Formulating and Implementing Sector-wide Approaches in Agriculture and Rural Development

Synthesis Report

Report prepared for the Global Donor Platform for Rural Development

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The views presented in this paper are those of the authors and do not necessarily represent the views of the Global Donor Platform for Rural Development

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Executive Summary

Background and Purpose

S.1 Shifts in the context for development assistance and the wider quest to improve aid effectiveness has prompted the search for new ways of doing business between donors and national governments. Part of this quest includes the development of the sector-wide approach (SWAp) which seeks to bring together external assistance and domestic funds under a single sector strategy and expenditure framework, owned and led by government with development partners progressively aligning and harmonising their procedures with country systems. The destination is a comprehensive sector framework that guides public and private action in support of improved service delivery, growth and poverty reduction.

S2. Sector-wide approaches in the agricultural and rural development sector(s) (A&RD) are a relatively recent phenomenon. This study was commissioned by the Global Donor Platform for Rural Development (GDPRD) to examine the formulation and implementation experience of sector-approaches in A&RD and to identify any key lessons for improving the way in which development assistance is currently supporting SWAps or A&RD more generally.

S3. This synthesis report brings together material from seven country studies, three of them in-depth field based investigations (Tanzania, Mozambique and Nicaragua) and four lighter-touch desk based reviews (Uganda, Cambodia, Vietnam and Ghana). Full reports on each field-based country study are available separately. The synthesis also draws on a desk review of selected policy and evaluation literature relating to sector-wide approaches and aid effectiveness undertaken in advance of the country studies.

Methodology and Study Framework

S4. Each of the country studies, whether field or desk based, was guided by a simple logic model identifying the key components of a sector-wide approach alongside assumptions (based on the literature) about expected outputs, outcomes and impacts (Figure 1 in the main text). The logic model, which is heuristic rather than a blueprint, was used to guide investigations about possible pre-conditions for formulating a SWAp and inputs and activities critical to effective implementation and achievement of results. It served as a basis for comparison across what were very different country contexts and very different SWAp operations.

S5. Field study teams involved one international consultant and a national consultant with technical support provided by the local FAO office and a...
representative of the FAO Investment Centre. Consultants engaged closely with donor and government stakeholders involved in the SWAp at both country and agency level and based their analysis on a combination of existing documents, interviews, focus groups and field visits. The desk reviews are based on available government and donor-agency documents plus where possible telephone interviews with relevant field or agency staff.

S6. Reviewing the different approaches in each of the seven countries makes clear the elasticity of the SWAp concept. Although, in principle, all of the approaches seek to deliver a single strategy and expenditure framework for guiding resource allocation decisions, in practical terms this is happening at a number of different levels – sector, sub-sector and multi-sector – and with different degrees of donor and government participation/commitment. The evolution of PROAGRI in Mozambique and the ASDP in Tanzania are probably the closest to the textbook definition of a SWAp. At the extremes are the much more ambitious PMA in Uganda a multi-sectoral framework for reducing poverty through agricultural modernisation and the FSSP&P in Vietnam, a much narrower partnership arrangement designed by donors outside of the government’s planning framework and focused only on the forest sub-sector.

S7. The reviews reveal the different extent to which SWAps have penetrated everyday working practice in government and amongst donors. They further point to the relatively short implementation periods for some of the approaches (Tanzania, Nicaragua) and the very recent steps towards formulating a full SWAp in others (Ghana, Cambodia, Vietnam). This means that, at times, the findings of the study can appear inconclusive - progress in one case seems offset by lack of progress in another - where in fact this is a function of very different starting points and a more generalised lack of monitoring and evaluation evidence on which to base more robust conclusions about progress to date. The newness of most of the operations means that it is not been possible to present clear findings at the outcome and impact level.

Main Findings

Overview

S8. A&RD SWAps are still relatively new and there is still much to be done to deliver on the aim of a fully government-led development approach in the sector. The shortcomings are many at this point including: the lack of a clear line of sight between national strategies (PRSs) and sector strategies; the weak integration of sector priorities and national budget processes; the uneven integration of donor funds into national planning and budgeting systems and the almost universally weak attention to M&E. Nevertheless, none of the country studies sees these shortcomings as a reason to discontinue efforts to develop sector approaches in A&RD.

S9. The prize of a coherent and coordinated approach for government, donor and private sector support of A&RD remains an important one and there is evidence of progress in the right direction. In Tanzania and Uganda adopting a sector or multi-sector approach has provided a platform for systematic policy engagement on agricultural growth and poverty reduction. In Tanzania, the country study takes the view that the ASDP has been empowering for the Ministry of Agriculture that could otherwise lose out in the push for greater general budget support and centralised policy dialogue. A similar effect is noted in Nicaragua where PRORURAL has allowed the Ministry of Agriculture to recover some of its waning leadership of the policy agenda, while commitments by donors to reduce fragmentation in the rural sector are already beginning to pay off. Even in Mozambique where slow delivery of
tangible outputs and outcomes has opened up PROAGRI to significant criticism, the view of the country study authors is that PROAGRI still offers a potentially important platform for government-donor collaboration, perhaps more so in an environment in which external resources are increasingly being channelled via the treasury (in the form of PGBS) and where new instruments such as sector budget support are a possible source of more predictable and consistent support to PROAGRI over time.

S10. What is clear is that sector approaches in A&RD are very much a work in progress and that resolving fundamental issues, such as: how to deepen partner country leadership; how to improve the transparency and predictability of aid flows; how to resolve tensions between centralised dialogue processes and decentralised service delivery; and how to ensure consistent and practical attention to alignment and harmonisation, is going to be vital to their future progress and success.

Initial Conditions for SWAp Formulation

S11. The 'entry conditions' for a SWAp clearly matter. The general literature on SWAps suggests that the most important conditions include a sound macroeconomic framework, a basic agreement on strategy and policy between government and donors, the possibility of participation by key stakeholders including the political leadership and private sector in SWAp formulation processes and a donor community that is committed to moving towards common and aligned approaches. Not all of these conditions emanate from just one sector, adding inevitably to the complexity of the initial design phase of a SWAp.

S12. The country studies suggest a number of specific entry conditions for SWAps in A&RD. The first is a clear line of sight between the national strategy (PRS or national development strategy) and the sector strategy, which in turn also means a clear alignment between political and technical leadership of the SWAp. This was clearly the case in the establishment of the Uganda PMA and is evident in the latter stages of the formulation of the Tanzanian ASDP. The second condition is a consensus within government and between government and donors on key policy and management issues for the sector. This need not cover the entire range of issues on which the SWAp will eventually touch but it does need to include some resolution of issues on which ideological disagreements can hold sway, including a working definition of the agricultural or rural development sectors and the respective role for private and public action in the sector. Third, effective ownership and leadership at sector ministry level also requires commitment to the process elsewhere in government, particularly from the Ministry of Finance and at a senior political level. Without this, formulating a SWAp can be a very slow business, as witnessed in Ghana and in Cambodia. Finally, a commitment to alignment and harmonisation goes without saying, but what is most vital is evidence from donors that are willing to move quickly to address changes in their practice both as a demonstration of good will and as a clear sign that they are willing to give space to government leadership and ownership of the process.

Implementation Experience

Clarity of the strategy and policy framework

S13. Effective implementation has to be guided by a clear sector vision that is owned by government and by a commitment to coherence across sector policy frameworks. In the case of PROAGRI in Mozambique, the first attempt at building a sector approach in A&RD, it has been hard to reconcile a wide range of policy frameworks that impinge on the agricultural sector and in which clarity around the sector vision has been obscured by ideological differences and shifting political preferences. Implementation has consequently been slow while leadership by the
sector ministry has been buffeted by shifts in institutional responsibilities. By contrast, the PMA in Uganda is based on a strong national and sector vision hosted by the Ministry of Finance which in turn has given clear impetus to implementation.

**PFM and budgetary processes**

S14. Experience with Uganda’s PMA, Tanzania’s ASDP and PROAGRI in Mozambique point to the critical importance of functioning budget, audit and procurement systems and the need for close integration of the sector approach with wider budgetary and public finance reforms. In Tanzania the upside of a protracted formulation process has been that the ASDP has benefited from significant improvements in the wider planning and budgeting context, including the development of a sector MTEF and local government MTEF processes. In Uganda, a robust central MTEF process has guided roll out of the PMA through integration of PMA priorities into line ministry budgets. Although, as noted further on, this has also had an unexpectedly perverse outcome for domestic resourcing of the PMA. In Mozambique, integration with wider public finance reforms may have resulted in faster implementation progress, particularly in relation to flow of funds to local governments.

S15. Across the board challenges lie in ensuring that funds are available at local levels for implementation. In Tanzania this is managed through District Agricultural Development Grants which have been slow to disburse because of delays in meeting local government reform assessment criteria and approving District Agricultural Development Plans. In Uganda the PMA is supported through a Non-Sectoral Conditional Grant which acts as a mechanism for transferring funds to sub-counties for communities to plan and finance investments linked to locally perceived needs. While a success in many respects there have been difficulties in rolling out the NSCG because of budgetary constraints imposed by the central government. The Uganda experience confirms the importance of addressing financial issues and the prioritisation of activities at all levels in the budget process, especially if priorities in a multi-sector framework like the PMA are to receive due attention in line and local government ministry budgets.

**M&E**

S16. Monitoring and evaluation is generally weak in all the SWAps reviewed, however there is evidence of a move to integrate sector M&E with monitoring of national policy frameworks to ensure coherence and consistency and to limit duplication of effort. Rarely, however, is there a clear incentive for agencies, particularly those outside of the sector ministry, to generate and submit consistent and timely M&E information. In Mozambique much of the M&E data after 9 years is either financial performance data or focused on production, input use and productivity. Virtually no information is available on the delivery and performance of government provided services and their contribution to agricultural and livelihood outcomes. The absence of clear results frameworks simply compounds this problem. In the case of Nicaragua, the study authors argue the need to adopt a limited and strategic approach to M&E, emphasising learning by doing and gradually expanding its scope as programme implementation takes off.

**More aligned and coordinated working**

S17. SWAps exist for the key purpose of overcoming fragmentation and inefficiencies in the allocation and management of development assistance. Experience shows that alignment is a two-sided process involving both internal alignment within the government system around the sector strategy and expenditure framework and external alignment by donors. Progress with the former is often
overshadowed by focus on the latter which may again explain slow progress in implementation in cases such as PROAGRI.

S18. Efforts at external alignment by donors in the context of PRORURAL demonstrate how much can be done within a relatively short space of time. However the experience also demonstrates some of the obstacles to more rapid harmonisation because of the complexities of the political and institutional context and ongoing concerns, particularly from donors, around political will and commitment. In Tanzania, commitment to alignment as a basic principle proved instrumental in getting donors and government through some difficult, even confrontational times as the ASDP evolved. Nevertheless more fundamental progress on aid management and, particularly on harmonisation, has lagged behind. Getting agreement on the basket fund under the ASDP illustrates the point with delays emanating from lengthy approval processes required by donor HQs and loan effectiveness conditions that continue to demand separating reporting for different donors. Continued proliferation of donor led processes, in spite of a generalised commitment to A&H, are evident in Vietnam (FSSP&P) and Cambodia (Land Sector). In the case of Cambodia, proliferation and poor coordination has motivated the move to a SWAp in the land sector, but weak internal alignment within government and high aid dependence also mean that donors are holding onto their own ways of doing business. The SWAp should technically break this vicious cycle but the doubt is whether the sector policy framework and associated institutional roles and responsibilities are credible enough to provide donors with the necessary confidence to change their behaviour.

Achievements against Outputs
Ownership, leadership and institutional capacity
S19. Strong government leadership and ownership of the sector approach is a central tenet and one that marks a clear break with earlier traditional project approaches. In practice, institutions within government have been slow to change and have often proved non-responsive to the new challenges raised by SWAps. Securing a credible government lead is also made difficult by the fact that leadership is as much a political process as it is a technical one, and this is an area which donors are rarely able to influence directly. What is clear from the seven case countries is that often the lack of incentives for sector ministries to take a policy lead, often compounded by their limited traction over national planning and budgeting processes, together with wide ranging capacity constraints limits the pace of change under SWAps.

S20. There is some evidence of progress, however. In Tanzania, sector leadership has been built in increments with a change of personnel at the highest levels and stronger stewardship by the Ministry of Finance. In Ghana, despite slow progress towards producing a roadmap for the transition to a sector approach, signs are now that government and the MoFA in particular is taking leadership of the process with a broader consensus on the importance of a coherent approach to agricultural sector growth building across government and stronger signs of political engagement through GPRS2.

Improved coordination and planning
S21. Intra and inter-sectoral coordination remains a challenge, particularly in A&RD, but there are signs of the problem being addressed. Under the PMA, coordination is managed through a series of cross-sectoral committees, the most important of which is chaired by the Minister of Finance. A key strength of the PMA is that it requires all line ministries with relevant mandates to review and reorient their activities in line with PMA objectives. This works at the central level, to a degree, but
becomes a great deal more challenging at decentralised levels where a lack of coordinating institutions act as a constraint on effective implementation. In Nicaragua improved sector coordination mechanisms have yielded some important gains with improved communication and a more rational allocation of functions to guide joint implementation activities. Joint production of a sectoral annual budgetary/operational plan across implementing ministries/departments has yielded progress in coordination and leadership by MAGFOR.

Public expenditure management and service delivery

S22. PEM and PFM are areas in which there is evidence of some progress, although often limited by constraints that extend beyond the A&RD sectors alone. There is however limited evidence that improved sector PEM has increased the quantity of public spending (domestic funds) in agriculture. Tanzania may be one of the few examples although, as elsewhere, most of the increase in funding appears to come from donors.

S23. Only in the case of PROAGRI and the PMA have evaluations been undertaken that could reasonably assess the contribution of SWAp processes and resources to improvements in service delivery. Under the PMA the results are generally positive, although slow in being realised, with farmer groups confirming that their status has improved with the delivery of services and with signs of progress in terms of improved technologies and associated increases in marketed output. Somewhat alarmingly, there is no obvious way of tracking output and outcome level service delivery improvements under PROAGRI, despite one full evaluation and subsequent annual evaluations. What is clear is that during Phase 1 of PROAGRI a large proportion of resources were spent on institutional capacity and the vast majority of expenditures related to personnel costs and goods and services acquisition. More detailed breakdowns by service type is not possible, with the consequence that virtually nothing can be said about how funding of PROAGRI has contributed to results on the ground for farmers/producers in the agricultural sector.

Public- Private Sector Interface

S24. In several countries, the SWAp has been an important contributor to changes in the role of the Ministry of Agriculture from an exclusively interventionist one to a more facilitating/regulating one. In Nicaragua, PRORURAL has assigned MAGFOR the responsibility of steering, coordinating and monitoring with implementation the responsibility of other related institutions, including the private sector. In Mozambique, the transformation of MINAGs role to encourage a better interface with the private sector is only partially complete although there are signs of greater outsourcing and some attention to private sector promotion, support activities and analysis through a dedicated office in MINAG. In Uganda there is no specific document covering the relationship between the public and private sector as part of the PMA, although donors are supporting a stronger public-private partnership as part of the PMA. The Microfinance Outreach Plan under the Rural Finance Pillar aims at the privatisation of government credit projects/programmes, while the Physical Infrastructure pillar supports private sector maintenance of district roads and rural electrification facilities.

S25. On the other hand, one of the policy areas which has often slowed the development of a full SWAp is debate about the full or partial privatisation of services (Ghana, Tanzania, Mozambique). In Vietnam it is estimated that the private sector, households, state forestry enterprises and cooperatives will account for 60 percent of the investment in the forest sector over the next 15 years. The institutional framework, and particularly the FSSP&P, is not yet representative of private sector actors and a key challenge for developing a full SWAp will be what it needs to look
like in a sector where public expenditure is substantially overshadowed by private sector investment.

Aid Management
S26. A key emerging theme is that alignment and harmonisation, while central to the SWAp concept, can often be treated as end in themselves rather than as a means to achieving stronger country systems and better development results. While the general impression is one of gradually improving aid management under SWAps there is concern that the amount of time and resources being devoted to building the process architecture is imposing additional burdens on a weak civil service and is at the cost of ensuring that existing and new resources are delivering more effective investments and services in rural areas.

S27. While aid management is improving transactions costs remain high for both government officials and donors. Donor HQ policies, procurement procedures and legal frameworks continue, in some cases, to be an obstacle to harmonisation efforts on the ground, as does continued proliferation and parallel aid management structures. This applies to different degrees even in contexts where the national-level discussion around aid effectiveness is quite advanced, as in Tanzania, Vietnam, Nicaragua and Mozambique.

S28. While the SWAp concept has always claimed to be consistent with a number of different funding modalities, the dominant pattern in most of the cases reviewed is still project assistance. The common fund underlying PROAGRI is the most important mechanism for channelling funds, but much assistance remains projectised and contributors to the fund have varied over time, with some of the largest funders not renewing their agreement to continue funding after 2006. Recently a number of donors have returned to project-type investments over concerns about continuing service delivery gaps. In Tanzania many donor projects remain outside of the ASDP framework and need to be quickly aligned with it if the approach is to have a real chance at success.

S29. The evolution of GBS in all of the case countries has generated some transactions costs savings while providing a strong centre to policymaking processes that have, in some instances, improved the context for sector approaches. However, in the case of Tanzania, Ghana and Mozambique there remains a strong preference by government and particularly donors to retain a mix of aid instruments, partly as a way of diversifying risk and partly as a way of exploring complementary entry points into different levels of policy making. In Tanzania there is the view that the ASDP has essentially protected a focus on agriculture in the face of competition coming from the much larger and more powerful PGBS. While this may be the case there are, nevertheless, risks attached to a wide diversity of funding modalities including a potential lack of sustainability, a lack of effective coordination and a diversion of scarce government officials' time into managing how funding is mobilised and away from how to put it to best use. A key challenge, noted in the Tanzania report, is to ensure that as much existing project financing is included under the SWAp as quickly as possible and to ensure that the development of new projects is fully aligned with the approach and principles underlying the SWAp (see Annex 2, Greeley et al 2007).

Policy Messages and Recommendations
S30. Key messages for continuing and improving support to sector approaches that emerge from the study are:
1. **Clarity of sector vision and the importance of building consensus on the strategy**, even if that strategy covers a limited area of sector activity in the first instance.

2. **Deepening leadership and ownership through high level political engagement, closer interaction with the Ministry of Finance, realistic time frames and donors 'staying the course'**: This means taking a longer view in supporting the core principles of ownership and alignment. It also requires partner countries to commit to efforts at internal alignment (from plans to budgets and implementation strategies) and focusing more closely on results frameworks.

3. **Reflecting external flows in national budgets**: Donors need to support national efforts at ownership by making better use of national budgets to align their programmes with sector and country priorities. They also need to improve the transparency and predictability of aid flows by sharing timely and accurate information on planned and actual and disbursements. Public expenditure reviews provide the opportunity for examining sector objectives and the effectiveness of public spending in supporting achievement of these objectives. This is crucial for building an evidence base for continued government and donor investment.

4. **Balance the focus on centralised policy dialogue and prioritisation processes with a focus on relieving constraints on service delivery (public and private) at decentralised levels**: This requires both improving vertical links, through the flow of funds and improved monitoring and accountability, and improving horizontal coordination through partnerships between local governments, the private sector and NGOs.

5. **Be clear that alignment and harmonisation are means not ends**: Being swamped in SWAp processes is a real danger and runs the risk of incentivising upstream processual change over downstream delivery of results. A&H are a necessary condition for improving the way in which aid is delivered, managed and monitored but they are not a sufficient condition for bringing about stronger policies, better governance and better policy outcomes. This also depends on the institutions that underpin sector governance and the incentives facing public and private sector actors (some of which emanate locally, some from the global economy). Getting tangible change here requires a long term approach which donors committed to A&H must be prepared to adopt. It also means being clear that A&H involves ceding control to national partners so that they can vigorously focus on the higher aim of achieving better development results.

**Recommendations**

S31. A number of recommendations emerge from the study, these can be categorised into recommendations relating to the definition and content of SWAps and recommendations relating to the operational processes of SWAps. Several of these recommendations track closely with those identified in the GDPRD’s recent publication ‘Cornerstones for effective agriculture and rural development programmes under a PBA’ and work being undertaken towards a Code of Conduct guiding development cooperation in A&RD. Recommendations for further work/engagement by the GDPRD are also made.
Recommendations on the definition and content of SWAps

- Build consensus around a common vision, agenda and scope for the programme before decisions are taken on mechanisms and modalities for funding. Start at the sub-sector or sub-programme level if that provides a clearer basis for consensus and swift progress on reducing fragmentation.

- Rather than treating decentralisation as a separate process to be engaged with after the programme has been defined, SWAp/PBAs need to treat decentralisation as central to the definition and content of the programme itself. This is vital to ensure that what is being promised at decentralised levels is feasible and achievable and in line with larger reform and prioritisation processes (particularly around PFM/fiscal decentralisation).

- The private sector is not something to be engaged once the programme has been designed, rather the role of and for the private sector in an A&RD SWAp/PBA needs to be treated as central from the outset. Policy and funding approaches that privilege public spending over all other fiscal instruments (tax, regulation, administration) are unlikely to provide the necessary incentives to private sector participants to engage fully in programme development and implementation.

Recommendations on Operational Processes

- Where aid will continue to be important for some time, consider long term ‘aid’ compacts that commit donors and governments to 15-20 year processes with a rolling results framework and clear rules around within-year/between-year predictability and a clear exit strategy covering the last 3 years of the compact.

- Ensure that national governments are in the lead by supporting preparation of a national aid policy (as in Rwanda, Tanzania..) underpinning the aid compact through clear rules of the game for preferred aid modalities and mechanisms plus aid management information.

- Provide financial support on budget in all cases, through coordinated mechanisms as far as possible and in all cases fully aligned with the rolling strategy and results framework. Align first, harmonise as the SWAp/PBA agenda unfolds. Focus on reducing those transactions (opportunity) costs that distract scarce government resources from the core business of implementation and achieving results.

- Invest in public expenditure review and tracking (PETS) processes to help track/monitor the efficiency and effectiveness of spend in agricultural and rural development sectors. Encourage increased use of evidence on the efficiency and effectiveness of spend to empower government and non-government stakeholders in building accountability for results in the agricultural sector. Evidence should make reference to international comparators where available.

- Consider supporting a separate competitive fund for private sector participation to support innovation and publicly-minded investments that complement the public investment strategy in A&RD.
Recommendations for GDPRD

- Tackle ‘ways of working’ and incentive systems within donor HQs that prohibit and/or delay joined up working at country level. Donor HQ ‘issues’ frequently delay the signing of MOUs etc. which in turn imposes significant transactions costs on government and other donors.

- Support training/learning events for DPs and government agricultural staff on public finance management and budget governance specific to the A&RD sector. Examine ways to strengthen agricultural PER processes at country level while increasing the knowledge base about agriculture budget formulation and execution.

- Support learning events around the political economy of policy and budget making in A&RD as a way to expose DPs to the more complex institutional and political relationships that underpin sector and programme performance and a better identification of the risks and rewards of investing in SWAp/PBA processes.

- Roll out guidelines on the alignment and mainstreaming of projects that remain outside of common financing mechanisms under SWAp/PBA arrangements, including a set of principles around engaging at decentralised levels, respecting expenditure ceilings, untying TA, and tracking all activities through the sector programme.
Chapter 1: Introduction and Study Framework

Background

1.1 In most developing countries, the agricultural and rural sectors are dominant features of the national economic landscape. There is, however, a mixed record of getting agriculture and rural issues adequately addressed in national level strategies and policies and associated development assistance programmes. This study, commissioned by the Global Donor Platform for Rural Development (GDPRD) seeks to examine present and future roles for development assistance in support of agriculture and rural development by looking specifically at emerging experience and lessons of formulating and implementing sector-wide approaches.

1.2 The overarching objectives of the study are two-fold:

- To examine whether, and in what ways, sector-wide approaches in agriculture and rural development (A&RD) are achieving their stated goals;
- To identify critical lessons about the way in which development assistance currently supports A&RD and what can be done differently to enhance the effectiveness of that assistance and the contribution of A&RD to long term growth and poverty reduction.

Background to the Sector-Wide Approach

The Changing Aid Context

1. Significant changes in the context for development assistance in recent decades provide a crucial backdrop to the evolution of sector-wide approaches (Figure 1).

Figure 1: Shifting Aid Paradigms

- 1960-70s: Capital investment project-approach
  - Investment gap approach
  - Big push
  - Large capital intensive projects
- 1980-90s: Structural adjustment
  - Upstream policy conditionalties
  - Focus on macroeconomic management and reduction of state roles
- Late 90s: HIPC and PRSPs
  - Process conditionality
  - Emphasis on government-led poverty reduction framework
- 2005 Paris Declaration on Aid Effectiveness:
  - Ownership
  - Alignment
  - Harmonisation
  - Results-based management
  - Mutual accountability

Source: Cabral (2006)\(^5\)

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\(^5\) Presentation to the 10th Africa Forum, Windhoek 30 October 2006
1.4 Key ‘drivers’ behind the development of sector-wide approaches include:

- **The shift away from traditional project support:** The effectiveness of traditional project financing in many countries has been questioned, particularly by development partners and recipient institutions concerned about parallel systems, duplication, low disbursement rates and limited impact. Although traditional project approaches had their successes, the long term effects on planning and budgeting and operations and maintenance capacity often exceeded short term benefits. Consequently, donors have been looking to move away from traditional ‘stand-alone’ projects towards more strategic medium term assistance and exploring new ways of delivering aid (Koeberle et al 2006).

- **Greater emphasis on country ownership, systems and capacity:** Directly related to the experience of traditional project approaches and the difficult reform experiences of a number countries during the 1980s, was the realisation that local ownership and partnership around country-led development strategies are prerequisites for effective policy reform and achievement of results. With this realisation came the acknowledgement that piecemeal, narrowly defined project interventions often focused around physical impacts were not suited to building ownership around more complex reform agendas, nor necessarily in line with country or sector policy programmes and institutions.

- **Transactions costs and the costs of unpredictable aid:** Mounting evidence has shown that poorly delivered and unpredictable aid can severely disrupt programme implementation and development spending in aid-dependent countries (Koeberle et al 2007). Aid flows prone to sudden surges and withdrawals, whether in the form of project or budgetary aid, can be particularly damaging. A study by OECD-DAC identified “uncoordinated donor practices” and “delays in disbursements” as two of the five most burdensome donor practices. Unpredictability has also been used by those domestic interests keen to block reform, who have been able to use the uncertainties attached to aid flows as an excuse for weak fiduciary controls and a general lack of transparency in the resource allocation process.

- **Focusing on results:** The MDGs together with experience that a focus on outcomes and achievements rather than on inputs and delivery provides a stronger incentive to effective policy and programme implementation, has provided a strong impetus for greater aid effectiveness with a strengthened focus on measuring and delivering results. The Paris Declaration on Aid Effectiveness clearly identifies managing for results as not only a central plank in an overall package of commitments to improving aid delivery but also as a critical organising principle for partner governments in preparing and delivering on sound budgets and policy-programmes for meeting development goals.

### The Concept of the Sector-Wide Approach

1.5 The concept of a sector-wide approach has existed for some time, but it is only relatively recently, and in the context of the broader shifts described above, that the defining characteristics of the approach have been agreed upon (OECD; SPA 2004). The critical features are:
A single comprehensive, country-led sector strategy and expenditure framework
All significant funding, domestic and external supports the single sector strategy and expenditure framework;
Centrality of government ownership and leadership of the strategy and its implementation;
Common approaches for development partners across the sector and in line with the sector strategy, and
Increasing reliance by partners on national procedures to disburse and account for funds and monitor results, while also strengthening national systems.

1.6 While these characteristics are now largely unquestioned, it remains the case that the flexibility of the concept leaves the SWAp open to the challenge that it says relatively little about the substantive content of the aid relationship and that practitioners use the concept loosely to accommodate a range of practices, many of which are not consistent with improved aid effectiveness. The fact that most SWAps, even quite established ones, are in an almost continuous state of evolution also makes it difficult to pin down when a SWAp has reached full maturity or whether its main purpose is to simply set the aid relationship on a course for eventual absorption into mainstream country-led processes. This has led some authors to argue that “the working definition [of the SWAp] thus focuses on the intended direction of change rather than just the current attainment” (Foster and Naschold, 2001:7). It has led others to question whether the SWAp is a useful concept in its own right and whether the more generic concept of programme-based approaches isn’t more useful to describe the coordination of development assistance in support of a locally owned and led programme, be it national, sector and/or thematic (Box 1). The cases reviewed shed some light on this question although, as expected, definitions and practice do vary widely.

Box 1: SWAps and Programme-Based Approaches

Programme-based approaches (PBAs) according to the OECD-DAC (2005) are ‘a way of engaging in development cooperation based on the principles of coordinated support for a locally owned programme development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation……PBAs are not an aid instrument, but a categorisation of aid flows” Sector-wide approaches are therefore one form of PBA, aimed specifically at combining external and domestic support behind a sector strategy and policy framework.

Opportunities and Challenges in Agriculture and Rural Development

1.7 The desk review pointed to a number of trends and features within national and sector policy and governance contexts that are relevant to understanding the challenges and opportunities facing sector approaches in A&RD.

Changing A&RD governance – shifts in the thinking and practice regarding appropriate areas for state intervention and levels of public spending have impacted on the historical role and mandate of central Ministries of Agriculture. At the same time power and resources are being devolved to lower levels of government as a way of increasing accountability and efficiency in service delivery and national governments are looking increasingly to the private sector for the critical investments needed to support long term agricultural and rural sector growth. As a consequence,
A&RD governance is a domain populated by an increasing number of actors in which central Ministries of Agriculture do not necessarily have the lead role. The challenges relating to coordination as the number of actors increases partly explains the shift to a sector-wide approach but also, in the light of the changing mix of public and private finance, poses a major challenge in terms of the appropriate level and focus for SWAp design and implementation. This is set against a backdrop of fairly stagnant trends in public expenditure on agriculture in recent years.

- **The complexity of agricultural systems and the rural development agenda** – the policy challenges associated with diverse agricultural and rural economies are well documented. In practice, the challenge of designing effective public actions to catalyse and support increased growth and improved rural livelihoods remains significant, in part because the agenda keeps evolving. In 2001 Maxwell et al identified a number of trends in rural economies that would define the rural development agenda going forward, these included rising rural non-farm employment, urbanisation, landlessness, better infrastructure, health and education, changing food systems and supply chains. In 2007 we can add the global demand for biofuels, the effects of climate change and booming demand for primary commodities led by China. At the same time there are some constants, including, as Birner and Palaniswamy (2006) note, the lack of voice of small-scale farmers and the rural poor in political decision-making processes, the image of agriculture as a "backward sector", and the short time horizon for most agricultural policymakers. This poses the challenge of finding sufficiently nimble and responsive policy and funding approaches to ensure that the livelihoods of agricultural and rural producers can survive in the face of a rapidly globalising and urbanising landscape.

- **National strategy and policy making processes** – In the past the record of getting agriculture and rural issues adequately addressed in national level strategies and policies and associated donor assisted programmes was, at best, mixed. In recent years a great deal has been learnt on how to include rural issues as a core part of national strategies and programmes, in part by giving attention to the growth and poverty agenda in national PRSs, strengthening the analytical work underpinning rural and agricultural strategies and enhancing the management and technical capacities of Ministries of Agriculture (WDR 2008). But challenges remain not least on how to design and sequence policy interventions given the complexities of agricultural systems, how to balance direct, indirect and regulatory actions to facilitate private sector participation and how to ensure effective voice and accountability in agricultural sector reform processes.

**The Study Framework**

1.8 The study is divided into three phases. Phase 1 involved a selected review of the policy and evaluation literature relating to sector approaches and identified key issues and an analytical framework for more detailed country and programme level work in Phase 2. Phase 2 involved field-based investigations of sector programme approaches in three countries: the Agricultural Sector Development Programme (ASDP) in Tanzania, the National Programme of Agrarian Development (PROAGRI) in Mozambique, and the Rural Productive Sector Programme (PRORURAL) in Nicaragua. Teams involving one international consultant and a national consultant engaged closely with donor and government stakeholders involved in the SWAp at
country and agency level, and based their analysis of progress on a combination of existing documents, interviews, focus groups and field visits.

1.9 In addition, desk based reviews of government and donor agency documents for four further sector/sub-sector approaches were undertaken, these were: the Programme for the Modernisation of Agriculture (PMA) in Uganda, the Forest Sector Support Programme and Partnership (FSSP&P) in Vietnam, the Land Management and Administration Project (LMAP) in Cambodia, and the road-map for the development of a sector approach in support of the Food and Agriculture Sector Development Policy (FASDEP) in Ghana.

1.10 Phase 3 constitutes this synthesis report identifying the main themes and issues arising from the field and desk reviews and key policy and operational messages and recommendations for enhancing their role and expected outputs.

1.11 Framing the country studies and the synthesis is a simple logic model that identifies some of the key assumptions and stages informing the development and implementation of a SWAp (Figure 1). Articulating the steps of SWAp development in this way provides a yardstick against which progress with A&RD SWAps can be examined and compared. The central focus of the analysis is progress against five interrelated output level areas/themes that are critical to the success of the sector-wide approach, namely:

- Strengthened institutional capacity and government leadership
- Increased policy coordination and planning capability
- Improved public expenditure/financial management and service delivery
- Stronger private sector interface, and
- Improved aid management

1.12 This Synthesis has been written as a stand alone report. However, for much of the detailed analysis of the sector approaches reviewed it is important to refer back to the country reports.
Figure 2: The SWAp Logic Model

**INITIAL CONDITIONS**

**INPUTS & ACTIVITIES**

- **Policy/strategy formulation & dialogue**
- **Sector expenditure framework /MTEF**
- **Funding (different sources & instruments)**
- **Stakeholder consultations**
- **Technical Assistance & Capacity Building**
- **Alignment and harmonisation with country systems**

**IMPLEMENTATION**

- **Improved policy coordination across sectors, clear implementation plans & mechanisms.**
- **Mechanisms in place for engaging private/ non-state partners in common policy framework**
- **Clear roles & responsibilities for central vs. local implementing MDAs.**
- **Improved budgeting, audit and procurement systems consistent with increased use of country systems by donors**
- **M&E framework in place with clear implementation arrangements**
- **Donors increase joint working, shared procedures, common pool financing**

**OUTPUTS**

- **Policy framework focused on key public expenditure priorities & enabling actions for growth & poverty reduction**
- **Clear cross-sector objectives, priorities for public & private sector participation**
- **More resources for govt. budget & more resources on-budget**
- **Improved management of expenditures & better service delivery**
- **Improved institutional capacity & govt. leadership of policy & implementation agenda plus PFM**
- **Stronger/clearer feedback mechanisms from service users**
- **Improved aid management, less fragmentation & lower transactions costs in dealing with DPs**

**INTERMEDIATE OUTCOMES**

- **Resources reach targeted users/areas/products; regulatory framework more conducive to private sector actors – improved productivity & market opportunities**
- **Service levels improve across related sectors – ag/infras/transport etc.**
- **Market access improves; risk & vulnerability addressed**
- **More resources flowing down to local govt. levels with stronger M&E/feedback from users**
- **More effective service delivery, with non-state actors participating**
- **Stronger country leadership of the policy & implementation process**
- **More effective partnerships with DPs/INGOs etc.**

**IMPACTS**

- More sector growth, higher domestic & export incomes
- More diversified & sustainable livelihoods
- Improved non-income poverty indicators
- Empowerment & Inclusion of poor people
- Achievement against the MDGs

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**Partner Country/Sector**

- Sound macro framework
- Sector strategy & policy framework
- Annual sector expenditure programme
- Participation by key stakeholders
- Political leadership/commitment

**Donors/DPs**

- Major donors provide support in sector framework
- Donors interested in moving to reliance on country systems
- Donors moving to common approaches for mgmt & implementation
Chapter 2: The Country and Sector Programme

Context

The Study Countries

2.1 The countries included in the study involve three regions. Due to the frequency of sector approaches in Africa, four of the studies – two field and two desk – are drawn from Africa: Tanzania, Mozambique, Uganda and Ghana. All four are low income countries with large agricultural sectors and significant poor rural populations (Table 1). All four countries have also been at the vanguard of changes in the framework for development assistance over the last decade. In the last two years government and development partners in Tanzania, Uganda and Ghana have all signed Joint Assistance Strategies (JAS) as the overarching framework for delivering assistance behind the national poverty reduction strategy. In the case of Ghana, the G-JAS has been signed by 16 development partners and covers approximately $5bn of assistance for the period 2007-10. All four countries are also managing substantial amounts of development assistance delivered as programme or General Budget Support (GBS). In Tanzania, programme support, including basket funds, represented 64 percent of total ODA in 2005/6, with 43 percent in the form of GBS. In Uganda the share of budget support was 31 percent in 2005, in Mozambique 19 percent and 35 percent in Ghana.

2.2 Each of the African study countries also has a fairly long track record with sector approaches of various kinds. Ghana and its development partners developed the first comprehensive SWAp in health dating back to the mid-1990s and now has SWAp-type approaches for the financial sector and for private sector development. Uganda has had a longstanding and largely successful education SWAp, while Tanzania and Mozambique have sector-wide approaches in health and education. All four countries are among the most advanced in Africa in terms of implementing the Paris Declaration commitments (OECD/DAC Monitoring Survey 2007).

Table 1: Study Countries - Basic Data

(\textit{latest available estimates})

<table>
<thead>
<tr>
<th>Country</th>
<th>Agriculture as % of GDP</th>
<th>Poor as % of rural population</th>
<th>Annual average agricultural growth (%) (3yr moving ave) 1992/4 – 2002/04</th>
<th>Agricultural spend as a % of govt spending</th>
<th>ODA as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique</td>
<td>22</td>
<td>55.0</td>
<td>4.37</td>
<td>4.0</td>
<td>24</td>
</tr>
<tr>
<td>Tanzania</td>
<td>39</td>
<td>38.7</td>
<td>1.81</td>
<td>--</td>
<td>16</td>
</tr>
<tr>
<td>Ghana</td>
<td>35</td>
<td>49.9</td>
<td>4.88</td>
<td>1.0</td>
<td>12</td>
</tr>
<tr>
<td>Uganda</td>
<td>32</td>
<td>--</td>
<td>3.06</td>
<td>4.2</td>
<td>15</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>18</td>
<td>68.5</td>
<td>5.25</td>
<td>--</td>
<td>20</td>
</tr>
<tr>
<td>Cambodia</td>
<td>33</td>
<td>--</td>
<td>4.60</td>
<td>--</td>
<td>12</td>
</tr>
<tr>
<td>Vietnam</td>
<td>21</td>
<td>--</td>
<td>5.64</td>
<td>5.5</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: FAOSTAT, IFAD and various.

2.3 In Latin America, the study focused on Nicaragua; one of the poorest and one of the few highly aid dependent countries in the region. Poverty data for 2005 suggests that 46 percent of the population is living in poverty, with poverty rates much higher in rural areas than in cities. As a recipient of HIPC debt relief Nicaragua developed a national PRS/development strategy in 2001, accompanied later by a National Development Plan (PND) and its operational counterpart the PND-O. There have been vigorous efforts by government and development partners over the years
to reduce the fragmented and supply-driven character of aid to Nicaragua. At the time of writing Nicaragua has SWApS in health and education and is in the process of developing SWApS for small and medium scale enterprise and the environment. In 2005 a Multi-donor Joint Financing Arrangement for the provision of general budget support was signed to provide a framework for various donor budget support instruments. While significant, the share of development assistance passing through the JFA remains at less than 5 percent of total ODA.

2.4 In Southeast Asia, two countries were selected for desk review. Cambodia has many of the characteristics of a low-income African country, weak institutions, weak centre-local administrative and fiscal relations and significant aid dependence. With 85 percent of the population living in rural communities and over 60 percent dependent on agriculture, forestry and fisheries for their livelihoods, agricultural and rural development is a critical priority for the government and international community. But Cambodia’s context is further complicated by competing domestic and international interests over land, and land appropriation by the few has become an increasing phenomenon with major implications for the rural poor. Efforts to promote more harmonized and aligned working by government and development partners have been underway for some time with an updated Action Plan on Harmonization, Alignment and Managing for Results in 2005.

2.5 The second Southeast Asian country, Vietnam, recently acceded to the WTO and is on track to achieving middle-income country status by 2010-12. With ODA at less than 5 percent of GNI, Vietnam is not an aid-dependent country. Its recent development trajectory has increased financing options, including a wider range of private finance options and a possible withdrawal/phasing out of some grant-based donors. Nevertheless, despite the relatively modest contribution of concessional and grant finance, the Vietnamese government has given a strong steer to efforts to improve aid effectiveness. The Hanoi Core Statement issued in 2005 sets out clear targets for reducing aid transactions costs and improving aid utilization rates. This has been translated into the implementation of more programmatic approaches by the GoV and the use by development partners of new aid modalities, including an increasing focus on sector or targeted budget support. Vietnam was one of the first recipients of the World Bank’s Poverty Reduction Strategy Credit (PRSC) which now has 11 co-financiers including both multilateral and bilateral donors. In 2005-6, development partners negotiated two targeted budget support (TBS) operations in support of the government’s national targeted programmes, one for basic education (EFA-NTP) and one for Poor/Marginal Communes (P135).

The Sector Approaches

2.6 Table 2 summarises the main features of the sector approach in each country, with a basic description of origins, coverage/focus and development partner engagement. Most important to note at the outset is the extent of variation around the theme of ‘sector-wide approaches’. Amongst the approaches listed, the PMA in Uganda is possibly the least like a conventional SWAp in that it is not an agricultural sector programme per se but a government led framework for reducing poverty using a multi-sector approach. MDAs are required to prioritise PMA activities in their existing budgets. Development assistance is provided in part through general support to the government’s budget, but mainly through support for individual sub-components.

2.7 At the other end of the spectrum, the FSSP&P in Vietnam is a partnership arrangement based around an MoU between the GoV and 15 international partners
(now 25 signatories) to support the forest sector. It was established in parallel to government systems. Development partners agreed to support the FSSP programme framework while the Ministry of Agriculture and Rural Development approved a separate National Forest Development Strategy (NFDS). The latest National Forest Strategy brings these two frameworks together and, once approved by Government, could pave the way for the development of a more comprehensive sector-wide approach.

### Table 2: Sector Approaches included in the study – by country

<table>
<thead>
<tr>
<th>Country/Sector Approach</th>
<th>Period/Duration</th>
<th>Key Features</th>
<th>DP Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam – Forest Sector Support Programme and Partnership (FSSP&amp;P)</td>
<td>Followed on from 5MHRP6 partnership established in 1999. FSSP&amp;P was signed in 2001.</td>
<td>FSSP&amp;P works to support national priorities, programmes and plans through more coordinated action. Activities 2004-6 include: revision of forest law and preparation of decrees; preparation of a new forest sector strategy; development of a Forest Sector Monitoring and Information System; revision of NTP 661 for implementation of 5MHRP.</td>
<td>Multiple donor projects. Trust Fund for Forests established in 2004 for 4 European donors to pool contributions to address sector priorities within agreed policy frameworks. Managed by separate secretariat and FSSP coordinator. A fifth donor provided TA to the Fund.</td>
</tr>
<tr>
<td>Tanzania – Agricultural Sector Development Programme (ASDP)</td>
<td>Agriculture Sector Development Strategy 2001. ASDP formulation began 2003. Basket Fund agreed 2006</td>
<td>ASDP focuses on agricultural sector support and implementation at field level and national level covering: investment, policy and regulatory framework, research and advisory services, PSD, marketing and rural finance. Also cross-sectoral support – managing links between agriculture and other sectors. Inter-Ministerial Coordinating Committee brings together 4 lead sector ministries.</td>
<td>Development Partner Group ASDP working group Basket Fund supports ASDP alongside some DP GBS and continuing projects with Agricultural Sector Lead Ministries.</td>
</tr>
<tr>
<td>Uganda – Programme for the Modernisation of Agriculture (PMA)</td>
<td>Introduced under the second Poverty Eradication Action Plan (PEAP) the PMA was finalised in 2000.</td>
<td>7 Pillars: research and technology; national agricultural advisory services (NAADS); agricultural education; improving access to rural finance; agro-processing and marketing; sustainable natural resource utilisation and management; and physical infrastructure.</td>
<td>DP sub-group of the PMA consists of 20 donors who have signed up to PMA principles. Projects still important. Sub-components funded by different DPs. No pooled funding by DPs for PMA.</td>
</tr>
<tr>
<td>Ghana – Food and Agricultural Sector Development Policy (FASDEP) and proposed AgSWApe</td>
<td>FASDEP 2002 based on Accelerated Agricultural Development Strategy produced in 1996. Concept note on the Ghana AgSWAp prepared June 2006. Roadmap for AgSWAp includes</td>
<td>Main areas of FASDEP are the strategic thrusts of the AAGDS: access to markets and promoting export commodities; access to agricultural technology; access to rural finance; rural infrastructure and utilities, institutional capacity – plus emphasis on strengthening the private sector as the engine</td>
<td>WB’s Agricultural Services Sub-Sector Investment Project (AgSSIP) main instrument for implementing AAGDS in 2001. First phase ended 2005, extended to 2006. FABS – 5 year sector budget support by CIDA to MOFA. SASH – SBS by DFID to...</td>
</tr>
</tbody>
</table>

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6 The 5 Million Hectare Reforestation Programme (5MHRP) is the Government’s National Targeted Programme for forests (NTP 661).
<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mozambique – PROAGRI</td>
<td>Phase One launched in 1998 for a period of 5 years, but extended until 2005. Memorandum of understanding for second phase signed in early 2007.</td>
<td>8 programme areas in phase one: institutional development; agricultural research; agricultural extension; agricultural production; livestock production; land management; forestry and wildlife; irrigation. A common flow of funds mechanism was set up to channel aid resources to the programme. 16 DPs supported PROAGRI 1999-2006 but numbers annually varies. Two major PROAGRI donors have pulled out (USAID and World Bank). A growing share of donor support represents ‘on-budget grants’. Between 1999-2005 DP support to ProAgri averaged 50% of all public resources mobilised for agriculture.</td>
</tr>
<tr>
<td>Nicaragua – PRORURAL</td>
<td>PRORURAL preparation finalised in 2005 (about 1.5 years of preparation work), linked with ERCERP, PND-O and launched for implementation in Sept. 2006.</td>
<td>7 programme components: technical innovation; sanitary and phyto-sanitary measures; sustainable forestry development; production support services; investments in infrastructure; modernisation and institutional strengthening; policies and strategies for agriculture and forestry. Cross cutting themes emphasise horizontal and vertical linkages, nutrition, women’s access to resources/services and finance. Action plan for ownership, harmonisation and alignment in the rural productive sector (AAA) agreed in support of PRORURAL. Code of Conduct and MOU signed by donors and GoN. Small Common Fund alongside existing donor projects.</td>
</tr>
</tbody>
</table>

2.8 Other important details to note from Table 2 are that only ProAgri in Mozambique, the PMA in Uganda and the FSSP&P in Vietnam have really been around long enough to have warranted detailed evaluations. Almost all other programmes included in the study are at much earlier stages of development. Ghana is probably the most recent case to make the move towards a full SWAp, although the roadmap document states that donor coordination in the agricultural sector in Ghana began in 1999 and that MoFA has ‘been implementing a mini-SWAp since the inception of AgSSIP’ in 2001. The point to re-emphasise here is that sector wide approaches, even established ones, are often in a continuous state of development and it is the intended direction of change as well as current attainment that should be the focus of analysis.
Chapter 3: Main Findings

3.1 This Chapter reviews the main findings of the field and desk studies against the main components of the logic model set out in Chapter 1, Figure 1. Chapter 4 goes on to synthesise some of the cross-cutting messages and makes recommendations for going forward.

Initial Conditions

3.2 Reviews of SWAp implementation point to a number of pre-conditions that are critical in determining whether (a) a SWAp is likely to be feasible in a given context, and (b) a SWAp is likely to be successful in delivering on its objectives. Building on Brown, Foster et al (2000) the study framework identifies a number of such conditions (Figure 1) ranging from a sound macroeconomic framework, to a basic agreement on strategy and policy between government and donors, the prospect for participation by key stakeholders, political leadership and a donor community supportive of the sector framework and committed to moving towards more common and aligned approaches. Not all of these pre-conditions will be found within one sector nor will they be under the control of any single sector ministry, adding inevitably to the complexity of the decision of how and when to move towards establishing a full SWAp.

3.3 The cases confirm that initial conditions vary significantly in practice. In the case of PROAGRI in Mozambique, which was the first attempt anywhere to create a SWAp in A&RD, initial conditions were far from ideal. Although it was clear that public expenditure and donor contributions to the sector were significant and that there was a clearly identified need to bring coherence to multiple and sometimes inconsistent development interventions in the sector, PROAGRI started life without a clear and unified sector policy framework and without clear/consistent political leadership (Cabral et al 2007). Instead, ideological differences around the respective role of the state and other aspects of strategy within government and between government and donors remained well into Phase 1.

3.4 Uganda’s multi-sectoral PMA had a different start in life. It emerged directly out of the national poverty reduction strategy (the PEAP) with the aim of improving the ability of the poor to increase their household incomes. The initial impetus for the PMA did not come from the Ministry of Agriculture but from the Ministry of Finance. It represented a coming together of a strong political commitment to the PEAP with a need to put in place an improved governance framework for agriculture in which a number of policy actors beyond the MoA could engage. The approach was developed against a backdrop of a stable macro framework and a sound budget process, in which donors were directing their commitments to PEAP implementation and working in increasingly coordinated ways. This is a good example of how a favourable enabling environment can facilitate the design of a new and ambitious policy framework for A&RD.

3.5 Like the PMA, the development of the Agricultural Sector Development Strategy (ASDS) in Tanzania was closely linked to the development of the PRSP, and like Uganda the eventual development of an operational programme (ASDP) was due not just to the Ministry of Agriculture but to a strongly engaged Ministry of Finance. In contrast with Uganda, however, the process of moving from the PRS/ASDS to the final ASDP was protracted in Tanzania because of inconsistencies
in government policy, fuelled by a weak growth and poverty reduction framework in the first PRS, and ongoing policy disagreements with the donor community (Greeley et al 2007). Weaknesses in the policy context and limited strategic leadership by government in the early years were a major cause of subsequent delays.

3.6 In one of the most recent SWAps, PRORURAL in Nicaragua, initial conditions were majorly tested in late 2006 with the election of a new government. Against a historical backdrop of fragmented Nicaraguan politics and administration, and volatility reflected in weak government accountability systems and the re-drafting of national strategies (Joint GBS Evaluation 2006), PRORURAL has had to respond to a number of different institutional and policy directions. This has resulted in some potentially significant inconsistencies in the way PRORURAL defines the relative space for public and private sector activity and the different levels of public action within the agricultural and rural sector (Wiggins:19). This has undoubtedly made its evolution more complicated. Nevertheless it is significant, given past political transitions that, so far, PRORURAL has been left largely intact by the new government, with some refocusing in selected areas, reflecting the degree of consensus around PRORURAL at the donor and technical level in government.

3.7 In Ghana, the slow pace of development towards a SWAp is rooted in weak initial conditions in the agricultural sector and related planning and budgeting systems. Weaknesses of the past include differences with the donor community over key aspects of strategy, especially over privatisation; weak capacity and leadership in the Ministry of Food and Agriculture (MoFA); a lack of political leadership on key reform agendas such as decentralisation; and continuing weaknesses in the public expenditure management system. Gradually these conditions have been addressed, including building a broader consensus across government and within the political leadership, on the importance of a coherent approach to agricultural sector growth and the role of the private sector, as well as gradually improving public financial management across the government system (Evaluation of MDBS in Ghana, 2007). With initial conditions improving, and a clear commitment to alignment and harmonisation in the sector expressed through the sector working group and the Joint Assistance Strategy, progress towards a full SWAp now looks increasingly likely.

3.8 In Cambodia, testing conditions for the Land Management and Administration Programme (LMAP) include a complex political and institutional environment, a number of strategy and policy initiatives and an equally complex architecture for donor engagement. In the Land Sector, there are a number of major policy challenges that remain unresolved, not least the many interests competing to appropriate land and high levels of corruption. Interestingly, the recent history of heavily fragmented donor interventions has, on the one hand, provided impetus to thinking about a land SWAp, while on the other, acted as a constraint on the pace of progress.

**Key Points**

3.9 Context is an important driver of the feasibility and pace with which a SWAp develops, perhaps more so in A&RD than in other sectors. The complexity of rural and agricultural systems and the multiplicity of stakeholder interests that need to be negotiated around a sector approach mean that progress towards developing a comprehensive SWAp, particularly around gaining consensus on the sector strategy, can be slow and faltering. But there are a number of factors that appear to cut across context and which are significant in the evolution of an A&RD SWAp. These are:
- a clear line of sight between national strategy and sector strategy;
- a consensus within government and with donors on key policy and management issues for the sector and, in particular, basic agreement on the role for private sector versus public sector activity in the sector;
- ownership and effective leadership at sector Ministry level but also, crucially, commitment to the process elsewhere in government, particularly from the Ministry of Finance and at the senior political level;
- a good understanding of the flow of funds and public expenditure in the agriculture sector;
- an active donor community committed to accelerating the pace of change on alignment and harmonisation.

Towards Implementation

3.10 Initial conditions clearly influence the time it takes to build the ‘basics’ for SWAp implementation. Phase 1 of the study noted that the ability to progress quickly towards implementation is a function of the clarity of the strategy and policy framework and key institutional roles and responsibilities and coherence with shifts in the wider planning and budgeting process. This analysis is further confirmed by the experience of some of the country cases and in particular, the extent to which the early SWAp phase can help to resolve some fundamental differences over policy direction in the agricultural and rural sectors and integrate effectively with wider decentralisation and PEM/PFM reform processes.

Clarity of the strategy and policy framework

3.11 The case of PROAGRI is again illustrative. At its inception PROAGRI represented a pioneering attempt to create a platform for government-led policy dialogue in the agricultural sector. By bringing together the main sources of public funding (domestic and external) under a common Ministry of Agriculture-managed financing arrangement PROAGRI, by definition, introduced a step change in the approach to interventions in the sector and in the Ministry’s coordination role. But the backdrop of agricultural-relevant policy in Mozambique remains highly complex, with an array of policy documents, each with specific drivers, scope, timeframes and audiences. Figure 2 represents how some of the most relevant policy documents relate to one another and to PROAGRI. PROAGRI represents, at least on paper, the core current of agricultural policy geared towards reform and modernisation of the state machinery and towards improving coordination of interventions and resource management efficiency. PAEI, PROAGRI and the most recent Agrarian Priorities document, are not mutually exclusive or contradictory. Yet, each has its own particular inflection which reflects the circumstances of the time as well as shifting political preferences. This reflects, not least, the fact that the Ministry has changed its institutional sphere several times over the last two decades, most recently again with the election of a new President in 2005 in which responsibility for rural development has been removed from the Ministry of Agriculture and given to the newly created Ministry of Planning and Development.

3.12 At a higher governance level there are other relevant policy documents which influence policy approaches and interventions in the agricultural sector including the Government’s main policy instrument, the Five Year Programme (Programa Quinquenal do Governo, PQG), and the Poverty Reduction Action Plan (Plano de Acção para a Redução da Pobreza Absoluta, PARPA), now in its second round, in which agriculture and rural development head the list of economic development
priorities for achieving sustained poverty reduction. There are also sub-sectoral (thematic) strategies of direct relevance including food security, agricultural commercialisation and roads. Responsibility for some of these strategies lies outside of the Ministry of Agriculture.

Figure 2: Strategies and policy instruments related to agriculture in Mozambique

Source: Cabral et al 2007

3.13 The consequence of such an array of strategy and policy frameworks is that PROAGRI has struggled to find coherence around its sector niche and has had to devote much of its early years to generating coherence against the backdrop of a relatively weak and resource-constrained MoA and shifting institutional responsibilities. The search for policy coherence has been further compounded by an aid system in which donor influence has been strong and in which donor resources have been provided ‘off-budget’ at sectoral or provincial levels despite the common funding approach of PROAGRI. This has, in turn, reduced the need for strong policy formulation at the centre (Joint Evaluation of PGBS 2006). Change is now happening, in particular with the implementation of Partnership General Budget Support (PGBS). Not only has this helped to strengthen policymaking at the centre, it has also increased the proportion of public spending subject to the national budget and has underpinned cross-sectoral coordination at several levels. This shift has undoubtedly improved the context for PROAGRI but, as Cabral et al observe, the issue of institutional and policy coherence remains a challenge and with continued policy shifts taking place under the new political configuration in Mozambique, this is likely to continue for the foreseeable future.

3.14 A similar set of issues is affecting design and implementation of a sector approach in the Cambodia land sector. Despite a government-led land policy framework and administrative and management development programme (LAMDP), there are concerns about methodological coherence in key areas, especially institutional development and land title registration, and major worries about the capacity of the lead Ministry (MLMUPC) to manage the coordination process
effectively. Rights and responsibilities of the different state institutions and levels of
government to make decisions about the use, management or transfer of land are
not clear, while donors continue to directly support different government agencies in
various land-related projects; providing at times conflicting advice to government.
While the willingness to coordinate is high, in practice neither the policy nor
institutional framework, particularly roles and responsibilities for central and local
implementation, is sufficiently clear to allow this to happen quickly.

3.15 The Vietnam case shows how fairly rapid progress can be made on aspects
of the sector agenda by donors working in parallel to government. But the case also
confirms why donor and government strategy need to converge as soon as possible
if progress towards a full sector approach is to be made. The FSSP&P is first a
foremost a partnership mechanism. It evolved out of donor support for the
government’s National Targeted Programme for forests (the 5 Million Hectare
Reforestation Programme, 5MHRP). In 2000, participating donors signalled their
wish to adopt a broader approach to support for the entire sector, similar to a SWAp,
while government took the view that they needed a separate National Forest
Development Strategy. The FSSP&P continued on its course but as a parallel
framework working outside of government systems. In a sector as complex as
forestry, with a large number of stakeholders and private interests, the absence of a
clear sector strategy made donor alignment difficult to achieve. It also took time for
participating donors to see the merits of working in aligned ways as opposed to
continued projectised support as part of the original 5MHRP. Recently, however,
supported by the FSSP&P, a common strategy has emerged in the form of the
National Forest Strategy which eliminates the need for a parallel framework. The
building blocks for a full SWAp are being created. The key challenge for donors now
is how best to support a SWAp with an increasingly large share of funding in the
forest sector coming not from government or donor sources, but from the private
sector.

Public Financial Management and Budgetary Processes

3.16 Other critical building blocks for SWAp implementation are a minimum quality
of public financial management and budgeting systems. Both Uganda’s PMA and
Tanzania’s ASDP point to the critical importance of functioning budget, audit and
procurement systems. The background paper on the Tanzanian ASDP identifies two
features critical to the programme: (i) the decentralisation of investment decisions to
the local–level, something that builds directly on the local government reform
agenda, and (ii) the integration of the budget, disbursements and monitoring of the
ASDP into the MTEF process. With scarce resources, agriculture has to compete
with other sectors and sometimes these have taken priority. For example, in 2005 it
was education that gained priority with resources directed towards primary enrolment
targets and approved or even partially completed agricultural investments left
unfunded. A critical advantage of strengthening public financial management and the
new planning and budget arrangements under the ASDP is that they provide some
protection for agricultural spending, at least in so far as nationally agreed budgets
have to be transferred to agricultural sector lead ministries (ASLMs).

3.17 Yet there are still major challenges ahead. The first relates to concerns about
donor funding modalities and the extent to which donors respect the core principles
of the SWAp, in particular, the importance of a single sector expenditure framework.
Multiple funding sources inevitably make the single expenditure framework more
difficult to manage, while the continued proliferation of donor procedures, even
amongst those contributing to the sector basket fund, is clearly obstructive of genuine
domestic ownership and, through the transactions costs involved, a potential obstacle to effective implementation.

3.18 The second challenge is ensuring that funds are available at local levels for implementation. In agriculture, decentralising spending decisions is a good approach because local needs to improve agricultural productivity are often context specific. Making sure that the funds flow and flow predictably is a major task, however. The ASDP sets an ambitious plan of spending an indicative amount of 75% of total funds at district level through District Agricultural Development Grants (Box 2). The cornerstone of the approach lies in the production of District Agricultural Development Plans. The ASDP is to be implemented through these plans which emerge through a structured process of village and ward-level meetings facilitated by district staff. Arguably the biggest challenges are the quality of these plans and whether they will lead to a coherent approach for agricultural development at the local level, and whether funding will be predictable and according to the formula. Early experience hints at some problems. In July 2006, the beginning of the Tanzanian financial year, DADPs were still going through their approval process with PO-RALG up until early October. Release of funds, at least for the donor money inside the common basket, requires these approvals and, consequently, no funds were released in the first quarter. With so much riding on ASDP implementation at the local level, the lack of predictable financing may prove to be a major stumbling block to implementation going forward.

Box 2: The formula for district-level funding in the Tanzania, ASDP

The ASDP plans to spend close to 75% of total funds at district level through District Agricultural Development Grants (DADGs). The expenditure is of three types: capacity building grants, extension grants and agricultural development (investment) grants. Each grant type has two components. There is a formula-based grant (using data on number of villages (80%), population (10%), and rainfall index (10%)). This formula has been changed twice since first introduced and it is still not obvious that it does the right job. However, it only affects the smaller amounts available in the basic grants. All districts qualify for the three basic grants and all are eligible to receive an enhancement based upon meeting some minimum initial conditions and thereafter on district annual performance assessments. The basic grants are financed through government resources and the enhancements come from the basket fund. The enhancements promise significant resources -between 120-240 million shillings a year per qualifying LGA. Each year every Local Government Authority (LGA) will be assessed and receive a 25% increase, no change or a reduction.

In order to qualify for enhanced funding each LGA has first to qualify under the Local Government Reform Agenda which has strict annual assessment criteria. For example, an LGA that had failed to recruit staff according to their staffing plan, or that failed to have a proper audit could “fail” under the criteria set by the rules of the local government ministry (PO-RALG, Prime Ministers Office, Regional and Local Government). This is designed to ensure consistency from the centre but of course divorces agriculture funding decisions from any form of “opportunities and obstacles for development” analysis that leads the participatory agricultural planning process at local level in Tanzania.

Source: Greeley et al (2007)

3.19 In Uganda a recent evaluation of Partnership GBS (Joint Evaluation of GBS 1994-2004) finds that it has supported higher total and pro-poor expenditures and helped accelerate the process of decentralisation by supporting additional spending channelled largely through local governments. PGBS has also led to more efficient expenditure, focusing spending on government priorities, with a better balance between recurrent and capital expenditure and a higher proportion of funds going to service providers. As part of the shift towards decentralised funding of investment
activities, the PMA is supported by a Non-Sectoral Conditional Grant (NSCG) which acts as a mechanism for transferring funds from the central government PAF (Poverty Action Fund) to sub-counties for communities to plan and finance investments linked to locally perceived needs. The NSCG constituted a “revolutionary concept” at the time of PMA design, heralded as a “significant step in the empowerment of rural communities to plan and finance their programmes in a non-sectoral manner” (PMA Cabinet Paper). The Local Government Development Programme (LGDP) provides the framework for the selection of districts that receive the NSCG.

3.20 While a success in many respects there have been difficulties in rolling out the NSCG, not least because of budgetary constraints imposed by the central government MTEF. This is a critical issue for the PMA. On the one hand, and in the spirit of mainstreaming the government’s poverty reduction agenda, there is no separate budget for the PMA. PMA activities are meant to be prioritised by PMA line ministries and agencies within their respective budgets. On the other hand, and partly due to dialogue with international development partners, there has been a general shift in the composition of public spending over successive PEAPs towards the social sectors. Together with tight ceilings imposed by the MTEF, this has tended to skew the national budget away from the productive sectors. While productive sector issues have gained greater prominence in the latest PEAP - reflected in the number of actions listed in the PRSC matrix related to private sector growth and competitiveness – MoF concerns about crowding-out has limited the ability of relevant line ministries to expand expenditures on productive activities. The GBS evaluation notes that, as a consequence, the GoU has been unable to fund the roll-out of the PMA/National Agricultural Advisory Services fully, or expand rural electrification programmes significantly (2006: 98). This apparently perverse outcome means that, for now at least, publicly funded agricultural investments remain dependent on donor project funding; donor financing was in the region of 60 percent of total public sector financing in agriculture for the years 2002-2005. This compares with an average share well below 50 percent in health and water and closer to 10 percent in education.

3.21 The difficulties the PMA has had in ‘protecting’ its share of the core budget stems largely from the complexity of the institutional relationships in a multi-sectoral framework; uneven integration of PMA priorities in different line ministries and a continued preference amongst several line ministries for donor project financing. This is despite Uganda’s relative success in bringing donor funding on-budget through programmatic approaches, in aligning its budgetary process with the priorities of the PEAP and in implementing a credible Medium Term Expenditure Framework. What the experience of the PMA reveals is the need to address financial issues and the prioritisation of activities in the budget process at all levels, but particularly at district levels, and to engage stakeholders across line ministries to ensure that funding commitments and priorities are fully aligned in support of the agriculture and rural development agenda.

Monitoring and Evaluation

3.22 A functioning M&E system is essential to provide a means to track progress and to monitor the links between SWAp inputs and expected outputs and outcomes. In almost all the sector approaches reviewed M&E remains weak. In cases where sector approaches are operational and have been for some time (particularly Mozambique) there is a real difficulty in linking specific investments funded under the SWAp to outputs and outcomes. In the case of PROAGRI, while there has
undoubtedly been investment in the development of M&E systems, accountability for performance under PROAGRI has remained largely limited to the rather unbalanced government-to-donors. Furthermore it has disproportionately focused on financial performance and little on efficiency, quality and effectiveness of agricultural service delivery by the government. This is partly because the tools developed to improve agricultural data collection and monitoring procedures have a limited focus on agricultural production, input use and productivity, rather than on the delivery and performance of government provided services and their contribution to agricultural and livelihood outcomes. An added difficulty for agricultural M&E has been the existence of overlapping planning and management units, with 4 different planning and M&E units in MINAG alone.

3.23 The PMA M&E framework is designed to set the parameters for PMA stakeholders to “streamline their existing M&E systems so that they can monitor and evaluate the performance, intermediate outcomes and impact of the PMA”. The framework feeds into the National Integrated Monitoring and Evaluation System (NIMES) set up in 2003 under the Office of the Prime Minister to facilitate coordination of all government policies and programmes. NIMES defines the M&E framework of the PEAP. At the strategic level progress against the PMA is tracked as part of overall PEAP monitoring (there are five outcome indicators tracked under this pillar). At the lower level the PMA M&E framework utilises M&E systems existing in line ministries and organisations implementing different components of the PMA. The critical advantage of the PMA approach is that M&E is institutionally nested within the national policy framework. There are nevertheless concerns over the number of indicators and the lack of baseline data for many of the indicators being tracked. Within the PMA architecture there is also little incentive for agencies to generate and submit consistent and timely M&E information. Furthermore, as a recent evaluation of the PMA notes (OPM 2005), it is difficult to see the logical links of how inputs translate to intermediate outcomes and later on to impact. This has brought into question the relevance of some of the indicators.

3.24 In Nicaragua, a similar notable effort has been made to plan a comprehensive M&E system (SISEVA) from the outset. As the background paper notes there are certain risks to this approach in practice, not least, that data collection is often harder work in practice than on paper, while the institutional roles and responsibilities, particularly beyond the MoA and at sub-national level, take time to clarify. The frequent consequence is that M&E data is not gathered systematically or appears too late to influence decision making and subsequent rounds of planning. This is a scenario that PRORURAL needs to avoid by beginning with a limited and strategic approach to M&E and gradually expanding its scope as programme implementation gets underway.

More aligned and coordinated working

3.25 A primary purpose of the SWAp is to overcome fragmentation and inefficiencies in the allocation and management of development assistance. Stronger alignment with government strategy and harmonisation around a common set of procedures and funding modalities are seen as vital to increasing the relevance and impact of aid and reducing transactions costs associated with aid management. Across the seven cases, progress on alignment is probably the most advanced, although with some clear challenges still on the horizon. Harmonisation efforts are ongoing but tangible results are harder to spot.
3.26 As one of the more recent SWAps, PRORURAL has benefited from an improving climate for aid effectiveness at both the international and national level. The result is a series of actions taken at inception to improve joint working and coordination and promote government ownership and leadership of the sector policy agenda (Box 3). Signs of progress include joint missions between government and donors at key moments of project preparation, evaluation and now during implementation; the drafting and approval of a manual for the functioning of the roundtable that supports and directs implementation of PRORURAL, and the preparation of an action plan for the review and adjustment of the current portfolio of projects implemented by the line ministries engaged in PRORURAL (Wiggins et al 2007). Self-evaluation of the Action Plan in mid-2006 found modest results overall, with progress on ownership, alignment and harmonisation coming out at 2.9 on a 5 point scale. Line Ministries were generally positive about progress on the use of new aid modalities, such as the Common Fund, but a clear lack of progress was noted in reducing the number of parallel implementing units for projects. Lack of systematic monitoring of compliance with the Plan and the Code of Conduct was noted, as was the lack of familiarity with PRORURAL processes at Departmental level (or geographical administrative unit) and below. Not surprisingly given the short elapsed times, least progress had been made on harmonisation. But the Wiggins paper also notes some potentially critical obstacles to greater harmonisation arising out of the complexities of the political and institutional context and ongoing concerns about ‘political will’ and ‘commitment’ from both government and donors (in the very early stages of the new Government’s efforts). The recent joint GoN/donor review mission is a clear indication of a commitment to joint working and to ownership of PRORURAL by key stakeholders in the new government.

Box 3: Ownership, Alignment and Harmonisation Actions in PRORURAL

Actions taken to bring about stronger alignment and harmonisation around PRORURAL include:

- Establishment and strengthening of a sector roundtable mechanism, including 3 working groups on strategic issues (part of a larger GoN/donor architecture)
- an Action Plan (AAA) for ownership, harmonisation, and alignment (OH&A) to support the process of developing and implementing PRORURAL and coordinate assistance more effectively;
- a Code of Conduct signed by government and donors setting out the basis for relations between the two and for future agreements on support for PRORURAL. The code is voluntary and implies no legal obligations for either party.
- a Memorandum of Understanding signed by government and donors contributing to the Common Fund to create a basis for other donors to participate in the future.
- a Review of the portfolio. The existing portfolio of projects and programmes supporting the rural productive sector was reviewed with respect to the undertakings in the code of conduct. The review makes proposals and recommendations on the adjustment of projects and the institutional needs for their effective and efficient implementation.
- Guidelines for new projects, to help ensure they are aligned with PRORURAL (a draft is in the process of being finalized and agreed)

3.27 PROAGRI is the most mature of the SWAps reviewed. At inception it was evident that the lack of coordination among donors and between donors and government created a number of problems for the rehabilitation and growth of the agricultural sector. Not least were problems relating to the imbalance between

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7 Paris Declaration 2005
8 Nicaragua is one of a number of focal countries for GDPRD engagement on alignment and harmonisation in A&RD.
investment and recurrent expenditures and difficulties in budget and financial management due to the many different, project-based channels and modalities for delivering aid and the numerous parallel structures in place to accommodate different donor requirements. The result was a sector that lacked overall vision and strategy and a situation that was not conducive to sound planning, management and monitoring. Harmonisation and alignment were therefore at the heart of PROAGRI well before the Rome or Paris declarations had been agreed.

3.28 At the outset government and donors agreed to a set of basic principles to define the nature and direction of the transformation in the then Ministry of Agriculture (MAP). The Basic Principles included 8 principles on donor coordination which set out the commitment of donors to move away from discrete projects to a joint programme of expenditures. This implied the need for donors and the Government of Mozambique to agree on a number of common implementation issues, including: planning and budgeting; audit and financial control; performance monitoring and progress reporting; procurement and contract administration.

3.29 Over the implementation period progress has been made in setting up a common flow of funds mechanism to finance commonly agreed eligible expenditures, a common planning and budgeting framework, a common financial reporting and monitoring mechanism, common procurement procedures and a common results reporting system. These initiatives have not only served to produce a common platform for PROAGRI partners but have also provided capacity and continuity to the institutional development and planning process which, as a result, has gradually become more embedded in domestic systems (Cabral et al 2007). This is a key result and demonstrates well coordinating donor systems can enhance the prospects for stronger country systems.

3.30 The trend towards more aligned and joined-up working has both informed and been further reinforced by the evolution of GBS in Mozambique. The new MOU signed in early 2007 for the second phase of PROAGRI commits to transforming the common fund, up to now a partially on-budget basket fund, into the first example of sector budget support in the country. As a consequence, planning, disbursement and financial reporting calendars and procedures are expected to become fully aligned with the government’s budget cycle and systems. Progressive alignment at the policy level is also occurring. The draft MOU for PROAGRI II derives its principles from the PARPA principles and establishes that agricultural sector performance indicators will be derived from the PAF agreed under the GBS framework.

3.31 Notwithstanding very important progress, some critical issues remain, not least the fact that the pooled financing arrangement does not cover all the external resources flowing to public sector activities in the agricultural sector. Even at the outset, some key donors in PROAGRI maintained separate project operations and, over time, some have actually moved out of PROAGRI funding arrangements showing a preference for either GBS or a new breed of large projects. While a number of these projects are technically on-budget, they remain guided by a range of procedures that increases transactions costs. There seem to be a number of reasons behind this, including differing views over objectives, the direction and pace of reforms, sector priorities and the most effective aid instruments to use in this regard. To an extent these issues have plagued PROAGRI from the very beginning and, despite concerted efforts to actively align and harmonise, don’t seem set to be resolved quickly.

3.32 Elsewhere there are also signs of progress with aspects of the A&H agenda, but the time taken to yield results, particularly at the sector level, is generally greater
than anticipated. In Tanzania recent years have seen significant developments at the
national level culminating most recently in the preparation and joint signing of a Joint
Assistance Strategy (JAST). In the A&RD sector commitment to alignment as a basic
principle proved instrumental in getting donors and government through some
difficult, even confrontational times, as the ASDP evolved. More fundamental
progress on improving aid management and harmonisation in the sector has lagged
behind, however, and at times been at odds with the pace of policy change (Box 4).
Preparing the basket fund under ASDP best illustrates the point. Several donors
have required lengthy HQ approvals either to adopt the basket approach or relating
to specific items within it, or for accounting and procurement reasons. Loan
effectiveness conditions for different donors have also continued to cause problems
and significantly delayed the finalisation of the MoU and subsequent disbursements.
Unpredictability of funding continues to create difficulties, despite efforts to create a
common funding mechanism. Relevant here is the wider observation in the aid
effectiveness literature that common funds can, despite providing some much
needed pooling, still weaken sector systems if individual donor procedures continue
to prevail and flows remain unpredictable.

Box 4: Factors limiting ownership, alignment and harmonisation in Tanzania

<table>
<thead>
<tr>
<th>Limited domestic capacity</th>
<th>Donor proliferation</th>
<th>Lukewarm delivery from DPs on domestic ownership</th>
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<tr>
<td>to plan something as ambitious as the ASDP which challenged processes of donor-government alignment. The resourcing of the ASDP Secretariat was inadequate to the task, even with donor-financed TA. The project mode was familiar and the change in mind set towards the sector approach took a great deal of time to bed in within ASLMs. Even now that commitment varies, and efforts through the JAST to improve coordination around capacity building are still not yet apparent in ASLMs.</td>
<td>has been a serious obstacle to progress. Donors were undisciplined in the preparatory phase, with some negotiating bilaterally even as the ASDP was being put together. Several donors also lacked delegated authority at the country level, resulting in lengthy delays, as experienced in the signing of the MOU for the Basket Fund. Several donors, including the largest donor, contributing to the Basket Fund are also do so on a project-basis with all the attendant governance rules that GoT needs to observe.</td>
<td>Disagreements over a key aspect of the Government’s policy agenda in agriculture, notably irrigation policy, has undermined confidence and left the door open to donors to continue to act bilaterally or at least question the case for full policy alignment with ASDP.</td>
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3.33 The continuing problem of the proliferation of donor-led processes and
procedures reappears in a number of other cases. In Vietnam, despite a Trust Fund
arrangement looking to pool donor contributions to the sector, only four donors have
committed funds with a fifth providing TA to the Fund. Remaining contributions to the
sector are delivered as projects and aligning these, given the parallel nature of the
FSSP&P, has been problematic. While the prospects for greater alignment our now
stronger with a new National Forest Strategy in place, the programme framework of
the FSSP&P still remains on the margins of government-led efforts to take control of
aid management and lower transactions costs associated with aid delivery.

3.34 In Cambodia, government-donor technical committees, joint management
procedures and supervision missions by some donors, together with moves towards
a common support modality by other donors, have facilitated the beginnings of a
sector approach in land. Multiple projects and procedures continue to co-exist,
however, in what is a highly complex aid and institutional environment. Donors
appear to spend significant time facilitating procedures while the government spends
significant time coping with different donor requirements and resolving donor
tensions. Some of the reasons for ongoing complexity include: a continuing lack of donor-donor coordination, in particular the lack of agreement on common definitions and procedures for the land administration and management; a low level of government-donor coordination with significant amounts of development assistance continuing to bypass the national budget and, related to that, the widespread use of PMUs by donors. The government has attempted to localise its commitment to the Rome and Paris declarations by putting in place procedures for domestic aid management, but a history of very high aid dependence is undermining the ability to coordinate effectively internally and providing development partners with reasons to hold onto their own ways of doing business. It is a vicious cycle which the move to a SWAp should technically break. What is not clear in Cambodia is whether the sector policy framework provides enough clarity on institutional roles and responsibilities and provides a strong enough bridge to national planning and budgeting procedures for this cycle to be effectively broken.

**Key Points**

3.35 The findings on implementation experience point to a number of key messages for future SWAp processes:

- The importance of clarity of vision and coherence across sector policy frameworks led and owned by the national government. This may not be an entirely comprehensive vision to begin with (a clear message from PRORURAL is to get started on something before all the pieces are slotted into place) but the prize is a stronger platform for future implementation and a clear link between SWAp processes and expected sector results.

- The need for close integration with wider budgetary and public financial management reforms. In Tanzania the upside of a slow and sometimes protracted process is that the ASDP has benefited from significant improvements in the wider planning and budgeting context, including the development of a sector MTEF and local government MTEF processes.

- Alignment is a two-sided process involving both internal alignment within the government system and external alignment by donors. Each is critical for building a coherent approach and a strong government-led platform for delivering results. Activity around external alignment tends to overshadow the importance of internal alignment around the sector strategy and expenditure framework at the level of sector and sub-sector departments.

- Harmonisation is an incremental process that needs to follow the grain of policy change if it is to stick. In the short term addressing the unpredictability of aid flows may be as important as moving rapidly ahead with harmonised practices. Attending first to harmonisation at the technical and procedural level (similar procedures for competitive tendering, similar criteria for cost recovery, harmonised per diems and payments to project staff etc.) builds the basis for more ambitious harmonised practices including delegated working and division of labour. However, SWAp stakeholders need to be clear that A&H are means rather than ends and to be reminded that significant elements of the sector-wide agenda are not directly managed by the public sector and are consequently outside the realm (at least so far) of the Paris agenda.
Achievements against Outputs

3.36 As outlined in Chapter 1 the study framework emphasises a number of output areas/themes that are central to the sector wide approach. These are:
- improved institutional capacity, government ownership and leadership;
- increased policy coordination and planning within and across MDAs engaged with the agriculture and/or rural sector;
- improved resourcing, public expenditure management and service delivery in rural and agricultural localities;
- greater engagement with, facilities for supporting the private sector, both in terms of critical investments and services; and
- improved aid effectiveness – lower transactions costs for better development results.

3.37 This part of the Chapter reviews results in these areas.

Ownership, Leadership and Institutional Capacity

3.38 Strong government ownership and leadership of the strategy and policy process, backed up by a clear and systematic process of institutional change with support for locally owned dialogue and consultation are at the heart of the sector wide approach. This marks a clear break with earlier stand alone project approaches. In practice, institutions (formal and informal) have been slow to change and have often proved non-responsive to the new challenges raised by SWAps. Securing a strong government lead of the SWAp process can also be difficult because leadership has strong political as well as technical dimensions that development partners cannot readily influence. Often the lack of clear incentives for sector ministries to take a policy lead, combined with wide ranging capacity constraints limit the pace of change in SWAps.

3.39 The experience of the seven country cases is varied on this matter. There is evidence of strong government ownership and leadership from the very beginning in the PMA. The multi-sector framework of the PMA emerged out of the government-led PEAP with an emphasis on broad ownership across government and coordination at the national level. By investing itself in the PEAP, which has historically had high level political backing in Uganda, the PMA benefited from a significant degree of domestic ownership from the outset. Moreover, by not creating a separate funding mechanism for the PMA, line ministries and agencies have been required to prioritise PMA activities within their respective sector/agency budgets which, at least on paper, meant that the PMA was integrated into the national policy and budgeting cycle from the beginning. In practice, as the findings under the section on public expenditure management and service delivery show, integration has not been straightforward and there continues to be a fairly significant mismatch between PMA goals and the commitment of budgetary resources by MDAs. Nevertheless the point about leadership remains.

3.40 PRORURAL has been made possible by strong technical ownership and leadership and has in turn helped the Ministry of Agriculture (MAGFOR) to recuperate its leadership of the sector. But the leadership role is also relatively superficial and is dependent on a limited set of technocrats, rather than being backed at a higher political level. With the change of Government in January 2007, a recent joint Government and donor review mission (May 2007) shows a significant improvement in the ownership and leadership by the Minister of MAGFOR, as well as the heads of the other five public sector agencies in the rural productive sector.
MAGFOR’s leadership of the sector is also challenged by the fragmented institutional set up which includes six public sector agencies, including the Institute of Rural Development (IDR), whose budget makes up about 60 percent of the resources for the sector, reports directly to the Presidency and not to MAGFOR. Efforts, as part of PRORURAL, to build a stronger cooperative working arrangement across the institutions working on rural development are beginning to pay off (described in more detail below), but progress remains fragile and, according to Wiggins et al, PRORURAL has implied more work for an already weakened civil service. The recent developments demonstrated during the joint review mission whereby the new Government sector leadership team (“SPAR”) is addressing the issues highlighted in the Nicaragua/PRORURAL evaluation report are promising signs that PRORURAL is refocusing its efforts on rural poverty reduction, with greater attention to decentralization and enhanced institutional arrangements. Tangible progress on key agreed actions over the coming months will confirm the sustainability and depth of these apparent ownership and leadership improvements in the PRORURAL process and emerging results.

3.41 In the case of the ASDP, sector leadership was built in increments alongside an emerging consensus about the way forward for the agricultural sector and a renewed commitment to public investment led by GoT but also reflected in relations with donors. The background paper on the ASDP notes that the “ASDP provides a meaningful opportunity to engage effectively with pro-poor agricultural growth...GoT has recognised this and energetically promoted the programme politically”. It is this political support, combined with technical engagement by MoF in support of the Ministry of Agriculture that has provided much needed momentum to the ASDP in recent years. Long term support by key donors to the process of preparing the ASDP has also been critical, but as the background paper notes there are also areas in which lack of donor support for domestic ownership has been at best problematic, and at worst disruptive. This has particularly been the case over the government’s stance on irrigation investment. Investment in irrigation forms the bulk of government’s planned investments in the ASDP and the stated approach is essentially top-down. Government’s concern is clearly about stimulating growth and redressing the widely-held perception that the poor have not been well served by public policies to date. This creates an inevitable pressure for visible and effective public investments. Donors, on the other hand, are anxious that a high degree of central state direction over investment is inefficient and the wrong signal to be giving given the ASDP’s emphasis on decentralised planning and private-sector participation. But government has taken leadership on this issue and, as Greeley notes, although donors may not fully appreciate adjusting to a shift in policy it is, crucially, a country-led policy shift. The ASDP experience points to the potentially contradictory outcome in which a donor process that champions domestic ownership is, in effect, challenged by the very domestic decision-making processes it seeks to support. This reiterates the importance of having a frank dialogue process on substantive issues in order to find common ground and move forward.

3.42 In Mozambique, domestic politics has clearly intervened in sector leadership. National leadership of PROAGRI has built gradually over its 9 year life, but the Ministry of Agriculture (MINAG) has yet to assume a full leadership role in guiding overall sector development, especially in leading the debate with other MDAs (the Ministry of Finance especially) and facilitating the growth and development of other key actors – the private sector, NGOs and CBOs. Part of MINAG’s lack of confidence comes from continuing debates about its role, and while institutional development and improvements in technical capacity have been core to PROAGRI

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9 Not dissimilar from progress towards the SWAp road-map in Ghana.
Improved Coordination and Planning

3.43 A sector-wide approach is founded on the need to bring together under a common policy and strategy framework a number of actors whose actions impinge on the sector. The SWAp also puts significant emphasis on consultation and monitoring and evaluation systems to enhance the structures of democratic accountability and hence more effective governance of the sector. Hard comparative evidence of the extent of improved coordination and coherence is still rather limited, but there are clearly signs of progress.

3.44 The PMA in Uganda is a unique experiment in cross-sectoral coordination and planning. Coordination is led by the PMA Steering Committee (chaired by the Minister of Finance), and a PMA Secretariat provides technical and analytical support. In practice the PMA also relies heavily on the Ministry of Finance to ensure policy coordination, mainly through the budget guidelines, MTEF and monitoring and evaluation process. A key strength of the PMA is that it requires all line ministries with relevant mandates review and reorient their activities in line with PMA objectives. This has provided important impetus to coordination within the PMA pillars. Where coordination is weaker is at the horizontal level, in particular ensuring that extension services provided by NAADS are available across the many sub-sectors linked to agriculture. The lack of coordinating PMA institutions at decentralised levels is also seen to be a constraint, with so much of the implementation work of the PMA happening at field level.

3.45 In Nicaragua, past competition between agencies continues to limit effective internal coordination, and resource allocation is still heavily driven by the short term needs of the political-business cycle. The recent improvements in Government's sectoral leadership and a re-orientation of PRORURAL toward field-level results provide promising evidence that this will translate into enhanced results. Substantially improved sector coordination mechanisms have nevertheless yielded some important gains with stakeholders across the implementing institutions and donor agencies, and show considerable increases in communication, dialogue and information, a more rational allocation of functions and the beginning of joint implementation activities. The most tangible impacts of these changes can be seen in the increase in mutual information on activities and projects, stimulated by the initial analysis of the portfolio under PRORURAL, and the joint production of an agreed sectoral annual budgetary/operational plan for 2007. While essentially an overlay on top of individual ministry/departmental operative plans, the exercise has yielded progress in both rationalisation and role distribution (Wiggins et al 2007). Steps are being taken to improve this sectoral budgetary annual plan for 2008, building on the lessons from 2007. Coordination at regional and Department levels is potentially a much more problematic affair with a potentially significant conflict between PRORURAL’s logic and the investment demands of local governments and departments. The latter are already highly institutionalised, while PRORURAL is not but has support at central level. Potential conflicts over resources will need to be settled, either by involving existing coordination mechanisms at local government level in PRORURAL or by
dividing the resources available to PRORURAL between central and local levels. The new leadership of MAGFOR (and the sectoral leadership team/SPAR), together with the technical staff, are devoting high priority to working out enhanced decentralization modalities/processes in the annual budgetary process to better integrate and harmonize these processes as part of the on-going 2008 budget cycle.

**Public Expenditure Management and Service Delivery**

3.46 Concerns about the quantity and quality of public funding for agriculture have shifted the focus in SWAs towards the role of systemic public expenditure and public financial management reforms in bringing about improvements in sector resource allocation and delivery. Clear from most of the country studies is that PEM and PFM are areas where there are early signs of improvement, although often limited by constraints both within and beyond the sector. There is limited evidence of a link between improved PEM processes and increases in the quantity of public spending in agriculture (OPM 2007) while evidence of improvements in service delivery are the most difficult to track, even in those SWAs operating for some time (e.g. Mozambique).

3.47 In Nicaragua, the sector approach has supported further improvements in financial management particularly through the production of annual budgetary and operating plans for the implementing sector agencies and, since 2005, a medium term expenditure plan for the rural productive sector. But progress is slow and there is still plenty to do to create an effective public expenditure and finance system for the rural productive sector, especially in terms of supporting the decentralization strategy. Wiggins et al point to the lack of aligned systems across the implementing agencies, the lack of clear budget guidelines and ceilings for the preparation of the Annual Operating Plan, the lack of clear prioritisation criteria to guide budgeting and the continued existence of a large portfolio of projects financed by different donors with their own PMUs. Many of the deficiencies go beyond the sector and reflect weaknesses in other parts of the system. MAGFOR has prepared a rural sector portfolio alignment strategy paper and action plan to help guide the process of aligning selected donor-funded projects in accordance with the PRORURAL objectives, key components, outcomes, and has initiated efforts to carry out this operational plan.

3.48 In Tanzania, reasonable sector and local government MTEFs are in place and PFM has improved considerably throughout the government system. Conditions have improved to the extent that there are now expectations of reasonable financial accountability through District Agricultural Development Plans. As already noted the ASDP seems well integrated into wider budgetary and accountability processes. A key opportunity for focusing on the quality and case for further public expenditure in agriculture is the Public Expenditure Review process. Up until recently the PER process in agriculture has been seriously limited. Recently, closer collaboration between donors and the government on the agricultural PER has produced a more responsive process and a clear affirmation of government’s commitment to the ASDP. A 2005 World Bank document confirmed the positive nature of the PER “government and donors have redefined the traditional PER from a study that primarily fulfils a fiduciary requirement to one that is part to the government’s work plan and informs the annual budgetary decision-making cycle” (cited in Greeley: 21). Nevertheless the PER can be further improved through a much clearer focus on priority areas and as a vehicle for improving the ASDP process with broader and more systematic engagement by agricultural sector stakeholders. As Greeley notes “The PER process is part of the broader public sector financial management
framework and represents a neglected opportunity to provide the analytics of agriculture necessary for a successful growth and poverty reduction strategy" (21)

3.49 In most instances it is not possible to say whether there has been a significant improvement in the quality of services offered by SWAps. In Mozambique, PROAGRI has encouraged considerable progress in developing systems and tools for integrating planning and budgeting at all governance levels (central, provincial and district), including highly detailed expenditure plans broken down to activity level. PROAGRI has also encouraged (driven in part by donor reporting requirements) more detailed tracking of expenditures. However the results are not entirely encouraging. During the first phase of PROAGRI a large proportion of resources were spent on institutional capacity and the vast majority of expenditures related to personnel costs and goods and services acquisition (Cabral et al 2007). More detailed breakdown by service type is not available, and the information available for veterinary and extensive services cannot be related back to expenditures made by the Ministry. There is no obvious way of tracking output and outcome level service delivery improvements through PROAGRI at this time. Cabral et al conclude that on the whole the time and resources dedicated to development planning and financial management systems have not been matched by much needed development of capacity to make use of those systems in a way that contributes to better service delivery; “To some extent, PROAGRI got trapped on the means (systems and processes) and lost sight of the ends it was supposed to pursue” (43). The recent policy statements by the new government are partly a response to this situation. The dilemma now is how to hold on to the investments made to date while moving, under the new political direction, to a much more decentralised and multi-sector model of delivery for rural development.

3.50 As part of efforts to improve service delivery under the PMA, line ministries identified key areas for public action and specific target groups across the 7 pillars. The 2005 evaluation of the PMA (OPM 2005) points to variable implementation across the pillars, leading to frustration for some stakeholders. However it also notes that the PMA has a poverty reduction target for 2017, and should not in any way be seen as a short run initiative. Any sustainable process of poverty reduction through agricultural commercialisation is likely to be slow. Field level surveys and district visits during the evaluation confirmed that significant activity was going at a district level, with signs of progress in terms of improved technologies and associated increases in marketed output, though difficult to attribute to any particular element of the PMA. Farmer groups confirmed that their status had improved with the delivering of services from NAADS. Although the process is slow, where the technologies made available are appropriate and relevant inputs are provided these are resulting in tangible benefits for farmers. There are, however, specific concerns about the linkages with NAADS, in particular for research outputs, marketing and financial services. In addition, cross-cutting issues, including a clear focus on poverty, gender and environmental issues, have not been effectively integrated in activities, thus reducing the potential impact of the services provided.

Public-Private Sector Interface

3.51 For the most part SWAps focus on supporting the way public agencies mobilise and use resources. But in A&RD particularly, the private sector while often weak is in fact dominant and working closely with private sector entities must be central to building an enabling environment for growth and long term poverty reduction. Notwithstanding the importance of the private sector, the case studies provide a generally disappointing picture on the extent to which SWAps have been
able to support a strong public-private sector interface. In a number of cases, debates over the right mix of public and private sector investment and the right levels of public action persist with consequences for the coherence and pace of SWAp implementation.

3.52 In several countries, the SWAp has been an important contributor to changes in the role of the Ministry of Agriculture from an exclusively interventionist one to a more facilitating/regulating one. In Nicaragua, PRORURAL has assigned MAGFOR the responsibility of steering, coordinating and monitoring with implementation the responsibility of other related institutions, including the private sector. Consultations with private sector entities, dominated largely by the major farmers unions, were an important element in building the consensus around PRORURAL and engagement has continued into the implementation phase. Although as Wiggins et al note, a lack of clarity around which actors are entitled to participate has meant that NGOs have largely been left out. With the new Government, it is in the process of identifying key strategic farmer associations, especially at the territorial level, as key partners in the PRORURAL implementation. Local-based NGOs have been identified as playing a vital role in implementing food security interventions.

3.53 In Mozambique, the transformation of MINAGs role to encourage a better interface with the private sector is only partially complete although there are signs of greater outsourcing, particularly to NGOs and particularly for extension services, and some attention to private sector promotion, support activities and analysis through a dedicated office in MINAG. Private sector capacity in the country remains weak, however and not much is known about the success of these initiatives. In both Nicaragua and Mozambique fairly fundamental debates about the respective role for public action and private sector activity also continue.

3.54 In Uganda there is no specific document covering the relationship between the public and private sector as part of the PMA, and while the private sector does have input into national policymaking in Uganda, participation in the PMA annual review process is limited. On the other hand, donors are supporting a stronger public-private partnership as part of the PMA and in terms of providing a catalyst to private sector investment the PMA has initiated policy reform, developed infrastructure, provided access to grants and, particularly through NAADS, provided a role for farmers fora in the contracting process for service providers. The Microfinance Outreach Plan under the Rural Finance Pillar aims at the privatisation of government credit projects/programmes, while the Physical infrastructure pillar supports private sector maintenance of district roads and rural electrification facilities.

3.55 Interestingly, in contrast with Uganda, one of the policy areas which has slowed the development of a full SWAp in Ghana has been the debate about the full or partial privatisation of services. Several of these issues are now being resolved with Government’s clear commitment to private-sector led growth in its second-generation PRS (GPRS2). Nevertheless ongoing concerns remain, including how best to stimulate private sector investment, which may or may not influence the pace with which a full SWAp emerges in the near future.

3.56 In Vietnam it is estimated that the private sector, households, state forestry enterprises and cooperatives will account for 60 percent of the investment in the forest sector over the next 15 years. The institutional framework, and particularly the FSSP&P, is not yet representative of private sector actors and a key challenge for developing a full SWAp will be what it needs to look like in a sector where public expenditure is substantially overshadowed by private sector investment.
Aid Management

3.57 One of the themes in the case studies is the outstanding problem with sector approaches and the A&H agenda that it can often be treated as an end in itself rather than a means to achieving stronger country systems and better development results. This is a concern raised in the Nicaragua case study where, although still relatively early days, there is concern that the amount of time and resources being devoted to building the process architecture around PRORURAL is imposing additional burdens on a weak civil service and is at the cost of ensuring that existing and new resources are delivering more effective investments and services in rural areas.10

3.58 In Tanzania, the general impression is one of improving aid management in the sector, in part because of the integration of the ASDP with the PRS/MTEF, and in part because even where aid flows continue in project mode there is general agreement that they should be consistent with A&H principles under the ASDP. For lead donors this is one of the key achievements of the protracted process of finalising the ASDP.

3.59 Evidence of tangible benefits from more coordinated aid management is still weak, however. Transactions costs remain high for both government officials and donors. Donor HQ policies, procurement procedures and legal frameworks continue in some cases, to be an obstacle to harmonisation efforts on the ground, as does continued proliferation and parallel aid management structures. This applies to different degrees even in contexts where the national-level discussion around aid effectiveness is quite advanced, as in Tanzania, Vietnam, Nicaragua and Mozambique.

3.60 While the SWAp concept has always claimed to be consistent with a number of different funding modalities, the dominant pattern in most of the cases reviewed is still project assistance. The common fund underlying PROAGRI is the most important mechanism for channelling funds, but contributors to the fund have varied over time and some of the largest funders have not renewed their agreement to continue funding after 2006. Recently a number of donors have returned to project-type investments over concerns about continuing service delivery gaps. Cabral notes a growing sense of frustration and cynicism about the SWAp experiment in Mozambique, combined with a shift in the core donor-government relationship away from sectors to GBS and the Ministries of Finance and Planning: "Sectoral ministries (and agriculture in particular) are finding it harder and harder to justify special treatment in a context where channelling aid directly via treasury is an increasingly viable option" (47). This raises the interesting question of the extent to which attention to A&H at the sector level has helped to reconcile the bigger questions surrounding aid modalities and aid effectiveness. The evidence is, inevitably, mixed.

3.61 In Mozambique, PROAGRI was the first of its kind and as such played an important role in the subsequent shift to GBS. The relative success of GBS and related improvements in PFM have, on the other hand, created a context in which PROAGRI’s common fund mechanism will be the first case of fully-fledged sector budget support in Mozambique. The move in Mozambique is towards a greater complementarity of aid instruments, partly as a way of diversifying risk and partly as a way of exploring complementary entry points into different levels of policy making.

10 A recent study commissioned by MAGFOR shows some initial reductions in actual and potential transaction costs through the PRORURAL processes, and these cost savings also help in the light of weak sectoral institutional capacities.
Some of these new approaches include multi-donor programmes at sub-sector level both inside and outside of the government policy framework, with their own objectives and targets, funding arrangements and implementation mechanisms.

3.62 In Nicaragua, the majority of aid is still provided through project aid following its own cycle and requiring individual negotiations, reporting procedures evaluations and review missions. The evolution of PGBS has generated some transactions costs savings for government but the effects in the rural productive sector are yet to be seen with relatively few donors currently participating in the common fund and the majority of funds coming through project aid. Nevertheless PRORURAL offers a common framework in which it is possible to build greater synergy between aid modalities, something that the MoU and Code of Conduct are seeking to support. This is an important lesson, namely, to clarify that multiple aid modalities can be followed in the early stages of a SWAp, and that in the short-term, it is important to align projects (components, reporting formats) with the SWAp strategic components and intermediate outcomes.

3.63 Across the cases there are clearly still different views about how SWAps contribute to improved aid effectiveness in A&RD. Some stakeholders perceive the SWAp as an impediment to coherence and allocative efficiency because its processes often exist on the margins of the core national planning and budgeting processes. This includes some donors in Tanzania and Mozambique who have withdrawn or declined to submit funds to a common basket and have instead focused their funding for the agricultural sector strategy through GBS. Other stakeholders see the only way to ‘protect’ spending and retain positive donor engagement at sector level as being through dedicated sector support. And for most this means some form of earmarked funding whether in sector budget support, a common basket or through closely aligned projects. A mix of funding approaches is the dominant model in most of the country cases (although Uganda has no directly earmarked support for the PMA) and may, according to the Tanzania report, be the best possible approach given the scale and diversity of the sector context. There are, nevertheless, clear risks attached including a potential lack of sustainability, a lack of effective coordination and a diversion of scarce government officials’ time away from putting funding to its best use, to managing how it is most effectively mobilised. A key challenge, noted in the Tanzania report, is to ensure that as much existing project financing is included under the SWAp as quickly as possible and to ensure that the development of new projects is fully aligned with the approach and principles underlying the SWAp (see Annex 2, Greeley et al 2007).

3.64 In Vietnam, the plan is to attempt to integrate funding much more closely with the sector MTEF now that a National Forest Strategy has been agreed. But as a recent evaluation of the PRSC argues, this may be more difficult than anticipated, largely because of the complex and fragmented nature of the sector. The PRSC evaluation (Dom and Bartholomew 2006) notes that budget support has provided a strong platform for supporting development policy, legal and institutional reform and a key mechanism for encouraging harmonisation and alignment with GoV systems at a strategic level, but that this has been less successful in complex sectors such as forestry. One implication is that donors will continue to need to focus their support at sector level, possibly through targeted budget support, which will provide a clearer focus for A&H and concentrate donor support more directly on specific implementation challenges in the sector (similar to current donor support to the Education for All NTP and for Programme 135).
Chapter 4: Policy Messages and Recommendations

Messages

4.1 The study confirms the often broad and sometimes imprecise use of the term ‘sector-wide approach’ and illustrates some important differences in both the form and function of the SWAp - contrast, for example, the broad multi-sectoral framework of the PMA in Uganda with the partnership-based mechanism in the forest sub-sector in Vietnam. While there remains a core set of principles that help define the SWAp, in practice it is difficult to apply them strictly.

4.2 A&RD SWAps are still relatively new and the country cases confirm there is still much to be done to deliver on the aim a fully government-led development approach. Nevertheless the country studies do not, on the whole, see this as a reason for discontinuing with a sector or programme-based approach. In Tanzania there is a clear message that, despite the protracted process and a number of implementation challenges still ahead, the SWAp has provided a platform for systematic policy engagement on the agricultural growth and poverty reduction agenda and has provided a context in which government and donor support to public investments in agriculture can be coordinated and tracked. In Tanzania, the ASDP has been empowering for the Ministry of Agriculture that could/would otherwise lose out in the push for greater GBS and centralised policy dialogue. In Nicaragua too, PRORURAL has allowed the Ministry of Agriculture to recover some of its waning leadership of the policy agenda in agriculture, while commitments by donors to reduce fragmentation is already beginning to pay off. In Mozambique, despite being challenged by recent changes in the role of the MINAG and the switch to more area and project-based support by some donors, PROAGRI still offers a potentially important platform for government-donor collaboration. Supported by a shift to sector budget support and with a stronger service orientation in place, the prospects for better development results are reasonably positive.

4.3 But SWAps, or perhaps better PBAs, are inevitably a work in progress and the Synthesis points to a number of key messages for continuing support for sector approaches in A&RD.

Clarity of sector vision – building consensus on the strategy

4.4 The synthesis has pointed to the difficulties in building consensus around a strong vision of the A&RD sector, including many ongoing debates around the boundaries of the sector, the right mix of public and private sector action and institutional roles and responsibilities. The absence of a strong vision not only stores up difficulties for later on in the policy and planning cycle it also weakens the prospect for a clear articulation of roles and functions within the MoA and with its partner institutions, for effective coordination between the different actors engaged in the work of the sector and for budgetary allocations which reflect clear strategic priorities. In Uganda the vision has largely been driven from the PEAP, in Tanzania it was not really until the second PRS that this vision began to fully formulate and provide a clear strategy context for the ASDP. In Vietnam, the recent development of the National Forest Strategy provides a clearer strategy context for the FSSP&P, opening the way for stronger alignment and a potential switch to a more comprehensive sector approach. In Nicaragua, the coming together of a number of key strands in rural development has formed the basis of a strongly consensus-based approach in PRORURAL. The new Government leadership has assumed
4.5 However the evidence presented also reminds us that too much emphasis on refining the vision can be at the cost of moving swiftly to implementation. The danger is to allow the best to become the enemy of the workable. This is illustrated in Tanzania, where long delays in moving from the sector strategy to the operational programme came at the expense, initially, of a much needed commitment by GoT and its development partners to increased public investment in the sector. That has now changed but the delays lost the process critical time. The process in Ghana has been equally protracted with concerns that the sector vision is too narrow and doesn’t consider important investment areas that are outside of agriculture but crucial for agricultural development. As part of the SWAp roadmap, the Government of Ghana has committed to reviewing the existing sector strategy and preparing a six year sector plan. This process will be vital to supporting national leadership and building commitment from across government. It will also be crucial, however, to ensure that the effort expended on refining the vision is not at the expense of the effort required to ensure the other building blocks of an effective SWAp are in place, including institutional capacity (especially at sub-national levels), an effective PEM/PFM process and an effective system for gathering evidence and evaluating results.

Ownership, realistic time frames and ‘staying the course’

4.6 Ownership of SWAps by national stakeholders tends to be a difficult area and often constrained by more generalised weaknesses in government leadership of the policy process. As a result there is still a tendency for development partners to want to drive the policy and strategy formulation process, particularly when they see lack of capacity in the sector as one of the main problems to overcome. High level political engagement, as in the early stages of the PMA and in the latter stages of the finalisation of the ASDP can help create the necessary conditions for effective government leadership but this requires that donor partners accept less control of the process to allow full ownership to develop. Letting go by donors has been a challenge in most SWAps.

4.7 One of the questions arising from the studies is what are the signs of significant government ownership in relation to a SWAp? This remains a complex question to answer but the synthesis points to a number of important signifiers of ownership, including an increased commitment of domestic resources to the sector, as evidenced in annual budgetary allocations and sector share; a demonstrated concern for the efficiency and effectiveness of public spending in the sector through public expenditure review processes and integration into core planning and budgeting processes; a willingness to lead the aid management process as evidenced by leadership of sector coordination roundtables (and operational working groups), and efforts to align ongoing sector activities and programmes with SWAp objectives; and a clear focus on delivering and monitoring results (with operational indicators and progress reports).

4.8 Few of these factors are likely to be in place immediately and take time to build and mature, and donors’ role in supporting their development is critical. The Tanzanian experience shows that, if a short term view is taken, the SWAP experience is not entirely favourable, with long delays and disruptions to the process at various stages. But seen within a longer time frame (over 5 years) what emerges is the development of a government-led consensus on the priorities and modalities for agricultural sector development which is significant, and a strong signal that GoT
both owns and is taking leadership of the ASDP. The key message for donors is the importance of ‘staying the course’ - committing themselves to a “learning-by-doing” process in securing tangible results and taking a long view in supporting the basic principles of ownership and alignment. This may yet prove invaluable in the Ghana context and is likely to be critical in sorting out a highly complex policy and institutional architecture in Cambodia. The PMA sets its sights on 2017, a good 15 years on from start-up. Anything less in a setting as complex as A&RD seems potentially reckless. At the same time, there is a need to secure some “quick wins”, which will help build up confidence to stay the course.

External flows must be fully reflected in the national budget

4.9 An important part of donors ‘staying the course’ is to ensure that financial flows supporting the SWAp are fully reflected, alongside domestic resources, in the national budget and MTEF. The cases of the PMA and ASDP are clear on this issue. This does not mean putting funds only through a GBS-type instrument, but it does mean full transparency and reporting of donor flows in line with national budget/MTEF classifications. Full reporting of donor flows to the sector allows for greater certainty around government’s public spending decisions. But ensuring full integration into the national budget is a necessary but not a sufficient condition to improve expenditure management and service delivery outcomes. It is also vital that a sufficiently clear evidence base is in place to justify sector priority expenditures in the face of competing claims from other sectors. In Uganda, sector ceilings have, in the face of relatively weak evidence about the efficiency and effectiveness of spending and concerns about crowding out, limited the scope for public investment in support of the productive sectors. The Tanzanian example shows how a Public Expenditure Review provides a crucial opportunity for analysing the effectiveness of all spending going to the sector, and hence building the necessary evidence base for continued government and donor investment.

Decentralisation – balancing vertical and horizontal linkages

4.10 Most SWAp processes are being formulated and implemented in contexts that are also decentralising. A key challenge is how to make the SWAp process, which is inevitably quite centralised consistent with decentralisation measures and efforts to support local demand-driven development. The relationship between decentralised initiatives and SWAp processes is complicated by a combination of political, institutional and technical challenges, including weak technical, institutional and financial capacity at decentralised levels. In Tanzania and Uganda, this is addressed through major allocations of resources to local government levels supported by improved PFM and accountability between central and local government. In Ghana the lack of clear political direction on decentralisation is a potential stumbling block, while links with department and local government levels in Nicaragua are still evolving as part of a wider process of political and administrative decentralisation. Key challenges include ensuring adequate coordination at local government levels, the transfer of funds and strengthening capacities for effective planning, budget management and delivery, and integrating these processes at the local government level.

4.11 As the experience of the PMA shows, integration into core budget and planning processes is no guarantee that the right kinds of links are made across the programme. In the case of the PMA, vertical links, from the centre down through each pillar, are fairly well formed, but the ones that work horizontally, especially at local level, between the various pillars are not. This is partly due to the lack of clear
coordinating structures at local government level. While the imperative to create new structures should be avoided in the context of SWAps, on the other hand, there is a clear need in the context of decentralisation to ensure that an institution provides overall coordination and strategic guidance at the local level along the lines of the central strategy and policy framework. In Tanzania, more help needs to be given to ensure that District Agricultural Development Plans can be delivered on time to ensure the release of funds from the common basket, while in Nicaragua there’s a clear need to define more closely how coordination mechanisms at the local government level will engage with PRORURAL around the allocation of funds and the implementation of strategic priorities, as part of the annual operational plan.

4.12 For development partners a key challenge is the level of government they see as the main dialogue platform for the SWAp. Initially this is clearly the centre, but at what point should this devolve to provincial or local government levels? The return to sub-sector and area-based projects in Mozambique may be indicative of a desire to engage with government at a number of different levels and to work at a level where there is a clearer link between budgetary and human resources and results. Possible dangers lie in failing to address wider coordination problems (something that the SWAp was designed to address) and a mismatch between investments made in different but complementary agricultural sub-sectors or locations.

Alignment and harmonisation means not ends

4.13 A strong message emerging from all of the case studies is the importance of treating alignment and harmonisation as means not ends, and ensuring that the focus remains on achieving development results over and above purely process changes. A general critique of SWAps across all sectors is that they easily become swamped in their own processes. PROAGRI has fallen foul of this and so did the ASDP early on. And while PRORURAL has moved through the stages of establishing the SWAp more quickly than others, the impact on an already weak civil service of a lot of donor-related processes is still significant.

4.10 The challenge for donors is to ensure that the focus on process and procedural change is not so complex and ambitious so as to crowd out the focus on development results. The experience so far confirms that harmonisation and alignment are critical, particularly for tackling donor disharmony and proliferation, but unlike some of the rhetoric surrounding SWAps, they are a necessary but not a sufficient condition for stronger policies and better policy outcomes. This matters more on the institutions that underpin sector governance and the degree of internal alignment and commitment to sector policy agendas and the achievement of results. The message here is that alignment and predictability are vitally important in the short run while efforts around harmonisation are likely to intensify as the policy and institutional change process (on the government side) unfolds; and that this may take longer than initially expected. This underscores the need for donors to engage in medium to long term agreements around the SWAp if the full benefits are to be reaped.

4.11 Several of the cases point to the evolving relationship between SWAps and general budget support, they also point to the growing importance of complementarity in aid instruments with few national governments wishing to opt exclusively for one type of instrument over another. Project assistance still remains the dominant modality. Common funds and baskets exist but are often weighed-down by donor procedures. A move towards sector budget support may herald a new direction, raising the possibility of more predictable support in alignment with the
overall budget. SBS can lower management costs, potentially attract more donors than GBS and help build PEM capacity by using governmental systems for allocating and monitoring. The main concern is whether SBS reduces budget flexibility as funds for the sector get earmarked within the national budget. Where donors are unable to move to SBS the crucial message is to ensure that shorter-term and individual projects are aligned as much as possible with the main sector programme and, where possible, consolidated into larger, longer term programmes. The aim for any future project support must be that it is on-budget, co-financed and co-managed as far as possible and developed using common procedures that reflect national systems for procurement, audit and financial control (cf Tanzania report, Annex).

**Quick wins and systemic reforms**

4.12 The slow pace of some of the institutional changes required to deliver on sustainable results means that there is potential in a SWAp process to lose focus and commitment. The experience of PROAGRI suggests that without a judicious mix of short term and long term outputs/outcomes there is a real danger that stakeholders will lose heart and lose reform momentum. In the case of PROAGRI a certain frustration with the lack of visible results on the ground has prompted the new government to look for quicker and more direct ways to deliver change, in part by setting up a new Ministry of Planning and Development and emphasising decentralised delivery. This has shifted the context for PROAGRI which is now having to re-establish itself in a changing institutional landscape. The PMA has been able to deliver some short term results which, despite problems of committing funds to individual activities through the central budget process, has maintained support and momentum behind it.

But while quick wins are very important, they must not be at the cost of support to the longer term institutional change agenda and the delivery of deep impact. This requires a consistent focus from within government (at senior levels) and by donors. It also requires that institutional developments at the sector level need to be aligned with more general government-wide institutional change processes, such as improvements to planning and financial management tools and procedures and the focus on managing for results.

**Monitoring performance and learning**

4.14 The need to monitor performance comes up in all the case studies and is clearly one of the major weaknesses in SWAp implementation. In cases where M&E systems have been developed the tendency is to be overambitious. The case of PRORURAL is illustrative where the conclusion of the study team was to place emphasis on the need for careful monitoring combined with an iterative process of learning; less ambitious but more pragmatic and focused on delivering and learning by doing. To some extent this has been the problem facing the PMA which, based on favourable initial conditions, resulted in institutional over-stretch. Balancing ambition with the manageability of institutional relationships and the need for learning by doing is potentially a key message for building a feasible sector approach. This means baseline data and monitoring systems that are functional in a limited number of strategic outcome areas. Better monitoring of performance not only assists the subsequent evaluation process but also allows for ongoing adjustments to the policy framework and approach as it unfolds. As time goes on the scope for M&E can be expanded.
Recommendations

A number of recommendations emerge from the study, these can be categorised into recommendations relating to the definition and content of SWAps/PBAs and recommendations relating to the operational processes of SWAps/PBAs. Several of these recommendations track closely with those identified in the GDPRD’s recent publication ‘Cornerstones for effective agriculture and rural development programmes under a PBA’ and work being undertaken towards the drawing up of a Code of Conduct for development cooperation in A&RD.\(^\text{11}\) Recommendations for further work/engagement by the GDPRD are also made.

**Recommendations on the definition and content of SWAps**

- Build consensus around a common vision, agenda and scope for the programme before decisions are taken on mechanisms and modalities for funding. Start at the sub-sector or sub-programme level if that provides a clearer basis for consensus and swift progress on reducing fragmentation.

- Rather than treating decentralisation as a separate process to be engaged with after the programme has been defined, SWAp/PBAs need to treat decentralisation as central to the definition and content of the programme itself. This is vital to ensure that what is being promised at decentralised levels is feasible and achievable and in line with larger reform and prioritisation processes (particularly around PFM/fiscal decentralisation).

- The private sector is not something to be engaged once the programme has been designed, rather the role of and for the private sector in an A&RD SWAp/PBA needs to be treated as central from the outset. Policy and funding approaches that privilege public spending over all other fiscal instruments (tax, regulation, administration) are unlikely to provide the necessary incentives to private sector participants to engage fully in programme development and implementation.

**Recommendations on Operational Processes**

- Where aid will continue to be important for some time, consider long term ‘aid’ compacts that commit donors and governments to 15-20 year processes with a rolling results framework and clear rules around within-year/between-year predictability and a clear exit strategy covering the last 3 years of the compact.

- Ensure that national governments are in the lead by supporting preparation of a national aid policy (as in Rwanda, Tanzania..) underpinning the aid compact through clear rules of the game for preferred aid modalities and mechanisms plus aid management information.

\(^\text{11}\) ‘Cornerstones for effective agricultural and rural development programmes under a programme-based approach’ 2007, Global Donor Platform for Rural Development. GDPRD Secretariat, c/o Federal Ministry for Economic Cooperation and Development (BMZ), Bonn, Germany. Towards a Code of Conduct in Agriculture and Rural Development [http://www.donorplatform.org/content/view/103/148/]
- Provide financial support on budget in all cases, through coordinated mechanisms as far as possible and in all cases fully aligned with the rolling strategy and results framework. Align first, harmonise as the SWAp/PBA agenda unfolds. Focus on reducing those transactions (opportunity) costs that distract scarce government resources from the core business of implementation and achieving results.

- Invest in public expenditure review and tracking (PETS) processes to help track/monitor the efficiency and effectiveness of spend in agricultural and rural development sectors. Encourage increased use of evidence on the efficiency and effectiveness of spend to empower government and non-government stakeholders in building accountability for results in the agricultural sector. Evidence should make reference to international comparators where available.

- Consider supporting a separate competitive fund for private sector participation to support innovation and publicly-minded investments that complement the public investment strategy in A&RD.

**Recommendations for GDPRD**

- Tackle ‘ways of working’ and incentive systems within donor HQs that prohibit and/or delay joined up working at country level. Donor HQ ‘issues’ frequently delay the signing of MOUs etc. which in turn imposes significant transactions costs on government and other donors.

- Support training/learning events for DPs and government agricultural staff on public finance management and budget governance specific to the A&RD sector. Examine ways to strengthen agricultural PER processes at country level while increasing the knowledge base about agriculture budget formulation and execution.

- Support learning events around the political economy of policy and budget making in A&RD as a way to expose DPs to the more complex institutional and political relationships that underpin sector and programme performance and a better identification of the risks and rewards of investing in SWAp/PBA processes.

- Roll out guidelines on the alignment and mainstreaming of projects that remain outside of common financing mechanisms under SWAp/PBA arrangements, including a set of principles around engaging at decentralised levels, respecting expenditure ceilings, untying TA, and tracking all activities through the sector programme [See Annex 2 of the Tanzania Background Paper].
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