



Sida's Policy for Sector Programme Support

THE NEED FOR NEW FORMS OF PARTNERSHIP

This new policy for Sector Programme Support shall guide Sida's active participation in Sector Wide Approaches. Support for these approaches is growing in the partner countries and other agencies.

They reflect the experience gained in the 1990s of the need to move from project support to programme support in international development cooperation.

Hopefully the new policy will provide the framework for the establishment of lasting and genuine partnerships as well as for more efficient forms of cooperation.

Detailed guidelines for the implementation of the policy are published separately.

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SIDA'S POLICY FOR SECTOR PROGRAMME SUPPORT

IN ITS CONCERN to enhance partnerships and improve the effectiveness of Swedish participation in international development cooperation, the Swedish Government has reinforced its commitment to a *sector wide approach* in the support to key development areas. It has instructed Sida to increase its efforts to participate in such processes, and to shift from project to programme support, whenever possible. Simultaneously, thanks to the wider recognition at international level of the potential benefits of the sector wide approach and through the experiences gained at country level in a wide range of differing contexts, both policy and practice have evolved. These factors have all contributed to the need for a revised Swedish policy for support to sector programmes.

■ **The Sector Wide Approach** (SWAp) is the term used for current international thinking and practice regarding a form of long-term assistance to development at the sector level, embracing a sector policy and a sector expenditure programme. *The aim* of the sector wide approach is to attain sector specific objectives and to ensure national ownership through genuine partnerships in development cooperation. The broad sector programme approach is intended to reduce aid fragmentation and improve coordination, strengthen national institutional capacity, enhance effectiveness of public sector expenditure and promote institutional reform. Expected benefits are the strengthening of democratic practices through improved transparency in the national budget, enhancement of national coordination mechanisms and promotion of participatory practices in decision-making.

The focus of SWAp is on an intended direction of change rather than on an established format.

■ **Sector Programme Support** (SPS) is the term used by Sida to participate in and support the Sector Wide Approach process. Sida's policy for sector programme support adheres to and embraces the SWAp principles described as follows.

A central feature of the SWAp concept is the principle of *strong national ownership and political commitment*. The

role of external funding agencies is that of legitimate stakeholders and partners in dialogue. The *partnership* is understood as a shared framework of common values and objectives, essentially establishing a new *code of conduct* between national and external partners. The new code of conduct has a practical application in the change of modalities of interaction and cooperation between the partners.

The establishment of *common goals and a common policy framework* as opposed to detailed conditionalities, are the basic principles and points of departure for a joint long-term sector commitment.

As stakeholders in a joint sector programme, the external funding agencies must be prepared to *change* their own *support modalities*; concentrate on policy dialogue issues and participate in assessments of policy frameworks and institutional environments; give up conditionalities, ear-marking funds and the focus on projects; adjust specific agency procedures for the transfer and monitoring of resources to joint, harmonised systems, and be prepared to delegate responsibilities to other partners in order to achieve the common goals.

The sector programme is seen as a *joint programme of work* with a process-oriented approach, geared to jointly agreed goals and policies. The partners work together in the definition of a strategy and in the negotiation of resource allocation. Recognizing that a step-by-step

process may apply, partners shall strive to reach a point where resources, external and national, can be pooled in non-earmarked budget support to the sector.

Constraints to adequate sector performance and development need to be identified and addressed in the joint programme of work. One common constraint is weak *institutional management capacity*, both in general terms and in financial management terms. Institutional strengthening is thus in most cases a key component of sector programme support, to be jointly agreed upon.

■ **Accountability, transparency and adequate measures to counteract corruption** are legitimate concerns that need to be addressed. Systems and structures for financial resource management need to be analysed. Gaps and weaknesses in budgeting, accounting and control of funds will require solutions, based on existing national mechanisms.

■ **Institutional reform and development** is often a cornerstone element of cooperation towards successful implementation of a sector programme. Reform needs, being different and specific for each country and sector, cannot be defined at a general level but will need contextualized analysis and policy dialogue involving all stakeholders, including key national ministries and civil society. The reform process, and support for it, will

normally become an integral part of the sector programme.

■ **Harmonised joint review procedures**, including reporting, monitoring, evaluation and auditing (the latter in accordance with international auditing standards) will need to be established. Monitoring shall be based on the follow-up of indicators at the sector level including milestones in the sector reform process, and will also relate to economic and political development at the macro-level. Partners shall agree on a division of labor and delegation of responsibilities in a coordinated mechanism.

In addition, the following shall also apply for Sida:

1 In drawing up the country strategies for bilateral cooperation, Sida shall make assessments of the general macro-economic, political and governance conditions as well as of sectoral policies, which shall guide decisions on active Swedish involvement in a sector programme process, both in terms of policy dialogue and finance.

2 Providing there is a positive decision for a Swedish engagement in a sector programme process, the following steps shall apply:

- Sida shall be prepared to allocate resources to the sec-

tor programme for specific purposes, such as capacity strengthening, or to the continuation of on-going projects within the overall sector programme framework, when agreement on goals and policy framework has been reached between partners on the sectoral level.

- Sida shall strive to pool resources with other partners in basket-funding financing arrangements, when transparency and control in the management of these funds is found to be satisfactory.
- Sida shall further be prepared to allocate untied resources to the national state budget for the sector programme when there is joint partner satisfaction with financial management arrangements at the national budget level, and when other significant donors are prepared to do likewise.
- Sida can choose to allocate resources in any of the above-mentioned manners and be a “silent partner” in its support to a sector programme. This entails an agreement with another donor agency to carry out assessments, participate in the dialogue and negotiations, and take on other identified actions such as monitoring and evaluation on the behalf of Sida.

3 Regarding the policy dialogue with the partner country, Sida shall:

- Focus on poverty reduction and a human rights perspective as central policy issues. The principles of

democracy, gender equality and environmental sustainability shall further guide and inform Swedish participation in this dialogue.

- Emphasize the necessity of ensuring the involvement and participation of stakeholders at the local level as well as users and beneficiaries in the preparation and reviews of the sector programme, in order to enhance the relevance of programme design and service delivery. This shall further be followed up in monitoring and evaluation.

4 The DAC Principles for Programme Assistance ("DAC Principles for Effective Aid" 1992 or future DAC documents replacing this), particularly regarding what is termed "sector assistance", shall further guide Sida's participation in Sector Wide Approaches.

This revised policy replaces Sida's policy of 1995 for Sector Programme Support. Sidas Guidelines for Sector Programme Support provide instructions and guidance for the concrete application of this Policy.



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