

Introduction of SWAp in environment sector

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There is no single model or blueprint for the introduction of SWAPs

BACKGROUND

Introduction

- Document: The Introduction of a Sector Wide Approach (SWAp) in Serbia: Challenges and Opportunities
- Overall objective of SWAP in Serbia is to help facilitate the objectives of SEIO, General Secretariat and Ministry of Finance combined which is to improve the performance of government in Serbia by supporting, coordinated, policy driven governance, under sustainable budgetary arrangements, within the framework afforded by the EU accession process
- Few important messages:
 - There is no single model or blueprint for the introduction of SWAPs
 - The structure of the SWAp and the pace of progress are determined by the particular sector, the sector stakeholders, and the political, social and economic framework conditions

Preconditions to introduce SWAp

- A number of general pre-conditions are required for the successful introduction of SWAps:
 - focus on sectors where public expenditure is a major feature
 - where donor involvement is large enough for coordination intervention
 - an agreement between government and donors on strategic direction
 - supportive national budget environment (Ministry of Finance) to allow sector authorities to plan with a degree of budgetary confidence and where policy incentives are compatible with SWAp objectives

Status Quo

- Institutional Analysis report the following key problems:
 - Ministries are not committed to programmatic budgeting and inter-ministerial government and keeping to the government rules of procedures
 - The process of developing and implementing coordinated strategy remains highly politicized
 - Individual Ministerial sector strategies are not robust in terms of realistic objectives and action steps
 - The General Secretariat cannot enforce agreed regulations and planning parameters with line ministries

Steps towards an Environment SWAp (1)

- **Step 1.** A Review of the Environment sector policies and strategies, specifying series of time based SWAP objectives; required actions and desired results identified, which all partners should agree. Identification and agreement of SWAp incentives and sanctions
- **Step 2.** Preparation of the Environment sector budget and its medium term perspective. Identified donors prepare a SWAp funding strategy to support the identified objectives and actions. Agreement between The Ministry of Finance and donors on the ratio, form and format of financing contributions

Steps towards an Environment SWAp (2)

- **Step 3.** Setting up of an Environment SWAp coordination Committee which should ensure
 - i) coordination of national stakeholders including governmental (central agencies and other concerned ministries and agencies) and non-governmental actors
 - ii) coordination with and among donors
- **Step 4.** The design, development and implementation of a sectoral performance assessment framework (PAF) which monitor the SWAp progress with agreed division of responsibilities, external oversight, outcome indicators to measures progress, regular reporting to the Environment SWAp Coordination Committee

Beneficiary institutions

- MoEMSP
 - Serbian Environment Protection Agency
 - Serbian Environment Protection Fund
- Ministry of Agriculture, Trade, Forestry and Water Management
 - Directorate for Water
- Ministry of Infrastructure and Energy
- Ministry of Economy and Regional Development
- CFCU
- National Fund
- Standing Conference of Towns and Municipalities, etc.
- Other indirect beneficiaries:
 - SEIO/DACU
 - Other relevant line ministries
 - Donors, active in environmental sector

Module 1: Piloting of SWAp in the environment sector – building the frame of the process

- What is SWAp ?
- Roles of different actors in SWAp introduction process (who, what, when; management of the process)
- Communication and coordination tools

Module 2: Strategic Planning in practice

- Phases and elements of a strategic planning process
- Drafting a strategic document – diagnosis and data analysis (socio-economic analysis, demographic situation, level of
- SWOT analysis and SWOT matrix
- Setting the priorities and goals (common vision, principles and objectives of a policy, concepts, strategic goals, specific targets etc.)

Module 3: Financial planning in practice

- Modern public finance concepts
- Financial planning at sector level
- Budgeting mechanisms under SWAp
- Medium Term Expenditure Framework

Module 4: Monitoring and evaluation in practice

- Recap of strategy for environment SWAp
- Concepts of M&E
- How to establish a monitoring framework – lessons learned and recommendations

INTRODUCTION

Training objectives

- To achieve a common understanding on concepts
- To understand the challenges and the value of SWAp in environment
- To achieve common understanding on SWAp in environment for Serbia
- To agree about steps needed for implementation of the concept
- To identify stakeholders and agree on division of labour
- To discuss how donors can best support a country-owned sector approach in environment

Method

- This is not a training!
- There are no ready solutions to be presented
- This is facilitated discussion and brainstorming in order to define SWAp for environment in Serbia

Participants' introduction and expectations

- Background
- Role of your institution in sector planning and implementation
- Your role in institution and SWAp process
- Any experience with SWAp
- Expectations from SWAp
- Expectations from this training

Guiding principles of open space meeting (1)

- In his User's Guide, Harrison Owen has articulated "the principles" and "one law" that are typically quoted and briefly explained during the opening briefing of an Open Space meeting. They are:
 - Whoever comes is the right people ...reminds participants that they don't need the CEO and 100 people to get something done, you need people who care
 - Whenever it starts is the right time ...reminds participants that "spirit and creativity do not run on the clock"
 - Wherever it happens is the right place ...reminds participants that space is opening everywhere all the time. Please be conscious and aware

Guiding principles of open space meeting (2)

- Whatever happens is the only thing that could have ...reminds participants that once something has happened, it's done—and no amount of fretting, complaining or otherwise rehashing can change that. Move on
- When it's over, it's over ...reminds participants that we never know how long it will take to resolve an issue, once raised, but that whenever the issue or work or conversation is finished, move on to the next thing. Don't keep rehashing just because there's 30 minutes left in the session. Do the work, not the time.

Guiding principles of open space meeting (3)

- The "Law of two feet" or "the law of mobility"
- If at any time during our time together you find yourself in any situation where you are neither learning nor contributing, use your two feet, go some place else
- In this way, all participants are given both the right and the responsibility to maximize their own learning and contribution, which the Law assumes only they, themselves, can ultimately judge and control
- "Don't waste time!"

‘The more you hear about programme-based approaches, the more confused you become’

SESSION 1 - CONCEPTS AND DEFINITIONS

The conceptual framework: New directions?

- The Sector-Wide Approach mainly seen as a means to mitigate the weaknesses of traditional projects based approach
- Where donors have expressed an interest in supporting the sector, the sector wide approach offers governments a tool to coordinate such support, in whatever modality it is provided
- Born out of a concern of aid effectiveness, the aim of the introduction of SWAs and PBAs (programme based approach) was to make aid more effective. This is also the ambition of the **Paris Agenda**

PARIS DECLARATION 2005

Guiding documents

- Paris Declaration (2005) about aid effectiveness
- Accra Agenda for Action (2008)
 - reaffirmed commitment to the original Paris Declaration principles
 - redefining the relationship between different parties working on aid and development—calling for greater partnership between donors, recipients, governments, and civil society organisations
- One of the Paris Declaration targets is to increase the proportion of all aid delivered as PBAs to 66% by 2010

The Paris Declaration

Five fundamental principles for making aid more effective:

1. **Ownership:** Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption
2. **Alignment:** Donor countries align behind these objectives and use local systems
3. **Harmonisation:** Donor countries coordinate, simplify procedures and share information to avoid duplication
4. **Results:** Developing countries and donors shift focus to development results and results get measured
5. **Mutual accountability:** Donors and partners are accountable for development results.

OWNERSHIP

- Ownership means that partner countries determine and implement **their own** development policies to achieve their economic, social and environmental goals
- All development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—should actively participate, and donors should respect country decisions and support efforts to increase local capacity
- Development cannot be externally driven. Any process led by donors without country ownership is not sustainable

ALIGNMENT

- Donors base their overall support on partner countries' national development strategies, institutions and procedures
- This implies, among other things, **committing to use country systems** as the first option for aid programmes in support of activities managed by the public sector
- In return, developing countries will improve the quality and transparency of their public financial management system
- A lack of alignment, not only brings about non-sustainable outcomes, but also undermines national institutions and processes

HARMONISATION

- Donors make their actions more coordinated, transparent and mobile
- **Donors make common arrangements at country level to simplify and unify procedures** to avoid overburdening partner countries
- Donors - in consultation with partner countries - should also make full use of their comparative advantages by concentrating their efforts on countries or areas of work where they make a significant contribution to development
- Harmonisation drastically reduces transaction costs and facilitates the coherent implementation of development work

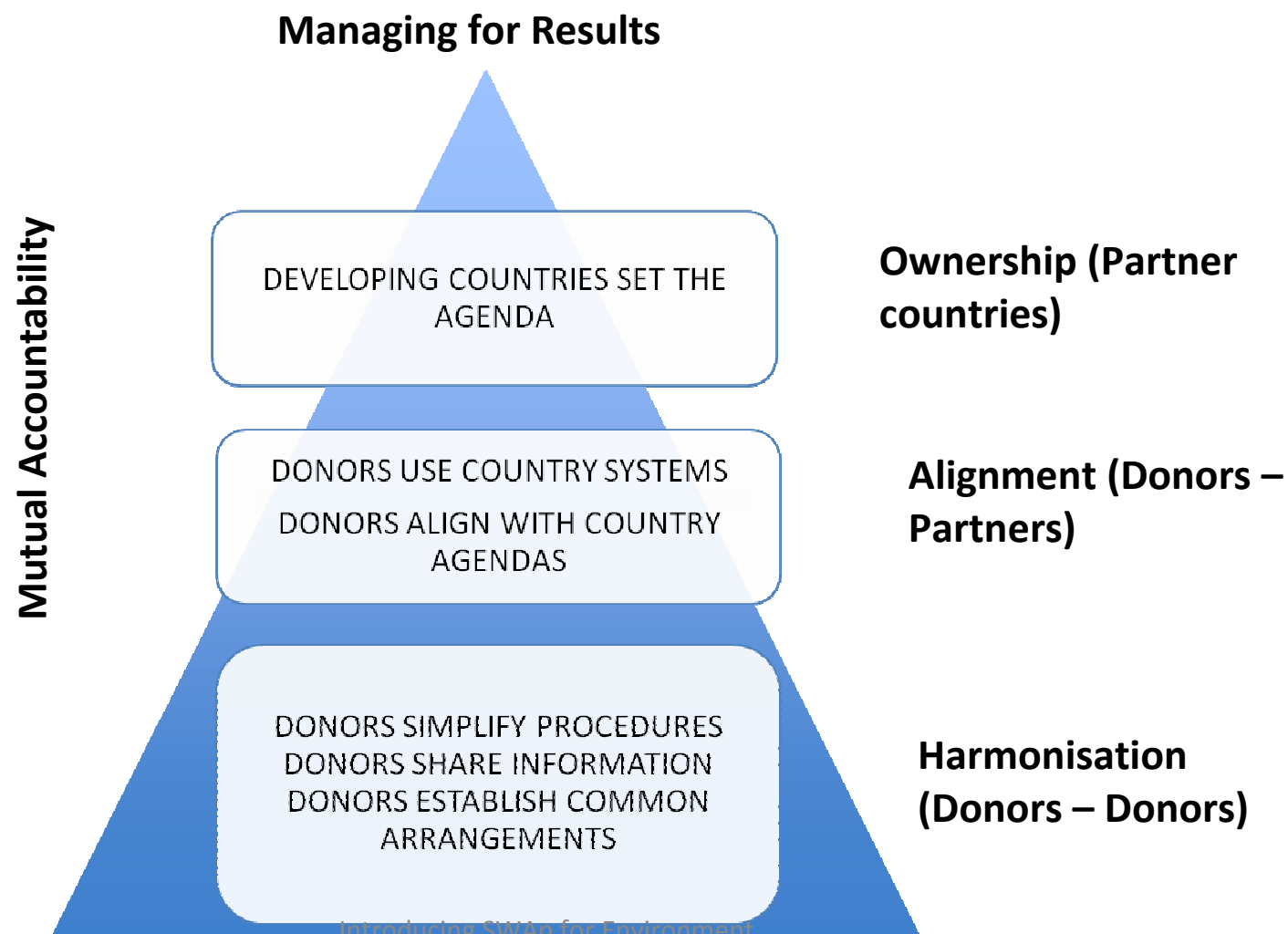
MANAGING FOR RESULTS

- Managing for results means managing and implementing **aid in a way that focuses on desired results** and uses information to improve decision-making
- Partner countries should strengthen linkages between national development strategies and budget processes
- Focusing on results avoids aid being lost in processes rather than directed towards outcomes

MUTUAL ACCOUNTABILITY

- Partner countries and donors will enhance accountability and transparency in the use of development resources
- Partner countries will strengthen parliament and civil society's role in overseeing the development process
- Donors will make aid predictable by providing timely, transparent and comprehensive information
- All development partners will undertake mutual assessments of progress in implementing agreed commitments

FIVE PRINCIPLES FOR MORE EFFECTIVE AID



Introducing SWAp for Environment,
Belgrade, 24 - 25 July 2012

Implementation

Paris Declaration indicators and targets, 2010

Paris Declaration Indicator	2010 Actual	2010 Target ^a	Status
1 Operational Development Strategies % of countries having a national development strategy rated "A" or "B" on a five-point scale ^a	37% (of 76)	75%	Not met
2a Reliable public financial management (PFM) systems % of countries moving up at least one measure on the PFM/CPIA scale since 2005 ^a	38% (of 52)	50%	Not met
2b Reliable procurement systems % of countries moving up at least one measure on the four-point scale since 2005	—	No Target ^b	—
3 Aid flows are aligned on national priorities % of aid for the government sector reported on the government's budget ^a	41%	85%	Not met
4 Strengthen capacity by co-ordinated support % of technical co-operation implemented through co-ordinated programmes consistent with national development strategies ^a	57%	50%	Met
5a Use of country PFM systems % of aid for the government sector using partner countries' PFM systems ^a	48%	55%	Not met
5b Use of country procurement systems % of aid for the government sector using partner countries' procurement systems	44%	No Target ^b	—
6 Strengthen capacity by avoiding parallel PIUs Total number of parallel project implementation units (PIUs) ^a	1 158	585	Not met
7 Aid is more predictable % of aid for the government sector disbursed within the fiscal year for which it was scheduled and recorded in government accounting systems ^a	43%	71%	Not met
8 Aid is untied % of aid that is fully untied ^a	66%	More than 69%	Not met
9 Use of common arrangements or procedures % of aid provided in the context of programme-based approaches ^a	45%	68%	Not met
10a Joint missions % of donor missions to the field undertaken jointly ^a	19%	40%	Not met
10b Joint country analytic work % of country analytic work undertaken jointly ^a	43%	68%	Not met
11 Results-oriented frameworks % of countries with transparent and monitorable performance assessment frameworks ^a	20% (of 44)	36%	Not met
12 Mutual accountability % of countries with mutual assessment reviews in place ^a	38%	100%	Not met

Session 1

CONCEPTS AND DEFINITIONS



The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action



Water SWAPs in motion

Meeting the Challenges in a Complex World

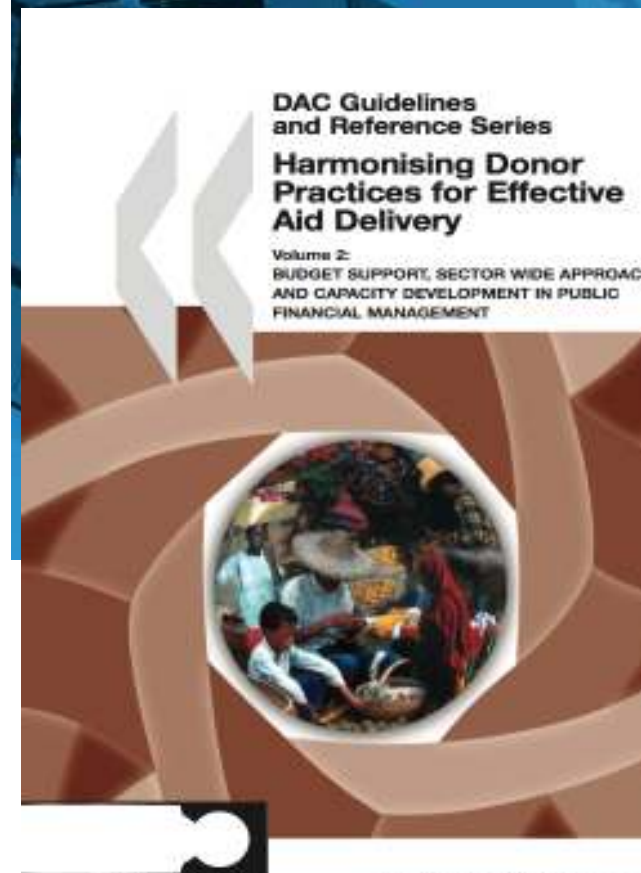


Guidelines No 2

EuropeAid

Support to Sector Programmes

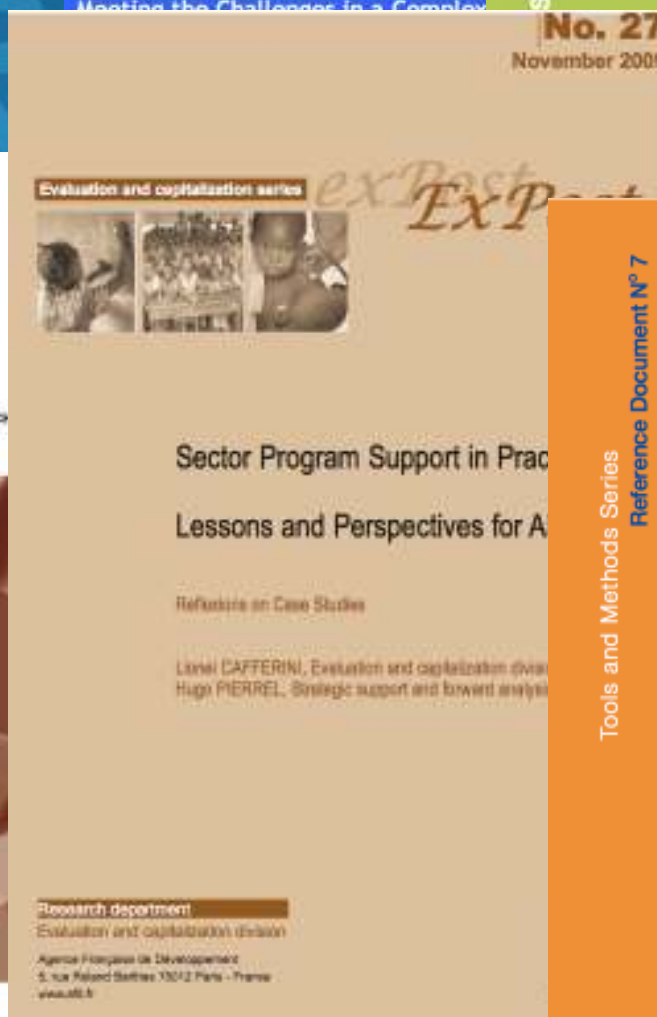
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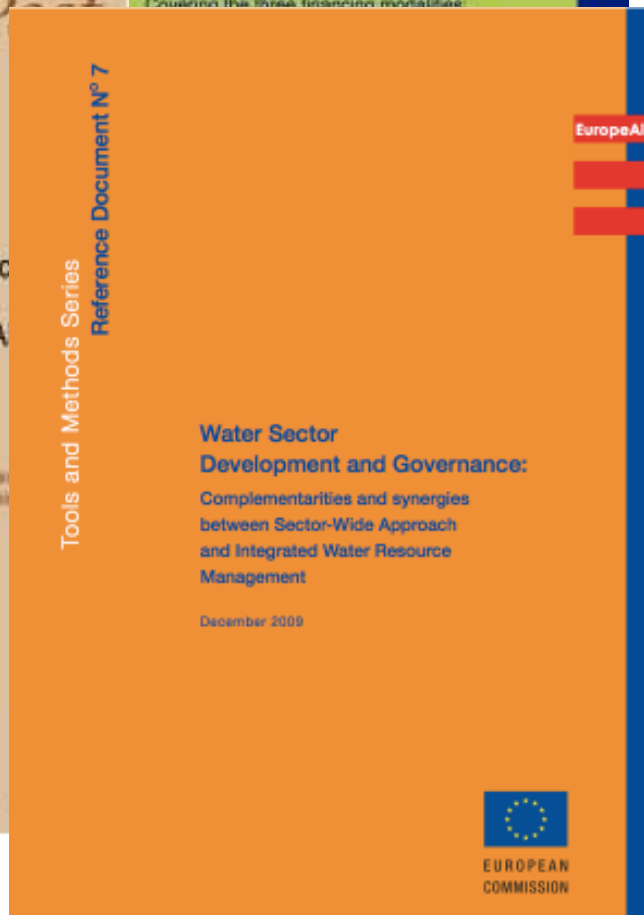
Reflections on Case Studies

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Tools and Methods Series
Reference Document N° 7

EuropeAid

Water Sector Development and Governance: Complementarities and synergies between Sector-Wide Approach and Integrated Water Resource Management

December 2009



Background

- SWAp approach was and is widely discussed by different organisations and donors:
 - OECD
 - EU EC
 - Bilateral donors (AFD, GTZ, SIDA, ...)
- Valuable experience accumulated by Joint Learning Programme (JLP) on Sector Wide Approaches
- These sources makes basis of concepts used defining SWAp and related procedures for this training

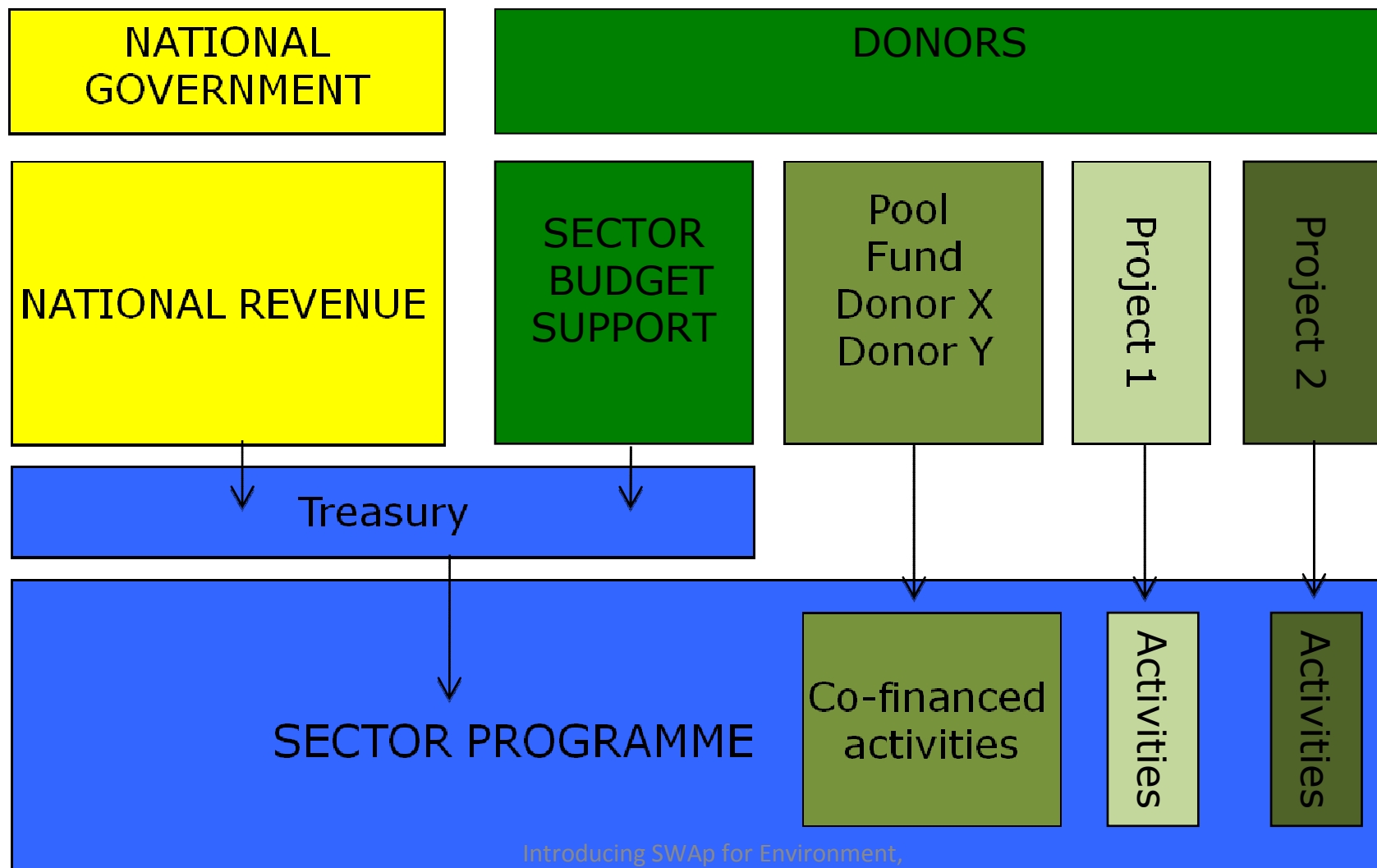
Sector Wide Approach (1)

- A sector approach (or SWAp) is a way of working together between government, development partners and other key sector stakeholders. It is a process aiming at broadening government and national ownership over public sector policy and resource allocation decisions within the sector, increasing the coherence between policy, spending and results, and reducing transaction costs
- SWAp is a process in which all significant funding for the sector - whether internal or external – supports a single policy and expenditure programme under government leadership, with common approaches across the sector
- As a result of following a Sector Approach, a government progressively develops a sector programme
- Sector programmes are based on three core elements:
 - the sector policy and strategy
 - the sector budget and its medium term expenditure perspective
 - the sector coordination framework through which the sector strategy, action plans and budget are reviewed and updated

Sector Wide Approach (2)

- Whether donor money is mixed with that of government (budget support), pooled with that of other donors (common fund or basket) or kept separately is a decision that needs to be made on the basis of a 'best-fit assessment' made jointly between donors and government
- The EC's aid instrument for supporting a sector programme is known as a Sector Policy Support Programme (SPSP)
- The EC's favoured financing modality is budget support, but in certain circumstances the best available option may be project support or pooled funding with other donors

Sector programme financing



Programme based approach

- Sector Approaches are usually seen as programme-based approaches operating at the level of a sector
- Programme based approaches (PBAs) share the following features:
 - (a) leadership by the host country
 - (b) a single comprehensive programme and budget framework
 - (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement;
 - (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.
- As a sector approach is a PBA at a sector level, all the features of PBAs apply to Sector Approaches. In the case of Sector Approaches the "locally owned programme" coincides with "the Sector programme"
- **OECD:** A sector-wide approach is a programme-based approach operating at the level of an entire sector

OECD

- A sector-wide approach (SWAp) focuses government and donor support on a comprehensive sector development programme (SDP)
- Neither a sector-wide approach nor a sector development programme is itself an aid instrument: a SWAp is a way of working, and the SDP on which it focuses can be supported by a variety of aid instruments
- Different aid instruments will be better in different contexts, for different purposes and at the different stages of development of a SWAp
- A key challenge is to choose and design aid instruments to maximise their combined effectiveness

AFD (Agence Française de Développement)

- In general terms, the sector-wide approach can be defined as a framework for structuring relations between national authorities and donors. The approach has the following characteristics:
 - A coherent, realistic, and comprehensive sector-wide policy;
 - A sector-wide budget with mid-term financial programming that covers all the financial resources available for a given sector;
 - The comprehensive and coherent planning of activities and investments
 - Clear, measurable, and realistic indicators and targets for assessing the progress of sector-wide policy implementation;
 - A sector-wide monitoring and evaluation system
 - An institutional framework to coordinate and harmonize approaches and activities within a sector, involving all local and national stakeholders

What distinguishes a sector-wide approach from a conventional project approach (OECD)

Sector-wide approach

- Country holistic view on entire sector
- Partnerships with mutual trust and shared accountability
- External partners' co-ordination and collective dialogue
- Increased use of local procedures
- Long-term capacity/system development in sector
- Process-oriented approach through learning by doing

Conventional project approach

- Focus on projects to support narrowly defined objectives
- Recipient accountable to donor
- Bilateral negotiations and agreements
- Parallel implementation arrangements
- Short-term disbursement and success of projects
- Blueprint approach

Common principles for SWAp

- In spite of the varied terminology used by different agencies, there are key principles on which there is an agreement in the international donor community:
 - First, it is accepted that sector should be led by partner governments, in close interaction with national stakeholders
 - Second, they have the common goal of improving public sector performance in terms of service delivery as well as the efficiency and effectiveness with which internal and external resources are utilised
 - Third, there is general agreement that the sector approach is a process. In other words, it should promote ongoing improvements over time in relation to these three central objectives.

Objectives

- EU believes that **sector approaches and programmes** should be pursued in particular to support three principal objectives:
 - To broaden ownership of partner countries (government and key national stakeholders) with respect to sectoral policies, strategies and spending, and to increase the alignment of external interventions to national policies and priorities
 - To increase coherence between sectoral policy, spending and results (regardless of the source of funding) through greater transparency, wider dialogue and a comprehensive view of the sector
 - To minimise as far as possible the transaction costs associated with the provision of external financing, either by direct adoption of government procedures or through progressive harmonisation of individual donor procedures

The key components of an effective SWAp (OECD)

1. A clear nationally-owned sector policy and strategy.
2. A medium-term expenditure programme that reflects the sector strategy.
3. Systematic arrangements for programming the resources that support the sector.
4. A performance monitoring system that measures progress and strengthens accountability.
5. Broad consultation mechanisms that involve all significant stakeholders.
6. A formalised government-led process for aid co-ordination and dialogue at the sector level.
7. An agreed process for moving towards harmonised systems for reporting, budgeting, financial management and procurement.

Main Elements of a Sector Programme (EC) (1)

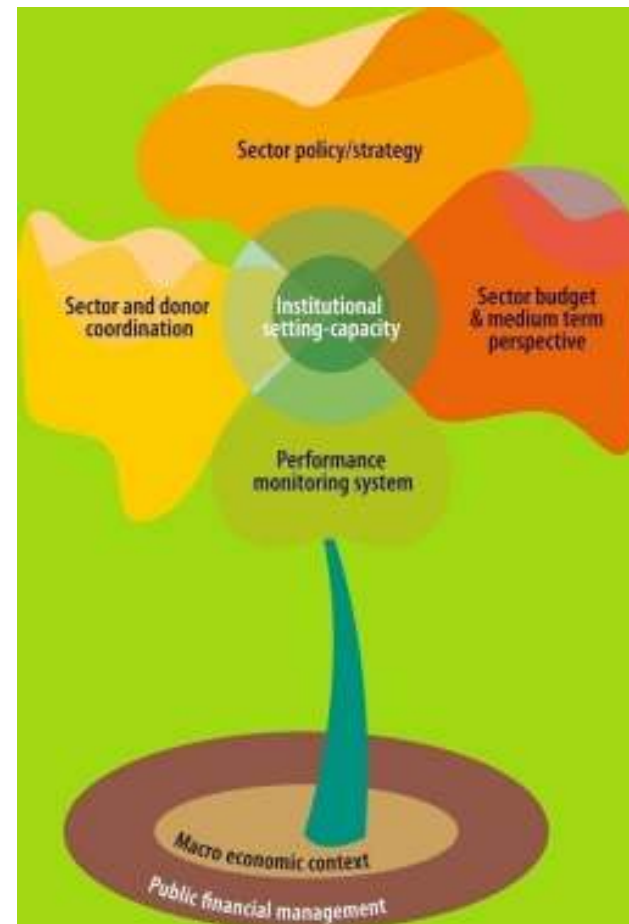
1. A sector policy and strategy, specifying what government aims to achieve in the sector and how.
2. The sector budget and its medium term perspective, the annual sector budget increasingly reflecting sector priorities and strategies. The sector approach works towards policy based budgeting, embracing all resources for the sector, with realistic medium-term sector expenditure plans, which, ideally, will form part of a coherent national approach to medium-term expenditure planning
3. A sector coordination framework, under the government's leadership comprising
 - i) coordination of national stakeholders including governmental (central agencies and other concerned ministries and agencies) and non-governmental actors
 - ii) coordination with and among donors.
4. The institutional setting and existing capacities, linked to a pro-active capacity development strategy led by the government

Main Elements of a Sector Programme (EC) (2)

5. A performance monitoring system with a focus on results and feedback into management and policy. This frequently involves a sectoral performance assessment framework (PAF) consisting of a set of input, output, outcome and possibly impact indicators
6. The macroeconomic policy which provides a stable environment for the sector, along with predictable resource levels
7. The systems of public finance management (PFM). A good PFM system ensures that policy priorities have a chance to be reflected in budget allocations; it promotes efficiency (“value for money”) in public spending; and it protects aggregate fiscal discipline, i.e. ensures that actual expenditure is in line with the approved budget and does not exceed what the government can afford to spend in view of available re- sources.

Seven areas of assessment

- Taken together, these seven elements constitute the seven areas of assessment that are analysed/monitored throughout the cycle of operations of an SPSP



When Can Sector Approaches Be Successfully Applied?

- Broad consensus between Government and donors on key policy and management issues for the sector
- A single dominant sector ministry and manageable institutional relationships
- An experienced “lead donor” or lead group of donors

Trends

- Moving beyond the focus on aid delivery to a focus on sector development
- Sector approach is first and foremost a planning and management instrument for government, which can be supported by donors. And where it is donor supported, the SA offers government an effective tool for donor coordination to which all support modalities can be aligned (Désirée Dietvorst, JLP)
- Shifting in focus of SWAP structures from policies and plans:
 - To the links between budgets and policy
 - To strengthening systems for and monitoring outputs of service delivery
 - To human resources

(Tim Williamson, Centre for Aid and Public Expenditure)

Conclusions (1)

- PBA or SWAp is not a thing or a document, or an aid modality
- Both PBA and SWAp mean an approach, a way of working
- The approach or way of working leads to a programme; either a sector programme in the case of SWAp; or a thematic, sub-sector or cross-sector wide programme under the PBA
- In essence a sector-wide perspective is simply a common sense planning tool that can help politicians and planners to better divide (public) resources over priorities
- Crucially, this programme is a national programme, not a donor programme

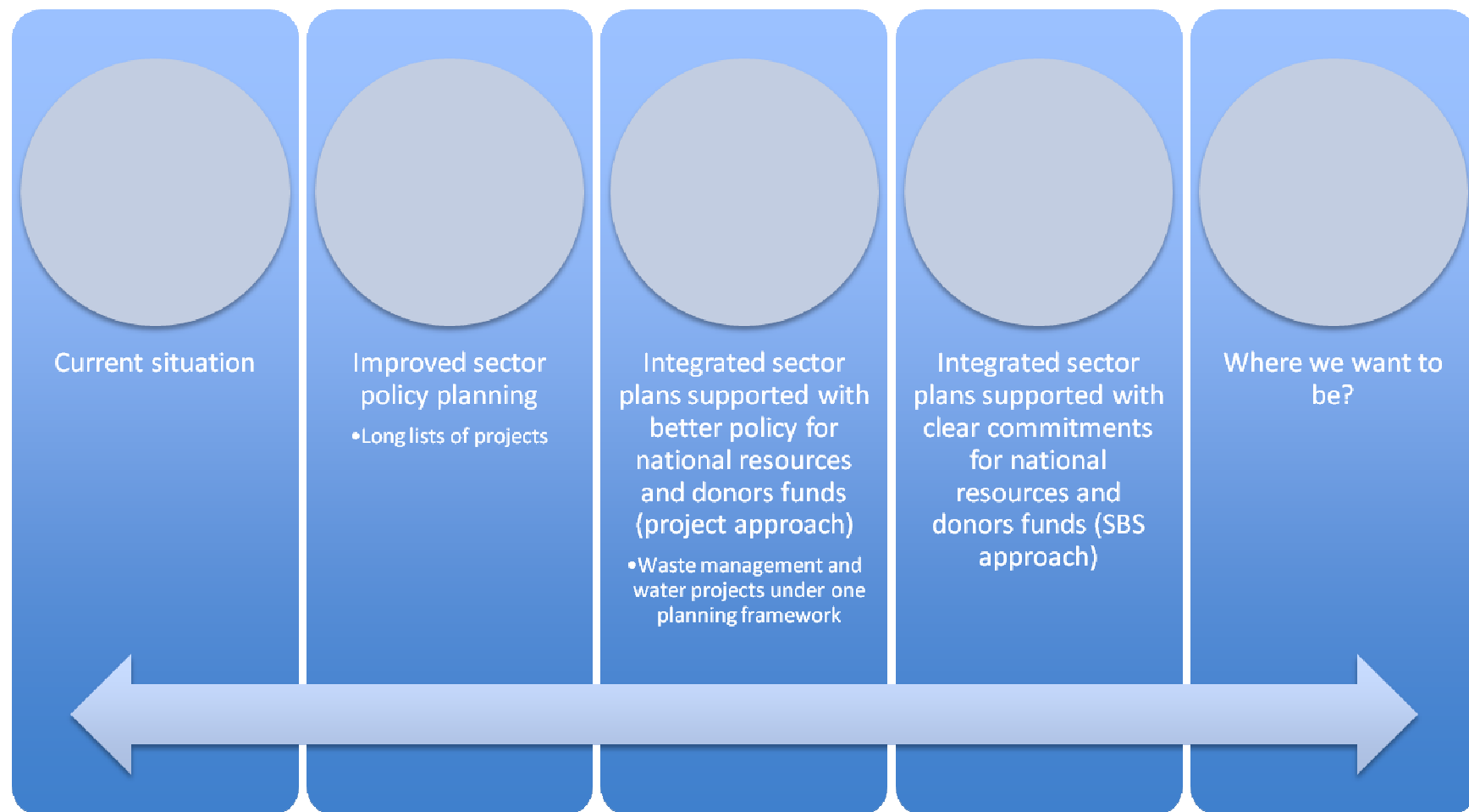
Conclusions (2)

- Whether these resources are from domestic or foreign sources is important, but not the key point
- Donors may support such an approach, but donors themselves do not do SWAPs
- The government and donors should develop a broad consensus on the key objectives and funding issues for a particular sector or sectors
- SWAP coordination responsibility will include:
 - the definition of sector policy & strategy
 - the arrangement of sector budget & its medium term perspective
 - institutional capacity building
 - SWAP performance monitoring and accountability

DISCUSSION: WHAT SWAP MEANS FOR ENVIRONMENT, HOW IT CAN IMPROVE SITUATION IN THE SECTOR

RISKS (according to JLP)

- The first risk is that SWAp become another Planner's Dream, marked by a quest for coherent and consulted policies, actionable plans, robust and reliable PFM systems, evidence streaming out of smart monitoring systems, and donors aligning happily behind the wagon. This scenario is setting the signpost so far as to never reach actual implementation
- The second risk is the opposite of the first: Taking an approach that assumes that chaos is all pervasive and continuous and that all that can be done is keeping it basic and simple by way of an unprincipled, unguided 'muddling through'
- Between these two extremes is the promising middle ground for SWAp, which recognizes the complexity and accepts the mess



To discuss

- What is different from SWAp in current sector management set up?
- Where are “missing” benefits:
 - More national ownership
 - Better planning
 - Better connection with financing
 - Better coordination among stakeholders
 - Better donors coordination
 - ??????
- What are our aims in using SWAp?

Session 2

SECTOR POLICY & STRATEGY

Sector Policy and Strategy (1)

- A coherent and consistently applied sector policy is at the heart of any successful SWAp and focuses the partner government, donors and other stakeholders on achieving collective results
- The sector policy document shall establish basic principles, objectives and strategies for the sector
- It is a statement of government's objectives within a sector and a summary of how they will be achieved during medium-term perspective (usually 3-5 years)
- It must be derived from, and consistent with, the partner government's overall strategic objectives and strategic framework
- It must also be linked to a robust medium-term projection of resources and their planned use
- It should be directly reflected in annual sector budgets

Sector Policy and Strategy (2)

- In practice, key sector policies are not always consolidated in a single document, though this can help transparency and strategy formulation
- It will acknowledge that detailed policies and resource allocations will continue to evolve
- There should be a defined process and schedule for regularly updating the document and rolling it forward
- A transparent process for review and revision helps to establish a cycle that strikes a balance between planning and implementation
- Strive for a good sector policy and strategy, rather than a perfect one

Good policy document means: (OECD)

- **Be authored by the government** (not the donors) and fit clearly into the government's policy and planning system; it will be aligned with the national PRS and endorsed at a high political level
- **Explicitly address the role of government in the sector** – distinguishing regulatory functions from service delivery and noting the complementary roles to be played by communities, non-governmental organisations (NGOs) and the private sector
- **Define the allocation of responsibilities across government**
 - between the main sector ministry, other line ministries that may be involved, and the central planning and finance ministries
 - between the different tiers of central and local government
 - focus on implementation capacity constraints
 - identify the principal requirements for institutional reform and capacity development

Good policy document means: (2)

- **Focus on the whole sector's resource requirements**, including recurrent as well as capital expenditures, and demonstrating the sustainability of proposed public expenditures; it will address the effectiveness of existing policies and expenditures, and not simply submit a subset ("a shopping list") of additional activities for donor finance
- **Have a strong results orientation**, providing the essential framework for subsequent monitoring, with a focus on poverty reduction and attention also to key cross-cutting issues
- **Set out clear mechanisms for monitoring, review and updating of the policy document**, and identify the principal areas where further research and analysis may be required

EC perspective

- The sector approach requires a basic policy consensus between the government and its aid partners in the sector, both about the objectives for the sector and, in broad terms, how they should be achieved
- Donors should not try to micro-manage the sector by specifying its activities in detail
- The EC puts special emphasis on the results that are sought. If these are agreed and jointly monitored, the government can decide how best to achieve them

How this sectoral programme shall look like?

- Few issues to consider:
 - What is the sector?
 - Which institution(s) responsible/ involved?
 - What kind of process shall be created?
 - What it shall contain?
 - Existing or new document?
 - How many of them?

What is a “Sector”? (1)

- Defined by the government
- Wide to ensure coherence, narrow to limit complexity
- Clear institutional framework
- Has budget framework
- Links to macro framework

What is a “Sector”? (2)

- Definition of a sector shall be pragmatic: it may be, for example, the whole environmental protection system or just the water sub-sector
- Definition of a sector shall not be considered as too rigid and exclusive
- Early SWAp were largely derived from sector-level initiatives in familiar, well-defined sectors, which were managed by a single line ministry
- Respecting the organisational mandate of the lead sector ministry simplifies management and co-ordination
- Working across ministerial boundaries is harder, at least at first
- As sector development programmes mature, there may be opportunities to broaden existing SWAp and to “fill in the gaps”

Criteria. SEIO document (1)

- European Integration process provides the sectoral priorities
- An entire sector does not necessarily have to be selected; a sub-sector can also be the point of SWAp focus
- What is crucial is that the authority of the particular ministry is absolutely respected and the SWAp is not imposed or presented as a parallel policy action

Criteria. SEIO document (2)

- At the introduction stage of SWAp, international experience points to the danger of being over ambitious by extending SWAp to include multi-sectors and horizontal issues which can retard the entire SWAp process
- At the introduction stage there should be a restricted focus on sector-level initiatives in well-defined sectors managed by a single line ministry
- As the SWAp process evolves the complexity of cross sector actions, policy intervention areas and range of actors can be increased

Water sector example (SWAPs in motion, JLP)

- There is no easy definition of where the water sector starts and stops:
 - water use extends from household water consumption and discharge, over energy, agriculture/forestry, industry and mining, biodiversity protection and transport to tourism
 - In terms of institutions, the water sector includes organisations at community level, private sector service providers, municipalities, and catchment/watershed management agencies, with overlapping boundaries and often unclear mandates. At central level, water is a concern for multiple line ministries (water, health, education, agriculture, energy, finance etc.) as well as an issue for regional and international organisations
- Whether a SWAp under complex conditions is an appropriate approach – if a sector is so complex, how will a traditional SWAp focusing on one policy, one programme and one budget play out, and how can and should the multiple actors coordinate between themselves?

Lessons from water sector (1)

- One vision – many programmes: The broad vision is fundamental – but operational programmes need a level of autonomy that is likely to require a focus on sub-sectors
- An overarching vision, not a detailed policy: A SWAp can initially focus on a sub-sector and grow from this, eventually addressing broader issues
- Getting to broader policy frameworks takes time: Expanding a SWAp focusing on a sub-sector to a broader set of sub- programmes is likely to be a long process

Lessons from water sector (2)

- SWAPs are not always worthwhile: While a SWAp is an approach that can be applied wherever the sector is, there are minimum requirements before it is worthwhile for donors to engage: an amount of government interest and commitment to sector participation, a degree of joint understanding between donors and government, and a degree of mutual interest in dialogue
- Focus on the capacity of domestic actors: Broad implementation – as opposed to an exclusive focus on a few high visibility projects – requires that SWAPs focus on the broad capacity of the water sector and/or the sub-sector. Successful SWAPs are not focusing on the policy, the budget, the results and the monitoring – but on the capacity of domestic actors to agree on and commit to policy, the capacity to manage finances, the capacity to continue to produce results and the capacity to collect and use data.
- Connecting policies, plans and implementation mechanisms: Experiences indicate a continued challenge in linking policies to operational plans and ensuring implementation of these plans

Sector Approaches in "Non-Traditional Sectors"

- Implementation may be more difficult in sectors characterised by significant inter-sectoral aspects and the involvement of many organisations, including environment
- In these areas, more attention is needed on setting up the right policy and management framework
- Learning by doing is particularly valuable in this area where “pre-cooked recipes” do not apply

Session 2

Work in groups

EXERCISE: SELECTING “SECTOR” DEFINITION

Criteria

- Wide to ensure coherence
- Narrow to limit complexity
- Clear institutional framework
- Has budget framework
- EU integration relevant
- Sector or subsector
- Authority of the particular ministry is absolutely respected

“A sector programme should cover all policies and expenditure programmes in an area where fragmentation of planning and implementation would seriously reduce efficiency and output”

Peter Harrold et al, The broad sector approach to Investment Lending 1995:8

How wide is sector wide

How wide the sector is depends on the purpose of delineation:

1. The sector-policy: may need to be wide to capture inter-dependent linkages in order to have an impact
2. The sector-programme: needs to depend on the institutional context and potential conflicts of interest
3. The sector-budget: needs to be based on existing budget frameworks and public finance management instruments and procedures

From Désirée Dietvorst, JLP

Structure of the sector

	CHAPTER 27	IPA III	SWAp
HORIZONTAL	+		
AIR QUALITY	+	+	
WASTE MANAGEMENT	+	+	
WATER QUALITY (supply and	+	+	
NATURE PROTECTION	+		
INDUSTRIAL POLLUTION CONTROL	+		
CHEMICALS	+		
NOISE	+		
CLIMATE CHANGE	+		
CONTAMINATED SITES		+	
ENERGY EFFICIENCY		+	
RENEVABLE ENERGY		+	

SESSION 3

INSTITUTIONS AND CAPACITIES

SWAp and governance

- Sector programmes sometimes face challenges not because of limited funds, but due to the governance constraints within the sector
- One of the principal reasons for adopting a sector-wide approach is to break out of a vicious cycle in which weak national capacity leads donors to make use of parallel systems for aid, which further undermines and weakens government systems
- SWAps are expected to make use of national systems of planning, management, implementation, monitoring and evaluation, and to contribute to the reinforcement of those systems over time

Building capacities (1)

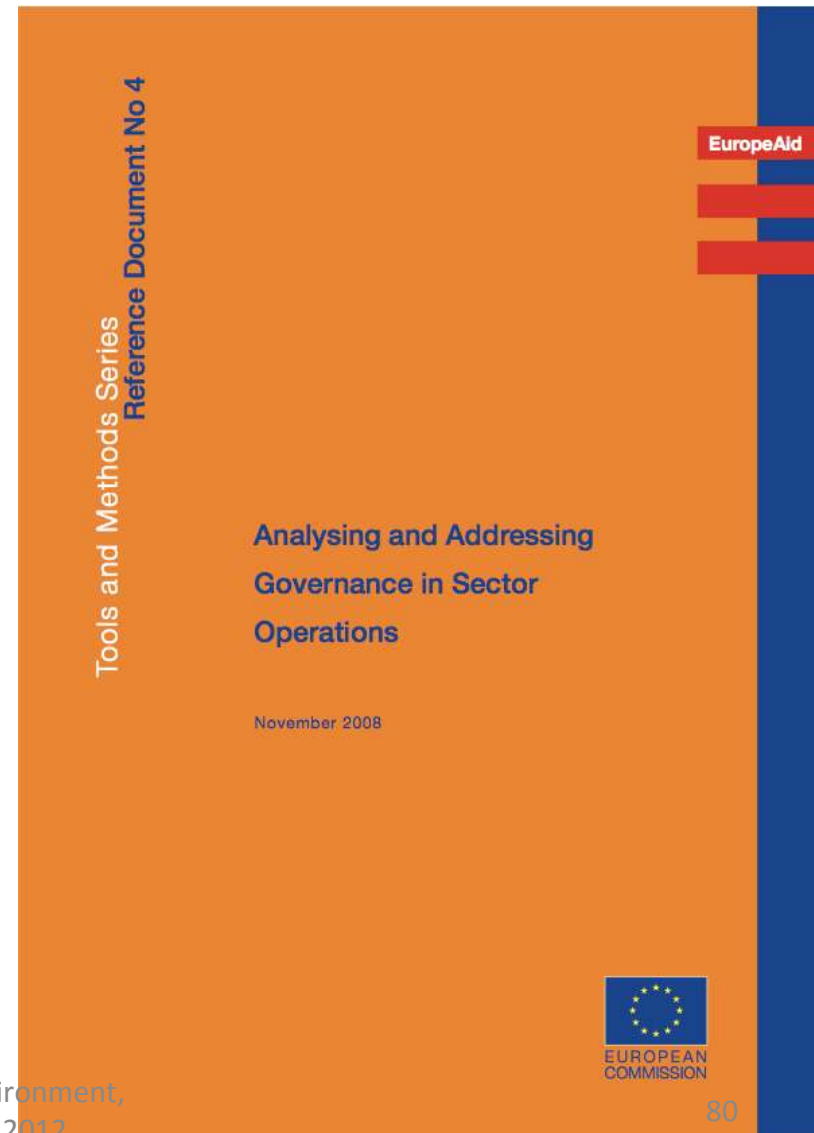
- In fact, the SWAp is about strengthening capacity:
 - to make policies
 - to plan and subsequently allocate resources according to plan
 - to implement plans and policies
 - to monitor
 - to coordinate with national stakeholders and external partners.
- To some extent, capacity building is expected to happen through “learning-by-doing” and by eliminating practices that weakened systems in the past
- Under SWAp the emphasis tends to shift from knowledge-transfer-oriented approaches based on training and technical assistance towards learning-by-doing approaches and policy dialogue

Building capacities (2)

- Resources might be provided through sector budget support, as part of a process of policy dialogue
- It is encouraged preparation of a coherent, government-led capacity-development strategy for the sector, to help co-ordinate donor support for this critical activity
- With this objective in mind, a thorough analysis of capacity issues and requirements should be built into the initial preparation of a sector development programme, and into its ongoing monitoring systems

Addressing governance

- Governance concerns the state's ability to serve the citizens. It refers to the rules, processes and behavior by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context'.



Sector governance analysis framework (1)

- The sector governance analysis framework focuses on three dimensions:
 - *Context*: how does the wider governance framework in a society set the stage for the specific governance in sectors? How is the overall public sector governance set-up? How does the local, regional and global context influence domestic sector governance?
 - *Actors*: who are the stakeholders (key players but also excluded) in the sector? What are their respective power and authority, their interests and incentives for maintaining the status quo, or for change?
 - *Governance and Accountability Relations*: What are the characteristics of the governance relations between actors in the sector? Are formal or informal relations dominant? How transparent is the decision making, the relations between stakeholders and the allocation of resources within the sector? Who is linked to whom, who has fought with whom, and by what means?

Sector governance analysis framework (2)

- Each of the three dimensions can be applied as sequential steps in the governance analysis process:
 - Step 1: Analyzing the Context of Sector Governance
 - Step 2: Mapping the Actors – their Interests, Power and Incentives
 - Step 3: Analyzing Governance and Accountability Relations
 - Step 4: Summing up – Analyzing Governance Reform Readiness

Step 1. Analyzing the Context

- Governance issues cutting across the public sector must be analyzed:
 - The performance in a given sector is likely to be influenced by the degree of political attention the sector receives from the legislative and top executive level, as well as by ongoing or planned public sector-wide governance reforms
 - A strong judiciary at national level that effectively enforces anti-corruption laws, will have an impact across sectors
 - Changes in civil servants' pay and employment conditions will change the incentives to perform, and may strengthen or weaken formal and informal lines of authority
 - Public finance management capacity will typically influence governance in all sectors, and the same is true for public financial management reforms.
 - The general level of decentralization pursued by the country is likely to shape how decentralization and deconcentration are balanced in specific sectors.

Step 2: Mapping the Actors

- The purpose of this mapping is to identify those organizations and individuals which are:
 - (i) the main stakeholders in the sector and
 - (ii) those presently playing an important role in governance and accountability relations in the sector

Six clusters of actors (1)

- Non-state actors:
 - The state should eventually be controlled and governed by the people, and accountable to the people. Might be organised in formal groups (associations, political parties, media, trade unions, etc.) or informal elite groups (clans, families, oligopolies, etc.)
- Checks and balance organizations:
 - These organizations typically supervise sector organizations (e.g. parliament, state auditors), or handle complaints and resolve conflicts (the judiciary, ombudsmen, expert appraisal boards, etc.)

Six clusters of actors (2)

- The political system/government:
 - These are the rule-making and top-level executive actors in the public sphere at various levels (e.g. the parliament and the cabinet, parliamentary sector commissions and the minister, the local government or municipal council)
- Core public agencies:
 - These can include sector ministries and centralized agencies with largely normative and regulatory roles

Six clusters of actors (3)

- Frontline service providers:
 - These include public and private providers who deliver direct services to users, customers or citizens
- Donors, regional and international organizations:
 - International and regional organizations can exercise authority through treaties whereby a government agrees to abide by certain governance principles

The key questions for each actor

- Role and importance of the actor
- Interests pursued
- Power and resources
- Key linkages
- Incentives

Step 3: Analyzing Governance and Accountability Relations

- *Governance by hierarchy* is formal; the superior has a formalized right to issue orders and command a level of obedience; subordinates are highly dependent upon decisions taken at the top level
- *Patrimonial governance* is informal; loyalty and support to the 'patron' in exchange for protection, resources and/or position binds the client to the patron and makes him/her dependent on the patron
- *Market governance* is formal; the famous 'invisible hand' where competition and the forces of supply and demand compel independent market participants to adapt their performance – or vanish
- *Voluntary network governance* is informal and found among independent actors when there is no apex authority, no market and no patron establishing order, and relations are therefore predominantly based on trust and mutual recognition.

Mapping of key governance actors and stakeholders

	Role and importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key formal and informal linkages	Incentives
Non-state sector Actor 1 Actor 2 etc.					
Political system – Actor 1 Actor 2 etc.					
Core public agencies: Actor 1 Actor 2 etc.					
Frontline providers: Actor 1 Actor 2 etc.					
Checks and balances: Actor 1 Actor 2 etc.					
Development agencies and external actors Actor 1 Actor 2					

Step 4: Summing up – Analyzing Governance Reform Readiness

- As a final step, the above three steps can be brought together in a summary matrix which presents:
 - the key features shaping and describing the existing governance relations in the sector
 - the key strengths/opportunities as well as the key weaknesses/threats for change in governance and accountability

Trends in sector governance

	Key features	Key strengths/ Opportunities	Key weaknesses/ threats	Major trends
Context beyond the sector				
Actors, interests and incentives				
Governance/ accountability relations				
Other aspects				

Session 3

DISCUSSION: IDENTIFYING STAKEHOLDERS AND THEIR ROLES

Framing discussion

- We have to choose:
 - Sector definition
 - Level of planning

Mapping stakeholders

	Making policies	Planning resources	Allocating resources	Implementing plans and policies	Monitoring implementation	Coordination with national and international stakeholders

	Making policies	Planning resources	Allocating resources	Implementing plans and policies	Monitoring Implementation	Coordination with national and international stakeholders	
Ministry of Energy and Environment	+	+	Fund	+	+	+	
SEPA					+		
Agency for energy efficiency	+	+		+			
Energy agency	+						
Agency for chemicals	+	+	+	+			
Nature protection institute		+			+		
SEPF		+	+	+	+	+	
Ministry of Agriculture, Forestry and Water Management	+	+	+	+	+	+	
General Secreteriat		+				+	
Ministry of Nature Resources and Mining	+	+	+	+	+	+	
Ministry of Finance and Economy		+	+		+		
CFCU		+	+	+	+		
National Fund			+		+		
Ministry of Health	+				+		
Ministry of Local Self Governments				+			
SEIO		+				+	
Public utilities				+			
SKGO						+	

Ukraine's case

SBS

Annex II to Financing Agreement

<i>Beneficiary country/ region</i>	UKRAINE		
<i>Requesting authority</i>	Government of Ukraine		
<i>Budget heading</i>			
<i>Title</i>	Support for the implementation of an Environment Strategy of Ukraine ENPI AAP 2009		
<i>Total cost</i>	EUR 35 Million		
<i>Aid method/ management mode</i>	Sector Policy Support Programme: Sector budget support (centralised management)		
<i>DAC code</i>	41010	<i>Sector</i>	Environmental policy and administrative management

Objective and results (1)

- The overall objective of the SBS operation is to support the implementation of Ukraine's sustainable environmental strategy in line with EC norms and agreed priorities under the EU – Ukraine ENP Action Plan and the EU – Ukraine Association Agenda
- Results:
 - National legislation in the field of environment is made closer to the EU standards and best practise
 - Regional and sectoral environmental policies are adopted and implemented

Objective and results (2)

- International conventions and multilateral agreements on environment ratified by Ukraine are more steadily implemented thanks to an increased organisational and monitoring capacity of the Ministry of Ecology and Natural Resources of Ukraine
- Awareness on environmental issues in the public at large is significantly increased
- Losses of bio and landscape diversity is limited
- Application of sustainable use of natural resources mainstreamed

Areas of support and performance indicators

- Four areas of cooperation are foreseen: i) environmental policy at sector and regional levels; ii) approximation of the Ukrainian environmental legislation to the EU acquis; iii) institutional capacity building; iv) support to implementation of the environmental policy in the sub-sectors: air, water resources, waste management, and biodiversity
- 9 indicators presented in Matrix of Performance Indicators for Disbursement for the Variable Tranches of the Budget Support Programme have to be achieved by the Ukrainian government during 2011 – 2013

Indicator

Field of Application	Indicator	Baseline Indicator in 2010	Reporting and Disbursement Year	
			2012	2013
1. Environmental policy at sector and regional level	Development and/or update and approval of sectoral and regional programs on environmental protection	As of 2010, environmental sector programmes had been developed for only a few sectors of economy. They need to be updated or developed. The Autonomous Republic of the Crimea, oblasts and the cities of Kyiv and Sevastopol have environmental programmes and the socio-economic development programmes. But their compliance with the Strategy and the NAP needs to be carefully checked and, when necessary, improved.	By the end of 2011, comprehensive sectoral and regional programmes fully compliant with the Strategy and NAP are developed and adopted at appropriate level.	At least, 60% of activities foreseen in the NAP for 2012 are carried out.

Implementation

- Sector programme will be implemented under direct centralised management. All payments must be made by the Commission
- SBS will be untargeted and its funds will be disbursed directly to the account of the National Bank of Ukraine opened by the Government of Ukraine
- TA provided to the Ministry of Environment under separate arrangement. Support will include monitoring, reporting, visibility and other relevant activities, including evaluation and audit as necessary
- Implementation period of the programme 60 months, including operational implementation (36 months) and closure period (24 months)

Disbursement arrangements

- Three tranches will be transferred to the national budget of Ukraine subject to compliance with conditions related to the environmental strategy implementation, macroeconomic stability and public finance management
- The Ministry of Finance shall make a formal request to the Commission for each tranche disbursement according to indicative disbursement timetable
- Request shall include the fullest possible analysis and justification for the release of funds, including supporting documentation
- Fixed tranche 15 MEUR
- Two variable tranches 10 MEUR each

Tranches

- Fixed tranche is disbursed on “all or nothing” basis
- Variable tranches are disbursed following general and specific conditions and achievement of indicators of the particular year
- The achievement of indicator shall be assessed as fully achieved, partially achieved or not achieved.
- It corresponds to 100%, 50% or 0% of the amounts for each indicator and each year

General conditions for tranche release

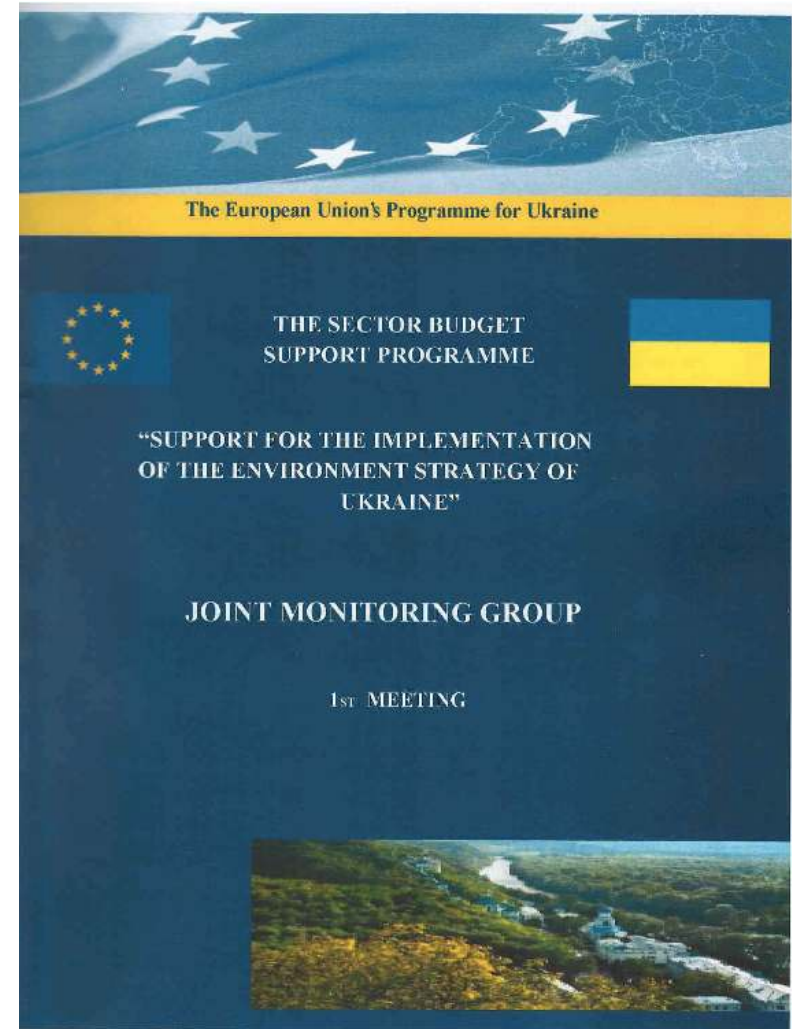
Area	Conditions	Sources of verification
Sector policy and strategy	<p>Satisfactory progress in implementation of the environmental strategy of Ukraine, which will be monitored with the use of detailed matrix outlining measures/achievements as evidenced by:</p> <ul style="list-style-type: none"> -Timely approval of the National Environmental Strategy (NES) of Ukraine for period up to 2020, the Action Plan for its implementation and the sub-sector strategies and regional programmes -- Satisfactory progress in the implementation of the NES and the sub-sector strategies and regional programmes -- Sufficient measures are provided to ensure adequate monitoring, evaluation and access of civil society to information about the NES implementation 	
Macroeconomic stability		
Public financial management		

Specific conditions for tranche release

Tranche	Amount	Indicative disbursement request date (Quarter/year)	Indicative disbursement date	Condition/ criteria/ activity for disbursement	Source of verification
First fixed tranche					
First variable tranche					
Second variable tranche					

Monitoring

- SBS implementation is monitored by Joint Monitoring Group, established and chaired by the Ministry of Environment
- Representatives in the JMG from the Commission and all major national stakeholders:
 - Cabinet of Ministers (Bureau for EU)
 - Ministry of Finance
 - Ministry of Economical Development and Trade
 - Ministry of Regional Development
 - Ministry of Foreign Affairs
 - Ministry of Justices
 - NGO as observers
- JMG meetings at least once per year with technical meetings each quarter



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First JMG meeting

1. Manual 1 on Assessment of and reporting on the compliance with the SBS programme conditions
2. Manual 2 on Assessment of and reporting on the achievement of the SBS indicators

NEAP

Approved
by the Order of the Cabinet of Ministers of
Ukraine
from May 25th 2011 □ 577

NATIONAL ACTION PLAN for environmental protection for 2011—2015

Action Description	Institutions Responsible for Implementation	Implementation Period	Funding Sources	Indicative target financial facility, thousand Ukrainian Hrivna					
				total	including				
					2011	2012	2013	2014	2015
Objective 1. Raise the level of the public environmental education and environmental awareness									
1. Prepare a draft act of the Cabinet of Ministers of Ukraine on the approval of the Regulations of the national computerized data information system aimed at ensuring the access to environmental information and on the local computerized data information systems	Ministry of Environment	June — December 2011	State budget						
2. Implement and ensure adequate functioning of the comprehensive data information system of the authorized governmental environmental body, including the following steps:	—“—	—“—	—“—	27605	27605				
Design and implement pilot projects on the introduction of the provisions of the Convention on access to information, public participation in decision making and access justice in environmental matters (hereinafter referred to as the Aarhus Convention)	—“—	—“—	—“—						
Establish regional information centres included in the nationwide computerized data system of available environmental information and link to the above system the information systems of the public administration authorities	—“—	—“—	—“—						

Belgrade, 24 - 25 July 2012