly agreed planning and reporting formats		No overall system of M & E is referred to in the documents. (No access to result indicators).	SWAp committee for entire sector Fieldtrips (semi-annual)	Bilateral agreements should be compatible w MoU, but the first takes precedence when incompatible Reference to MDGs and other international commitments
			Special procurement manual for PADS, following national law and in accordance with WB procedures. (Need for separate manual?)				
			Annual external (separate) audits of all beneficiary institutions (semi-annually) and PMU of PADS (annually), contracted by MoH. No reference made to internal audit department.				

General information

- Signatories – includes MoF but not the MoH – why?
- Only three signatories (GoBF, Netherlands and Sweden, possibly France?)

Harmonisation, alignment and ownership (Paris Declaration)

- Vague formulations: strive towards alignment as far as is possible...”. “Donors will to the extent possible refrain from conducting bilateral reviews of the PADS”. For suspension of support: “consult with the ministry reasonably long in advance”.
- Ministry leadership emphasised regarding coordination, planning process etc. All documents drafted by the MoH
- Clear focal points (and partly responsibilities) defined: General secretary and the planning department (for more operational day-to-day issues)
- Is the delegated partnership a good way forward when promoting harmonisation and alignment in relation to other donors? Good in terms of role modelling, but one of the voices promoting more of alignment seemingly “disappears” from the sector negotiation table. “The Netherlands will represent Sweden in the committee where the development of the SWAp is discussed”
- Not supported by an MTEF but reference made to annual budgets approved by parliament, where the support should be included.

Mainstreaming/perspectives:

- “Respect for human rights, democracy and rule of law fundamental principles...”
- “No environmental assessment made” (reference to standard demands)

Additional Planning and PFM-related issues:

- Financial contributions defined in the bilateral agreements
- Resource allocation criteria between different administrative levels jointly defined

Capacity development

- Capacity of delegated partner considered in the BPM
- Additional funds for TA exists at Sida, but not viewed as compatible with a silent partnership(?)
- Little reference made to how capacity in PFM (and other areas) should be addressed. Road map to more alignment?
- “The ministry will keep financial records in accordance with international standards”.
- Reference to additional external audit to strengthen internal control capacity, but nothing mentioned regarding other capacity development activities related to internal control.

Honduras, Education, Pooled fund for EFA-programme

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MOU – other documents
Honduras, Education	Pooled funding for the sub-sector plan.	“Modified sector wide approach” = sub-sector programme. Long list of definitions and abbreviations in the MOU. “Eligible expenditure”	Principle = being on-systems where possible. In practice parallel procedures in almost* all aspects. On-budget (part of the national approved budget). Separate/special: <ul style="list-style-type: none"> planning and budgeting process; accounts and disbursement mechanisms; accounting system; procurement regulations incl. requirement on separate procurement plan & no objection mechanisms; external audits w observation from NAO. 	Sub-sector programme for primary and pre-primary education. EFA multiannual and annual operational plans. Long term EFA-plan 2003–2015.	Common set of results indicators and striving for developing a common m & E system for the sub-sector. Substantive amount of indicators. Problem of investing funds to reach specific targets (indicators) rather than general development in an area.	6-monthly sector dialogue group (mesa sectorial) meetings. 6-monthly pooled fund joint reviews, w participation from all pooled fund donors. Pooled fund follow-up committee. Special pooled fund management committee. Dialogue in practice moved in pooled fund group instead of entire donor group.	CoC for all donors to the sub-sector and MOU signed for all pooled fund partners. Reference to PRS, MDGs, Rome declaration and inter-American convention against corruption. MOU regulating issues of concern to all donors and the entire sector, not merely the pooled fund donors.
			Separate financial procedures and procurement manual.		Allows for joint and separate results evaluation missions.		

General information

- CoC opens up for various types of cooperation modalities, which all should support the implementation of the plan. Programme, project, TA etc modality.
- Complex structure of MoU, which makes it non-transparent and complicates follow-up of mutual commitments. The MoU is in itself a minor financial operations' manual, including detailed regulations for procurement procedures.

Harmonisation, alignment and ownership (Paris Declaration)

- Wording: "HONDURAS and COOPERATING PARTNERS will endeavour to use a common framework of expected results and indicators for the EFA Plan". "...will endeavour to use the same planning and budget cycle". "...under terms of reference satisfactory to the Pooled Fund Partners".
- Little focus on alignment, i.e. taking the starting point in the national systems: "Cooperating partners will work together, and with Honduras, to assure that their programming interventions are articulated with one another, and complementary in design and execution".
- Creation of a special unit - ST-EFA Unit - for the implementation of the EFA programme previewed in the CoC.
- Parallel operations manual includes: outlining of work processes, responsibility division etc between different ministry departments, certification and de-certification of spending agencies etc..
- Clear dates for meetings and reporting moments during the year, but not adapted to the planning cycle of the ministry.
- Demand for several additional reports, outside the regular reporting cycle of the ministry.
- Long list of pre-conditions for disbursements, including for example: "Passing by congress of legislative decree exempting all expenses and purchases made out of the Pooled Fund from the payment of any taxes or duties".

Mainstreaming/perspectives:

- (Imposed) procedures regarding environment, involuntary resettlement, and indigenous peoples to be included in the operations manual of the programme.
- Special section in MoU on Environmental and Social Safeguards (these writing should, if at all, be included in the CoC).

Additional Planning and PFM-related issues:

- Honduras "counterpart financing" of the plan regulated w dates of disbursement.
- "Pooled Fund Partners intend that the support provided through the Pooled Fund be administered using Honduran management systems and procedures, where these are considered adequate by the Pooled Fund Partners". However in practice none are.
- Regulation of the participation of the national audit office in the EFA-audits, but without any signature of this entity.

Capacity development

- Reference in CoC of aim to strengthen local capacity. Various modalities for “capacity development” under the same programme, but approach: capacity development = TA.
- Capacity strengthening plan as part of the EFA programme, focussed on financial management, procurement and the technical/pedagogical area.
- “Honduras shall ensure that the finance administration, the planning department and the EFA unit undertake their planning, monitoring and management function in a coordinated manner”.

Kyrgyz Republic, Health, Pooled fund

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Kyrgyz Republic Health	Pooled fund support	Program versus plan Others? (Combined with other programme to three provinces for support to Civil Society and local health authorities).	Included in planning and budget process, but special plans and budgets are made for the "programme" (MTEF-relation?)	Manas Taalamii health reform programme 2006–2010, not identical with sector plan but a specific donor funded project.	Joint M&E system, but only for donor funded project – common for all sector M & E indicators annex to the MoU. Unclear which ones are conditional for future disbursements and the interpretation of these	Annual and semi-annual joint reviews of AWP (w content beyond financing mechanism). Reference to semi-annual health summits for all sector, where all donors participate Agenda defined by MoH	No Code of Conduct exists, but might be needed. Sweden signatory of MoU, bilateral agreement refers to MoU Bilateral agreements should be compatible with MoU
			Off rest of systems due to corruption risk (payments, procurement, audit etc).	1-year plan, unclear to what extent this is derived from a 5-year plan.	Separate monitoring and evaluation reports allowed? (p 3, p 5). M & E discussions among pooled fund donors	Joint donor coordinator Report presentation coherent with meeting cycle (?) Annual review between Sida and SDC?	
			Program operational manual w substantial parallel mechanisms		Annex w performance indicators? (which ones are triggers?)		
			Special procurement regulations, based on WB standard and with no objection-mechanism				
			Special operational external audit and other audit arrangements				

General information

- Signatories & commitments – MoH, SAI (Chamber of Accounts), others? (Commitments regarding audit content and dates, work permit facilitation etc).

Harmonisation, alignment and ownership (Paris Declaration)

- Almost completely focussed on harmonisation and little alignment (local reality)
- Unclear non-transparent formulations, which are hard to follow-up or predict the consequences of. Language: “To the extent possible refrain from unilateral reviews/evaluations”, “consult other donors, and the GoKR” Suspension of support – communicated “reasonably long in advance”. Exception: 3-month notice in withdrawal from support. Attempts were made to use a language which to a greater extent promotes mutual accountability, but this was not accepted by other donors.
- Ownership? MoU drafted by WB, not by the MoH and procedures to great extent bank-defined
- Conditionality & role of multilaterals: Prerequisite of support is information regarding the bilateral grant of the IDA. Additional cross-cutting requirements: Environmental management plan? Disbursements based on fulfilment of positive outcomes of financial management reports (what does this mean?), and fulfilment of effectiveness condition of IDA development grant. Requirements based on WB bilateral assessment.

Mainstreaming/perspectives:

- HR/demo aspects mentioned in standard paragraph
- Standard corruption paragraph included

Additional Planning and PFM-related issues:

- Joint formats of AWP and reports (predictability) as part of POM

Capacity development

- Capacity building in the area of procurement and in general are part of the programme and of the sector plan.

Mali, Health, Pooled fund

Country sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Mali, Health	Delegated partnership (pooled fund coordinated by lead donor?) as temporary solution. (parallel to GBS)	Support will change “from sector programme support to sector budget support” – no separation made between the SWAp and its funding modalities	Special PRODESS account at MoF and at beneficiary institutions, but funds managed by regular FinAdm structures	Two “sectors” in the organisational sense (MoH and Ministry of Social Development). 5-year operational plan PDDSS 2005–2009; 5-year Govt programme and 10-year strategic plan. MOU regulates support to plans 2005–2006	Aligned with MDGs, PRS/ PAF & NEPAD commitments. Clear specification of reports to be presented	Dialogue delegated to the Netherlands, Sweden observer at sector meetings. Sida holds annual meetings with Lead Donor	Reference from bilateral agreement to MoU Bilateral agreements should be compatible w MoU, but the first takes precedence when incompatible Need for a CoC? Unclear relation between MoU for 2 donors & other donors and overall programme. Trying to regulate issues for the entire sector, but without their signatures. Special procedures manual
	SBS from 2006		All key procedures common (Govt-based?) Special procedures manual of PRODESS, including regulations on procurement which essentially follow national regulations/procedures (why was this section then needed in the manual?). (basis for being “on-procurement” – previous CPAR?)	Additional external audits, based on int. Standards, to “enhance internal control”, but no reference made to internal audit departments. Contracted by the MoH. ToRs and selection by MoH+ lead donor.			Reference to most other relevant documents, incl PRS, MTEF etc

General information

- Agreement regarding pooled fund/delegated partnership, but moving to sector budget support (no MoU provided yet for this new support, hence analysis based on the previous pooled fund agreement)

Harmonisation, alignment and ownership (Paris Declaration)

- Ministry responsible for convening meetings, and focal points clearly defined (general secretaries of the two ministries)
- Planning and statistics department/technical secretariat is the defined focal point
- (Un)predictability of formulations: “For suspension of support: “consult with the ministry reasonably long in advance”. However, withdrawal of support – clearly 3 months notice required.

Mainstreaming/perspectives:

- Paragraph on respect for human rights, democracy, rule of law etc
- Corruption paragraphs. Ensure that “any person misusing the funds under this Arrangement be rigorously punished in accordance with the prevailing laws of Malawi”. Possible commitment for the MoH?

Additional Planning and PFM-related issues:

- Disbursement based on progress and liquidity needs. Disbursement system where the immediate previous period is the basis for the subsequent disbursement may risk creating delays in budget execution.

Capacity development

- Institutional capacity strengthening part of the multiannual plan, but otherwise not referred to.

Mozambique, ProAgri II, Sector Budget Support

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation with donors	Relation MoU – other documents
Mozambique	Sector budget support with untied funds with 8 donors	ProAgri is the National Programme for Agriculture Development. It is supported by sector budget support = SWAp	Pooled funds “earmarked” to sector, but channelled through central treasury.	National Action Plan for the Reduction of Absolute Poverty (PARPA)	PFA matrix to be derived from agriculture performance indicators to be incorporated in a wider Proagri Performance Assessment Matrix	Govt ownership, PARPA Harmonisation – Signed MOU with attachment.	No Code of Conduct, but MOU contains section of Underlying principles
		Sector Wide strategy: macro framework, rural sector key component in PARPA policy;	with special Financial Management Committee overseeing work of provincial DAFs	ProAgri goals and specific objectives derived from PARPA.	ance Assessment	Two annual reviews -	Bilateral agreements withal signatories of the MoU
		Sector Wide planning: Public planning	Budget included in MTEF	Implementation strategy includes organisational reform of MINAG and provincial and district departments of agriculture, support to Local development Projects, defined by beneficiaries, and a rights’	PFA output and outcome focussed. Targets agreed between signatories.	i. technical meeting prior to Joint review Meeting;	
		Sector Financing: pooled Sector Wide implementation: national and Local Development Projects	One time annual disbursements to ProAgri account with treasury through CFFM (Common Flow of Fund Mechanism)		Disbursements not based on the agreed PFM??	ii. second meeting (Mid year review) focus on audit, semi-annual progress and financial report and annual planop and update of ProAgri PAM.	
		Sector Wide monitoring and evaluation: performance assessed in relation to agriculture sector performance indicators	Financial management according to national system (SISTAFE)				
			Off system in auditing (special external auditor to be appointed)				

General information

- Ministry reorganised into a Ministry of Agricultural and Rural Development in 2004 (now called MinAG) to reflect its mandate in rural development.
- During the long inception period many donors left the sector in a move towards general budget support or concrete project aid; Sida is one of six donors to Proagri and Sida's contribution is around 15%.
- A PAF (Proagri Performance Assessment Matrix) has been defined and data is to be produced by MinAG and with targets to be agreed upon and assessed annually.

Harmonisation, alignment and ownership

- So far more harmonisation than alignment, although disbursements and financial management are based on national procedures.
- The former USAID funded Proagri secretariat is now with MinAG, and consultations take place in "Forum de Concertacao", which is convened at least every three months and chaired by the minister or his appointed staff member.
- Much larger support volume is channelled to the sector through non-Proagri project support.
- GoM's ownership has strengthened, but its capacity for policy analysis and formulation still remains a risk.

Mainstreaming/perspectives

- Signatories to the MoU agree to fight corruption;
- A Strategy and Action Plan for Improving Gender Equality was approved during 2005 within MinAG.
- A Strategic Environmental Assessment was done in 2005 and will be implemented as from 2006.

Additional planning and PFM-related issues

- As result of Proagri I, the systems for financial management, disbursements and procurement have been strengthened. However, a special independent auditor will be appointed for an annual audit and signatory parties to the MoU can at any time initiate an external audit.

Capacity development

- Despite the capacity deficiencies in MinAG and at local level, the MoU says nothing on the need for capacity building,
- Sida's BPM mentions capacity development as a focal area in the future support, without stating how this will be accomplished.

Nicaragua, Health, Pooled fund

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU & other documents
Nicaragua, Health.	Pooled fund supporting the implementation of the five-year sector plan.	All funds on budget. Payments and accounting in national IFMIS system. Reporting should be based on existing systems.	National health strategic plan 2004–2015.	22 result indicators, whereof most outcome-related and a few process oriented.	Three meetings per year previewed in the Sector Dialogue Group.	Code of Conduct presented as an annex of the MoU for Fonsalud (the pooled fund mechanism for health).	
		Dates for DP pledges defined based on budget cycle of the Government.	5-year health sector operational plan and its annual operational plans.	In principle a joint M & E system.	Brief description of the different dialogue and meeting forums in CoC.	MoU referred to as an instrument for the national harmonisation and alignment agenda.	
	Approval required from the fonsalud committee For expenditure outside AOP.	Separate procedures manual with details degrading disbursement, procurement etc.		Reporting regarding the pooled fund donors follows the Ministry's planning and reporting cycle.	Bi-annual meetings with Fonsalud-donors, with participation of some non-signatories.	MoU indirectly based on Nordic+ template.	
	Reference to bilateral agreements for procurement regulations (in practice parallel system - contradicts the purpose of pooling funds). Normal ministry department manages procurement.			Mid-term evaluation of the functioning of the pooled fund mechanism.	Special section on structure and decision-making in MoU: General ToRs for the pooled fund committee defined.	Reference to Code of Conduct for most issues related to planning, monitoring and evaluation of the 5-year plan and annual operational plans.	
	Additional external audit of the pooled funds Additional "bilateral" possible.						

General information

- Commitment from the MoF to maintain or increase the budget allocations to the ministry of health during the agreement period.
- MoU more operational than CoC (which was developed first), which means the MoU in an unfortunate way “takes over” the role that should be played by the Code of Conduct. Hence dialogue around the plan and results sometimes takes place only in the pooled fund meetings instead of in the sector dialogue table.
- MoU signed by international cooperation ministry, MoF and the presidency, but not the sector ministry.

Harmonisation, alignment and ownership (Paris Declaration)

- Annexes to MoU with planning and budgeting cycle (and where the development partners fit into this cycle). Should also be part of CoC.
- Important paragraph about development partners refraining from entering into new agreements in contradiction with the content and purpose of the MoU (and CoC).
- Regulation stating that it is compulsory for DPs to inform the ministry of its support to health through other organisations, such as the civil society.
- Reference to national legislation regarding budgeting, procurement, audit etc.
- Clear structure of MoU which facilitates reading and usage as a management instrument.

Mainstreaming/perspectives:

- Agreement that the result indicators from 2006 will be presented disaggregated by sex (capacity to do so?)
- Anti-corruption paragraph included in MoU (standard).

Additional Planning and PFM-related issues:

- DPs should be informed about the annual procurement programme of the ministry, but no separate procurement plan for this source of funding.
- Independent performance audit of the plan to be contracted annually by the ministry.
- Regulation that disbursements are not allowed to be cancelled after the final pledges have been presented by the DPs (predictability).

Capacity development

- Reference to institutional capacity development , especially in the management areas, as an important and integrated part of the programme. Reference to new civil service law and administrative career system, and cross-cutting reform initiatives.

Nicaragua, Rural development, Common Fund (Prorural FC)

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Nicaragua	Pooled fund with 2 donors (creation of a common fund)	Sector programme support = SWAP	Pooled funds "earmarked" to sector, but channelled through central treasury.	National Development Plan:	SISEVA – Prorural's follow-up and evaluation system; no mentioning about indicators or levels of follow up (output, outcome).	Five year Plan; Prorural managed by CONAGRO, coordination and consultation forum for the public agriculture sector. Establishes guidelines for APOs for public entities.	Code of Conduct attached to MoU
Rural Development		Sector Wide strategy: macro framework (National Development Plan), no ref. to sector policy and/or agreed priorities;	GOI procedures used for planning, budgeting, financial management and procurement.	No reference to Sector strategy or Plan in MoU: Prorural comprises "productive agriculture sector", but programme related to "Public agriculture sector".	No mentioning about performance as basis for disbursements	Arena for sector wide discussions is Prorural FC Committee, representing all signatories of MoU.	
		Sector Wide planning: Public planning and budgeting	Off-system in auditing (independent auditing firm to conduct annual audit)				
		Sector Financing: Pooled					
		Sector Wide implementation:					
		no mention					
		Sector Wide monitoring and evaluation?					
						Annual review -	
						i. physical progress report and annual financial in April ;	
						ii. progress reports in August/September	

General information

- Prorural is a comprehensive programme, comprising USD 411 million, of which the common fund contributes with less than 10%. Contributions to Prorural outside the common fund come from WB, IFAD and others. GoN contributions amount to 20% and there is a financing gap of almost 40%.
- Sida's contribution to the common fund amounts to 25%, and hence corresponds to less than 2% of the total Prorural budget.
- The PFA is broken down into one set of indicators for the Common fund and a broader set for the entire Prorural, called SISEVA. The former is proposed to be integrated into SISEVA.

Harmonisation, alignment and ownership

- An appropriation, harmonisation and alignment work plan has been developed, which is implemented with the assistance of the Global Donor Platform for Rural Development. However, the MoU where the alignment ambitions are agreed upon covers only Common Fund signatories, implying that most partner contributions only have signed a Code of Conduct focussing on harmonisation.
- Donor harmonisation takes place in a donor coordination group comprised of bilateral and multilateral agencies active in the sector and which meets every three weeks.
- Inter-institutional collaboration in the sector poses challenges.

Mainstreaming/perspectives

- The role, functions and organization of the Environmental Management System are not clearly defined and neither is the relationship between this system and the Ministry of Environment.
- Several sector institutions need to increase the awareness of their staff on gender issues in the poverty reduction perspective and the impact of gender issues on the PRORURAL objectives.

Additional planning and PFM-related issues

- Fiduciary arrangements are well developed and will serve for all disbursements through the Common Fund. PFM based on national SIGVA system.
- The donors reserve the right to organize external audits whenever they find it convenient.

Capacity development

- GoN's awareness of capacity-building needs of sector institutions remains a question mark.
- Several donors provide technical assistance for the strengthening of sector institutional capacity through specific projects (e.g., FAO and EU). In addition, there are plans to set up a "basket fund" for Technical Assistance and Capacity Building, initially with contributions from Finland, Switzerland and possibly Sweden. A consultancy study mapping the demand for temporary technical assistance within the SPAR (and the private sector) was recently completed.

Tanzania, Education, Pooled fund (previous support)

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators	Decision-making, relation w donors	Relation MoU – other documents
Tanzania, Education	Pooled fund since 2002	–	Common disbursement, accounting, reporting, procurement and audit mechanisms have been defined, based on Govt systems – harmonisation or alignment?	Sub-sector – primary education PEDP programme 2003-2006	Joint annual review and monitoring mechanism – “the main one” (Indicators in annex not available).	Commitments of other ministries included (MoF), but these not signatories Commitments of the controller and auditor general – linked to disbursements. Pooled fund meetings quarterly, but with involvement also of other donors. 5 technical working groups.	CoC does not exist. Reporting on issues of entire sector limited to pooled fund donors (MoU=CoC) Precedence of bilateral agreements, but should be compatible Reference to PRS, MTEF, and overall sector programme.
	Separate support to development of the Governments management systems		Right to separate audits Special PFM and procurement manuals for PEDP? (annex) Level of coherency w national leg.?			Reference to BEDC ⁴ for most of the results follow-up on the sector, but still somewhat of a duplication of efforts.	Additional procedures manual, essentially based on Govt existing systems, with some additional rules based on donor requirements.
			Release of funds based on cash-flow projections			Joint annual reviews more based on donors information needs than on the sectors.	

⁴ Stakeholder's dialogue forum, wider than the pooled fund donors.

Harmonisation, alignment and ownership (Paris Declaration)

- Ownership – “TA should be presented to the ministry”, incoming missions “be cleared” etc.
- Vague language – increasingly, eventually, to the extent possible...
- ToRs for the different meeting forums?
- Coordination of TA for the annual review process
- Openness of review process to all stakeholders – defined?

Mainstreaming/perspectives:

- Anti-corruption writings rather strong – can the Govt through the MoE commit to taking legal measures?

Additional planning and PFM-related issues:

- PFM assessment by the WB – overall systems or education specific? (CFAA/PER?)
- Agreement on release of funds – joint disbursement mechanism

Capacity development

- Capacity development/institutional strengthening?

Zambia, Health, Pooled fund

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators	Decision-making, relation w donors	Relation MoU – other documents
Zambia Health	Pooled fund expanded basket) + pool for HR plan (1 of 6 "other baskets") (complemented by separate support to Civil Society)	Definitions provided regarding the support. On-budget defined as "recorded as expenditure in national accounting system". "Targeted budget support". "Designated pool funding"	All support on planning and budget in principle (regardless of aid modality). Pledges adapted to budget calendar, dates defined (missing annex w budget calendar)	6-year NHSP. Increasingly 3-year rolling budgets in accordance with national MTEF Plan divided into a general programme and some specific programmes, which are supported by different actors in one pool each.	"MoH can only be held accountable for outputs, not outcomes". (Separation between disbursement- related and "RBM- related" indicators – risk of encouraging the production of outputs which are not producing the relevant outcomes)	One donor represents the others in day-to-day dialogue 2 annual "SAG" (adv group) meetings + 1 annual consultative meeting. Quarterly impl. M&E meetings in subcommittees +Thematic WGs	MoU=CoC Bilateral agreement refers to MoU as main document (annex) Ref to NDP, MTEF, NHSP, Wider harm practice, JASZ, PSR-progr. Reference to Public Sector Reform programme
		Reason for designation uncertainty regarding resource allocation to and within the sector.	Rule of using "FAMS- system" (not yet developed) interfaced w IFMIS, all resources part of quarterly fin. statements		Reference to a series of results indicators (PAF; MIDGs etc). However not explicit which are disbursement-related.	Additional consultations reg. "significant changes"	
			On-procurement + safeguard: indep. procurement audit				

General information

- Loose commitment regarding Govt share of budget (Abuja declaration 15%)
- Only MoH signatory? Auditor general connected to Govt or Parliament? (included with commitments although not a signatory).

Harmonisation, alignment and ownership (Paris Declaration)

- Non-transparent, non-predictable language (to the extent possible etc)
- Some good examples of “stronger” language: All M & E missions should be made jointly
- The combining of the CoC and the MoU in the same document creates certain unclarity in relation to different actors – which actors should follow what rules? Gives the impression that you can choose between alignment or harmonisation as you please.
- “Strengthening of common mechanisms” – signals harmonisation or alignment?
- DPs using parallel structures are requested to make a “road map” (define strategies and timeframes) for the gradual move towards using national systems

Mainstreaming/perspectives:

- Paragraph on principles of human rights, democracy, transparency and rule of law.
- Participation of different stakeholders
- Reference made to own commitments in the NHSP regarding equity

Additional planning and PFM-related issues:

- Clear focal point in the planning department
- Choice of level of designation of funds – (between pool and general budget) due to not trusting the resource allocation criteria, more than not trusting the PFM systems
- Allocation criteria reviewed jointly annually

Capacity development

- Special section on Capacity development and implementation; relatively broad view of capacity development.
- A capacity development plan should be elaborated and all support to capacity strengthening should be aligned with this plan
- Special pool for capacity building; procured locally.

Mozambique, Education through GBS

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAP	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Mozambique, Education	GBS w fixed and variable-tranches, No continued earmarked support for the sector. Reference to phasing out of sector support (reason for choice of this modality?)	On all PFM systems – GBS, but with certain bilateral conditions Decision on choice of aid modality refers to weak PFM capacity in the sector – sound reasoning? Multi-year agreements on programme aid Agreed disbursement schedule. Only interrupt in -year disbursements if underlying principles are violated (OBS not PAF-targets-based)	Entire sector (but no reference to sector plan) Sector targets part of PRS/PAF, special education sector heading, but no reference to any sector PAF (or equivalent) Gradual decrease of bilateral evaluation events Overall results evaluation basis for primarily the flexible tranches of the GBS, but nothing specially related to education sector performance.	Annual review and mid-year review. Joint assessment of the PRS/PAF, but no reference to sector participation anywhere Clear dates for all decision-making and inclusion in central Govt planning cycle Government focal points for programme aid (general or in each sector?) Withdrawal clearly regulated – asap or min 3 months notice	No access to CoC in Education sector (does one exist?) MOU for the GBS refers to bilateral agreements; these should be aligned with the MOU Reference to all other key central documents such as PRS, MTEF, IMF's on-track assessment etc		
		Annual report on fiduciary risk assessment. Once commitments confirmed – cannot be cancelled Some safeguards regarding external audit. National procurement system used, but reference to need of enhancing capacity in this area mentioned.					

General information and treatment of the sector in the GBS

- Government + 15 partners (GBS)
- Period 2005–2006 (new strategy – SamS – to be elaborated during 2006). MoU – five-year agreement
- Participation on the follow-up of the PRS/PAF, “including a special focus on the education sector objectives and results”
- “Despite different administrative measures the financial management and control are unsatisfactory/not up to standards”. “The absorption capacity within the sector at present is low”. Correct choice of aid modality considering the anomalies?
- Phasing out of the education sector support?

Harmonisation, alignment and ownership (Paris Declaration)

- Commitment to providing programme aid in such a way that: “improves harmonisation by eliminating bilateral conditions...as far as possible given existing legal and statutory requirements which should be reduced over time”.

Mainstreaming/perspectives:

- Reference to poverty, democracy and human rights commitments, w reference to international agreements
- Corruption paragraph included

Additional planning and PFM-related issues:

- Reference to central reforms, such as PFM

Capacity development

- No reference made to capacity of line ministries to implement the PRS/PAF

Rwanda, Education through GBS

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Rwanda, Education	MoU states preferred aid modalities in order:	GBS, SBS, project support used, but no definitions provided.	On/off systems depending on modality (no access to Swedish bilateral agreement).	ESSP 2005-1010; entire sector 5-year plan	Joint M&E framework for all MoU signatories.	Bi-monthly Education-cluster group meetings – MoU signatories	MoU & CoC in same document – “Partnership Principles”
(need BPM/Bil. Agreement)	1) GBS 2) SBS 3) Project supp. (!)				Process, output and outcome indicators as annexes to the MoU.	Annual joint review	MoF & MoE signatories
	Why no pooled fund alternative (seen as joint project support)?		All support on-budget and planning (incl. projects). (“Aligned and harmonised planning and resource allocation”).		Annual budget workshop	Reference to PRS, Rwanda Aid Policy and MTEF. MoU should be gradually updated to be coherent with Rwanda Aid Policy.	
	Swedish support - SBS?		Joint planning calendar, annex to MoU.		Education Sector (JRES); Development Partners will accept the JRES as satisfying their own review requirements. They will not request separate reviews.	Stakeholder Consultation Arrangements annex to MoU.	Joint planning calendar, consultative arrangements..
			Harmonised external financing modalities		Common system for the collection, analysis and dissemination of information on progress against these indicators.		
			Harmonised policy dialogue, consultation and information sharing				
			Harmonised systems				
			No separate PFM assessments for GBS/SBS partners				

General information

- Project documentation for pilot projects should include an assessment of the costs and impact of scaling up within the context of the ESSP.
- Certain unclarity of regulations due to the combination of CoC and MoU in the same document: “Development Partners commit jointly to using GoR planning, implementation, financing and monitoring systems, or where this is impossible at present, to move towards doing so as soon as possible. This commitment will be reflected in joint Development Partner agreements, and agreements between Development Partners and GoR. The commitment includes disbursing funds through the GoR budget, harmonising planning processes with the GoR budget and planning cycle, and providing assistance through GoR management, procurement and implementation arrangements”.

Harmonisation, alignment and ownership (Paris Declaration)

- Relatively good and predictable formulations that enhance ownership and planning: “Signatories to this MoU may withdraw from the MoU procedures at the end of the JRES. Three month’s written notice of such intention should be given to the chairperson and joint deputy chairpersons of the Education Sector Cluster Group, specifying the reasons for such withdrawal”.
- Other example: “Development Partners will provide and share with each other and Government as much information as possible on the nature, value, timing and financing modality of future support to the education sector. To improve predictability and appropriate resource mobilisation this information should cover a three year or longer forward period.
- Responsibilities between different institutions involved in the SWAp listed in MoU

Mainstreaming/perspectives:

- Government will seek active engagement of Rwandan civil society in the planning and review process.

Additional planning and PFM-related issues:

- Government and Development Partners will ensure that all external support to the education sector is aligned with the ESSP (on plan) and the education MTEF (on budget) and is reflected in annual GoR budgets as required by the Organic Budget Law, regardless of the financing modality used.
- “New projects must be consistent with ESSP financing plans, the education MTEF and agreed budget ceilings. They should not distort the planned resource allocations within the sub-sectors as set out in the ESSP. Government will neither seek nor accept donor assistance which is not clearly aligned with the ESSP as described above”.
- Clear specification of focal points for information provision
- In circumstances where it may not be possible fully to meet the alignment commitment, Development Partners will ensure that their project procedures, including management, implementation, accounting and monitoring mechanisms are aligned with GoR systems to minimise multiple and parallel processes and to reduce transaction costs.

- Where financing, procurement or contracting is not provided through GoR systems, Development Partners will provide GoR with detailed information on the costs, cost effectiveness and implementation status of education programmes and projects, in a standardised format to be prescribed by MINEDUC and MINECOFIN.
- Development Partners providing assistance through general and sector budget support will use GoR annual public expenditure reviews, budget execution, accounting, audit and public expenditure tracking survey (PETS) reports for the purpose of financial review and fiduciary assurance. They will not undertake separate exercises except as defined in bilateral agreements.

Capacity development

- Fully costed Annual Capacity Building Plan (ACBP) forms part of the ESSP and Education Sector MTEF.
- Reference to Multi-Sector Capacity Building Programme managed by the Human Resource and Institutional Capacity Development Agency (cross-cutting reform)
- Technical Sub-Group formed on capacity building

Tanzania, Education through GBS

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Education, Tanzania	GBS	-	On all systems. Safeguards? ⁵ PFM-analysis in the sector?	Entire sector and multiannual sector plan – but not made explicit	3+1 education sector indicators part of central PAF – 3 at outcome level, 1 output. PAF assessment more a check against performance indicators than a part of an RBM system	Timetable for sector dialogue in relation to GBS review/dialogue (should be held before the overall GBS annual review, but not regulated)	GBS JFA deals with general aspects. Reference to sector reviews, also to specific sector documents?
					Sector PAF very elaborate and well analysed but not yet agreed. (Too?) many indicators, both process and outcome, focus on the quantitative side. Relation GBS/PAF-Sector PAF?		

⁵ No access to the final version of the MoU/JFA for the GBS.

General information and treatment of the sector in the GBS

- Consequences for the GBS disbursements of non-satisfactory sector review – not clarified.
- Affects of political/macro development on resources available to the sector – ex. consequence for the sector of violation of human rights by other part of Government
- Pros and cons of fixed vs variable tranches
- Satisfactory sector reviews - although defined somewhat more specifically, still leaves room for interpretation (what are “regular” meetings, wide range of stakeholders etc?)
- Unclear how/where issues related to sector capacity in PFM and other areas will be handled.

Uganda, Health, SBS

Country /sector	Aid modality	Definitions	On-off PFM systems	Basis for SWAp	Indicators M & E-system	Decision-making, relation w donors	Relation MoU – other documents
Uganda, Health	SBS combined with targeted support to institutional development and SRHR (outside the SBS but within the Ugandan Health Strategy)	SBS used in accordance with Sidas current definition: unearmarked but with participation and follow-up in the sector.	On planning and budget: Only fund activities in the HSSP II. Synchronize support with budget cycle July-June	National Health Policy and 5-year Health Sector Strategic Plan II (HSSP II), based on the PRS.	25 indicators for the sector. 3 of these triggers (related to resource allocations to health) for increased grants year 3 and 4 of the programme, included in the bilateral agreement.	Previous consultation on changes in HSSP II or health policy	MoU not based on Nordic+ template
	MoU designed for GBS/SBS or project support donors	Direct Budget support =GBS	Vague formulation of MoU: "Synchronize with planning, budget, review and monitoring processes with HSSP procedures as far as possible"		M & E matrix	Annual Joint review mission (w ToRs)	MoU=Coc (in principle)
			DBS preferred funding modality, but all other modalities allowed		3 types of quarterly monitoring reports + annual report	Health Policy Advisory committee – monthly (w ToRs)	Document called Coc primarily regulating relation to local level and NGOs
			Audit by auditor general complemented by periodic external independent audit and annual tracking survey (3–4 prev. years)		Mid-term review & final programme review	Sector Working Group for budget (quarterly)	negotiation of support to the health sector: long term commitment, clear strategies for fin. sust. and exit strategies.
			Procurement: Work towards the use of Govt procedures taking into account legal obligations of each DP. Joint annual procurement plan.		Numerous technical working groups, Inter-agency coord. committees etc	Annual Joint review mission (w ToRs)	Reference made to PRS, MTEF, joint action plan for alignment and harmonisation etc.
					Country coordinating mechanisms		Reference to ToRs for specific areas/activities, guidelines for TA, coll. W Civil Society etc.
					National health Assembly where other stakeholders and decentralised levels can participate		
					Signatories to MoU is GoU including MoH and MoF		

General information/others

- 23 signatories (+ MoH)
- Regulation of collaboration with the private sector
- Coordination/focal point at the MoH – not made explicit.

Harmonisation, alignment and ownership (Paris Declaration)

- Paragraph on raising cases of non-compliance with Government rules and regulations
- Ambivalent, non-predictable formulations. Development partners should “synchronize their support and activities with the Government budget cycle of July-June. “Ensure that the support provided should as much as possible avoid distorting the existing government systems and strategies”. “Aim to meet disbursement commitments in a timely manner...”. DPs shall “work towards ensuring that budget releases are made according to schedule agreed with Government”. “Adopt the use of Government systems except where specifically negotiated”.
- Understanding of Sector Wide Approaches: Yearly SWAP refresher seminars
- 90 days notice regarding termination of agreement (predictability)

Mainstreaming/perspectives:

- “All parties should: ensure the mainstreaming of gender, governance, HIV/AIDS, and environmental issues in their policies, planning, service delivery and evaluation. Also part of the follow-up and evaluation analysis?”
- Paragraph related to Constitution of Uganda: “ensure marginalised groups of society such as the poor, the displaced and the disabled are specifically addressed”.

Additional Planning and PFM-related issues:

- Reference to district health plans – link to HSSP II
- Increased proportion of GoU budget allocations to the health sector in real terms (reference to annex – Official Government statement...)
- Link to rolling MTEF – when multiannual plans and budgets are fixed
- Auditor General shall audit the MoH at least annually (signatory?)
- Integration of separately procured goods into the national logistics management system.

Capacity development

- Capacity development insufficiently raised/somewhat shattered: “Ensure there is an efficient reporting system to provide financial and health management information data on time”
- “Specialised arrangements for procurement should be accompanied by steps to strengthen procurement capacity”.
- Special section on technical assistance. Should be demand-driven. Short term TA: ToRs defined by ministry, approval of candidates by DPs. Long-term TA: regional and international advertisement. TA should build capacity – not fill gaps, supervision of TA regulated.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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