Institute for Health Sector Development

Developing Sector Wide Approaches in the Health Sector

An Issues Paper for DFID Advisers and Field Managers

October 1998

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Contents

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The Institute for Health Sector Development is an international resource centre for health sector reform partly funded by the Department for International Development (DFID). Any opinions expressed in this publication, however, are those of IHSD and not necessarily those of DFID.

Foreword

This paper sets out some of the issues raised by the current interest in moving towards Sector Wide Approaches (SWAps) in the health sector. This paper is based on experience in various countries, including Bangladesh, Ghana and Zambia. The paper is intended for DFID health advisers and field managers.

The issues have been grouped under the following main headings:

1. Definitions
2. Advantages and drawbacks of SWAps
3. Issues in the design process
4. Issues in the content of sector programmes
5. Conclusions

Abbreviations

DA	Development Agency
DFID	Department for International Development
MoH	Ministry of Health
SIP	Sector Investment Programme
SWAp	Sector Wide Approach
TA	Technical Assistance

1. Definitions

The term 'Sector Wide Approach' is relatively new, emerging from experience in the health sector and adapted as a term in 1997. The concept is well explained in the Guide to SWAps for Health and Development by Andrew Cassels[1], which has been widely circulated within the health sector. However, the use of the term and its relationship to other approaches such as Sector Investment Programmes (SIPs) are not well understood by all partners nor outside the health sector. Even within the health sector, there are differences in emphasis and the ideas and practices are still developing, as the concept is adapted to different countries.

It is perhaps easiest to define SWAps by saying what they are not; the move to SWAps has developed out of dissatisfaction with the project approach which has characterised much of health sector development, and particularly externally funded assistance to the sector. SWAPs also support the greater emphasis in DFID on partnership with governments.

In traditional **project funding**, a development agency agrees with the partner government that it will fund specific activities. Typically, projects have their own management arrangements including project documents and work plans, project managers, reporting formats and rules and arrangements for expenditure (including procurement). The activities to be funded can readily be influenced by the funding agency.

In contrast, with a **SWAp** the partner government and development agencies agree on the policies and plans for development of the sector, including the allocation of resources for the medium term, and funding is provided within this framework. The arrangements for funding can vary from project-like funding of specific inputs or activities to provision of finance which is pooled with government revenues and managed by the government. Different funding agencies may provide their funding in different ways, or one agency may provide some funding for the pool and some earmarked funds. SWAps also aim to develop common management arrangements, often starting with a common annual performance review, shared performance indicators and measures to strengthen management capacity.

A 'tight' SWAp with pooled funding[2]`operates like a **SIP** or **budget support**, in the way that the funding is managed by government, usually with funds reimbursed based on expenditure reports from government. In contrast with

[1] Cassels, Andrew, 1997
A Guide to SWAps for Health and Development. Concepts, Issues and Working Arrangements
[2] Nabarro David, and Boah, Asamoah, 8 June 1998
SWAPs for Health Development: How are the Development Partner (Donor) Agencies Changing their Practice?
International Technical Working Group Paper

budget support or programme aid, a SWAp or a SIP typically has explicit agreements on sector developments and overall resource allocation, and is intended to increase the amount spent in the sector over what government would have otherwise funded.

The specific funding mechanism of reimbursing a proportion of the government's expenditure on the sector has been called Time Slice Financing by the World Bank (e.g. in Bangladesh). The proportion eligible to be claimed from the external agencies can vary. For example, a higher percentage may be reimbursed for capital items or for particular budget lines such as drugs or TA.

Arguably, the basic concept of a SWAp is what should have been happening under project funding anyway – that development agencies are supporting plans and programmes identified by the government, based on an agreed policy framework. The changes a SWAp brings compared to good practice under the project approach can be seen as moving towards:

- the government taking a stronger leadership role in the design of programmes and the allocation of resources;

- working with the development agencies as a group rather than individually;

- taking a broader view of the sector, to address private and NGO as well as public services and government as well as external resources;

- sharing management systems and arrangements rather than having a multiplicity of different projects with their own reporting cycles and management systems.

2. Advantages and drawbacks of SWAps

2.1 Advantages for development agencies

The potential advantages of SWAps for DFID (and other development agencies) include:

- **More influence** for the development agencies over the total pattern of health expenditure, through agreement on policies and priorities for the sector, and over the medium term expenditure allocation. Agencies can thus have a broader influence than when they support specific projects.

- A **more effective partnership** in the development of the sector, as the government should take the lead in defining strategies and development strategies and development agencies work together to support the agreed sector programme.

- **Improved efficiency** in the use of resources, as there is no need for multiple project offices, project supervision missions and steering groups, and less duplication of effort across projects. Better value for money may be achieved in purchasing if aid is not tied and government can make larger orders. The decisions on resource allocation for the sector as a whole should allow for improvements in allocative efficiency.

- **Improved equity or balance** in the distribution of resources. Instead of some districts or programmes being well resourced (from projects) while others are ignored, resources can be more fairly distributed in line with national priorities and needs.

- The sector programme can also provide a mechanism for encouraging closer **working with the private and NGO providers**.

- It may also be **easier to disburse funds**, particularly if they are pooled or use common management arrangements – there will be no need to set up a project structure and face delays in project implementation (although this assumes the government will be bale to implement the agreed programmes).

- Because management of resources will increasingly be handled by the partner government, it is anticipated that the **management costs for development agencies should eventually fall**: there should be less need for project staff and field offices; appraisal and supervision can be shared; and the costs of commissioning evaluations and audits can be shared. (However, experience to date has found that field level managers are closely involved in developing the SWAp and dialogue during the early stages of its implementation).

2.2 Advantages for Partner Governments

The major advantage for the government is that it should be able to **improve the efficiency and hence the coverage of health services**: it will be able to develop and implement its strategies and plans for the health and population sector in a more comprehensive an integrated way. Instead of trying to convince funding agencies to finance particular activities and accommodate their requirements for project structure, procurement processes, technical assistance and modifications, the **government should be able to take more of a leading role in defining the health strategies and plans**.

This should result in increased value for money from the funds received and from the government's investment in health as:

- The government will have greater control over the use of external resources, particularly where there is pooled funding. E.g., government would be able to restrict the use of technical assistance to its highest priorities.

- Pooled finding also brings **greater flexibility in the use of funds**, as government would be able to allocate the pooled funding flexibly from year to year in line with developments and progress in particular initiatives, and would not be restricted to using external funds for specified types of spending or specific purposes (as can be the case with funds allocated to specific projects).

- With the agreed sector policies and strategies, individual development agencies will not be able to introduce their own inconsistent, and possibly inappropriate, approaches and strategies.

- The shift away from multiple projects should lead to **improved efficiency and equity**, as noted above.

- **Top level officials will be able to focus on important policy issues**, and on providing leadership in the sector, rather than being bogged down with detailed management decisions, project steering groups and multiple reporting mechanisms.

- A **single annual plan** can be prepared rather than there being separate plans for dozens of different projects. This will both save time and help to improve coordination within government services and with other agencies, including NGOs and funding agencies. Similarly, less time will be spent meeting different donors' disbursement, procurement and reporting requirements.

2.3 Potential Disadvantages

There are drawbacks or risks to the SWAp approach, which have to be traded off against the advantages noted above. For the government concerned the main issue, which may be seen as a drawback, is the acceptance of greater **influence by the development agencies** on overall policy and allocation of resources. How far this really is a drawback depends on how far the governmental and external agencies see eye to eye on the policy and allocation issues. If their views are already closely aligned, and the resulting allocation is readily acceptable, then there will be less risk of tension or disruption to implementation. If there are major issues of disagreement, then those negotiating the terms of support will want to ensure that these can be addressed without disrupting most of the financing for the sector.

Some government and development agency staff will lose out by a move to pooled funding, as there will be **fewer opportunities for project jobs, resources and allowances**. This could also affect the performance of services adversely as discussed further below.

The critical issue for the development agencies, especially in deciding on pooled funding, is **whether the government will make good use of the funds provided and be accountable for them**. This will include:

- Technical issues – for example, will appropriate strategies be used for AIDS control, or is there limited technical capacity?

- Poverty alleviation – will there be a focus on reaching target groups or will the pressures and preferences (e.g. to fund government rather than NGO services) undermine states policies to serve the poor?

- Value for money issues – will funds be spent and accounted for properly; or is the capacity of management, procurement and accounting inadequate against the level of corruption and inefficiency in the system?

- Realism of the programme – will plans actually be implemented given the government's bureaucracy and capacity? Is there ownership by government of the programme and the change to a SWAp requiring greater leadership and management responsibility?

It was such concerns about technical effectiveness, political intervention, corruption, lack of accountability and delays in government spending, which led to the development of project funding in the first place. SWAps will only bring the expected benefits if there is capacity to manage and use the pooled funds effectively.

For development agencies, a major implication of a move away from project funding to pooled funding is the loss of attribution. If an agency contributes funds to the general health budget of the nation, it is not possible to show what was achieved with its "own funds". This makes it more difficult to demonstrate results against objectives. For example, it is harder to say that DFID's funding has contributed to a reduction in poverty than if specific services or supplies for the poor were funded. Instead, the success of the sector as a whole in reaching the poor and providing effective services to them will be the indicators of effectiveness.

Furthermore, with pooled funding there will not be specific projects or activities which can be shown to be funded by specific sources (e.g. no Landrovers saying "provided by DFID"). This has both public relations and commercial implications for development agencies and will affect relationships with government officials.

A SWAp need not have all the external funding pooled; instead the partners can agree which items and activities within the common programme will be funded by each agency, and then leave the agency concerned to arrange the supply of the items or services required (rather than government procurement from pooled funding). This gives an agency greater control over the products/activities it funds and the procurement arrangements, and allows it to show clearly what it has provided (i.e. retaining attribution). It may be appropriate where there is lack of confidence in government procurement or implementation capacity.

2.4 Deciding whether a SWAp is appropriate

The decision on whether or not to adopt a SWAp, and how far to go towards a comprehensive SIP funding mechanism, will depend on the relative strength of the advantages and drawbacks discussed above. In particular, agencies have to judge that the benefits outweigh the risks of giving up some of their control over the scope and management of projects.

For agreement on a SWAp, it is essential that **government and development agencies can agree on policies and broad allocation of resources** over the medium term. Whilst this sounds simple enough, experience shows that it can be difficult to agree on specific policies and strategies and a significant reallocation of resources. DFID and other agencies may want to see a clearer emphasis on serving the poor than the government, which may be manifested in debates over strategies such as building new hospitals and the amount allocated to central/referral hospitals. Reaching agreed policies requires the will to work co-operatively and to compromise, both between government and agencies, and, as importantly, among the different development agencies.

For a SWAp to be effective in improving the sector, it must be possible for both government and development agencies to **make reliable projections for the funding** they will be provide. In the case of governments, this may not be feasible where the economy is highly unstable at a macro-economic level. The external agencies also need to be able to commit themselves to funding levels for the medium term, if the resource allocation exercise is to have any value.

One issue is **whether SWAps are suited to decentralised health systems**. It is concluded that a SWAp with pooled funding may offer an easier and more efficient way to provide support to a decentralised health system than would a project approach where support to each district or unit has to be identified in detail. However, if the funding for health is pooled with that for other services and allocated between sectors locally (as in Uganda), other mechanisms will be required to encourage/ensure use of the additional funds for health.

There may be a concern that the district or other decentralised units lack capacity in planning, budgeting and financial management. This is a real concern, as has been seen in Uganda and Zambia. But unless the decentralised units have access to some flexible resources which they are able to plan for and manage, they will not learn to do so. The SWAp can include mechanisms to build up capacity in the decentralised units.

For pooling of funds, it is necessary for the government to trust the development agencies neither to impose restrictive conditions which would inhibit the government from reacting flexibly to circumstances nor to withhold funding during the year in order to pressurise the government into taking particular steps. On the part of the development agencies, pooled funding requires them to trust that government will spend resources properly and be bale to account for them satisfactorily.

However, it is noticeable that there is a momentum at present, at least in some countries, to introduce a SWAp. It appears that the risks of less accountability and some leakage, and the loss of attribution, have in effect been accepted at senior levels in DFID in exchange for the benefits of greater governmental leadership in the partnership and wider influence. So the issue facing country level staff is probably how extensive the SWAp will be, and hence how much control over the use of DFID funding to give the government, rather than whether to have a SWAp at all.

Several countries have adopted a gradual approach with a view to increasing the extent of common management as the systems are strengthened and experience is gained. Typically, in the initial phase of the SWAp there are agreed policies and resource allocation, but only limited pooling of the funds. Meanwhile there are also measures to strengthen technical, management and accounting capacity and systems.

3. Issues in the design process

Table 1 sets out the steps in preparing for SWAps, and identifies some issues at each step. Some of the issues are discussed further below.

3.1 Closer working between development agencies and with government

One change which a SWAp brings is the need for closer working among the development agencies in order to negotiate and agree the policies and programmes with government and to develop management arrangements. The more coherent the agency group is in their views, the more influence they are likely to have on government. The inter-agency working will involve more compromise and co-operation than the other types of donor co-ordination meetings that have often been established in the past, which tended to focus on exchanging information about projects and activities.

One of the issues which arose in Bangladesh was the process of getting agreement among a large group of agencies. Whilst there had been a donor consortium working with government on the sector policy for some time, when it came to agreeing the sector programme for funding the number of people involved escalated. At each major mission and review stage various agencies sent in staff or consultants. This culminated in the appraisal mission which had 82 members from 17 external agencies and took place over 6 weeks. Furthermore, the individuals participating changed between missions, so the newcomers had to find out what was going on and often brought in their own particular interests and views on the plans. As a result, many issues which had been discussed extensively on one mission were re-opened by new members of the next mission. Ways of keeping the same individuals involved need to be identified.

The approach in Tanzania avoided this by the development agencies jointly fielding a small technical team to review the proposed sector programme with government. Whilst this seems to have been an efficient approach, there has been a lengthy subsequent process of refining the work plans to reflect the technical team's views.

Another practical issue is the recognition that there may be situations where one agency takes the lead in providing support in certain areas. In both Bangladesh and Tanzania there were adverse comments at times by one agency that another agency was taking too prominent a role in providing advice to government on key areas. This tension may be a fact of life but may also be minimized by more agreement on the process of developing the SWAp.

Table 1 Preparing for SWAPs – major steps and issues arising

Steps	Key Issues
1. Government and development agencies (Das) agree to work towards a SWAp	♦ How to ensure all relevant parties understand the approach & what is required ♦ Who in Government will lead development of policy and strategies and carry out the assessment and allocation of resources? ♦ How will other interested parties participate/influence this? ♦ How will Das input to this and agree on it? Can appraisal process be agreed which is not too cumbersome? ♦ What will be the mechanism for co-ordination between Das and with Government?
2. Agree policy framework, identify main strategies based on resource available & show how resources will be allocated	♦ Key difficult issues which often have to be addressed: o Content of an affordable essential package at each level (services offered & hence the staff, equipment & supplies required); o How to improve quality of services; o Reduction of number of hospitals (or beds) to affordable levels; o Role of central, teaching & referral hospitals and how much to allocate to them; o Role of private sector & NGOs; o Decentralization & changing the role of the MoH. ♦ How much funding are Das likely to provide? ♦ How to set realistic staff numbers & salary levels for use in planning & costing ♦ Hoe detailed to make budget allocations over 5 years – want to avoid a very detailed 5 year plan which reduces flexibility and governmental leadership
3. Review management and organizational implications of the change to a SWAp	♦ What are the implications of the SWAp and any decentralization plans for the role and structure of the MoH? ♦ How will vertical programmes be affected?
4. Develop first year work plan with milestones	♦ What level of detail to show – sufficient to identify major activities but not too lengthy so that it becomes difficult to monitor ♦ Who prepares workplans – want to involve those responsible for implementation while ensuring they keep to realistic budget ceilings. ♦ Workplans need to: o show funding by source for activities, which requires Das to be explicit about what they will find o includes plans for institutional development & capacity building related to the SWAp and further policy development.
5. Agree funding mechanisms and terms	♦ Whether to have pool funds and what can they be used for? If pooled funding is phased in, what are criteria for increasing its coverage? ♦ Are propose conditions for releasing funds achievable and do they leave scope for flexibility? ♦ How can new funding mechanisms such as Time Slice Financing be shown in budget documents & managed by central ministries?
6. Agree procedures for approving expenditure, disbursement & procurement	♦ Are workplans with budgets sufficient for approving expenditure? If not, will Das review consultancy terms of reference and tender documents? ♦ How will procurement rules be agreed?

7.	Agree monitoring & reporting arrangements including financial reporting & audit	♦ How to get agreement on a limited, shared list indicators? ♦ How will Government monitor activities as well as expenditure during the year? ♦ What accounts coding & cost centres are required to give financial information consistent with policy objectives & reporting requirements? ♦ How will value for money be assessed/verified, as well as financial audit?
8.	Establish memorandum of understanding & working arrangements	♦ How to allow for changes in the sector programme based on experience ♦ How to deal with disagreements during implementation
9.	Identify transition steps required including development of capacity and systems	♦ Preparatory steps may include: o Preparing for the end of project funding; o Communications to staff & the public on policy and SWAp related changes; o Development of information & finance systems with supporting training; o Collection of baseline data for use in subsequent evaluation.

3.2 Whether to join in pool funding

In the design stage decisions will be required on whether to join in pool funding which will be managed by government, and what types of procedures and reporting requirements will be established for pool expenditure. This will need to consider:

- Financial management and reporting systems. Can government financial systems be relied on to manage expenditure? Can government produce financial and activity information which allows monitoring by appropriate cost centres or against key objectives?

- **The disbursement mechanism.** Will funds be provided in advance or retrospectively? How will funds be held and drawn down? What format will be used for claiming reimbursement?

- **Approval of planned expenditure.** Is approval required prior to expenditure? Would annual budgets and work plans be sufficient? Are there areas where plans have to be agreed in more detail (e.g. for building work, overseas training)?

- **Procurement procedures.** What procedures will apply? Will tender documents or consultants' terms of reference have to be approved by funding agencies? Can some procurement be contracted out (e.g. of vaccines)?

- **Accountability.** Are existing government audit procedures adequate? Is strengthening of audit capacity required? How will agencies assess value for money?

As more countries develop pooled funding arrangements, it should be possible to share experience and establish with the finance and audit departments in DFID the types of procedures they will accept.

The pooling of funds can be introduced on a limited scale initially. For example:

- In Ghana, initially only some development agencies joined the pooling arrangement and some funding (e.g. offshore expenditure) continued to be managed by the agencies concerned. Also, districts could only get access to pooled funds when their financial systems had met certain criteria.

- In Zambia the gradual approach took a different form, in that the initially pooled funds for districts only covered certain types of expenditure (non-staff, non-drug spending), while there were no pooled funds allocated to central agencies, training institutions or hospitals, so most external funds remained outside the pool.

- In Bangladesh, only some agencies are participating in pooled funding arrangements, while others maintain a project approach. However, most have agreed to work within the overall sector programme and share the annual performance review. Even within the pooled funding, development agencies have retained some controls such as requiring approval of tender documents and terms of reference before they are issued.

It may be tempting not to participate in a pooled funding arrangements at the start, but rather to wait and see how it develops and join when there is more experience and systems have improved. While this caution is understandable in terms of accountability, it risks undermining the attraction of the SWAp to the government, which may feel it has given development agencies greater influence and involvement in sector planning but is getting little back in return, in terms of greater control over resources.

There will be some agencies which do not participate in pooled funding arrangements – whether because their regulations do not allow them to, they want to tie their aid or retain control over its use, or because they have a narrow remit for the funding they provide (e.g. it has to be for family planning work). This need not deter others from participating in the pooled funding arrangement. What is required is that those agencies which are not contributing all their funding to the pool are clear about which activities or supplies they will support, so that the government can plan to finance the remaining activities from the pooled funds.

3.3 How detailed should the sector programme/plan be?

The development agencies want to be confident that the policies and resource allocation pattern agreed under the SWAp will be reflected in implementation.

This leads to an interest in the plans and budgets for the sector. An issue which arises is how detailed the plans need to be. In Bangladesh some funding agencies wanted the government to produce detailed plans for all five years of the programme from the start, so they could check that their concerns were reflected. This turned into a vast exercise for government.

Whilst such plans provide a basis for each funding agency to identify which activities and supplies it will fund, if plans are required for the whole five years then one of the advantages of the SWAp will be lost – as use of resources will not be flexible and responsive to national priorities and progress. A practical compromise may be to have annual work plans prepared each year, with the major activities and milestones reviewed and agreed by the development agencies and government.

4. Issues in the content of sector programmes

4.1 The amount and cost of the TA

Technical Assistance (TA) can be used to address weaknesses in technical capacity and financial management. The development agencies may want to see more use of TA during implementation than the government – which may feel it has sufficient technical skills, or may not be as enthusiastic about more external scrutiny (e.g. assistance with procurement). This problem is exasperated by the high cost of TA when compared with salary levels in the recipient countries, which makes TA appear poor value for money. This raises the question of whether the full cost of TA inputs should be shown to the government, or whether certain types of TA should be funded separately, particularly when the TA is essentially a requirement of the development agencies.

There is also an issue around who selects the TA. In one country where the government controls the TA budget, a consultant who identified that building projects were extremely costly by international standards was not asked back again.

4.2 The impact on vertical programmes

One area of concern is the effect the SWAp is likely to have on vertical programmes such as immunisation and national TB programmes. These have typically been managed from the centre with substantial donor support and often with their own management systems, transport and supply systems. Some have been successful.

In principle there is no reason why a SWAp means that a vertical programme has to stop being a managerial entity. The government can continue to manage certain activities vertically (just as it may decide to manage another activity as a project with a clearly defined project manager). What is likely to change with a SWAp which includes pooled funding is that the programme's funding will not be so clearly earmarked and ring-fenced. This brings the risk that the programme performance may decline, due to inadequate supplies or, if the programme previously paid staff for programme activities, because its managers and staff will be less well motivated. This is a real concern, although it must be recognised that there can be delays in donor funding for programmes which also disrupt their implementation.

If the programme is integrated with others at central and local levels, then there may be a decline in performance if there is less focus on the activities of the programme. This has to be offset against the advantages of greater efficiency and long-term sustainability of more integrated services. This problem for vertical programmes is not specific to SWAps, although SWAps are likely to bring the issue to the fore.

In the transition stages, it may be worth addressing the issue explicitly with government and monitoring performance with a view to bringing in remedial mechanisms if problems are emerging. It may also be a factor in deciding how far to pool funding – for example, DFID could decide to continue funding TB drugs or contraceptive supplies directly, in order to ensure adequate and high quality supplies are maintained in critical programmes.

4.3 Incentives

The issue of **incentives** for government staff was noted above, where staff involved in managing and (sometimes) implementing projects were paid financial incentives in order to maintain their performance. However, there is a more general issue of motivating staff to implement the agreed policies and plans. In principle this is one of the advantages of a SWAp – that some of the increased funding for health can be devoted to supporting remuneration levels which will encourage health workers to work on their full range of duties. Ideally, some form of performance related pay would be introduced. But making this work in practice is a huge challenge, when there are large numbers of staff, constraints for central civil service ministries and no easy way to measure performance in health services delivery or management.

The issue extends beyond SWAps again, into broader civil service and health sector reform. The SWAp design process can make a contribution in the planning and resource allocation phases, by encouraging government to review the numbers of hospitals and staff to bring them down to a number which the government can afford to run at reasonable salary levels. SWAp annual reviews can also consider the issue. In the short term, the incentives issue may also be a factor in the decision of how far to fund through the pool and how far to support specific programmes.

4.4 Performance review and auditing

In a SWAp where the government takes more control over planning and managing the sector programme and resources, the funders will want to check that the programme is on course and funds are properly spent. The government, as a major funder, will take part in reviewing these issues. The approach proposed for several SWAps is a joint annual performance review to consider progress and agree the next years plans, with a limited list of performance indicators agreed as the basis for this review.

It will also be important to have proper and independent auditing. This will include financial audit, to check that funds have been spent in line with financial regulations and accounted for properly. There should also be technical audits and verification of activities to check that there is value for money in expenditure – for example that unit costs for buildings are reasonable and buildings have actually been built as specified; that appropriate interventions have been carried out; that NGOs which are funded have actually delivered services; that drug costs are reasonable; that major milestones have been achieved. This should not be seen as contrary to partnership, but as a legitimate and normal component of a partnership to improve services for target groups.

One issue, which arose in Zambia, was limited audit capacity – so that measures were taken to strengthen private sector auditing linked to health sector reform.

5. Conclusion

Sector wide approaches are not a new concept – although the term is new. They embody the intentions of making development assistance programmes effective and sustainable though working within agreed policies and overall sector allocations, with co-ordination between the development agencies, and with consistent activities implemented using national systems. Given this and the current level of interest in SWAps, the issue is usually not whether to have a SWAp but how to make sure it is successful.

The process of designing the SWAp needs to be keep in the mind the intended advantages of the changes, and the problems that need to be overcome. This allows the early years of the SWAp to include a programme of institutional strengthening to develop capacity and systems and work on mechanisms for improving equity and efficiency in allocation and use of resources. It may be helpful to have a memorandum of understanding among the development agency group which defines the working arrangements and objectives for the SWAp and their roles in its development, as well as (or as part of) a memorandum of agreement between the agencies and the government. There is also a need for flexibility in design, so that progress can be reviewed early on and the mechanisms adjusted in the light of experience and results.

Success requires a common understanding of what is intended, and a willingness on both agency and government sides to move away from the project mentality. How far and how fast to move along the spectrum from a relatively loose SWAp, with agreed policies and plans and agencies funding clearly defined programmes or activities, towards a SIP with pooled funding managed by government, will depend on the factors discussed above. Critical are the capacity of the donor group to work together to agree a coherent policy and working arrangements and the capacity of the government to lead the process and to handle and account for expenditure.

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Concepts, Issues, and Working Arrangements

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