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# **The New Modalities of Aid to Education: the view from some development agencies' headquarters**

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## ACRONYMS

AFD	Agence Française de Développement
DBS	Direct Budget Support
DFID	Department for International Development
DPLs	Development Policy Loans
EC	European Commission
EFA	Education for All
EU	European Union
FTI	EFA Fast Track Initiative
GBS	General Budget Support
MDGs	Millennium Development Goals
MTEF	Medium-Term Expenditure Framework
ODA	Official Development Assistance
OECD/DAC	Organisation for Economic Cooperation and Development, Development Assistance Committee
PAFs	Performance Assessment Frameworks
PBA	Programme-Based Approach
PRSCs	Poverty Reduction Strategy Credits
PRS	Poverty Reduction Strategy
SBS	Sector Budget Support
SPA	Strategic Partnership with Africa
SWAp	Sector-Wide Approach
TA	Technical Assistance
UN	United Nations
UNICEF	United Nations International Children's Fund
US	United States
USAID	United States Agency for International Development

## **The New Modalities of Aid to Education: the view from some development agencies' headquarters**

Background Study for the 2008 EFA Global Monitoring Report

**Abby Riddell**

Over the past decade there has been increasing concern with aid effectiveness, and more generally, development effectiveness. As the calls for increased aid continue to be made, the disbursed amounts have been less than what has been demanded – and required – and the results have been less than anticipated in terms of poverty reduction in general, and of the growth and development of access to a quality education for all. In particular, regarding the latter, some countries have made more progress than others, but as has been shown in the statistics of repeated Education for All (EFA) Global Monitoring Reports, many countries remain 'off-track' from achieving either the relevant Millennium Development Goals (MDGs) or the EFA targets. Furthermore, if the achievement of these goals requires the development of sustained institutional capacities, neither have capacity building projects achieved their ends. One capacity building project has led to the next – whether for teachers, educational managers, curriculum developers or local administrators. In light of often disappointing progress, development practitioners have introduced new ways in which aid is delivered, including sector-wide, programme-based approaches and direct budget support, with the aim of making the aid that is given increasingly effective. This paper reports on the progress that has been made through some of these new modalities of aid to education, detailing the current policies and practices of some of the major development agencies, through a review of their current policy documents and the perspectives of some of their senior staff. A companion paper focuses on the views from within some recipient countries.<sup>1</sup>

The first section provides an introductory background to the new aid modalities. Section 2 provides information on the policies, practices, experience and perspectives on the new aid modalities of France, the Netherlands, the United Kingdom, the World Bank, the European Union, and the United States. Section 3 reviews some of the perspectives of agency staff on the impact for education of the new aid modalities and some of the central findings of the evaluations carried out. Section 4 encapsulates the key issues and challenges as seen from a review of the literature and recent experience in implementing or working toward the implementation of the new aid modalities; and Section 5 makes some concluding remarks, in anticipation of the second background paper on this topic.

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<sup>1</sup> Abby Riddell, "The New Modalities of Aid to Education: the view from within some recipient countries," Background Study for the 2008 EFA Global Monitoring Report, March 2007.

## 1. Background to the New Aid Modalities

Whereas much experimentation with new ways of assisting educational development had begun by the late 1990s with bilateral and multilateral agencies participating in sector-wide approaches (SWAPs) and eventually direct budget support in aid of education, the Paris Declaration on Aid Effectiveness<sup>2</sup>, signed by 107 countries and 26 international organisations in 2005, generalised what had been the commitments of a much smaller group of so-called 'like-minded' agencies<sup>3</sup>. The Paris Declaration, building upon the previous Rome<sup>4</sup> and Marrakech Declarations<sup>5</sup>, as well as the Monterrey Consensus<sup>6</sup>, introduced indicators of progress, and, moreover, targets of good practice for its five key tenets of aid effectiveness: ownership, harmonisation, alignment, results, and mutual accountability. Furthermore, instead of the monitoring only being of aid-recipient countries, the monitoring of these indicators was to be of the development agencies as well, in the practice of their commitments made in Paris. Thus, as can be seen in Table 1, while some of the indicators and targets apply to the aid-recipient countries, many apply to the development agencies themselves.

Many factors have been behind the push toward greater aid effectiveness and the form it has taken. One was the acknowledgement of the known inefficiencies and high transaction costs to aid-recipient countries of development agencies 'going it alone' as they have done for decades, designing their own individual projects, carrying out their individual monitoring missions and reviews or assessments of their own aid interventions, each of which demands the time and attention of recipient country ministry officials. Another factor was the recognition that decades of 'capacity building' had not resulted in the sustained institutional development necessary for managing the planning and implementation of development projects by capable government ministries. A further, very important factor was the overriding context (following the Dollar Report<sup>7</sup>) of picking countries with 'good policy environments' to ensure the greatest effectiveness of financial aid. The flip side of this mantra, of course, was trying to ensure that those countries without such favourable policy environments adopt

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<sup>2</sup> Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability, March 2, 2005. (<http://www.oecd.org/dataoecd/11/41/34428351.pdf>)

<sup>3</sup> Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, the UK.

<sup>4</sup> Rome Declaration on Harmonization, Rome, Italy, February 25, 2003. (<http://www.aidharmonization.org/ah-overview/secondary-pages/why-RomeDeclaration>)

<sup>5</sup> Second Africa Regional Workshop on Harmonization, Alignment, and Results for Development Effectiveness, Dar es Salaam, November 9-11, 2004. ([http://www.aidharmonization.org/download/253080/workshopreportAfrica-Dec\\_2,2004.pdf](http://www.aidharmonization.org/download/253080/workshopreportAfrica-Dec_2,2004.pdf))

<sup>6</sup> United Nations, Report of the International Conference on Financing for Development, A/CONF.198.11, Monterrey, Mexico, 18-22 March, 2002, United Nations, New York. (<http://www.un.org/esa/ffd/indexDocuments.htm>)

<sup>7</sup> World Bank, Assessing Aid: What Works, What Doesn't, and Why, A World Bank Policy Research Report, Oxford University Press, New York, 1998. (<http://www.worldbank.org/aid/aidtoc.htm>)

the 'right' policies for aid effectiveness. Hence, there was much concern surrounding 'policy dialogue'. These factors remain important today, but they have been coloured by the experiences of development agencies and aid-recipient countries over the past few years as well as by the increased security concerns and the focus on so-called 'fragile states', specifically those countries, which, for a variety of reasons, are least likely to have 'favourable policy environments.'

**Table 1<sup>8</sup>**  
**Indicators of Progress**

To be measured nationally and monitored internationally

<b>Ownership</b>		<b>Targets for 2010</b>
1	Partners have operational development strategies	At least 75%
<b>Alignment</b>		<b>Targets for 2010</b>
2	Reliable country systems	a) Public financial management – half partner countries move up on measure on Country Policy and Institutional Assessment b) Procurement – one-third of partner countries move up at least one measure on the scale used to assess performance for this indicators
3	Aid flows aligned with national priorities	Halve the gap: 85% aid flows on budget
4	Strengthen capacity by co-ordinated support	50% of technical cooperation flows implemented through coordinated programmes
5a	Use of country public financial management systems	a) All donors or 90% use partner countries' PFM systems – depends on baseline b) A one-third or two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems, depending on baseline country assessment
5b	Use of country procurement systems	a) All donors or 90% use partner countries' procurement systems b) A one-third or two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems depending on baseline country assessment
6	Strengthen capacity by avoiding parallel implementation structures (e.g. PIUs)	Reduce by two-thirds the stock of parallel project implementation units (PIUs)
7	Aid is more predictable	Halve the proportion of aid not disbursed within the fiscal year for which it was scheduled
8	Aid is untied	Continued progress over time
<b>Harmonisation</b>		<b>Targets for 2010</b>
9	Use of common arrangements or procedures	66% of aid flows are provided in the context of programme-based approaches
10	Encourage shared analysis	a) 40% of donor missions to the field are joint b) 66% of country analytic work is joint
<b>Managing for Results</b>		<b>Target for 2010</b>
11	Results-oriented frameworks	Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third

<sup>8</sup> Simplified from original in <http://www.oecd.org/dataoecd/57/60/36080258.pdf>.

Mutual Accountability		Target for 2010
12	No. of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including Paris signatories	All partner countries have mutual assessment reviews in place

The commitments made by the major UN organisations, as part of the larger development community at the Paris Forum on Aid Effectiveness, and efforts to reform the United Nations itself, have also been unfolding during the same period, influencing how UN organisations work together, prioritise and implement both humanitarian and development assistance strategies in aid-recipient countries. Similarly, many of the bilateral and multilateral aid agencies have been undergoing their own restructuring and reform, a good number attempting to decentralise the locus of decision-making to their country offices and to train their staff in the new aid modalities.

Focusing down at the level of the education sector, from these lofty heights of 'general aid policy', there would seem to be a further factor that has influenced the development of the new aid modalities, specifically, the desire for overall sectoral coherence. Whereas ministries of education – even when split, as often happens, between primary and secondary education, and tertiary education – make sector-wide plans for the whole of the education sector, the experience of dealing with foreign aid to education, has most often narrowed down the focus to a specific sub-sector, such as primary education. It is also curious that whilst one might have thought with the demise of centrally planned states such as the Soviet Union and the increased globalization and marketization of the international economy, that the movement away from planning would have continued. The precise opposite has been the case in the world of official development assistance (ODA), and specifically aid to education. Indeed, enormous efforts are now made to encompass the whole of the education sector in one plan and, moreover, to encompass the whole of educational expenditure - including all domestic and external funding - within Medium-Term Expenditure Frameworks (MTEFs), which few industrialised countries would recognise in their own practices.

Where have these developments led us today, at least in the education sectors of many developing countries? What are the prospects? What are the main issues and challenges currently being raised and addressed? How have these changes affected the impact of the aid provided? What variation is there across some of the development agencies? These are some of the questions that are raised in this study, with answers provided by the agencies themselves.

First, some nomenclature is in order. There are essentially two forms of new aid modality that will be examined in this study: sector-wide approaches (SWAp) and budget support – whether sectoral (SBS), focused on the education sector or general (GBS), in which the education sector features as a major strategic priority. In practice, budget support is a financing modality, whereas a SWAp

comprises an approach (see below) to harmonising external and domestic resources in support of an education sector strategic plan. Sectoral budget support may be used in a SWAp alongside other financial modalities.<sup>9</sup> Both modalities are considered to be subsumed under the cumbersome rubric, ‘programme-based approaches’ (PBAs), defined as:<sup>10</sup>

*A way of engaging in development co-operation based on the principle of co-ordinated support for a locally owned programme of development, such as a national poverty reduction strategy, a sector programme, a thematic programme or a programme of a specific organisation.*

In practice, the use of such a generalised rubric, which incorporates a variety of ‘programmes’, enabled those development agencies not part of what had been termed the ‘like-minded agencies’ to join in the dialogue. Essentially, the ‘like-minded agencies’, which included Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and the UK, had been prepared at an earlier stage than other agencies, to move more quickly along the spectrum away from project support, parallel, individually tracked external expenditure, and toward pooled funding amongst external development partners in support of a government’s sectoral and/or poverty reduction or national development programme. Other more risk-averse agencies, those wedded to attributable project finance, or those more concerned about the problems involved in channelling funds through governments, could then conceive of their participation in PBAs without having to make considerable changes in their operating practices, e.g.. the United States Agency for International Development (USAID) and Japan. Thus, notwithstanding the widespread commitments made to the Paris Declaration, some agencies will score highly on some indicators but never on the full gamut, if, for instance, they maintain individual funding and tied aid

Following on from the above definition of a PBA:

*A sector-wide approach is a PBA operating at the level of an entire sector.*<sup>11</sup>

and, “the key components of an effective SWAp are:

- *A clear nationally-owned sector policy and strategy*
- *A medium-term expenditure programme that reflects the sector strategy*

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<sup>9</sup> It is also the case that more sub-sectoral education SWAps are in existence, than sector-encompassing SWAps.

<sup>10</sup> The definition by the Learning Network on Programme Based Approaches (LENPA) as referred to in: OECD, *Budget Support, Sector Wide Approaches and Capacity Development in Public Financial Management*, DAC Guidelines and Reference Series, Harmonising Donor Practices for Effective Aid Delivery, Volume 2, Paris, 2005, p.30. (<http://www.oecd.org/dataoecd/53/7/34583142.pdf>)

<sup>11</sup> *Ibid.*

- *Systematic arrangements for programming the resources that support the sector*
- *A performance monitoring system that measures progress and strengthens accountability*
- *Broad consultation mechanisms that involve all significant stakeholders*
- *A formalised government-led process for aid co-ordination and dialogue at the sector level*
- *An agreed process for moving towards harmonised systems for reporting, budgeting, financial management and procurement*<sup>12</sup>

As can be seen from these components, much more is expected of the recipient country than in a ring-fenced project in which specific staff may be hired to deliver on the project-specific goals, and the project's performance can occur relatively distanced from the workings of the country's main administrative and management systems. Indeed, the priorities delineated in projects need not necessarily reflect the country's own plans. The vision of a SWAp, even if its pure form is not realised, comprises an ideal-typical form of governance, which is meant to be supported by external development partners. To the extent, however, that a SWAp is a donor's 'fix' and does not comprise the recipient country's vision of the way things ought to be, then it remains a superimposition, even if reduced conditionalities are linked to financial disbursements, or the capacities intended to be developed are uncontroversial in nature, and good things in themselves. This is what makes it difficult to criticize a SWAp: many of the stages along the way are worthwhile, e.g. improved public financial management; diversified consultation and stakeholder participation; an enhanced orientation of management for results; evidence-based policies, strategies and results; and a reduction in parallel systems of reporting, budgeting, financial management and procurement. To speak against the vision of a SWAp would be like decrying 'mother's milk'.

The other aid modality, budget support, whether sectoral or general budget support, being essentially a financing modality, can be used in support of SWAps, at the sectoral level, or poverty reduction or national development plans, more generally. Both forms of budget support consist of the provision of on-budget, typically fungible aid monies provided to the government's treasury, and which, thus, are mingled with domestic resources. In the case of sectoral budget support, it would be expected that the funds are earmarked at least for the sector, whereas general budget support could be applied cross-sectorally. In practice, even if monies are not earmarked, notionally, it is assumed that the strategic priorities set out in a poverty reduction or national development plan will be favoured. The assessments typically made by development agencies for entering into budget support require that many of the SWAp components are in place, and across the economy when it is general budget support. Some development agencies have tried to 'jump the gun' in entering into budget

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<sup>12</sup> Ibid.

support, in lieu of SWAps, precisely because it is the coherence across the various social and economic sectors which ultimately should be supported, rather than the prioritisation of only one sector, especially in the face of multiple financial requirements related to poverty alleviation and economic growth across any country.

The accumulated experiences of the handful of development agencies under focus in this study are presented in the following section to show how a number of the expectations some agencies have expressed in theory, have been tailored by their own practice and experience with the new aid modalities across different country contexts.

## 2. A Selection of Countries' and Multilateral Agencies' Approaches

### 2.1 France

French aid to education, has undergone considerable reform in the way it has been administered and implemented, since 1998, when some of the first changes were introduced and some responsibilities devolved from the Ministry of Foreign Affairs to the Agence Française de Développement (AFD). Since 2004 AFD has been given increasing responsibility for aid to the education and health sectors, and from 2007, sole responsibility for bilateral aid to these sectors. However, the division of labour is somewhat complicated by the fact that whilst AFD is responsible for aid to the education sector, when it comes to budgetary support – of either kind - AFD reverts to its former role of being but the implementing agency.

France gives priority to the most educationally disadvantaged sub-Saharan African countries with regard to basic education and, between 1999-2002, its education projects primarily financed infrastructure development mainly in French West Africa, only turning to programme aid from 2002, when it began contributing to a pooled fund in Tanzania and then sectoral budget support in Mauritania, Burkina Faso, Niger, Madagascar and Benin. Framework partnership documents are signed with each of the countries, specifying those sectors to which France gives aid, as well as the modalities of cooperation. The priority given to basic education increasingly has been extended to post-primary education and in particular, the relationship between training and youth employment.<sup>13</sup>

The position of the AFD is that whilst participating in aid harmonisation and effectiveness forums and being fully committed to the Paris Declaration on Aid Effectiveness, it takes a pragmatic view of the modalities to be used in its development cooperation practices in education. Whilst favouring programme-

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<sup>13</sup> AFD website: <http://www.afd.fr/jahia/Jahia/home/activite/Education/pid/835>.

based approaches, it does not subscribe to any blueprints, preferring to adapt its project aid to sectoral programmes, whilst at the same time expanding its budget support, where practicable, opting most often for a hybrid between programme and project aid. About 20% of its aid to education is spent on professional training, including teacher education, but also educational planning and management training, particularly given the constraints to proceeding more quickly with the new aid modalities. Its geographical coverage, though predominantly on francophone countries, has been expanded to include the Middle East, the Maghreb and Southeast Asia. In those countries to which it gives budget support, most often this is sectoral budget support, earmarked for the sector, and managed in a special recipient-country Treasury account (not inter-mingled with domestic revenues, therefore, and so similar to project support). In 2006, Mali and Senegal became recipients of SBS, in which the funds are mingled with domestic resources, but there are also components in their educational aid which are outside the budget.

The French view recognises that the effectiveness of budget support, typically, may be compromised by a country's limited capacity development and that there is a dilemma between opting for a project approach versus incorporating capacity development as a part of sectoral budget support. This is because budget support, ideally, entails giving the responsibility for capacity development to the country, thus enabling a dialogue with the government on governance, an important element of capacity development. However, it is also recognised that the responsiveness of budget support to capacity development requirements, typically, is slower than in the case of project aid.

The assessment criteria for the different aid modalities are summarised – for all the agencies covered in this study – in Table 2.

As mentioned above, some donors have chosen to sequence their adoption of the new aid modalities, utilising, for instance, sector-wide programmes as the hand-maidens of budget support, ensuring that capacities are developed, budget systems run with assurance, etc. France prefers co-existing, hybrid programmes, spreading the portfolio, rather than opting for only one aid modality, and also recognising the need for projects for the purposes of piloting innovations. The constraints to implementation – even when funds are available – are related to insufficient capacity development, especially in planning and management. France has contributed, for example, through technical assistance provided by the Pole de Dakar, to the production of country status reports.

One of the challenges for France since embracing the new aid modalities and restructuring its own division of labour between the Ministry of Foreign Affairs and the AFD has been its own staffing. Task team leaders remain in Paris, and often, relatively junior embassy development staff, as opposed to educational professionals, are called into the in-country working groups. It is the intention

that more professionals will be recruited for the field over the next three to four years.

What limited experience AFD has had with education in fragile states – since 1998 - has been through sector investment programmes or project aid. France is working with other donors to provide assistance targeted on the most vulnerable populations and also to reinforce the administrative capacities to restart education systems as rapidly as possible, introducing appropriate and sustainable policies.

Some of the major issues and challenges of concern in French educational development cooperation include the following: *primary school completion*, which is equated, in their view, with managing the improvement of quality in the education offered, so as to result in increased survival rates. Another important issue is how to expand the *provision of primary education to the poorest and most remote children*. In order to reach the unreached, it is recognised that some of the educational paradigms will have to change: education for all will not be reached if it is the same education for all. A third issue of great concern is *post-primary education and access to work*. The imbalance between education and labour market needs requires a focus beyond the informal sector of the economy, which, essentially, is redistributing poverty; a wider, multi-sectoral agenda is needed. Underlying these issues is the longer-term agenda, beyond 2015, that is needed in order to consider how to make the required impacts. It is felt that the year 2015 is not only an unrealistic target date, (but that trying to achieve capacity development goals by then adversely affects potential impact because of the shortcuts that typically are taken due to the imposition of such unrealistic targets): how can teachers be retained, given their low wages; how can the necessary flexibility in dealing with wage scales be achieved? If short-term measures are taken to address these issues, will they facilitate or undermine the reforms? Will those teachers whose skills have been upgraded be retained by the system?

## 2.2 The Netherlands

Since 1998, Dutch policy has promoted SWAps as the organising principle for Dutch bilateral aid.<sup>14</sup> This was reiterated in 2003 when the Ministry of Foreign Affairs, Minister for Development Cooperation published a policy memorandum, entitled Mutual Interests, Mutual Responsibilities: Dutch development cooperation en route to 2015, outlining the Netherlands' new development policy. As quoted in the 2006 OECD Peer Review of the Netherlands<sup>15</sup>, Dutch policy is "on-budget where possible, off budget where necessary". Following an earlier

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<sup>14</sup> Abby Riddell, Synthesis Report on Development Agency Policies and Perspectives on Programme-Based Approaches. Prepared for the Forum on Accountability and Risk Management Under Program-Based Approaches, Organized by the Learning Network on Program-Based Approaches, Ottawa, June 19-21, 2002, July 2002.

<sup>15</sup> Organisation for Economic Cooperation and Development, Netherlands Peer Review, OECD, Paris, 2006, p.17. (<http://www.oecd.org/dataoecd/49/38/37531015.pdf>)

reduction of the number of countries eligible for Dutch bilateral assistance, the new policy whittled this down further from 49 to 36 countries. Education features as one of the priority sectors.

The 'track record' completed by the in-country offices is the basis for assessing the appropriate aid modality for Dutch development cooperation. Unlike many other agencies, and former Dutch policy, the assessment comprises an *ex post* rather than an *ex ante* evaluation of the trends in the sector. (See the Dutch section of Table 2).

The Netherlands uses a mix of GBS, sometimes with notional earmarking, and sectoral budget support. Three principles of importance in the consideration of budget support are: 1) the direct link with the PRS process, which must translate the MDGs into national policies and allow for partnerships, including with civil society; 2) effective policy dialogue with the government on improving governance, including in its political dimension, and reducing poverty; and 3) a results-based approach with clearly defined progress indicators for institutional and policy reforms. The Netherlands has developed its own tools for making assessments, in addition to World Bank assessments, traditionally relied on by many bilaterals, such as the Country Financial Accountability Assessments, Country Procurement Assessment Reviews, and Public Expenditure Reviews.

An evaluation was published in November 2006, which covered this first period of the changed focus of Dutch development cooperation, from 1998-2005.<sup>16</sup> The candid results and experiences reported are particularly valuable, especially as the Dutch have been at the forefront of the group of donors moving toward implementing the new aid modalities. Budget support was being used in 15 of its 36 partner countries in 2005, comprising 17% of its bilateral aid in 2005. However, this represents only about 4% of total Dutch ODA (i.e. including aid channelled through multilateral), compared with the DAC average of 2.5%.<sup>17</sup> Thus, while Dutch implementation is high across the DAC donors, the utilisation of this modality represents a still relatively small share of overall aid. For the education sector, the Dutch partner countries are: Bangladesh, Bolivia, Burkina Faso, Eritrea, Ethiopia, Indonesia, Macedonia, Mali, Mozambique, South Africa, Suriname, Tanzania, Uganda, Yemen, and Zambia (+ Pakistan in the near future).

Some of the results of the evaluation are worth recording. First of all, the initial process of selecting partner countries in 1999 – intended to be according to

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<sup>16</sup> Netherlands Ministry of Foreign Affairs, Policy and Operations Evaluation Department, From Project Aid to Sector Support: An evaluation of the sector-wide approach in Dutch bilateral aid 1998–2005, IOB Evaluations, No. 301, the Hague, November 2006. (<http://www.euforic.org/iob/docs/200612201031122065.pdf?&username=guest@euforic.org&password=999&groups=IOB>)

<sup>17</sup> OECD, op.cit. However, it appears that the 4% figure cited as the percentage of total bilateral aid in this peer evaluation, in fact, is the percentage of total aid.

criteria of poverty, good governance and good policy “*was not sufficiently transparent*. Over half of the 22 countries selected (in which the sector-wide approach was to be applied)...*did not meet the criterion of good governance*.”

Secondly, the *rapid implementation of a uniform approach* in the introduction of the SWAp *conflicted with the capacity of the (recipient-country) ministries* (and embassies), and in most countries the *institutional infrastructure was inadequate* for such a drastic change. This was particularly important in the case of Dutch implementation, due to their greater willingness to use local procedures.

Third, the introduction of SWAps led to a *concentration of aid in the social sectors* and a *reduction in aid to productive and economic activities*.

Fourthly, in most cases, *the anticipated increase in ownership in the recipient countries did not materialise*.

Finally, in most of the sectors supported by the Netherlands, *the recipient government has great difficulty in effectively reaching the poor*.

*Although the poor have profited from improved access to services, the quality of the provision of services has improved little if at all...the national provision of services is supply-driven, focuses strongly on supplying inputs, and has been designed to serve all strata of the population. Operating via the central government it is difficult to fit greater accountability and control of the users of services into the present top-down model of the provision of services. (p.13)*

Despite such worrying findings, especially the difficulty experienced in appropriately providing for the poor, the conclusion reached is equally important, that this does not justify “falling back on the type of project aid that preceded the introduction of the sector-wide approach.” The evaluation speaks of the use of project aid “as an integral component of sector development” to “help to achieve more investment in a bottom-up sector approach.”

Clearly, there are several issues and challenges raised in this evaluation, some of which are at the forefront of current policy discussions, such as the quality of the education provided, its implementation and management, and the necessary strengthening of civil society, decentralisation and the involvement of locals in the accountability chain. As is recognised, financial contributions do not necessarily equate with education quality improvements, so there remains the need to participate in discussions surrounding the linkage between policy and implementation. However, unlike some of the other development agencies, in every Dutch education partner country there is a dedicated education adviser in the Dutch embassy, so for the Dutch, giving budget support does not raise the issue of not being able to contribute to and follow the technical dialogue in the education sector, whilst the Ministry of Finance's issues are dealt with. A final

issue highlighted concerns capacity development, and the focus on individuals, rather than institutions, whether through fellowships or in-country training. Although nine of the 14 education partnership countries made satisfactory progress<sup>18</sup>, according to the Results in Development: Report 2004, if the reason for the remaining 5 countries achieving less than satisfactory progress is only partly attributed to the “institutional weakness of the education ministries and the limited capacity of government”, clearly the modalities of capacity development will require further examination.

The Netherlands has been involved with DFID and UNICEF in working out a framework for support to fragile states; it has also entered into several delegated, or ‘silent’ partnerships with other bilaterals, such as DFID. Though a useful way of reducing the number of players in-country, such silent partnerships have not been used widely.

### **2.3 The United Kingdom**

The UK Department for International Development (DFID), like the Netherlands Ministry of Foreign Affairs, has also been at the forefront not only of implementing the new aid modalities, but in analysing and attempting to provide guidance to its staff on how to proceed in very different country contexts. As the challenges of implementation have become better understood with increasing experience, the portfolio of approaches used in any one country has also widened. Whereas General Budget Support had been seen more or less as a pinnacle to be achieved, it is now recognised that a mix of aid instruments may comprise a better approach. The Joint Evaluation of General Budget Support<sup>19</sup> has also influenced current practice, such as the finding that whilst GBS has expanded basic social service delivery, it has not helped to deliver stronger pro-poor policies, and that such expansion in the quantity of public services has been at the expense of quality and equality of access. Further, it is understood that objectives such as domestic accountability, decentralization and anti-corruption are not best served by GBS alone. DFID’s Guidance on Aid Instruments<sup>20</sup> covers a panoply of contexts and approaches, concluding that there cannot be a one-size-fits-all approach: that “the choice and mix of aid instruments will depend upon discussions at the country level, the country context, development objectives, international and regional commitments, as well as historical factors” and requires good analysis, including political analysis. Indeed, this emphasis on political-economic analysis is best seen in DFID’s

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<sup>18</sup> Netherlands Ministry of Foreign Affairs/Development Cooperation, Effectiveness and Quality Department, Results in Development: Report 2004, November 2005, p.14.

<sup>19</sup> IDD and Associates, Evaluation of General Budget Support 1994-2004: Synthesis Report, International Development Department, School of Public Policy, University of Birmingham, Edgbaston, Birmingham, May 2006.

<sup>20</sup> Department for International Development, Policy Division, Development Effectiveness Group, Guidance on Aid Instruments – full draft: A DFID Practice Paper, London, n.d.

'Drivers of Change' studies<sup>21</sup>, which, one could say, are a reflection of the development community's pendulum swing back from merely pursuing 'the right approaches' to the recognition, acknowledged in the 1970s, that political processes are central to development outcomes.

The value of enabling donor funds to flow through government budgets continues to be recognised, but the utilisation of sector, in addition to general budget support, and the further use of technical assistance and sector-focused dialogue are seen to be important in achieving overall objectives. This much more nuanced use of the gamut of aid instruments is also a means of spreading the risk, should one of the financial modalities fail, or, indeed, be withdrawn, as has been the case with some general budget support, when the use of such aid has been judged by the donor to go against the mutually agreed poverty reduction objectives or be abusive of human rights. It is also a means of enabling dialogue on a wider range of issues, including tackling cross-cutting issues. DFID is cognisant of the need to maximise the impact of all donor efforts in a country and thus the need to tailor its own strategy and use of particular aid modalities accordingly.

DFID is committed to the Paris Declaration on Aid Effectiveness and has produced a medium-term action plan defining its particular commitments.<sup>22</sup> The assessments DFID makes to determine its aid modalities are listed in Table 2, along with those of the other agencies'. DFID sees the key constraints to further alignment as being lack of ownership of the Performance Assessment Frameworks process, lack of performance culture in line Ministries, together with the often poor quality of the data on which to base performance assessments, notwithstanding the technical assistance to help address such shortcomings.

The countries receiving Poverty Reduction Budget Support (PRBS) at some time during the period from 2000/1 to 2005/6 included: Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia, Bangladesh, India, Nepal, Pakistan, Vietnam, Bolivia, Honduras, Macedonia, Moldova, Nicaragua, Serbia and Montenegro and Kosovo. Those countries in receipt of sectoral PRBS for education included: Zambia, India, Nepal and Vietnam, and PRBS for education or social services more generally, on the drawing table (at the end of 2005) for: Ghana, Ethiopia, Rwanda and India.

DFID has issued guidance on the use of conditionalities in budget support which makes it clear that conditions should not only "minimise any negative effects on country leadership and predictability" but also that DFID "will not attempt to

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<sup>21</sup> For example, Booth, D., D. Cammack, J. Harrigan, E. Kanyongolo, M. Mataure and N. Ngwira, Drivers of Change and Development in Malawi, Working Paper, No. 261, Overseas Development Institute, London, 2006.

<sup>22</sup> Department for International Development, Poverty Reduction Strategies and Aid Harmonisation Team, Policy Division, DFID's Medium Term Action Plan On Aid Effectiveness: Our Response To The Paris Declaration, 21 November 2005. (<http://www.dfid.gov.uk/aboutdfid/dev-committee/papers/action-plan-aid-effectiveness.pdf>)

impose policy choices on partner governments by making aid conditional on specific policy decisions.”<sup>23</sup>

DFID has been engaged in considerable work surrounding fragile states, recognising that “since the mid-1990s a stronger donor emphasis on rewarding countries with relatively effective governments and stable macroeconomic policies has led to further neglect of fragile states.”<sup>24</sup> It recognises the need for better coordination, what it calls ‘good enough governance’ and service delivery, also utilising a variety of modalities based on country assessments and including Joint Assistance Strategies, multi-donor trust funds, joint programming, pooled funds, social funds, and technical cooperation. ‘Shadow alignment’ is put forward as a means of enabling donors to work in ways that are compatible with government policies and systems even if they are unable to work through them, and to effect harmonised approaches where country systems cannot be used.

The panoply of aid instruments and approaches used in any country for support to education, and the rationale for sector approaches, especially, for ensuring the sectoral policy dialogue, increasingly is compromised by the lack of technical advisers in situ. Currently, such advisers are in place in only two-thirds of the countries in which DFID is providing support to education; some have been replaced by hybrid advisers, covering governance or health and education together; and many of these advisers will be lost due to staff reductions over the next few years. DFID’s policy on technical cooperation commits it to recipient country ownership, decision making on the terms of reference and accountability, and that DFID will not use technical cooperation to impose specific policies on partner governments.<sup>25</sup> Within the education sector itself, DFID wishes to ensure that any technical assistance (TA) should be part of a sector-wide approach and not sub-sectoral, ‘go it alone’ TA.

For DFID, implementation of educational reform policies is the key challenge for support to the sector: ensuring adequate planning, financial management and disbursement, ensuring that sufficient finance flows to the schools – including secondary schools. How to translate policy and planning to the school level is one of the foremost, pressing issues, together with the related challenge of ensuring quality in the classroom, the achievement of learning outcomes, and keeping access going up the ladder for the poor. Notwithstanding the need for sector-wide approaches, and support to secondary and not only primary schools, a further challenge is the resistance to secondary school reform encountered in many partner countries. Some of ‘the’ underlying issues – as recognised by

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<sup>23</sup> Department for International Development, Policy Division, DFID Draft How to note, Implementing DFID’s conditionality policy, January 2006.  
(<http://www.dfid.gov.uk/pubs/files/draft-implementing-conditionality.pdf>)

<sup>24</sup> Department for International Development, Why we need to work more effectively in fragile states, January 2005.

<sup>25</sup> Department for International Development, Policy Division, How to note, How to provide Technical Cooperation personnel, June 2006.

many others – are teacher workforce policies, how to create incentives, manage and mentor teachers to ensure a positive link with quality.

## 2.4 The World Bank

Sector investment loans and development policy loans (DPLs) are the two major financial instruments used for support to education, the former comprising, essentially, a project. Within these two types, however, there is contextual variation in the conditionalities, earmarking and tracking of expenditure by the World Bank and capacity development and political commitments undertaken by the recipient government. The assessments carried out by the World Bank for DPLs are extensive, as enumerated in Table 2.

Increasingly, as DPLs have become aligned with poverty reduction strategies, other donors have used such World Bank Poverty Reduction Strategy Credits or Grants as a kind of entry benchmark for their support. Memoranda of Understanding, otherwise known as 'partnership frameworks' or 'joint financing arrangements' are often signed to document the respective commitments and responsibilities, and performance assessment frameworks (PAFs) often agreed and on which are based monitoring as well as disbursement triggers.

DPLs comprise one of the Bank's responses to aid effectiveness, consisting of a means of enabling government-led coordination of increasingly harmonised support and alignment with recipient countries' poverty reduction or national development priorities by the development community.

Alongside such developments, there has been some decentralisation of responsibility to in-country offices by relocated task team leaders, a feature which has also been reflected by other development agencies. World Bank staff also undergo professional development, in order to align their practices on the ground with good aid effectiveness behaviour. This includes refraining from establishing new Project Implementation Units, for instance, and supporting, instead, national capacity development.<sup>26</sup> Strong arguments for more traditional approaches need to be made at the appraisal stage, should they be favoured in any particular case, and accordingly, proposals made to the Bank's Board, increasingly require exit strategies, to ensure good practices.

An Education Sector Strategy Update was drafted recently<sup>27</sup> which identified three broad themes:

- Integrating education into a countrywide perspective
- Broadening the strategic agenda through a system-wide approach
- Becoming more results-oriented

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<sup>26</sup> World Bank, Operations Policy and Country Services, Guidance Note for Project Management: Strengthening Institutional Capacity during Project Implementation, October 2005.

<sup>27</sup> World Bank, Education Sector Strategy Update: Achieving Education For All, Broadening our Perspective, Maximizing our Effectiveness, Final Draft, December 22, 2005.

These three themes, of course, are entirely consistent with the movement toward embracing the new aid modalities, both in terms of placing education within a wider development context, and taking on the education sector as a whole. The results orientation also echoes the focus on beneficiary outcomes and management for development results, and not the simpler type of assessment with its focus on accounting for 'outputs' of unintegrated projects. The particular focus on learning outcomes anticipates the findings of a large evaluation of the effectiveness of the Bank's investment in primary education, which has also contributed to World Bank policy in this area.

Three main recommendations emerge from this evaluation<sup>28</sup>:

- Focus primary education efforts on improving learning outcomes, particularly among the poor and disadvantaged.
- Improve the performance of sector management in support of learning outcomes.
- Re-orient the Fast Track Initiative toward support for improved learning outcomes, in parallel with the MDG emphasis on primary school completion.

Although an expansion of access to primary education and improved learning outcomes have been two main objectives of the Bank's sector policy since 1990, the evaluation points out that only 20% of Bank education sector projects had improved learning outcomes as an explicit development objective. Further, although improved educational quality featured as an objective in over 90% of education sector projects, it has been measured "mostly in terms of increases in inputs (books, materials, improved buildings) and outputs (trained teachers or parental support)." The evaluation goes on to state that the Bank lacks an adequate evidence base to inform efforts to raise learning outcomes and gives insufficient emphasis to experimentation with local solutions.

Some of these recommendations are echoed in the challenges flagged in discussion with some Bank education professionals. First, with the increasing use of DPLs and PRSCs, some of the smaller issues at ground level are no longer being tackled. Implementation remains a crucial area of concern, but with donors sending fewer experts, some of the more common-sense reforms one would expect to see in schools and in villages are no longer appearing. Second, the Bank's responding to donor pressure to fund recurrent expenditure, viz. teachers' salaries, is worrying if such expenditure cannot be guaranteed. The issue of teachers' salaries needs to be addressed rationally within the very different country contexts. For instance, why measure learning outcomes if one

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<sup>28</sup> World Bank, Independent Evaluation Group, From Schooling Access to Learning Outcomes: Evaluation of World Bank Support for Primary Education, 2006.

knows that teachers are not in the classroom? What is one measuring? The third challenge is for recipient countries to become more pro-active with respect to policy dialogue and mutual accountability. And the fourth challenge is how to adapt financial modalities to be sufficiently flexible in different country situations, whilst still maintaining standards. The issue of quality underlies these concerns: developing and maintaining standards through systems and implementation found to work and in which accountability is shared, based on common understandings of the reforms being undertaken, their promise, and their anticipated outcomes.

The World Bank increasingly has been entering into development policy operations in fragile states in which the design for conditionality rests more on the need for broad progress assessments rather than minimum standards, e.g. of public financial management, as a pre-condition. Indeed, pre-conditions as applied in other countries may be viewed as outcomes in fragile states.<sup>29</sup> Like several of the other EFA Fast Track Initiative (FTI) development partners, the World Bank has been actively involved in discussions regarding the means of assessing FTI eligibility of fragile states.

## 2.5 The European Union

The European Union (EU) was committed to the new aid modalities from an early stage, and with respect to the Paris Declaration, has since committed itself to double the percentage of its assistance provided through general budget or sector support arrangements. The EU produced some of the first detailed guidelines for its staff on how to pursue support to sector programmes and DBS, and it has continued its series of staff training workshops to ensure implementation of the new aid modalities. Evaluation of the different country experiences with SWAPs and DBS has led to a revision of these guidelines, which are due to be debated in the European Parliament in the first half of 2007. The assessment requirements for sector programmes and budget support are given in Table 2 – these are likely to be maintained in the new guidelines. However, the former eligibility requirements of a sectoral MTEF for Sector Programme Budget Support and evidence of the additionality of EC monies, are likely to be given more flexibility than under the 2003 guidelines.<sup>30</sup>

The European Consensus Document of November 2005<sup>31</sup> states (Article 26):

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<sup>29</sup> World Bank, Operations Policy and Country Services, Good Practice Note for Development Policy Lending: Development Policy Operations and Program Conditionality in Fragile States, June 7, 2005. (<http://siteresources.worldbank.org/PROJECTS/578280-1120680791169/20575293/DPOsinfragilestates-June7.pdf>)

<sup>30</sup> European Commission, Guidelines for European Commission Support to Sector Programmes, February 2003, Version 1.0.

<sup>31</sup> Council of the European Union, Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: "The European Consensus", November 22, 2005. (14820/05 DEVGEN 229 RELEX 678 ACP 155)

*Development assistance can be provided through different modalities that can be complementary (project aid, sector programme support, sector and general budget support...), according to what will work best in each country. Where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner's national accountability and procedures, to finance national poverty reduction strategies (PRS) (including operating costs of health and education budgets) and to promote sound and transparent management of public finances.*

It goes on to state that:

*"the EU is ...committed to more predictable and less volatile aid mechanisms."(27); the EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and has in this context made four additional commitments: to provide all capacity building assistance through coordinated programmes with an increasing use of multi-donors arrangements; to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector-wide approaches; to avoid the establishment of any new project implementation units; to reduce the number of un-coordinated missions by 50%." (32) Furthermore, "such programmes will normally require the support of the International Financial Institutions, with which the Community's support will be co-ordinated. The value added of the complementary Community contribution, and any additional conditionality should be clearly defined. The financial management capacities of the beneficiary countries will be strengthened and closely monitored." (113)*

Like the other development agencies with increasing experience of the new aid modalities, the revision of the EC guidelines is a recognition of the importance of the processes involved in recipient countries aimed at attaining the necessary capacities to move from project support to sector or budget support, and importantly, the coherence of sectoral strategies and their accompanying budgets with the overall medium term financial framework. Whilst some will have seen sector support as a building block toward general budget support, it is recognised that the complexity – and potential incoherence – of working to get things right at the sectoral level – requires simultaneous investment in the overall public financial management system.

EC budget support, typically, is for a three-year period, is not earmarked, and is disbursed in two tranches annually, in one fixed and one variable tranche, dependent on performance as defined by mutually agreed indicators. In an overall evaluation of EC general budget support, it was concluded that "the EC's conditionalities have not been comprehensively harmonized with national goals and objectives" but that "the transition to performance-based conditionality is

most evident in the education sector.”<sup>32</sup> Whilst performance-based conditionality may lead to greater results-based management, the fact that the variable tranche is unpredictable is likely to encourage any finance minister to remain cautious in utilizing such funds where they may be most needed, viz. to help pay for recurrent expenditure.<sup>33</sup>

The EU, of course, is in a special position vis a vis the other EU Member States. Each individual EU Member State – as well as the EC – even with whatever government-led donor coordination exists in any particular country – has been writing its own programming documents for each recipient country. Furthermore, as with any group of donors concerned with fiduciary risk and the need to hold onto some indicators of progress for further disbursements, each Member State has also been producing its own performance conditionalities. The introduction of a Joint Framework for multi-annual programming to harmonise EU Member States’ country programming strategies should assist in this area.<sup>34</sup>

In discussion with several education professionals in the Commission, a number of issues were brought up. First of all, it was pointed out that there seemed to be a transition in the programming of resources from sector to general budget support, which, whilst in support of PRS, does not necessarily build on either the particular progress made in the education sector, when it is prioritised, nor on issues that have been raised in the context of prior education sector support programmes themselves. This greater focus on general budget support is matched by staffing increases for GBS and declines in sector staffing. Sector budget support, it was emphasised, requires staff in the Delegations who can not only follow and participate actively in the dialogue with the Ministry of Finance, but also with the Ministry of Education. On the other hand, with the increased devolution of responsibilities to the Delegations, they are better staffed generally. However, the structures and hierarchies within the Delegations work against making the best use of staff and typically require the recruitment of local sector specialists. Furthermore, a focus on disbursement and impact seems to be obscuring a more technical discussion of how to do the ‘right’ things, focusing on the ‘hows’, rather than the ‘whats’ and hoping for the best with the increased funds supporting education.

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<sup>32</sup> Schmidt, Petra, German Development Institute, Studies 20, Budget Support in the EC's Development Cooperation, Bonn, 2006, p.76. ([http://www.die-gdi.de/die\\_homepage.nsf/6f3fa777ba64bd9ec12569cb00547f1b/81c64bcd2814f575c12570fb002cc37c/\\$FILE/Schmidt-Budget Support in the ECs Development Cooperation.pdf](http://www.die-gdi.de/die_homepage.nsf/6f3fa777ba64bd9ec12569cb00547f1b/81c64bcd2814f575c12570fb002cc37c/$FILE/Schmidt-Budget%20Support%20in%20the%20ECs%20Development%20Cooperation.pdf))

<sup>33</sup> General Secretariat of the Council, DG E II - Development, Doc. no 83/05 DEVGEN NOTE for the Members of the Development Cooperation Working Party, Millennium Development Goals: EU contribution to the review of the MDGs at the UN 2005 High Level Event -New aid modalities for the MDGs - Issues and questions non-paper idea, Brussels, 11 May 2005.

<sup>34</sup> Commission of the European Communities, Communication from the Commission to the Council and the European Parliament, Increasing the Impact of EU Aid: A Common Framework for Drafting Country Strategy Papers and Joint Multiannual Programming, COM(2006) 88 final, Brussels, March 2, 2006.

As regards harmonisation, it was pointed out that some EU member states are looking to the European Commission (EC) for leadership in countries in which they are no longer active, as well as in fragile states. The Joint Programming Framework was raised as another means of facilitating harmonisation, though the heavy transaction costs for the donors themselves in such arrangements were pointed out. MDG contracts were also mentioned as a new concept that might enable fewer conditionalities as well as longer-term predictability of finance. There was also some talk of establishing networks of those dealing with any particular country, in order to facilitate an exchange of experiences, on a case by case basis that does justice to the contextual differences of each country. In analysing what has worked and what has not worked in the support of any country's education system, the need for more political analysis was emphasised, digging down underneath implementation successes and failures to issues, for instance, of patronage, corruption, and not merely the specific 'education qua education' interfaces.

Two major challenges that were highlighted for education, even following the relatively extensive implementation of the new aid modalities (more than 35 countries with sector support programmes), were the quality of education, of learning, of meeting the challenge of access to a quality education for children who have been told they are failures. The second challenge is to address the violence and sexual abuse in the classroom.

## **2.6 The United States**

A signatory to the Paris Declaration on Aid Effectiveness, the United States' (US) perspective on fulfilling the Paris commitments is quite different from the other development agencies surveyed thus far. Its Action Plan underlines the importance placed on country ownership and leadership but "emphasizes that development assistance is not exclusively a government-to-government activity."<sup>35</sup> In addition, the U.S. emphasizes "that harmonization can and should take place for all aid modalities and that the call for harmonization is not a call for increasing reliance on budget support." Furthermore, the US underlines the importance of decentralized decision-making for effective donor coordination and harmonisation at the country level, whilst participating in various aid effectiveness task teams at the global level.

In practice, to understand US policy on the new aid modalities, one must understand the multiplicity of agencies with different forms of development assistance budget lines. Twenty six government institutions have some form of responsibility for US development cooperation.<sup>36</sup> Thus, whilst operations of the United States Agency for International Development (USAID) that contribute to programme support may be few, and where they do exist, comprise a minority share of US development cooperation in any country, the Millennium Challenge

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<sup>35</sup> US Action Plan on Harmonization (<http://www.oecd.org/dataoecd/23/26/30094584.pdf>).

<sup>36</sup> Organisation for Economic Cooperation and Development, *The United States: Development Assistance Committee (DAC) Peer Review*, OECD, Paris, 2006, p.45.

Account, which enables eligible countries to propose projects to a US parastatal, the Millennium Challenge Corporation, can potentially provide considerable direct funding. Eligibility is based on a set of indicators intended to measure the countries' "ruling justly, investing in people and encouraging economic freedom". Fewer than a handful of countries have proposed investments in basic education for their use of MCA funds to date, however. Where USAID monies have contributed to programme support, typically this has been to ensure their voice around the policy table and for visibility.

The recent alignment of USAID under the State Department is likely to influence aid policies further in the direction of becoming more diplomacy- rather than development-driven, beyond the shift already seen in post-9/11 policy documents.<sup>37</sup> Alongside transformational development, strengthening fragile states, providing humanitarian relief and addressing global issues, such as HIV/AIDS, US policy is quite explicit in the fifth of these basic principles for bilateral aid: "Support strategic states: Help achieve major U.S. foreign policy goals in specific countries of especially high priority as key allies from a strategic standpoint." Indeed, the current administration's budget proposal for 2008 envisages shrinking USAID's budget by a third, whilst increasing those budget lines which can more directly meet US strategic interests, but not necessarily 'transformational development' needs.

USAID's participation in SWAps and DBS is also seen from a different perspective from many other bilateral development agencies. Whereas other agencies have been more convinced of the long-term value of DBS, the greater US skepticism of government – as opposed to country-wide stakeholders – has meant that many parallel contributions have been made – typically as project assistance, alongside others' support of governmental systems. However, the US' relatively disappointing experiences with 'Sector Program Assistance' in the nineties, no doubt, has also influenced current perspectives on the new aid modalities. As noted in the Malawi country case study:<sup>38</sup> "The experience in education policy reform demonstrates that success with policy reforms is not a one-time effort. As new problems develop, there is always a second—and often a third—generation of reforms that must be addressed." USAID recognizes and addresses the need to work with government institutions, even if its bias is to the larger group of stakeholders, as well as to the project approach. Typically, USAID uses its own procurement, disbursement and accountability procedures; projects may be on- or off- budget and implemented by a US institutional contractor or a local or US. NGO. Indeed, the recent accountability regulations brought in require a short-term horizon for showing impact: only three years, a tall order for the education sector.

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<sup>37</sup> Transformational Diplomacy Through Development, January 2006.

([http://www.usaid.gov/policy/policy\\_framework\\_jan06.pdf](http://www.usaid.gov/policy/policy_framework_jan06.pdf))

<sup>38</sup> USAID, Bureau for Policy and Program Coordination, Evaluation Brief No. 12, What Conditions Favor the Success of General Budget Support and Sector Program Assistance? Malawi Country Case Study, November, 2004.

USAID education professionals have been attuned to the new aid modalities through professional development programmes, but this has not entailed new operational guidelines for SWAs and DBS, as has been the case with many other development agencies. With the increased alignment of USAID under the State Department, it is likely that the longer-term views of development professionals, and possibly the more decentralized decision making of USAID missions, will be overshadowed by more short-term, strategic, political perspectives of the US ambassadors and their diplomatic staff.

Two interrelated issues concerning the new aid modalities were brought out in discussion with USAID education professionals. The first is how to empower the recipient country truly to lead the in-country donors, rather than global headquarters 'calling the shots'. The second is how to enable the country's policies to be driven by a spectrum of stakeholders and not just by the government, so that the word 'country' is emphasized properly in 'country-driven', and so that donors can work with them as full partners. As brought out in the Tanzanian case study,<sup>39</sup> "the strongest argument in favor of general budget support is that it strengthens the accountability relationships that should exist among the various elements of the recipient government." It would seem that this interrelationship, between wider accountability and the leadership of the technical policy dialogue, is one of the important issues for USAID in its perspective on the new aid modalities.

### 3. Impact of the New Modalities of Aid to Education

There are two levels of impact that one would hope to see from the now much more extensive use of SWAs and DBS: the goals of the education sector strategies themselves, and the intermediary processes envisaged as being necessary to reach those goals, e.g. the planning, management, resource allocation, disbursement, implementation and accounting. What has been the impact of the more extensive use of the new modalities of aid to education? What have some of the education professionals in the development agencies had to say about impact? What have some of the recent evaluations of SWAs and DBS had to say about the impact on education?

Some of those dealing with education SWAs and DBS at their agencies' headquarters could see that SWAs were 'beginning to deliver', for example the growth in access, the improved morale with the flow of money into schools for learning materials, that governments were able to pay teachers' salaries and thus expand their systems. The problem of raising the quality of education, however,

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<sup>39</sup> Brian Frantz, General Budget Support in Tanzania: A Snapshot of Its Effectiveness, Version: 3 April 2004.

loomed large in their comments on impact, that despite government and donor efforts, high dropout and repetition rates, for instance, remained, and that there needed to be more focus on process and not merely impact. Other impacts perceived included the greater coherence of donor support to education, the Memoranda of Understanding governing pooled funding, for example. In addition, they pointed to the greater cohesion and increased ownership surrounding Ministry of Education goals, the improved audits of fund flow and the improved implementation capacity, that there was less substitution of national capacity. Noticeable also was greater country ownership, something which hadn't been as pronounced with projects. The impression one gets from the donors' remarks is one of optimism, but still with a long road ahead to 'arrive' at not only sustainable education systems, but those meeting national goals. Indeed, the overwhelming view was that access could be improved and was improving, but that educational quality was either little affected, or in those cases of too rapid expansion, even deteriorating.

The Dutch evaluation of SWAs expressed well the current conundrum:

*Larger flows of aid are good for achieving quantified results, which are relatively easy to measure at the level of output and outcome. When measuring impact, however, it is the quality of the interventions that is important, i.e. institutional development, capacity building and regulation, factors which cannot be improved through funding alone.*<sup>40</sup>

A less optimistic view of what one can hope to achieve through the new aid modalities is given in a study of donor-led and recipient-led approaches:

*Any attempt at measuring the impact of the H&A (harmonisation and alignment) agenda since its inception a decade ago is likely to run into a number of problems. While its final objective is clearly linked to development outcomes, much of its focus is on changing approaches and behaviours that may bring about results only over a much longer time horizon. It can be argued that the policy shifts advocated by the 'partnership' model of development cooperation, while based on a clear perception of the problems they want to address, constitute an 'act of faith' when compared to the scant evidence on their actual impact.*<sup>41</sup>

USAID evaluated the impact of GBS in five countries in 2003/4<sup>42</sup> and concluded that in general it had had a positive impact. There was greater recipient-country

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<sup>40</sup> Netherlands Ministry of Foreign Affairs, Policy and Operations Evaluation Department, From Project Aid to Sector Support: An evaluation of the sector-wide approach in Dutch bilateral aid 1998–2005, IOB Evaluations, No. 301, the Hague, November 2006, p.8.

<sup>41</sup> Paolo de Renzio and Sarah Mulley, Donor Coordination and Good Governance: Donor-led and Recipient-led Approaches, Managing Aid Dependency Project, University College, Oxford, Department of Politics and International Relations, March, 2006, p.8.

<sup>42</sup> USAID, PPC Evaluation Paper No. 7, General budget support: Key findings of five USAID studies, October, 2005.

ownership, donor coordination and harmonisation had improved in most cases, and the changes in aid management relationships had affected non-GBS relationships. Improved service delivery followed from the increased flow of funds and there was evidence of policy dialogue having influenced policies and processes, the negative effects having been increased transaction costs and some GBS conditionality having resulted in unpredictable funding. "Poverty impacts could not be identified, mainly due to the inability to distinguish PGBS (partnership GBS) effects from impacts of other variables at this level or the fact that PGBS was too recent to have had an influence."

Finally, the most rigorous evaluation that has been carried out to date of GBS concluded that:

The most obvious effects of PGBS (Partnership GBS) on service delivery have been through increased expenditure and expanded services, most notably for basic education and health. This was largely a response to strong, and popular, demand for services. Quantitative improvements (access for more poor people) are easier to achieve than qualitative improvements, and the expansion of basic services has often been accompanied by a deterioration in quality. Other PGBS effects (through policies and, especially, through institutional changes) are likely to take longer in any case. Where there are beginnings of such change (e.g. via improved allocative and operational efficiency of public finance management) they are not yet embedded, but such effects, allied to mechanisms linking PGBS to dialogue and performance targets (and enhanced coherence and coordination across sectors), have considerable potential to address issues of quality and access.<sup>43</sup>

What seems to be coming both from individual professionals and researched evaluations is cautious optimism, that the jury is still out on impact, that intractable implementation problems are not resolved speedily, and that attention to process – and a wider berth, therefore, for different types of impact indicators – may be required. The quality of the educational reforms funded through SWAps and DBS remains the challenge.

#### 4. The Issues and Challenges

A multitude of issues were raised by the set of development agencies covered in this study, concerning the challenges faced in implementing the new modalities of aid to education as part of their overall efforts at improving aid and

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<sup>43</sup> IDD and Associates, *Evaluation of General Budget Support 1994-2004: Synthesis Report*, International Development Department, School of Public Policy, University of Birmingham, Edgbaston, Birmingham, May 2006, p.68.

development effectiveness. The main issues can be categorised as follows, and as detailed in the sections below.

- Capacity development and implementation constraints on the effectiveness of the new aid modalities
- 'Best practices' vs. contextualised approaches vis a vis alignment
- Performance assessment and ownership
- 'Country'- or 'government'-led policies: accountability relationships
- Political analysis, political influence and policies
- Sequential vs. coexisting, hybrid aid instruments
- Mutual donor accountability?
- Guidelines, harmonisation, ownership and comparative advantages

#### **4.1 Capacity development and implementation constraints on the effectiveness of the new aid modalities**

What is clear from the particular set of development agencies included in this study is that all are concerned with programme implementation and the quality of the educational reforms they are supporting. Whilst especially with budget support, their attention has been directed at the cross-sectoral institutional development afforded by the increased flow of funds, to improving public financial management, planning, resource allocation prioritisation and decision making, etc., the educationists in the agencies nonetheless reflect a certain frustration at not being able to make the difference to programme implementation that they once were able to influence, both in the project approach and in sector investment as opposed to development policy lending or grants.

In some respects it would seem as though we have come round full circle from a focus on "capacity building" in the days of project aid to a recognition that even with the increased flow of funds and increased ownership of recipient governments through SWAs and DBS, that capacity development is not achieved overnight and that 'throwing money at education'<sup>44</sup> will not provide the qualitative improvements necessary for sustained educational reform. Both the professional, educational and the financial management interfaces of implementation require attention.

All the development agencies included in this study recognised that their own staff numbers and capacities were part of this overall concern. It was recognised that there is a trade-off between having dedicated educationists in-country vs. generalists, hybrids or economists able only to follow the cross-sectoral, rather than the education sector-specific developments. The issue has been expressed as one of not being able, on a regular basis, to follow the technical, as opposed to the general dialogue, as they would like, and in some cases, not being able to participate professionally in education-specific policy discussions.

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<sup>44</sup> Eric A Hanushek, "Throwing Money at Schools", *Journal of Policy Analysis and Management*, Volume 1, pp. 19- 42, 1981.

Of course another way of looking at this is why should agency professionals be participating in such discussions? It is like back door technical assistance and possibly inappropriate to the new way of doing business. If recipient governments want professional guidance, they should be the ones asking for it and determining the terms of reference on which it is provided. However, this underlines the still nascent changes required in the provision of technical assistance, notwithstanding the Paris Declaration's commitment to coordinated support for capacity development. There is a chicken and egg element to it: if those who require technical assistance are those managing it...?

Related to this conundrum are two further questions: 1) what is an 'acceptable' educational policy and strategy? and 2) what are 'sufficient' implementation capacities? If the move to the new aid modalities is intended to increase ownership as well as institutional development, how should the policy advice of the development agency be handled, as if from an equal 'partner' or with an understanding by the recipient country that the funding is likely to be dependent on particular policy predilections of the development agency? With respect to the second question, the ex post, as opposed to the ex ante reviews of the recipient country's system are likely to lessen the impression that capacity development is a hurdle as opposed to a necessary means of achieving the mutually accepted goals of educational development. As with all of the different aspects of the new aid modalities, trust must underlie such relationships. The likely removal of a sectoral MTEF from the EC's eligibility requirements for its sector support programmes is one example of the greater emphasis on process, intent and improvement, rather than capacity development as a hurdle for eligibility.

There has been insufficient examination of the full range of the modalities of capacity development, and not merely their coordination. For instance, the continued use of scholarships and fellowships is, of course, one means of capacity development. How does this fit with institutional as opposed to individual development? How many qualified country nationals are working for in-country offices of international development agencies?

A further related issue is that of the all too common pseudo-ownership of policies and plans whether written by consultants or nationals and endorsed with token participation by a wider stakeholder constituency, but signed by those in power in the capitol. This is not just a matter of representation, but also voice, in terms of the selection and inclusion of policies of relevance to minority stakeholder groups, ensuring that policies are tailored to the needs of the poor, for instance, and also that capacity development is appropriate to decentralised levels. Lavergne and Wood point to "the sense that one gets from the Paris Declaration ...that local ownership is defined by the existence of a single national

development strategy owned by the central government, and that this is the only legitimate expression of country needs.”<sup>45</sup>

An interesting review of absorption capacity in the education sector, in attempting to bring educationists and economists to some common ground, illustrates well the difficulty of making effective use of aid through SWAps and DBS due to implementation constraints.<sup>46</sup> Where economists focus on the macro-economic constraints to using increased funds for education, educationists focus precisely on the implementation constraints of so doing, underlining the issues raised in this section, be it a lack of capacity in public financial management, performance evaluation, or indeed, teacher education. Without a common understanding, for instance, of ‘quality education’, economists will continue to use proxy indicators that may show improved results, but not those which address sufficiently the continuing concerns of educationists.

#### **4.2 ‘Best practices’ vs. contextualised approaches vis a vis alignment**

Assimilating successful approaches and appropriately contextualising them for use in new environments is difficult at the best of times. It makes for strained relationships when those putting forward the ‘best practices’ have the upper hand. There is clearly a conflict between donors aligning themselves with national policies and programmes on the one hand, and on the other hand offering policy advice based on ‘best practices’ from other countries. It is especially conflict-ridden if the policy dialogue so begun is exclusive to those in political power. There are many perspectives on this issue. One has already been raised in the section above, concerning very simply, the understanding of educational quality by economists vs. educationists, and by implication, the indicators chosen to measure quality. It is understood, for instance, that input indicators, such as teacher-pupil ratios, numbers of textbooks per pupil, numbers of trained teachers, have been used far more than outcome indicators, such as learning achievement or other expected outcomes of the education system. One of the reasons is that they’re harder or more costly to measure or that sufficient capacity to do so may not exist within the country. The recently completed evaluation of World Bank primary education projects refers to “the lack of an adequate evidence base informing efforts to raise learning outcomes. Many countries still do not generate the information they need to design solutions to improving low learning outcomes among the disadvantaged, and there has not been adequate experimentation with local solutions and their evaluation with respect to their impact on learning outcomes.”<sup>47</sup> From one perspective, this sounds fine; indeed, one of the lessons emerging from the evaluation is: “More,

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<sup>45</sup> Real Lavergne and Jacqueline Wood, “Aid-Effectiveness and Non-State Partnerships: Analytical Considerations”, Working Paper, CIDA, December 6, 2006, p.19.

<sup>46</sup> Pauline Rose, “Review of Absorptive Capacity in the Education Sector”, commissioned by the Ministry of Foreign Affairs, France and the Global Campaign for Education on behalf of the Fast Track Initiative Finance Working Group, December 2006.

<sup>47</sup> World Bank, Independent Evaluation Group, From Schooling Access to Learning Outcomes: Evaluation of World Bank Support for Primary Education, 2006. p.xv.

better, and more contextualized analytical work is needed on learning outcomes and their determinants at the primary level.”<sup>48</sup> However, whose agenda and whose research design are likely to be funded to improve such a local solutions knowledge base? Is there not, in fact, a lot of local knowledge which, not being validated by external frames of reference and techniques, is not recognised? Are the political and socio-economic ‘determinants of achievement’ included in the research frame, viz. teachers on below living wages, sexual abuse in the classroom, and not merely the educational interfaces? One of the questions raised by development agency educationists interviewed was how do development agencies respond when indigenous solutions – solutions that differ from ‘best practice’ or the particular flavour of the month focus, are put forward in policy discussions concerning the funding of the education sector?

Projects have been criticized for imposing donor priorities and thus contributing to the incoherence of sector-wide education development planning. Within SWAps, earmarked support for a particular sub-sector can serve the same purpose. Where is alignment? Similarly, the FTI’s benchmarks, used in its indicative framework for assessing countries’ education strategic plans impose ‘best practice’ guidelines, including the hotly debated percentage of 2.8-3.6% GDP for domestically resourced recurrent expenditure (predominantly teachers’ salaries) and the subsequent incentive to employ para-teachers for lower salary costs. Yet, if we consider the lack of impact of the new aid modalities on educational quality, surely salary disincentives play a major role. The point of this argument is merely to indicate the tension and, at the extreme, potential conflict between ‘best practice’ and alignment with ‘*national*’ policies.

### **4.3 Performance assessment and ownership**

Performance assessment plays many roles in the new modalities of aid to education. In addition to ex ante situation analyses for the purpose of constructing baselines from which to measure and monitor performance, ex post analyses of impact, primarily for donor constituencies, has always clouded the performance assessment required of any national education system. Mutual accountability is the new mantra; performance assessment should satisfy donors’ requirements, bundling the need for different indicators amongst them, whilst at the same time, serving, and it should be said, primarily, national purposes. The unequal partnerships in which money rides on the adoption of donor-compliant systems, however, often makes for compacts which not only load a system with indicators unlikely to have been chosen by the nationals alone, but which also contribute to undermining ownership of the process of performance assessment as well. In countries in which data quality is poor and funding is available to upgrade it, making independent judgements about the type of system to be put in place is fraught with alienating the funding partner, losing contracts which may be individually lucrative – whether in status or earnings – to those in decision making positions. How many educational management information systems

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<sup>48</sup>Op.cit., p. xvi.

have been re-designed and re-funded over the past three decades because they have been inadequate for national purposes? As one donor official put it, we're so concerned with the 'hows' that we've lost sight of the 'whats'. Add to this what are often unrealistic targets superimposed for political reasons – whether from the donor or the recipient government side – and is it a wonder that the accountability for performance can often break down between the capitol city and the most rural schools?

#### **4.4 'Country'- or 'government'-led policies: accountability relationships**

What lies behind this issue is the question asked by one of the donors interviewed, "Is a bottom-up sector-wide approach possible?" This is a highly contentious issue, whose colouring has changed somewhat as increasing experience has been gained with the new aid modalities. When SWAps were first being constructed, although aware of the need for wider participation in the joint assessments and further reviews of sector performance, once a deal had been struck between the ministry of education and the donor partners, the emphasis was on coordination, and this clearly implied government-led coordination. This entailed a change from the project approach and was often a tall order in many countries. As this change occurred, some of the attention shifted to whether there was more than token participation in policy dialogue and reviews. In some countries, concerns were expressed that parallel bodies to those representative government organs, such as Parliament, had been established, thus undermining normal, democratic accountability. Further questions have been raised about the inclusion in SWAps of NGOs, not only as major representative stakeholders, but also as educational service providers. In some countries, government has competed with NGO providers, not accepting their provision of educational services as being liable for SWAp funding, for instance.

If the question is how to broaden government-led approaches to become 'country'-led approaches, it would seem that the role of an honest broker might assist the process. In the case of education, UNESCO, being the UN's technical agency for education, would be an obvious candidate for undertaking this role. It is not a donor and has always taken a sector-wide view of education, not being limited to a purview of a sub-sector, such as basic education. However, as was expressed by at least one donor, UNESCO's taking on such a role is compromised in practice by its being an inter-governmental agency, its unique National Commissions, which very often are led by the Minister of Education, and thus, UNESCO is too often too closely aligned with the government to play this more independent, leavening role.

#### **4.5 Political analysis, political influence and policies**

It is clear that aid, not least aid to education, is not given without political considerations coming into play. As long as aid is not given on the basis of need, but rather, is coloured by historical relationships, strategic interests, etc., those

countries requiring the most assistance will not get sufficient aid, even if they make good cases for their overall assessments by global funds, such as the EFA Fast Track Initiative. (Total ODA to the poorest 65 countries comprised only 43% of aid in 2003/4.)<sup>49</sup> Different donor countries divide aid differently between meeting their foreign policy vs. their development goals. Some countries limit the numbers of countries in which they're engaged in development cooperation and the sectors in which they work, such as the Netherlands, and some, though still a minority of recipient countries limit the numbers of agencies with whom they enter into development cooperation agreements. The point, however, is that these decisions are by no means apolitical, and despite policies which specify the criteria for selection of partner countries, as seen in the Dutch case, these decisions are not always transparent. At the extreme, in countries in which a group of donors may want to pursue the new aid modalities, in the presence of large donors underwriting large portions of the government budget for strategic reasons, the agreements reached in such settings, are hardly likely to follow the ideal-typical course of action.

We have already discussed some of the factors constraining the implementation of educational reform policies and the resulting lack of impact on the quality of education. Political influences within the recipient country also come into play here, implicitly and explicitly. Access, children in classrooms, irrespective of what they are learning in those classrooms, is much easier to sell politically than the more tendentious, 'improved learning outcomes', which often contribute only indirectly to improved livelihoods, there being so many other factors that militate against even good quality education providing the sustainable development alternatives required in any country. Thus, schools get built, textbooks may get delivered, but some of the harder to solve implementation problems, such as improving classroom practices, are simply not as visible and may not have the same level of support domestically – at least from the politicians! This, if you like, is the flip side to policy influence by the donor agencies, which can leverage in favour of the poor, whose voices may not be heard and for whom a poor quality education is simply not worth the opportunity cost sacrifice. Political analysis, as already noted, is much higher on donors' agendas with the new aid modalities, and thus, issues of governance as well as corruption are raised by all.

#### **4.6 Sequential vs. coexisting, hybrid aid instruments**

The realism that has emerged amongst the development agencies from the experience of implementing the new aid modalities has led, in general, to a greater acceptance of hybrid or coexistent aid modalities, for reasons of risk aversion, should one aid modality fail, as well as for participation and influence in the sectoral, technical policy agenda. Although budget support buys a place at the policy table, for those agencies wishing to be more hands-on in education sector policy making, the high table of cross-sectoral resource allocation decision making has proved to be inadequate. In practice, development agencies'

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<sup>49</sup> Roger C. Riddell, *Does Foreign Aid Really Work?*, Oxford University Press, Oxford, 2007, p.104.

acceptance of hybrid sectoral programmes is a theoretical exercise, as they had never been purist about the new aid modalities; what has changed, however, is the greater acceptance by donors of the view that SWAps should no longer be seen merely as a stepping stone on the way towards providing aid in the form of general budget support. This is due in part to the experience of some SWAps, which, though having provided overall sectoral coherence, have nonetheless comprised, in essence, large projects, with separate funds deployed in parallel with domestic resources, etc. Just the same, their use may be analogous to the positive use of projects, piloted across a sector, which may eventually be scaled up, such as public financial management reforms, education usually being the largest ministry.

One of the related problems raised by the development agencies was how to make use of the lessons learned from sectoral experiences, and apply them to GBS, especially given the greater acceptance of hybrid programmes as well as the typical staffing of their in-country offices. Tranche release performance indicator assessment, for instance, covering general and sector-specific performance targets, requires both economic and education knowledge and experience. Setting aside the issue of development agency staff competencies and whatever professional development is offered to upgrade them, one could pose a rather different question, namely, why should development agencies be so concerned with their in-country 'on-looker' staff if the objective of the new aid modalities is to align donor support with national policies? The reason has everything to do with the concept of 'ownership'. The Bretton Woods Institutions are perhaps more up-front than some of the bilateral agencies in explaining its meaning for them:

Predominantly for the IMF and (though to a lesser extent) the World Bank, ownership is understood as the process whereby recipient countries come round to accepting and "owning" the respective financial institution's programmes, policies and approaches to development, growth and poverty reduction. Indeed, for the Fund, "ownership does not require that an IMF-supported programme be a government's first choice, nor that it be the programme that officials would have preferred in the absence of IMF involvement".<sup>50</sup>(Boughton, 2003:4, quoted in Wood, 2004: 34). Likewise for the Bank, ownership is a concept that "denotes a high probability that the policy and institutional changes associated with a lending operation will be adopted and implemented even if there is internal opposition" (World Bank, 2001: 73).<sup>51</sup>

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<sup>50</sup> Op.cit., p. 240-1, as in Boughton, J. M., Who's in Charge? Ownership and Conditionality in IMF-Supported Programmes, Working Paper 02/72, International Monetary Fund, Washington D.C., 2003, p.4, quoted in Wood, A., One Step Forward, Two Steps Back: ownership, PRSPs and IFI conditionality, World Vision, Milton Keynes, 2004, p.34.

<sup>51</sup> Op.cit., as in World Bank, Education and Health in Sub-Saharan Africa: a review of sector-wide approaches, World Bank, Washington D.C., 2001, p.73.

So it looks as if there is an increasingly complex portfolio of approaches, but as all of these approaches are refined, some of the technical edge in terms of implementation is being lost. Carrying on the policy dialogue isn't making the difference to quality, not least because of the questionable, underlying ownership: the tautology that we're getting it right when the policy documents accord with our wishes.

#### **4.7 Mutual donor accountability?**

For all the talk of harmonisation, a natural sequitur is to ask whether development agencies, in addition to embracing mutual accountability with aid-recipient countries under the new aid modalities, also recognise mutual accountability toward each other. For instance, if an in-country development agency staff member is behaving outside the Paris Declaration commitments, is any responsibility felt to discuss this, say, amongst the wider donor group? It would seem not to be the case. DFID and the EC explicitly refer to maximising the influence of all those supporting a recipient country programme and not just that of the individual agency, but this line of thought would seem to go no further, at least as evidenced in the interviews with donor agency staff.

#### **4.8 Guidelines, harmonisation, ownership and comparative advantages**

Five years have passed since a survey was carried out of the approaches and policies of the major bilateral and multilateral development agencies toward the new aid modalities.<sup>52</sup> This was not specific to education, but as has been clear from the sections on individual development agencies, there is much that has to be said about the approaches in general, before one can get down to the more particular experiences the agencies have had in the education sector specifically. Whereas five years ago agencies were only beginning to write guidelines of best practice for their agencies' contributions toward SWAps and DBS, and to work out the operational modalities of so doing, today, most agencies have produced guidelines for their staff, and some agencies have even included recipient country stakeholders in some of their professional development workshops and seminars. Indeed, there is now considerable material for orientation and training in the new aid modalities, the bulk of which has been tailored for development agency staff, however.

In addition, there are very many groups promoting aid effectiveness in one way or another, from the long-standing group of 'like-minded agencies', to the Learning Network on Programme-Based Approaches (LENPA), the DAC Working Party on Aid Effectiveness, to the UN reform, "Delivering as One", which aims to bring more coherence to the range of UN organisations and their

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<sup>52</sup> Abby R. Riddell, "Synthesis Report on Development Agency Policies and Perspectives on Programme-Based Approaches", Prepared for the Forum on Accountability and Risk Management Under Program-Based Approaches, Organized by the Learning Network on Program-Based Approaches, Ottawa, June 19-21, 2002, July 2002.

operations, especially in-country<sup>53</sup>. The EC has introduced a “Common Framework for Drafting Country Strategy Papers”<sup>54</sup> “on which to model all Community CSPs”. UNESCO has drafted an EFA Global Action Plan to harmonise the UN convening agencies of the Dakar Forum<sup>55</sup> in their global and in-country support for EFA, “building on each agency’s comparative advantage and harmonising actions in support of country-led national education sector plans to achieve the EFA goals by 2015.”<sup>56</sup> The Strategic Partnership for Africa (SPA)<sup>57</sup> supports aid alignment, especially of the new aid modalities, for aid effectiveness.

Despite all this activity towards harmonisation, including all the guidelines, best practice notes, operational manuals, training, and even silent partnerships, in which one agency delegates its representation and disburses its funding through another agency, as in DFID’s arrangement with AFD in parts of French West Africa, less than a third of the 10,837 donor missions fielded in the 31 countries surveyed in the CDF Progress Report of 2005 and used as the basis for monitoring the Paris Declaration – were coordinated missions<sup>58</sup>; and in the view of several recipient countries in 2006 “there were no technical cooperation programmes... that were genuinely country-led.” (despite the donor view that of the \$5.6bn provided to those 31 countries, 43% was ‘country-led’ or ‘co-ordinated’).<sup>59</sup>

In striving to define comparative advantages across groupings of agencies, whether amongst EC Member States, UN agencies, or specifically the UN convening agencies of the Dakar Forum, there is considerable contestation as well, and that is without even considering the wider group of agencies operating at any one time in a particular country. With different understandings of ownership, different ‘felt’ if not acknowledged comparative advantages, and different agencies using different procedures, guidelines, training, not to mention the panoply of tranche release conditionalities, donor-influenced performance indicators and policy preferences, it is a wonder that there is any commonality of vision leading to coordination and harmonisation. The reality check on the new aid modalities and the likelihood of their achieving the MDGs, no less the much broader development objectives of the recipient countries, is the recipient

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<sup>53</sup> United Nations, Secretary General’s High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment, Delivering as One: Report of the Secretary-General’s High-Level Panel, United Nations, New York, November 9, 2006.

<sup>54</sup> Commission of the European Communities, Communication from the Commission to the Council and the European Parliament, Increasing the Impact of EU Aid: A Common Framework for Drafting Country Strategy Papers and Joint Multiannual Programming, COM(2006) 88 final, Brussels, March 2, 2006.

<sup>55</sup> World Education Forum, The Dakar Framework for Action: Education for All - Meeting Our Collective Commitments, Dakar, 26-28 April, 2000.

<sup>56</sup> UNESCO, Education for All Global Action Plan: improving support to countries in achieving the EFA Goals, Edition of July 10, 2006, p.ii.

<sup>57</sup> Strategic Partnership with Africa (<http://www.spa-psa.org>)

<sup>58</sup> Organisation for Economic Cooperation and Development, Development Co-operation Report 2006, OECD, Paris, 2007. p. 64.

<sup>59</sup> Op.cit., p.60.

countries' views of what it is like to be party to this circus of initiatives. The comments of the DAC Chair in the recent overview of experience makes for depressing reading in 2007, knowing how much has been carried out to have got just this far:

Information suggests that actions in support of the Paris agenda are being taken in at least 60 countries. Broad and substantial implementation is at hand in 5-8 countries and good, but less extensive, implementation in 10-15 others.<sup>60</sup>

The Graph 1 shows the level of disbursed GBS as a percentage of total ODA 2001-2005 for the development agencies included in this study. The decline is clear, and underlying these agencies' decline in GBS is the decline in the grand total, from 6.5% of total ODA in 2001 to 2.4% in 2005.<sup>61</sup> The optimism surrounding the new aid modalities at the turn of the century has certainly been accompanied by, and perhaps for some donors, replaced, by a realism acquired from the near decade of experience. SWAps and DBS, as currently conceived, could be relegated to becoming yet another historical flavour of the month.

## 5. Concluding Remarks

If the new aid modalities were intended to make aid transactions less costly for recipient countries, to be more coherent, and to effect greater impact on the achievement of the MDGs, there is a mixed tally to date, from the experience reflected in this review of some of the major development agencies. As will be seen in some of the snapshots from the countries' perspective in the next study, there may be fewer missions and analyses in the 'successfully' aid-effectiveness-reforming countries, but there are still overwhelming numbers of missions and analyses, and still also, a relatively small proportion of aid which is given in the form of the new aid modalities. In fact, whilst the number of SWAps may have increased over the same period, the proportion of GBS has declined, and the mixed portfolio is far more common in practice, now in many of the agency guidelines, than was the case before. So, despite increased funding, which has made possible an expansion of access, and despite the use of the new aid modalities (albeit in hybrid forms), the same intractable problems are very much with us: how to make a dent in quality; how to develop institutional capacities throughout educational systems, from the central ministry down to the local school; etc.

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<sup>60</sup> *Op.cit.*, p.29.

<sup>61</sup> OECD, DAC, International Development Statistics Online, DAC Online Database on Annual Aggregates, February 15, 2007. ([www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline))

There have certainly been attitudinal changes. However, the nascent (for most countries), in-country monitoring that will report on donor behaviour, will require more time before firm results are available. This means that we don't know whether the attitudinal changes occurring today will bring about changes in practice tomorrow, in terms of facilitating government-led coordination of what clearly can be seen from this review, as a still relatively unruly pack of donor agencies, notwithstanding the important commitment and declarations such as the Paris Declaration. On the transaction costs side, it is estimated that "multi-donor programmes may require 15-20% more time and resources than traditional stand-alone projects", and as the DAC Chairman has further commented, "It will therefore be important to continue to look for incentives which encourage greater harmonisation and alignment by donors in the face of pressures to 'get on with the job'".<sup>62</sup>

Some of the first education SWAps were developed in the late 1990s, focused on sub-Saharan Africa, but then extended to South Asia, Latin America, and East Asia. In some countries, education SWAps were the handmaidens of direct budget support, particularly in countries with Poverty Reduction Strategies having the education sector as a priority pillar. In other countries, development agencies went directly into direct budget support and did not use a SWAp as a means of developing the capacities or testing the waters for direct budget support. What is more, despite the burgeoning of these new modalities of development assistance, they have not overtaken the perpetuation of project aid as the still-dominant form of support in any country, while capacity development still continues to be project-driven. To the extent that the stages along the way toward SWAp development or eligibility for DBS are of value in themselves, then perhaps the process-oriented, ex post performance indicators are the correct ones to use to judge progress and impact of the new modalities of aid to education, whether, in practice, the CDF principles<sup>63</sup> are not only learnt, but become the sustained backbone of strategic planning for the education sector which is fully coherent and integrated in national development or poverty reduction plans. For the achievement of the core EFA goal of a quality education for all, much more work has to be done to ensure that the implementation interface is not driven by donors wanting to show impact precisely of the new aid modalities, rather than of quality EFA. Without such a focus, we could all end up largely with new development cooperation vocabularies, but the literacy and further educational development that is desired and so desperately needed, will only come about if it is a national vocabulary for national educational development.

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<sup>62</sup> Op.cit., p.30.

<sup>63</sup> World Bank, Supporting Development Programs Effectively: Applying the Comprehensive Development Framework Principles: A Staff Guide, World Bank, Washington, D.C., November, 2004.

**Table 2**  
**Assessment Criteria for SWApS and Budget Support**

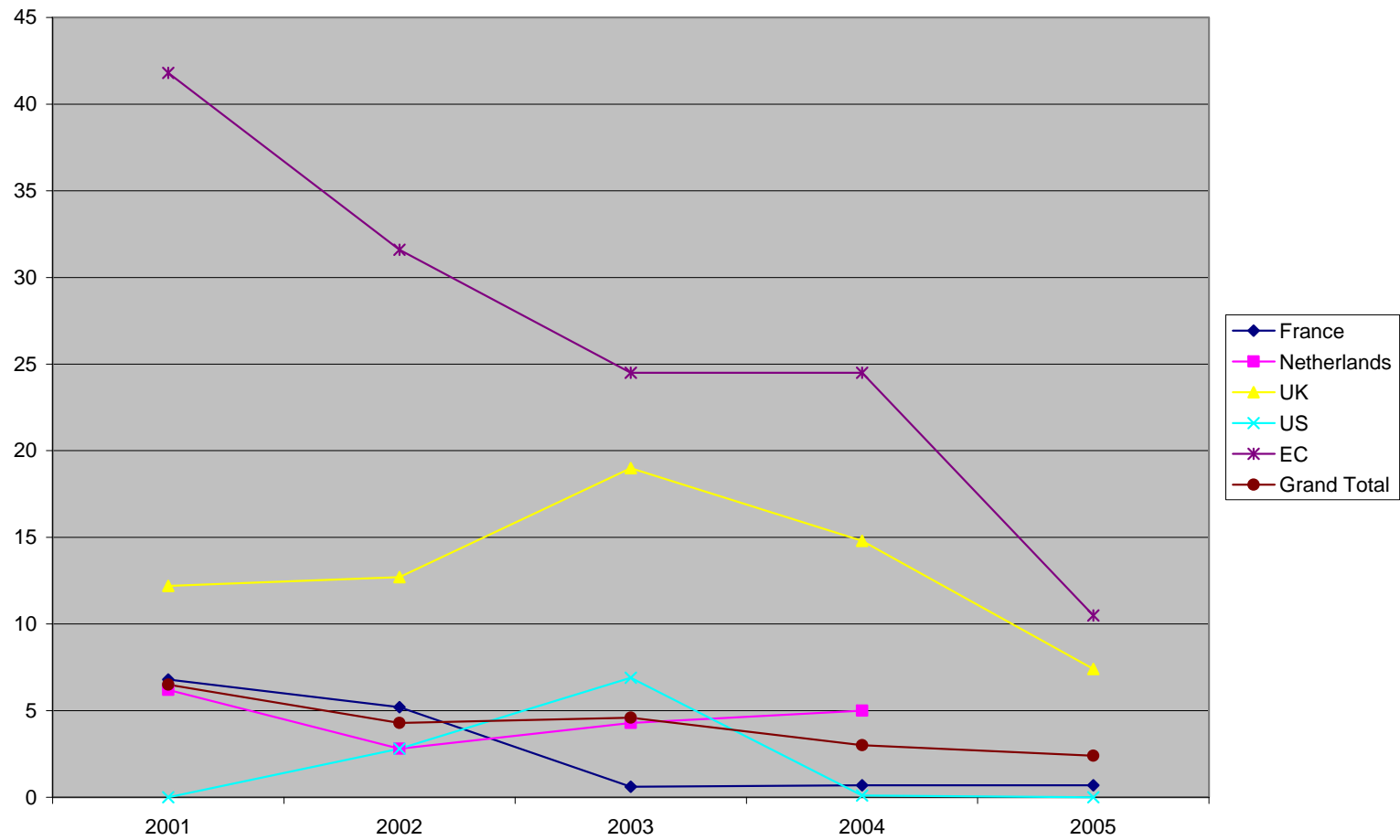
<b>Country/Agency</b>	<b>Assessment Criteria</b>
<i>France</i>	<p><u>Education SWAp:</u></p> <ul style="list-style-type: none"> <li>• a credible sectoral policy based on :               <ol style="list-style-type: none"> <li>1) the inclusion of education policies in development strategies (poverty reduction or national development);</li> <li>2) ownership of strategies by partners;</li> <li>3) results</li> <li>4) harmonisation of French interventions with others'; 5) accounting for the whole education system in deciding on the respective allocations for different levels of education, as a function of the degree of development of the sector policy</li> </ol> </li> </ul> <p>The EU's seven assessments are included:</p> <ul style="list-style-type: none"> <li>• of the macro-economic framework</li> <li>• of the poverty reduction or national development strategy</li> <li>• of the sectoral policy (see above) and implementation capacity</li> <li>• of the public financial management system</li> <li>• of the results-based evaluation system</li> <li>• of donor coordination and harmonisation of procedures</li> <li>• of the capacity development programme which will overcome identified weaknesses in financing and capacity reinforcement.</li> </ul> <p><u>Budget Support :</u></p> <ul style="list-style-type: none"> <li>• credible sectoral policies</li> <li>• a coherent and approved poverty reduction strategy</li> <li>• mechanisms to ensure the country's proper macro-economic management (monetary policy, exchange policy), approved by the IMF</li> </ul>

<p><i>Netherlands</i></p>	<p>The Track Record is an annual assessment framework that details and analyses partner country progress in four cluster areas. A stand-alone review framework and reporting format has been developed for each of them:</p> <ul style="list-style-type: none"> <li>• The PRSP and the commitment to poverty reduction, assessed with a PRSP Review Framework</li> <li>• The macroeconomic policy and business climate, assessed with a Business Climate Scan</li> <li>• Good governance, including Public Finance Management, assessed with a PFM Review Framework</li> <li>• Dialogue and harmonisation, analysed using the explanatory notes on quality of policy dialogue.</li> </ul> <p>Each of these four analyses includes a rating (good, satisfactory, unsatisfactory, bad). The Track Record also includes a section on risk analysis and culminates in an overall rating for the partner country.</p> <p>Two external benchmarks:</p> <ul style="list-style-type: none"> <li>• the World Bank's country policy and institutional assessment (CPIA) and the</li> <li>• Kaufmann governance indicators</li> </ul> <p>are used to ensure ratings are roughly in line with those of other donors. Divergences from these benchmarks must be explained. The overall rating indicates the level of alignment, and the consequent aid modality, that is considered possible:</p> <ul style="list-style-type: none"> <li>- If the Track Record is generally satisfactory, then full alignment is considered possible and budget support will be the preferred option</li> <li>- If the partner country fails to satisfy a number of basic conditions then partial alignment will be preferred and SWAs and other sectoral support may be considered appropriate</li> <li>- If however the Track Record is broadly unsatisfactory, especially if this is due to lack of commitment to poverty reduction, an inadequate macroeconomic policy or poor budget management, alignment is not considered possible and only project approaches may be developed.</li> </ul>
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<i>United Kingdom</i>	<p>DFID will make judgements in three areas, as outlined in its conditionality policy – to help determine degrees of alignment to government: 1) commitment to poverty reduction, ii) commitment to human rights and other international obligations, iii) commitment to strengthening public financial management and addressing corruption. These judgements will be informed by a ‘quality of governance’ assessment and will help determine aid instrument choice and design.</p> <p>Assessment also required of what level of the state to work with, national, state (regional/provincial), local, and which bodies.</p> <p>Assessment also required of strategic and complementary support to non-state actors, civil society, private sector, and direct support to communities</p>
<i>USAID</i>	<p>The choice of aid instruments depends upon the confidence USAID has in the developing country government’s management and development policy framework. When the government lacks skilled managers, has weak financial controls, poor accountability, corruption, and weak policies and institutions — then projects make the most sense.</p>
<i>EC</i>	<p>Seven key areas of assessment are expected to be undertaken of a prospective sector programme, or of general budget support:</p> <ul style="list-style-type: none"> <li>• of the macro-economic framework</li> <li>• of the sector policy and overall strategic framework (or of the PRS and/or national development strategy for general budget support)</li> <li>• of the medium-term expenditure framework for the sector</li> <li>• of accountability and public expenditure management systems</li> <li>• of donor coordination systems</li> <li>• of performance monitoring and client consultation systems</li> <li>• of institutional and capacity issues</li> </ul>

<i>World Bank</i>	<p><u>Development Policy Lending</u>: The Bank determines the appropriateness of such support in the context of the Country Assistance Strategy, and the decision to extend such support is based on an assessment of the country's policy and institutional framework, including the country's economic situation, governance, environmental/natural resource management, and poverty and social aspects. The Bank considers the strength of, and country's commitment to, the program against its track record; it assesses the country's institutional capacity/ability to implement the program, and describes relevant capacity-building efforts.</p> <p><u>Sector Investment Lending</u>: The Bank goes through a traditional appraisal process, covering: the sector; the subsector/project area; project concept and composition; project context; environment; project cost and financing; financial analysis; economic and social analysis; institutional arrangements; implementation; operation; project risks and benefits; summary of recommendations and loan conditions.</p>
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**GRAPH 1: Disbursement of GBS as a % of total aid 2001-2005**



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