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**Financing the educational future:
Education for All plans and their
financing**

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**Resource Paper at the
*UNESCO International Seminar on Financing and
Implementing National Education Plans***

This paper is a resource report presented at the *International Seminar on the Financing and Implementation of National Education Plans*. Organized by UNESCO in collaboration with the Sun Moon University, the National Commission for UNESCO and the Ministry of Education and Human Resources Development of the Republic of Korea, this conference took place at Asan-si, Republic of Korea, from 17 to 21 September 2003. All the documents of the seminar published in this framework are:

Country Reports:

Burkina Faso: Le financement et la mise en oeuvre du Plan Décennal de Développement de l'Éducation de Base (PDEBB) au Burkina Faso

Laurent S. Kabore

Cameroon: Le financement et la mise en oeuvre des plans d'éducation : le cas du Cameroun

Gilbert Nlege

Cuba: Educational planning and financing in the Republic of Cuba: An approach to the fulfilment of the objectives of the Education for All programme

Rosa Alvarez Cardenas

India: National report on Education for All

Amik Kaushik

Morocco: Financement et mise en œuvre des plans d'éducation au Maroc

Mohamed El Yaalaoui

Niger: Plans nationaux d'action d'Éducation pour Tous: Cas du Niger

Ibrahim Adama

Republic of Korea: Recent economic challenges and education development plans in the Republic of Korea: Focussing on education finance

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Resource Papers:

Financing the educational future: Education for All plans and their financing

Russel Craig

Financing and implementing education development plans: Theoretical frameworks and practices

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GUIDELINES FOR NATIONAL REPORTS

I. Introduction to the topic

A survey carried out by UNESCO in 2002 shows that the plans, whether ready or still in the process of being developed within the framework of the follow-up to the Dakar Forum, have taken different forms, such as: (i) sector development plans, (ii) existing plans revisited or strengthened, (iii) EFA-specific plans, (iv) EFA programmes or projects, (v) projects focusing on specific needs or areas such as quality improvement and lifelong education, etc.

Whatever forms these plans or programmes have taken, one of the major and immediate concerns is how they are going to be implemented. Authorities and specialists involved in their elaboration are asking the following questions:

- Will the plans, once arduously developed, be effectively implemented, or once adopted, will they be shelved once more?
- Will there be enough resources, not only financial but also human and technical, to carry them out? Are the institutional capacities sufficiently strengthened to ensure their implementation?
- Will the commitments made by the present governments be respected by the following?
- Will the funding expected to come from or promised by the international community arrive, if yes, up to what scale?

The conditions of the effective implementation of these plans are therefore numerous and complex. Of these, the financial factor is certainly one of the most important. However, other equally important aspects, like the necessary reforms and the strengthening of institutional capacities, should not be neglected.

The seminar entitled *Financing and implementing education development plans* is part of a series of UNESCO activities aiming to help the Member States to effectively achieve the objectives of EFA. This seminar, devoted to one of the three retained themes in this regard, will attempt to show how countries effectively implement their plans, what main difficulties they face and how they have overcome them.

II. Aspects to be examined in the reports

As mentioned above, this international meeting, part of a series of seminars whose respective themes were designed in a way to complement one another, will focus on the theme of implementing national plans once they are ready.

The actions foreseen in the plan are often numerous, ambitious and complex. Sometimes the education administrations have not prioritized them at the moment of the plan's

preparation, and even if these actions were designed with a certain order of priority, the question to know how to proceed with their actual implementation has yet to be resolved. Some would say resources, financial in particular, should first be ensured, others would say that before everything else, political, institutional, and administrative reforms should first be put in place, in order to create the favourable environment and conditions for the efficient and rational use of allocated resources.

How then could the implementation of these plans be started, which are supposed to have been designed on a solid and technical foundation, and approved according to a process of social consultations and democratic validation? Can the reform measures, the rationalization and improvements foreseen in the plans be immediately applicable without a deeper sub-sector analysis, and without a preliminary negotiation on the foreseen measures concerning the teachers for example, especially on those concerning their status? The same applies to the local groups if they deal with decentralization. Are the institutional capacities able to manage and monitor the planned actions?

The question of resources necessary for the implementation of the plans should also be debated and resolved. It is not only about sufficient allocation of resources, human and/or financial, but also their rational and efficient utilization. What measures have been taken in order to ensure a more efficient management of resources? How could the quality of educational services be improved? What is important here is not only to make some savings on the costs but also, and above all, to use the allocated funds in a more equitable, transparent and efficient manner.

This seminar also finds its justification in the premise of the Dakar Framework for Action: « *no countries seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources* ». In this regard, several options and objectives would be explored, such as - to cite only those included in the Dakar Framework:

- «(i) *increasing external finance for education, in particular basic education;*
- (ii) *ensuring greater predictability in the flow of external assistance;*
- (iii) *facilitating more effective donor coordination;*
- (iv) *strengthening sector-wide approaches;*
- (v) *providing earlier, more extensive and broader debt relief and/or debt cancellation for poverty reduction, with a strong commitment to basic education; and*
- (vi) *undertaking more effective and regular monitoring of progress towards EFA goals and targets, including periodic assessments.»*

The options mentioned above justly summarize the major tendencies and current debates surrounding financial co-operation in the field of education. In developing countries as well as in industrialized countries, in the context of budgetary constraints and/or economic difficulties, national or international services, financial in particular, exert growing pressures on education administrations to make them demonstrate that allocated

funds are being used efficiently. Bilateral and multilateral agencies expect that development actions are planned in a more transparent, accountable and efficient way.

This requirement changes the way agencies collaborate with the beneficiary countries. Gradually and in a more and more accelerated way, the project approach gives way to programme approach. Instead of financing sub-sector and sometimes fragmented projects, some agencies prefer financing sector plans and programmes. Sometimes financing goes directly to national budgets, provided that these plans and programmes are credible and transparent. This implies that they have the right to examine and "interfere" with the plans and programmes. *The external partners are being more and more involved in upstream activities of educational development*, meaning in the definition of educational policies, plans and programmes. The agencies would feel more concerned and "aware of their responsibilities" in the implementation of the plans and programmes developed in this way. *The question of increased financing must therefore be addressed not at the moment of implementation, but "upstream", meaning at the moment of designing the plans.*

There is no *one* programme approach, but several sectoral approaches, ranging from a simple co-ordination mechanism to SWAP (*sector-wide approach*) which, finally, consist in financing the national budgetary expenditures, and not specific projects, by putting all the external contributions together to finance the national plans and budgets. Some countries, notably the least developed countries (LDCs), are experienced in this sector co-operation and co-ordination approach between the governments and the partner agencies. They have succeeded in mobilizing the technical and financial resources, first for sector planning, and then for the implementation of education development plans. Others were not able to succeed for one or some of the following reasons: (i) they do not know these co-operation approaches; (ii) the constraint that their complexity involves; (iii) the preference for or the relative simplicity of financing by project, or (iv) the perception of the SWAP approach seen as an infringement on national sovereignty.

In the light of the foregoing, the reports and the debates of the seminar will be structured around national *experiences, lessons, and good practices*, accompanied by insightful examples. Participants will attempt to answer the following five questions:

- (i) How do governments intend to create the conditions favourable to the implementation of these plans, in particular the reforms they foresee? In the case where countries have to rely on international financial co-operation for the implementation of the plans:
- (ii) How can the partnership in the formulation of educational policies and development plans be reconciled with the leadership role of national governments?
- (iii) How can the national capacities for the execution and the follow-up of plans, as well as those for co-ordination of bilateral and international co-operation be strengthened?
- (iv) How can plans be made reliable/feasible, and projections credible, from the perspective of potential donors?

- (v) How can external financing be increased for the implementation of the plans?

Let us examine each of these five questions closely:

- **Conditions favourable to the implementation of the plans**

The plans should be prepared on the basis of an in-depth analysis of the current situation of the education system and of its probable evolution, through a technical, participatory, and transparent approach. Their implementation, in the context of a coherent economic and social development, calls for a synergy between the concerned actors and the adaptation and renovation efforts with regard to sector management and monitoring capacities. The reform and improvement of the education sector is therefore a continuous process which should be planned and managed. In this regard, the participants of the seminar will try to answer the following questions:

- (i) Is the preparation of your plan based on a reliable education management information system, and on an in-depth and critical analysis of the education sector?
- (ii) Has a general consensus been built on the main political orientations and on rationalization and reform measures, through the consultation with and the participation of all the stakeholders, including other public departments, the legislative body, the teachers, the private sector, the civil society, etc.?
- (iii) What main rationalization measures have been taken on human, technical, and financial resources, and how are they (or how will they be) implemented?
- (iv) Are the development and reform actions designed in an efficient, realistic and prioritized manner?
- (v) Are the institutional and administrative implementation arrangements satisfactory, if not, what measures are foreseen in this regard?

- **Government/agencies partnership in the formulation of plans or plan**

It is assumed that national authorities are the first responsible for their education system and that international co-operation can contribute to the formulation of coherent policies. The reports could take up, among others, the following questions:

- (i) What are the mechanisms and practices for partners' participation in the development of education policies and strategies?
- (ii) Does the participation of partners provide an added value or does it serve as a substitute for national skills?
- (iii) Does the "interference" of co-operation agencies in the elaboration of education policies and plans represent an inconvenience, an asset or a fatality that should be managed?
- (iv) Are the different approaches (project, programme, sectoral, SWAP, etc.) mutually exclusive or complementary, and how are they applied in practice?
- (v) Are the efficiency measures often recommended by external agencies necessary remedies or bitter pills to swallow?

- **Strengthening of national capacities for plan implementation and monitoring, and for donor co-ordination**

This concerns the strengthening of institutional capacities in the fields of planning, management, monitoring and follow-up/evaluation of the development of the system. The institutions should be able to plan and organize the actions in a coherent manner, to design and to implement the reform policies, (and in the case where the country would depend on external aid) to guide and co-ordinate the co-operation actions and to provide the necessary arguments for the assistance of external partners in priority fields. Some criticize the fact that international co-operation is sometimes substituted for national skills. Therefore, we should ask ourselves if the countries' capacities for designing and implementing education policies are adequate. Most particularly:

- (i) What are the institutional weaknesses? In what important priority fields should national capacities be developed?
- (ii) Do the national actors have the expertise to steer the process and techniques of design, implementation and follow-up of education policies?
- (iii) Does international co-operation contribute to the strengthening or weakening of national institutional capacities?
- (iv) Can co-operation with external agencies contribute to a more transparent management and a more rational allocation of resources for the implementation of the plans?

- **Reliable plans and credible projections from the perspective of potential donors**

The EFA plans should be prepared by governments for their own citizens. They are, above all, national plans which should be carried out by the mobilization of national resources. They should first be credible to public opinion? Unfortunately, in numerous countries, the economic situation and development prospects, in addition to the debt problem, are such that it is difficult to attain the Dakar objectives with national resources alone, even if these were utilized in the most rational way possible. The plans and their projections have to be viable, realistic and credible, in order to facilitate the mobilization of additional internal resources as well as external financing. In this regard, we should answer the following questions:

- (i) How can the experiences of co-operation with technical and financial partners be characterized in this field?
- (ii) Up to what point does international co-operation contribute to the viability and the credibility of these plans?
- (iii) Can the satisfaction of social demand, the necessity to ensure political stability, and the "pressure" of external partners for efficiency matters reconcilable?
- (iv) To what degree are the projections of your plans credible?
- (v) In your opinion, what are the most important criteria of credibility in an education plan?

- **Increasing external financing**

In principle, the country's external financing for education should be complementary in relation to its internal resources. Governments should therefore take all the necessary measures and arrangements to rationalize and increase internal resources, including those of the private sector, communities, NGO's, etc. Then comes the question of knowing how to increase external financing, preferably in the form of grants, for the development of education. More specifically:

- (i) What concrete examples do you know in this field?
- (ii) How can the transparency in management and the reliability of information system contribute to the increase of financing?
- (iii) To what degree does the role of international co-operation in the formulation of educational policies contribute to increasing internal and external financing?
- (iv) In your opinion, do the criteria for an increase in external financing differ depending on whether they are defined by beneficiary countries or donor countries?
- (v) Is the external financing fairly distributed between the regions and countries?
- (vi) In your opinion, what are the most important solutions to the problems of increasing external financing for education?

FINANCING THE EDUCATIONAL FUTURE: EDUCATION FOR ALL PLANS AND THEIR FINANCING

Russel Craig¹

Introduction

Following Jomtien and Dakar, developing countries across the world are preparing plans to ensure that opportunities for education are available to all children and adults. With definite goals and a target year it is possible to plan for. Unfortunately many of the countries that are least prepared to plan and implement Education for All [EFA] are the most likely to need good planning and sound systems of implementation and financing to meet their targets.

In considering the development and financing of EFA plans this paper will consider a range of countries, in particular focussing on:

- Cambodia
- The Gambia
- Timor Leste

In addition it is important that EFA planning should be seen in the context of other national and sector plans. Many countries have developed strategic plans, often in the context of SWAp arrangements. Typically these are medium term [in the range of three to five years]. Also widespread public expenditure reforms often focus on the development of medium term expenditure frameworks [MTEF] as a budget mechanism, often also associated with medium term planning for three to five years. While EFA plans focus on the long term to 2015, at the beginning there is a danger that they could be developed separately to these medium term plans for the education sector.

Other planning demands on the education sector include those to meet the Millennium Development Goals [MDG], and those associated with the major multilateral lending institutions such as the Poverty Reduction Strategy Programs [PRSP].

1. Conditions for implementation

The successful and sustainable implementation of EFA and other national plans, in the

¹ UNESCO Consultant

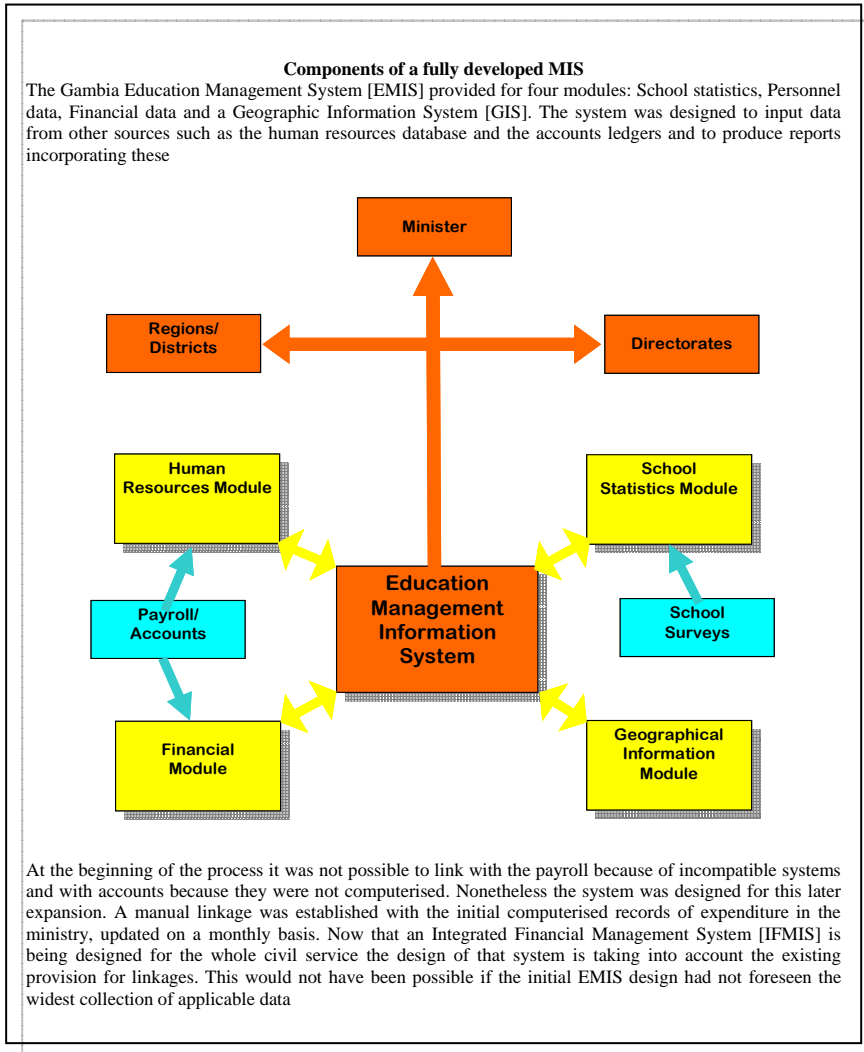
context of a coherent economic and social development, depends on a number of conditions. These include the presence of persons with defined skills and the development of a number of systems to provide support to management of the sector. Developing and managing the processes most likely to produce universal education is a complex operation that has to be sustained over a number of years. This means that not only has capacity to be developed initially but that systems for maintaining that capacity have also to be developed.

1.1. A reliable education management information system

A prime early and continuing need is for information. Information is more than data – it is the systematic analysis and presentation of data in a manner that enables managers to make meaningful and rational decisions. Policy makers and managers will make decisions on the direction and running of the education systems under their control whether or not they have information. However they are likely to make better decisions with information than without it. Providing information on a piecemeal basis by developing analyses whenever a senior manager requests information is a very inefficient response. Developing a system that can provide such responses is initially more difficult and costly but more effective in the long term.

A fully developed management information system [MIS] for the education sector should contain more than school statistics although these are a good foundation for the system. Many education MIS provide only for school, teacher and student data. They do not include personnel data apart from non-individual descriptions of school staff², and they do not include financial information, particularly for current expenditure. This may well be because the data processing capacity to include information for each teacher is not there, or because the financial system is either not computerised or is not capable of being linked to other data. But it should be the aim of MIS developers to provide for the full range of data inputs so that information in the form of management reports can be extracted from the system [See Box 1]. Key management decisions should not be based on statistics only. In situations where resources are limited, which is usually the case in developing countries, then the resource implications are an important part of the information requirements of managers.

² For example, that there are four qualified teachers and three unqualified teachers at a particular school and that there are five male teachers and two female teachers. But because the data are grouped one cannot tell what the association is between gender and qualification. Preferably there should be a record with basic information for each individual staff member



Box 1: Developing the Gambian MIS

The data inputs to the system need to be timely and reliable. Timely data means data that is collected and processed in time to provide information when it is needed for crucial decision making. This means coordinating school data collections with the budget cycle for example, so that when the budget for the sector is being planned there is information at hand about the number of students in the system and the needs for teachers' salaries

and for other inputs to the school system. If the data processing is not timely then managers either ignore the data or else start their own systems to provide information. In Namibia when the central information system failed to function because of the loss of key personnel and their non replacement, regional systems took over the burden of providing regional managers with key information. Unfortunately the central ministry did not receive the individual regional summaries and was left in ignorance of the total sector picture. In The Gambia at the beginning of the EMIS development process each District office kept separate records of the district statistics because the processing time in the central planning department was so long that regional managers could not make key decisions based on current year data, unless they analysed it themselves.

The data need to be reliable. Unfortunately statisticians do not always calculate system wide estimates. Faced with partial data because some schools have failed to report during the annual collection they may report only the actual responses thus they may only report 80 to 90 percent of the data as was the case in Uganda in the mid 90s. There are well developed statistical processes for estimating the total numbers given such partial responses. The simplest response is that used in The Gambia which took the last known response from a school as the best estimate of the numbers, so that reporting the results always included all schools. Paradoxically these two needs for timeliness and reliability may act against one another. In Cambodia and The Gambia the data staff routinely took so long to clean the data from schools³ that the timeliness was lost and then the usefulness of the clean data for immediate decision making was lost.

Normally most countries endeavour to collect vital school statistics annually. In Southern Africa many countries have two or even three data collections per year. Given the level of information needed to manage a complex system to meet EFA goals an annual collection is important in terms of student numbers and characteristics such as gender, as well as system behaviour in terms of such things as flow rates – the level of survival, repetition and dropouts in the system and the trends over time. Timor Leste has been having a great deal of difficulty in updating its system of data collection since Independence and in commencing an annual collection of school level data and computerising accounts within the sector ministry. Regional supervisors summarise information on various subsectors and supply the information to relevant directors but no system exists for the planning department to receive copies or collate the information, so there is no overview of the sector. Because the previous Indonesian regime did not collect gender disaggregated statistics regional supervisors do not supply such data currently.

In terms of EFA goals there are areas that are often lacking in information systems, such as early childhood care and development [ECCD] and adult literacy training. The organised and government dominated school system is an easier area for statistical data

³ The data processing staff routinely sent forms back to schools via regions if there problems with any of the data. So even the good data was not available for entry if any of it was considered suspect, and the process of getting the data forms to the regions then to the schools and then back to the regions and back to the centre often took three months or more.

collection but these other subsectors are also very important to the EFA process. Sector ministries need to consider how monitoring and reporting systems can be developed to incorporate literacy classes and how regular national surveys⁴, perhaps for other purposes, can supply data to assist in developing national literacy estimates..

Having developed the management information system it is very important that it be sustained, in terms of infrastructure and capacity. Information that is not updated quickly becomes of little use in decision making. If one only knows what the sector looked like two years ago then the information becomes less relevant to making decisions about how it will be resourced in three years time, as a great deal can happen over a five year span, especially if the inputs are designed to bring about rapid change. The two weakest links in the process are often the maintenance of the IT infrastructure, including telephone or other communication links, and the sustaining of developed capacity for the system, and these are of course connected in that in many developing countries the skills to maintain the infrastructure are in such high demand that personnel with them cannot be maintained in the civil service. There are often regulatory and resource constraints to paying what it costs to sustain the system, after a donor has provided the initial investment. The Gambia is developing a special classification for IT personnel to address this issue, and also considering outsourcing the maintenance of the IT system.

A further capacity issue is the extent to which senior managers are able to use information. There are both demand and supply aspects to this issue. If managers are not trained to request and use information in regular reports they are likely to either ignore their own information needs or to request information on a piecemeal basis which is often inefficient. Planners need to agree the key information points with managers and supply these on a regular basis. On the supply side MIS managers may be too possessive of the information and see themselves as gatekeepers or interpreters, thus enhancing their own power vis-a-vis the senior policy makers and managers. In The Gambia the EMIS is distributed via CD and all managers in the ministry received regular updates via locally copied CDs, which is a cheap and effective distribution system that bypasses difficulties with online systems and confidential aspects of the system.⁵

1.2. An in-depth and critical analysis of the education sector

The plans should be prepared on the basis of an in-depth analysis of the current situation of the education system and of its probable evolution, through a technical, participatory, and transparent approach. Obviously the development of a sound MIS is fundamental to regular critical analysis of the sector. Otherwise this becomes a one off event and is much more costly as often consultants, either national or international, are required to gather the material. It is better to develop an internal ministry team of fairly senior staff, under the leadership of a top policy maker, to develop such analyses. In this way they

⁴ The Multiple Indicator Cluster Survey [MICS] sponsored by UNICEF reports on a national sample basis a small set of educational indicators, including adult literacy, as an example

⁵ Certain confidential data on the main system, such a salary points on an individual basis, were not reproduced on the distributed CDs

will not only become familiar with the sector but be in a position to address the issues raised by the analysis.

Any analysis that will serve as the starting point for sound EFA planning must include statistical and financial aspects. Without costed policies and activities it is very difficult to appreciate the need for prioritisation. Simply imagining what should be or setting standards and practices that are appropriate to developed countries without transparently reckoning their costs [and not just their initial investment costs but their recurrent costs] can lead to expectations that are impossible to meet.

EFA concerns itself with a subset of education sector activities. Most education ministries are expected to deal with a wider spectrum of educational preparation than ECCD, basic education and adult literacy, important as these aspects of education are to nations and to individuals. Post basic schooling, technical and professional training, teacher education all need to be provided for in some way, and so any complete analysis undertaken to prepare for EFA long term planning must also incorporate the non EFA elements of the sector, if only to highlight to governments and external agencies the choices that are being made.

Undertaking sector analysis is both an informative and formative process. It creates awareness and understanding in the stakeholders who do the analysis, thus preparing for a realistic dialogue later in the plan preparation process. To achieve this the analysis must be completed in a participatory way. It should involve all the principal stakeholders in the sector, including other ministries and agencies of the government, NGOs active in education, and representatives of civil society.

1.3. A general consensus

A further condition for the implementation of EFA plans is the development of a general consensus on the main priorities and strategies to achieve the desired goals for EFA. This must be built through consultation with and the participation of all the stakeholders, including other public departments, the legislative body, the teachers, the private sector, and the broader civil society.

Building a general consensus will usually begin with the political will to deliver the main outcomes of the EFA position. Without the active involvement of significant political figures as champions it is difficult to mobilise the range of stakeholders necessary. In Cambodia the position of the minister in charge of the education sector as Deputy Prime Minister and the agreement of the Prime Minister as head of the overall EFA committee provided substantial messages to the whole ministry and sector that there was strong commitment to EFA. While political commitment is not sufficient to deliver the resources that may be needed it may be necessary in order to mobilise the resources.

To go from political commitment at the top to mobilisation of the widest set of stakeholders there will need to be wide consultation. Dialogue between stakeholders

may take a number of forms and there is need for a mix that will to some extent reflect the national culture. EFA planners and managers need to hear what others have to say. This may occur in workshops, in seminars, in village discussions, in round tables and in whatever ways are appropriate to the society. It is important that a range of senior policy makers participate in these discussions and simply technocrats. In Cambodia during the process of education reform very senior officials from the sector ministry went to meetings in every province. This gave them the opportunity to hear from people who would normally never get the opportunity to meet such officials face to face.

The consultation process is a means to form active partnerships between different sections of civil society, including the representatives of external agencies such as donors and NGOs. Dialogue is the crucial issue here, meaning the opportunity to canvass different options and to challenge the status quo in a manner that is positive. Without this there is a constant danger that one side or the other will feel that it has been forced to acquiesce rather than freely accepting a common point of view. Following consultation there ought to be formal agreed positions adopted. It is sometimes useful to separate this from the active discussion and canvassing of different points of view. This is difficult to achieve in dialogue that involves out of country delegations, missions or round tables, with their fixed timetables and necessity to produce a result within a very limited period. However when the parties all reside in the region there are strong benefits in such separate meetings for formal agreement. In Cambodia the education minister set up regular formal consultations between the senior policy makers and external agencies active in the sector. But he made it a principle that in discussions at such meetings all the external agencies would present one point of view only. This did not prevent very active discussion prior to such meetings and informal dialogue with the ministry. The forcing of each side to single views, formally presented by senior representatives on each side, sent powerful messages and usually ensured that agreements were thrashed out before the meetings. Contentious issues were privately debated and compromises agreed over periods of some months and each side had confidence that the final positions were very solid.

1.4. A development and reform process

The development of an EFA plan, or the financing of an EFA plan, is not a single issue over which one single agreement between the parties can be reached. Rather they are processes, or parts of processes, that may be ongoing for long periods of time. It is better to view them as such from the beginning and see that the *process* itself must be the focus for interactions between the stakeholders. There must therefore be provision for a process which emphasises sector reform and sector development over time.

The focus of the process must be across the sector. Although EFA emphasises basic education aspects, these cannot be reformed and developed without the wider context. Regardless of whether EFA is being financed by transferring government resources from post basic to basic, most governments will continue to accept some responsibility for the whole education sector. They will accept responsibilities for policies and monitoring

across the whole sector and will seek to set the standards for the whole sector. This means that the processes must encompass all education activities to some degree.

There is then a need for a strategic vision for the whole sector, which will incorporate priorities for implementation. This vision should encapsulate what the end point of the process should be, including the goals and objectives for EFA. A strategic vision is not simply a description or statement of the ultimate shape of the sector but should incorporate the major strategies for arriving at this desired state. Because most nations will operate under constrained resources even for high priority sectors then the strategies should provide guidance in making resource allocation decisions that will assist in the rational allocation of human and financial resources.

1.5. Institutional and administrative implementation arrangements

The reform and improvement of the education sector is therefore a continuous process which needs to be planned and managed satisfactorily. Among the key institutional and administrative arrangements that need to be made are:

- *Overall strategic reform responsibilities.* High level involvement by senior policy makers is very important in setting the strategic reform agenda and then regularly monitoring the process of implementation. Some countries, such as Cambodia, have the minister as chair of this group so that a clear signal is sent to all managers in the sector that reform processes are a high priority.
- *EFA as a distinct organisational entity.* In order to facilitate the implementation of planning, EFA responsibilities can be seen as a distinct responsibility within the sector. The Gambia appointed a senior director as EFA Policy coordinator and relieved him of other responsibilities so that EFA implementation could be coordinated in conjunction with other subsectoral responsibilities. The emphasis here is on coordination rather than implementation as the office has a very small staff and central and regional directors still manage the various aspects of the EFA program such as basic education delivery.
- *Implementation as part of sector and national plans.* It is very important that EFA be seen as a part of other plans. Many countries have medium term sectoral plans and long term national development plans. EFA needs to be seen not as a separate initiative divorced from other planning and implementation but as a long term process that contributes to national development and to which medium term sector plans contribute.

The Role of the EFA Secretariat in Cambodia

Preparing the EFA /NPA has been coordinated by the EFA Secretariat. The August 2001 Sub Decree envisages an ongoing role for the Secretariat as a key link from the MoEYS to related ministries, and in representing Cambodia at regional activities that will be an essential feature of the EFA agenda over the coming years, if 2015 goals are to be realised.

In defining the ongoing role of the Secretariat, the Sub Decree lists the following duties of the Permanent Secretariat General:

Research and draft policies, plans and strategies, and submit them to the National Committee for Education For All for review and approval;

Liaise and coordinate with the Ministries and Institutions concerned, National and International Agencies for the sake of Education For All;

Organize meetings for the National Committee for Education For All, monitor work performance, and implement decisions made by the Committee;

Report the outcomes of work performance to the National Committee for Education For All in timely manner so that it will forward to the Royal Government. (Article 7)

In designating the roles and responsibilities of EFA Committees, and the duties of the Secretariat General, EFA has been given a priority focus within the Royal Government of Cambodia

2. Government/agencies partnership in EFA planning

In many developing countries there is an uneasy relationship between the national sector managers and the external agencies that seek to influence the direction of national development. In some cases there can even be rivalry between external agencies as they seek to have their own agendas adopted by the host country sometimes at the expense of inputs from other agencies. What is needed is a clear partnership between all parties in the sector.

2.1. Participation of partners

National sector policymakers must be senior partners with external agencies. Without this national leadership there can be no real ownership of the national policies and strategies for EFA. It is important that the national sector leaders clearly enunciate such a policy if it is to be effective in drawing all the major stakeholders into clear partnership. In Cambodia the relationship developed over a number of years but it was clearly initiated by the government and by senior policy makers in the sector [see Box 2]. Cambodia saw that the three essentials for full partnership were:

- National leadership and ownership
- Early agreement on education policy and strategic priorities
- Collaborative implementation program

Thus it is very important that education sector policy makers and senior management must own their strategic plans and priorities. They cannot give national leadership without demonstrable commitment to the direction and implementation of change. They are unlikely to claim ownership unless they feel in control of the directions for the sector. This has important implications for the work of those who are commissioned by external agencies to assist in the development of plans and policies or in the implementation of them. Technical assistance should be focussed on senior policy makers and not located in external agencies or even link to technical staff in sectoral ministries.

One of the assumptions behind a partnership approach is that the agencies will commit themselves. Rather than sitting back and waiting for the national sector to commit to goals and either endorsing them or not, agencies that desire to work in partnership will commit themselves to goals. It is common to find that agencies and their consultants will work with the national sector and produce policies, priorities and strategies that refer exclusively to the actions of the sector and other national agencies, but will fail to list any goals or commitments by the external agencies. This belies statements of partnership.

The Commitment of the Cambodian Ministry of Education, Youth and Sports to Partnership in Sector Planning and Implementation
MoEYS Statement presented by H E Pok Than, Secretary of State, MoEYS

After discussions with our partners at sector planning seminars in September 2000, we agreed to three key elements in an effective education partnership.

The first was the importance of *national leadership and ownership* of the education reform program. The Ministry is confident that it has fully demonstrated its sustained commitment to lead education reform in Cambodia consistent with the partnership principles agreed earlier this year. The Ministry can also assure partners of its full understanding of the implications of the proposed reforms set out in the ESP and ESSP, while recognizing the challenge of implementation.

The second element was that *early agreement on education policy and strategic priorities* was essential. In the context of this second partnership agreement, the Ministry strongly reaffirms its commitment to Education For All as its priority long-term goal, consistent with the Dakar Declaration of 2000. We are determined to achieve universal access to nine years of quality basic education in the next decade. The Ministry anticipates that its partner will assist the Royal Government to fulfil this priority policy. Concluding statements at Dakar included this one: "The international community acknowledges that many countries lack the resources to achieve Education for All within an acceptable time frame ... We affirm that no countries seriously committed to education for all will be thwarted by lack of resources". Cambodia lacks sufficient resources without our partners; the 'education partnership' is therefore our joint response to Dakar to work together to achieve this priority target to transform the lives of the next generation of Cambodians.

A third key element of the partnership is to achieve joint agreement on the resources for a *collaborative implementation program*. The Ministry believes that the joint appraisal exercise concluded this week on our the Education Strategic Plan, and the initial translation of the ESP into a five year Education Sector Support Program is a demonstration of the firm commitment of all partners in this process – MoEYS, other Ministries, our international partners and the non-governmental community. Nevertheless, the Ministry recognises that much still needs to be done to build and sustain the partnership. Support from other Ministries, donors and NGOs must be sustained in order to build on this foundation. The Ministry is therefore seeking an early

commitment of technical assistance and operational support to further develop the partnership approach, to refine and consolidate the achievements, and to detail and implement our forward work plan.

My Ministry is acutely aware that there are a number of other key requirements if the new proposed reforms are to be implemented successfully. One critical task will be to reach early agreement on an *institutional development plan* and on *the capacity building priorities*. The Ministry has outlined broad directions for building the capacity needed to effect de-concentration of responsibilities to the provinces in the ESP and the ESSP. This policy priority however merely is a beginning, our vision of the future. The challenge will be to jointly identify immediate priorities and mobilize the necessary technical and financial resources to enable the provinces and other levels of agency in the country to take responsibility for improving the education services delivered in the area for which they are responsible. We are eager to accelerate decentralisation of responsibility nearer to the communes and communities, but our partners have to come forward and help us build back the capacity of these levels of government to effectively assume responsibility

2.2. Mechanisms and practices for partners' participation

Cambodia has developed a very successful process for partnership. Under the leadership of the ministry of education a set of regular processes involves senior policy makers, senior agency representatives and policy advisors in regular consultations and joint agreements on the whole education sector. The donors now collectively report to the sector on an annual basis [see Box 4 for an extract of the first annual report]. At the Education Round Table following the 2002 review of the Education Sector Strategic Plan, the Prime Minister of Cambodia stated:

I would like to express my warmest congratulation to the Ministry of Education Youth and Sport as well as all donor partners and non-governmental organisations for reaching a common understanding on paving the way towards a new form of effective partnership for co-ordinating assistance program and joint actions to develop Cambodia's education sector under the framework of the Royal Government's policies and strategies. Close co-operation among Government ministries and institutions and between the Royal Government and donor partners in education sector is a critical prerequisite for success in our endeavours to achieve the ultimate goal of Education For All. In addition to that, this will offer various valuable lessons and experiences for improving *our co-operation in other key sectors*.

The key elements of the process which led to this *effective partnership* began with regular consultations with external agencies led by senior sector policymakers. Too often consultations are initiated by the external agencies and the sector policy makers are reactive rather than initiating. The minister commenced the process by calling all of the agencies working in the sector together and suggesting that a regular dialogue led by the ministry and including the senior policy makers would be a useful starting point. The meeting agreed with the approach and the minister thereafter chaired regular sessions attended by senior agency staff [usually the Representative of the agency, or a delegated senior person]. A set of principles for the meetings was agreed.

The ministry encouraged external agencies to meet regularly and formally to develop common approaches. This was done and a regular monthly or bimonthly meeting of all agencies working in the sector was held. Reports and minutes were extensively and electronically circulated so that regional and head office specialists in the agencies were kept fully informed of all developments. Visiting project and program development and appraisal teams usually briefed this meeting on their work so that all agencies were kept fully informed about proposals and developments in the sector by all participants.

General principles of donor participation in the education sector in Cambodia

Broad commitment to a sector wide approach

It is now clear that the donor community has accepted the utility and advisability of taking a whole sector approach to development aid to education, in the terms defined above. There is support among donors for a single sector policy and expenditure program under government leadership.

Emphasis on partnership

Since early in the process of developing the sector wide approach, while the sector review was being conducted there has been a growing emphasis on partnership. This has been viewed as a partnership between donors to enhance the sector collectively through an open and transparent approach to their individual inputs. There is also an aspect of this partnership that involves the donors collectively and the Ministry. The donors have attempted to move from a position where the Ministry followed the dictates of a set of individual agencies mediated through projects to a position where the Ministry sets a policy position for the sector which is supported by the work of agencies.

Use of common conditionalities

The development of a common policy matrix between the Ministry and the donors is a significant step in preventing proliferating and possibly conflicting conditionalities being imposed on the Ministry as a part of the aid process. Provided that the matrix of implementation activities and indicators is generally agreed it means that the Ministry has clear indications of where it ought to concentrate its efforts. Donors also have clear guidelines on the priorities of the Ministry and the parts of the system that need to be supported.

Emerging support for direct budget inputs

Individual and directly supported projects have a certain efficiency in delivering inputs. However they are much less effective in bringing about system wide and sustainable change. Provided that there is commitment at the policy level and development of the management systems [including all aspects of the financial management system] then budget support allows the development of management capacity by bringing all major aspects of sector development under the control of senior management. The donors have set themselves a target of 50 per cent of sector aid going through direct budget support by 2005.

Emphasis on capacity building, especially in financial systems

The issue of capacity building is directly related to assessment by donors of the likelihood of budget support producing its intended consequences. It is difficult for the Ministry to demonstrate capacity while significant aspects of its operations [both financial and personnel] are isolated in parallel systems, while on the other hand donors are reluctant to commit resources through direct budget support until the capacity is demonstrated.

Donor Sector Report, 2002

Both the ministry and the major external agencies encouraged sectoral NGOs to formally associate and be represented on other consultative bodies. Financial support in the form of technical assistance and also support staff were provided to establish an education NGO organisation. This sent representatives to both the regular donor meetings and to the regular consultations between senior policy makers and external agencies in the sector. This was a significant move in bringing all the major players in the sector round the same tables and developing mutual trust and respect.

As part of the regular consultations the ministry suggested that a common policy implementation matrix be developed, This was developed from a matrix that had been agreed between the sector ministry and one of the largest development agencies working in the sector. It was elaborated and incorporated a range of policy implementation issues that could form the basis for a range of individual assistance, without the need for fresh negotiations and the proliferation of individual conditionalities. Significantly it included implementation commitments of the part of donors as well as the ministry.

As part of the mechanism that sustained the development of these processes two senior policy advisors worked in the sector. One worked directly to the highest policy makers in the ministry itself, while the other worked as donor coordination advisor. Together with the Director of Planning in the ministry they collaborated closely in ensuring that informal as well as formal channels were used to keep communication between all partners frank and full. It should be emphasised that most of the discussion and attendance at these partnership meetings involved agency staff rather than technical assistance working on ministry projects or programs.

2.3. External agencies and plan development

Involvement by external agencies in the development of sectoral plans and their implementation has the potential to cause any of three reactions. Their involvement may be viewed as interference in what is seen as a significant national development sector, particularly as those involved may seek to question current national priorities. On the other hand the contribution of the agencies may be seen as a welcome addition in an environment where there is a lack of capacity. The worst case would be when there is ineffective assistance resulting in the non development of any real plan.

It is important that the broad directions for sector plans are set by national policymakers, as has been emphasised above. If the sectoral policies, priorities and strategies have been developed in such a way that senior policy makers are comfortable with them and view them as the national framework for planning then the elaboration of the plans with the help of external assistance is not likely to cause great problems.

Within such a context broad international experience can provide a wider view, either from nationals or from international assistance. What is important is that international educational planning experience be used to test local planning directions. It should not set the national priorities and strategies but inform them and provide practical directions in implementation by advising on what has worked in other places.

The management of the external assistance will determine much of the utility of the outcome. If it is managed in a context of national partnership then the message from the agencies to their international technical assistance will be clear that national ministries set the highest level priorities and directions. Similarly from within sectoral ministries it is important that senior policy makers make clear their ownership of the agreed national policies and priorities, and do not leave the work to proceed on a purely technical level. It must of course be completed at a technical level but grounded in a secure national position for the sector.

2.4. Different approaches

Within education there has been much debate in recent years on the utility of the project approach as a means for the development of the sector. Originally many projects were conceived as a means of delivering results to the prime beneficiaries [children, students and non-literate adults] when national education sectors ministries were unable or unwilling to do so. Projects were seen as finite inputs to deal with particular and circumscribed problems. In the course of time and especially where a large number exist in a sector their downside has been recognised. In many ways they fragment the sector, leaving the senior managers with a much more difficult management task, and often with the ablest middle managers lured away to work inside projects and outside the control of the senior staff. Thus they act to reduce rather than build capacity, and often provide for recurrent costs at a level far beyond what is sustainable. Thus current development thinking is moving more towards program or whole sectoral approaches. Where then is the EFA process in such an environment.

By default an EFA plan is wider than most projects in both scope and scale. With a time horizon in the long term and often complex activities to develop and implement it is a large undertaking. It involves looking across a number of sub sectors [ECCD, Primary, Adult Literacy etc] that are usually organisationally distinct. Many projects cover parts of several subsectors but ministries are often not organisationally equipped to deal with such crossovers.

EFA therefore lends itself to program, or SWAp approaches to planning and management. For the sort of change envisaged by EFA a consideration of the whole sector by all parties is necessary. This is the basis of a Sector Wide Approach [or SWAp]. Definitions vary but this definition has been taken from a recent review of sector-wide approaches carried out for a donor group (DANIDA, DFID, Finland, Irish Aid, the Netherlands, NORAD, SIDA) focusing on sector wide approaches⁶:

All significant funding in the sector supports a single sector policy and expenditure program, under Government leadership, adopting common approaches across the sector,

⁶ *The Status of Sector Wide Approaches*: Centre for Aid and Public Expenditure (CAPE), Overseas Development Institute, London: commissioned by Irish Aid, Dublin: February 2000.

and progressing towards relying on government procedures to disburse and account for all funds.

This is an ideal view of the SWAp process. Most SWAps do not conform to this definition entirely. In particular some donor agencies are unable to place finances into government systems, and some are unwilling to do so if they judge that the government financial management processes are faulty in some way. Thus in practice many SWAps employ a variety of management and funding mechanisms, while endorsing in principle that the end point ought to be budgeting, disbursement and reporting of all resources through government procedures.

The important point for EFA is not primarily the financial mechanisms but the acceptance by all or most donor agencies in the sector of a particular country that there should be a single sector program, following one set of policies and strategies and encompassing all sector expenditure. If the sector currently has a SWAp process then EFA should fit within this easily. If there is no SWAp process in a particular country then the development of a program approach would seem to offer many advantages over viewing the implementation of EFA as a very large project.

2.5. Externally directed efficiency measures

One aspect of the partnership relationship that is sometimes very difficult is the insistence by some donors in some circumstances that the sector consider efficiency as one of the avenues to raise revenues for new initiatives such as EFA. Are the efficiency measures often recommended by external agencies necessary remedies or bitter pills to swallow?

Characteristics of the Cambodian SWAp

Rationale for the Sectorwide Approach: The main impetus for a sectorwide approach (SWAp) was Government recognition of the disappointing sector performance in the 1990s, and the limited development impact of external assistance of \$30–40 million per annum between 1994–1999. Another factor was a determination, within the highest levels of Government, to move from “donorship to ownership and partnership”,

SWAp Characteristics: The coverage of the program is sectorwide, incorporating a rolling program of priority reforms. It focuses initially on basic education, but with growing attention to public-private partnership in post-basic education. It is based on a long-term vision set out in the Royal Government’s Vision 2020 document, the draft EFA strategic plan 2015, and a set of long and medium-term strategies and programs identified in the ESP and ESSP to which, Government and all major donors agree. There is also an agreed medium-term expenditure framework (MTEF) consistent with the policies and priorities. The PAP mechanism provides the relationship between spending and sector outputs. Program allocations reflect priorities, and post-audit accounting encourages results-based financial management.

There is strong Government and MOEYS leadership and ownership of the program, with local stakeholders responsible for priority setting and program development. All major donors are committed to supporting the program, encapsulated in a set of Partnership Principles, formally approved by MOEYS, the Education Sector Working Group (ESWG) of donors, and the NGO Education Partnership (NEP) in early 2001. Partnership

It is clear that the education sector has to compete as a sector with other sectors in achieving national goals. It has no automatic right to a large share of the national cake, though usually in practice the sector does receive a significant proportion of the national budget. Different countries, depending on their national priorities and circumstances take different views on the importance of the social sector in receiving government resources. Within the sector too there are also competing goals between sub sectors, and these will depend on sectoral priorities and often on the goals espoused by the national development priorities. As a very rough rule of thumb one would expect to see education receiving 20-25 per cent of the national budget, and/or about 2.5 per cent of GDP⁷.

All countries have resources that are necessarily finite, and in practice this means that there are usually more calls on the national budget than can be accommodated by it. In addition by definition developing countries have limited resources. These resources are usually less and sometimes very much less than they need to meet even basic requirements at a reasonable standard, let alone the standards now adopted in rich countries. There are a range of responses that countries and sectoral ministries can take – they can attempt to raise revenues, they can attempt to cut costs or some combination of both.

Resolving this often means raising efficiency whether or not external agencies are involved. Faced with such choices governments or sectoral ministries attempt an equitable response by cutting each part of the budget equally – everyone receives five per cent less for example. This means that managers either find efficiencies or cut out certain activities altogether or both. So many developing countries contain current costs by paying salaries and reducing operating expenses by deferring or ignoring maintenance for example.

External agencies that raise efficiency questions should not be seen as simply being bad and imposing conditions that they would not tolerate in their own schools. Often they are attempting to address the short term solutions proposed locally that lead to long term problems. For example providing teachers without providing for the other costs of operating schools, such as instructional materials and maintenance can lead to severe declines in the quality of education. Similarly providing full support for tertiary students may not raise tertiary enrolment but can deprive basic education of severely needed funds.

On the positive side external agencies may be in a position to broker increased internal resources for the sector, especially if they can convince central agencies such as finance ministries that the sector is making real attempts to use funds as efficiently as possible. Agencies that can provide budget support have an advantage here in that they can use this leverage to have finance ministries provide higher levels of funds to the sector more easily than agencies that provide project support.

⁷ Some countries have low rates of revenue compared to GDP and necessarily this may mean higher budget allocations to adequately fund the sector.

3. Reliable plans and credible projections

Given that the conditions for implementation are in place and that effective partnerships are set up, what more is needed to ensure that EFA plans are viable?

3.1. Cooperation in planning

In the first instance EFA plans should be prepared by governments for their own citizens. They are statements of how a particular country desires to reach certain international goals, and therefore they should reflect the values of that nation and the ways in which its citizens are capable of reaching the goals. That means mobilising national resources and doing so in a credible way.

Unfortunately, in numerous countries, the economic situation and development prospects are such that it is difficult to attain the Dakar objectives with national resources alone. In addition the debt problem that exists in many developing countries hinders the effective mobilisation of extra national resources, even if these were utilized in the most rational way possible. Further in some countries there is a dearth of capacity in planning. In Timor Leste for example there is not a single qualified Timorese educational planner, there is no legislative basis for education and there is no formal national education policy. This is an extreme example, based as it is on a very young country, but there are other countries where the depth of capacity and experience for a complex sectoral planning exercise is severely lacking.

What is then needed is some level of cooperation in planning, based on a frank recognition of where the gaps are and an acceptance by both sides of the principles of partnership under the lead on the national sector policy makers. In those countries that are successfully planning for EFA the external consultants, whether national or international, see themselves as facilitators. They seek to bring out the strengths of the local staff and they accept the direction national policy is taking.

3.2. Credibility and viability

The plans and their projections have to be viable, realistic and credible, in order to facilitate the mobilization of additional internal resources as well as external financing. Simply making a wish list, or stating that targets not reachable in the past thirty years will now be reached in five or ten years is unlikely to convince governments and their central ministries to release further resources to the sector. This is particularly so in the current environment of public expenditure reform. Following years of failed projects and mounting developing country debts the large international institutions and bilateral agencies are becoming much more concerned about the levels of financial management and probity in developing countries. They are conducting financial assessments of the processes of expenditure and focussing on auditing requirements.

3.3. Reconciling planning demands

- Planning must satisfy social demand,
- Planning must contribute to political stability,
- Planning must satisfy the "pressure" of external partners for efficiency
- How can these competing even conflicting demands be reconciled?

3.4. Credible projections

- EFA plans rest on projections to meet deadlines at various points in the future
- If the starting points are low then growth to increase enrolments or reduce gaps may need to be much stronger than in the past
- Need for different scenarios to cover range of possibilities
- Criteria for credibility :
 - Transparent goal setting
 - Reliable base information
 - Sound costings
 - Good analysis of the causes of the major problems

4. Increasing external financing

It is clear that most developing countries are unlikely to have the resources to finance the achievement of EFA goals by 2015. If that is the case and they are committed to the goals then some external financing will be required. Important considerations to successful external financing will include:

- A plan for financing
- Transparency and credibility in financial management
- Policy processes that inspire trust

4.1. Financing plans

A sectoral public expenditure review is a key action in taking stock of the total resources in the sector and how they are expended. Sector studies are carried out to address a government's goals within a sector, how these are to be achieved and what expenditure is required to achieve them. Sector studies can be used to examine the cost of delivering alternative policies and programs. Also, a sector study should be able to examine the cost of sub-programs within a sector and the trade off between sub-programs in terms of resources (for example, the number of children that can be educated at primary school level expressed in terms of sending a child to university). A full sector review will include:

- Defining and costing the basic services defined in the Education Sector policy priorities and for which the Ministry is responsible and the major constraints to the delivery of those services
- Ensuring that an estimate of total expenditure for education is made. This should include government funds expended through the budget, external aid whether delivered through the budget or not, and sourced from both traditional and non-traditional donors, the contribution of NGOs and CBOs, and private expenditure
- Ensure that explicit linkages are made between the EFA plans, the PRSP and the PER in content and direction
- Ensuring that education expenditure is explicitly allocated between rural and urban sectors of the population
- Ensuring that development as well as recurrent expenditure within the budget is analysed.

A starting point for a sector review is an outline of involvement in the sector. This should include a Mission Statement of the departments involved in that sector, presentation of Sector Objectives and the Policies that the government has for that sector. The Sector Priorities should be identified. There should be an Assessment of Activities in relation to the goals to be achieved in that sector. Sectors have also to be assessed in terms of the Outputs that are to be produced through the application of these activities. As a key element of any sector review is centred on the allocation of resources to the activities that are implemented to deliver sectoral outputs, it is essential that Costing of Activities is carried out.

One of the key outcomes of a sectoral expenditure review is an assessment of the inefficiencies in the sector and of the gaps in funding between what is needed to achieve the goals and what is available when all resources are counted.. Governments should then address these gaps and take all the necessary measures and arrangements to rationalize and increase internal resources to the sector.

In principle, the country's external financing for education should be complementary to its internal resources. It should not be the case that the government is intent on financing one set of measures to reach a set of objectives and the external agencies are financing another set to reach quite different objectives. If this is the case then there is a serious problem which needs to be addressed directly. What is needed is complementarity – where all the efforts are directed towards the same overarching goals and objectives, though the activities financed by different parties may be different. The complementarity will depend on :

- Political and policy commitment to a sound sector plan by all parties as far as possible, including NGOs and communities
- A sound mechanism to involve external agencies as active partners in the development of the policies and plans, so that ownership is acknowledged by all parties because all have taken responsibility in their formulation
- Confidence in the financial management system by all parties, including external agencies. This will include the disbursement, accounting, reporting and auditing

systems. Lack of confidence will result in the external agencies maintaining or setting up parallel systems and reducing the capacity of senior policy makers and managers to direct the sector. It may be that this confidence will only develop if the agencies are prepared to invest in the strengthening of the national systems. Two key budget support programs for education in Cambodia have as “project” components the strengthening of the sectoral accounting, reporting and auditing. As well there is an associated central program to develop the financial systems within the centre and the provinces

- Donors should be prepared to make commitments for a reasonable period to enable stable plans to be developed. While it is not always easy for them to do this it is important that bilateral agencies in particular begin to consider how best long term planning such as EFA can be implemented. One aspect of this is the willingness of both governments and external agencies to see that the commitments they make are long term commitments to achieve long term goals.

4.2. Transparency and reliability

The more transparent and reliable the national financial management system the more likely that aid will be provided in a program or sector fashion rather than through projects. The agencies have been developing means of assessing financial systems such as the Country Financial Accountability Assessment [CFAA]. A CFAA is a diagnostic tool designed to enhance knowledge of Public Financial Management (PFM) and accountability arrangements. Financial Accountability is the obligation to demonstrate and take responsibility for the results of financial decisions against agreed expectations. In general, these expectations are that funds are used economically, efficiently and effectively for the purposes intended.

The capacity and quality of the stewardship function are important determinants of performance, development effectiveness and poverty reduction. The CFAA is not an audit—nor does it provide a “pass/fail” assessment of a country’s PFM system. A CFAA provides a well-informed and objective assessment, a diagnosis of problems, advice on their resolution and an indication of the level of fiduciary risk. However, it is not intended to, and does not, provide assurance on the specific uses to which funds have been or may be applied. A CFAA also facilitates the design and implementation of a development action plan to support financial accountability. The CFAA is an important building block for Poverty Reduction Strategy Paper (PRSP) related support.

Thus, developing the education sector may thus rely on improvements or changes in the Ministry of Finance or the processes of local government. It may involve developing capacity in management reform and/or personnel reform. It also may bring in external agencies not working directly in the sector.

A conducive SWAP Environment in Cambodia

There were no formal preconditions or joint undertakings before engaging in a SWAP process.

- i) The critical initiating factor was the open recognition by the Minister, MOEYS (who is also Deputy Prime Minister) of the need for radical reform if the sector performance was to improve.
- ii) A second key factor was the existence of a program of major financial planning and management reform, championed by senior policy makers in the Ministry of Economy and Finance.
- iii) As the policy development and partner dialogue process progressed, high level support within the Prime Minister's Office, Ministry of Economy and Finance also strengthened. MOEYS and partners' confidence in a SWAP was reinforced by growing macro-economic stability, and the Government's commitment to formulate an MTEF which would help provide more predictable sector resources.
- iv) The Government's agreement to a number of reforms and targets, set out in the ADB education sector development loan covenants, further reinforced mutual trust and confidence in a policy-led approach

4.3. Encouraging external financing

While nothing is guaranteed in terms of international funding, there are a number of ways in which developing countries can encourage their external partners to contribute to the achievement of the EFA goals:

Identified financial weaknesses in The Gambia [from CFAA summary]

In The Gambia, effective Public Financial Management is promoted through a reasonably sound budget framework. However, there are a number of serious weaknesses, which create a high level of fiduciary risk. This means that there is a high risk that resources are not accounted properly for, that they are not used for intended purposes and that expenditure does not represent value for money. There are also risks associated with the governance environment. These weaknesses include poor resource allocation, non-compliance, limited execution, inadequate monitoring and scrutiny, insufficient capacity, lack of enforcement, non-transparency and poor parliamentary oversight. Government's pledge to strengthen governance needs to be translated into measures to address these weaknesses. Development partners should support this process and consider appropriate risk mitigating measures where providing program support.

What is required are small but tangible achievements in all aspects of public and private financial accountability. The ... action plan establishes a set of actions to achieve fundamental benchmarks in PFM. These actions are derived by prioritising the recommendations detailed in the report and respond to the key areas of concern. The action plan articulates the priority areas recommended for action by Government, together with an indicative timeframe for implementation. Successfully tackling these priority areas represents quite a daunting challenge.

Capacity constraints represent the single greatest challenge for improving PFM. These constraints must be explicitly factored-in when implementing the action plan. This is particularly pertinent to local government. In addition, a principal risk for the implementation of

such an action plan is the Government's willingness to pursue reform in a sustainable and consistent manner. To mitigate this risk, Government's pledge to strengthen governance and management of public resources needs to be translated into actions.

- The more the external partners have been positively involved in setting national policy and implementation strategies the more likely they will contribute financially to their achievement. This is the principle of ownership at work
- The more the policies aim at satisfying international goals for the sector the more likely there will be external support. There is a fine line to walk between local priorities and policies and internationally agreed priorities that countries have signed up to in international councils.
- The more evident that the country is clearly committed to a transparent process of goal setting, implementation and monitoring the more likely that external support will be given. Countries can signal their commitment to transparency through the processes by which they set goals and implement programs.
- The more committed the senior policy staff and the technical staff in the sector are to the strategies and priorities the more likely that support will be given. While commitment is hard to measure, such indicators as attendance at important discussions in person rather than through subordinates, and familiarity with the documents and the principles they embody are important indicators of this quality.

4.4. Criteria for external EFA financing

The arrangements for actual disbursement of external funds are not always simply arrived at, as the interests of the two parties may be distinctly different. Arriving at a solution acceptable to both sides may mean considerable discussion and a level of compromise on the part of both sides. This is where the investment in developing common positions of the external donors can pay large dividends. If they are committed to a single position then it is easier to agree the criteria across the EFA program and the sector.

The two main positions regarding legal forms for disbursement are as follows: beneficiary countries generally seek the most flexible arrangements to give themselves room to meet unexpected crises, and unplanned for change. This means attempting to eliminate conditionality or reduce its rigidity as far as possible and attempting to bring disbursement under the regulations and processes for national funds to avoid two or more parallel systems of financial management. On the other hand donor countries often attempt to tie contributions narrowly to specific outcomes and specific channels for delivery in order to be more certain of the outcomes⁸. It is important that the donor agencies are clear about the overall outcomes they are seeking and not be wedded simply to particular activities which they wish to fund.

⁸ They may also do this to meet requirements laid down by their own governing bodies. However this is much less the case these days, and most agencies now make provision for broad budget support based on policy level agreements with sectoral and central ministries.

Joint agreement on policy priorities and implementation timetables can prepare the way for common criteria for external financing. So the time spent in reaching common positions between the government and the external agencies may be well invested if it leads to greater flexibility for the beneficiary countries. In entering such a process it is important that the national side have a clear view of its own position and that sufficiently senior persons spell this out to the external agencies in appropriate forums. Without a sufficiently strong position there will be no sense of ownership of whatever common position emerges. It is these common criteria and reformed financial management systems that offer a way forward beyond the narrow confines of the project model of external assistance which is so inappropriate to broad and long term programs such as EFA.

Conclusion

It is likely that there is no single best model for the development of and internal and external financing of EFA plans. Individual countries will need to consider the state of their strategic planning, the involvement of their own senior policy makers, the mix and attitude of external agencies in the sector for their country, and the willingness of all parties to put the time in to reach a point of common agreement. After four years of development in Cambodia they considered the main lessons of the process to be:

- a. High level national leadership and authority of the ... reform process is critical; in Cambodia it was provided through the Minister, MOEYS (also Deputy Prime Minister). Once this leadership is established, other champions of reform, within MOEYS and other ministries, tend to become more visible.
- b. There is no ideal process for funding agency and NGO engagement in a SWAP approach. In Cambodia, it was a rolling, somewhat ragged process, led initially by a small number of like-minded donors and NGOs. Government flexibility in negotiating a mix of donor-financing modalities helped maintain inclusive partnership, and the formal partnership agreement also helped.
- c. A rolling program of priority reforms, focusing on sector outcomes and performance, rather than a fixed blueprint of activities, helps to maintain a SWAP process. In Cambodia, it has also been critical to include institutional and financing policy targets as well as sectoral ones in ESSP performance monitoring processes. This helps to maintain a wide definition of the sector, and promote interministerial networking on key policy issues (e.g., pay reform, financial management, decentralisation)
- d. A Government-led annual sector performance review process, including all key stakeholders, is vital for sustaining joint ownership, partnership building, and strategic negotiation processes. In Cambodia, greater engagement of civil society

and private sector groups will be critical if decentralization and post-basic education reform policies are to be implemented effectively.

- e. Institutional analysis, development and capacity building needs to be an intrinsic part of initial policy dialogue and planning. Effective ESSP implementation will stand or fall on the commitment and capacity of the Government, and specifically the education ministry. In Cambodia, greater attention to capacity building at provincial, district, community and school level is critical for sustainable implementation of ESSP