# Sector Approaches: Dutch Reflections from the Field

## **1. A decade after – what did we learn?**

Sector approaches to development and development assistance – focusing on the development challenges in an entire sector like health, environment or transport – have been and continue to be relevant. But they have not been fully effective in reducing poverty, or easily linked up to global challenges. Nor have they ensured coherence or been easy to tailor to different situations, with particular difficulties in fragile situations. They have also tended to have a vertical and centralized focus, not linking well enough horizontally and to local authorities. The quality of policy dialogue, monitoring and accountability structures has not been good enough. Making sector approaches more effective under different conditions thus entail challenges both at systemic, organizational and individual level.

This is the summary of a joint reflection about sector approaches over the last decade by a group of senior staff in Dutch embassies. They were asked to prepare short papers reflecting on what had, for them, been the most significant changes resulting from the adoption of the sector approach which the Netherlands embarked on in 1998. Their frank and outspoken reflections cover what they have learnt from work in several countries and sectors. Their papers were discussed in a workshop in Addis Ababa[[1]](#endnote-1) in November 2009 which also drew on other experiences with sector approaches[[2]](#endnote-2). Concretely, the workshop aimed to lay out an agenda for the modernization of the sector approach culminating when the next Multi-Annual Strategic Planning cycle starts in 2011.

The forward looking conclusions of the workshop are now forming part of the wider modernization agenda of Dutch development policy and cooperation, which includes moving towards a “Sector Approach version 2.0” (or SB2.0 in Dutch) that not only responds to the challenges on the ground, but also to the changing global context of development cooperation. A separate think-piece reflecting more broadly on the way forward for sector approaches have also been prepared by a group of the workshop participants.

The present paper offers a backdrop for the forward looking propositions by presenting the experience of staff who in most cases has worked with development assistance well before sector approaches came into existence. It does so by linking quotes from the workshop papers together by short text summaries, thereby preserving the essence of the contributions[[3]](#endnote-3). This essence of experience should flavor the next generation of sector approaches, the SB 2.0.

The paper looks first at the relevance of sector approaches and their overall effectiveness, then on the systemic challenges that they entail. This is followed by a closer look of the links between sector approaches and global agendas, and of sector approaches in fragile situations. Coming to the operational aspects, the particular challenges related to policy/political dialogue, accountability, monitoring and quality assurance are presented, and the issue of modalities – budget support, pooled funding and/or projects – is touched upon. Finally, the changing roles played by embassy staff are discussed.

The paper cannot pay equal justice to all contributions to the workshop in Addis Ababa. It was put together with assistance from the SPICAD-team, and aims at stimulating reflection, dialogue and learning – and it does not, of course, represent any official position of the Ministry of Foreign Affairs.

## 2. Sector approaches are relevant….

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| *“Over the years I have witnessed a general transformation of more of less random/erratic public action into increasingly less donor-driven SWAps. More and more partner governments are now actively inviting other donors to contribute to the operationalisation of their SWAps instead of the other way around.”* |

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| *“The focus on the national policy and the support to the Government to implement its policies has enhanced service delivery.”* |

The Netherlands adopted a sector approach (“sectorale benadering”) in 1998. Instead of projects, which often contributed to fragmentation and proved unsustainable, aid was provided to broader sector policies and programmes, with less earmarking of funding and stronger emphasis on country ownership and coordination of aid. Other donors took similar steps away from a project focused approach, thereby effectively laying the ground for what later became the essential elements of the Paris Declaration (2005) and Accra Agenda for Action (2008). The term “Sector Wide Approaches” and the abbreviation “SWAp” have become staples in the development aid discourse[[4]](#endnote-4).

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| The Sector Approach is a variety of the Programme Based Approach (PBA) which is… “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. PBAs share the following features:   * Leadership by the host country or organisation. * A single comprehensive programme and budget framework. * A formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement. * Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation”   (OECD/DAC: Harmonizing Practices for Effective Aid Delivery, vol.II, 2006) |

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| *“The government ownership and leadership has become much stronger. The government and the development partners have managed to develop and maintain an open, flexible, constructive and critical partnership arrangement.”* |

The Sector Approach is relevant for three reasons:

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| *“The shift from projects to sectors provided opportunities to provide a more solid base and a wider scope for equal rights and opportunities for women and men than the rather isolated efforts through projects.”* |

1. It focuses usefully on the meso-level with potential outreach to the micro, macro and global level. It can thus ground poverty reduction ambitions and address global agendas in specific policies and activities which are on the other hand comprehensive enough to have impact beyond what stand-alone projects for particular localities can offer.

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| *“The exercise of planning was a learning process. It was recognized from the beginning that there was not a single blueprint and that both the approach and contents of the programme should be based on the concrete realities in the country.”* |

1. The Sector Approach offers the possibility of combining political, technical and institutional considerations, and adapting flexibly to the specific country and sector context.
2. It offers good enough options to foster country partner ownership and harmonize assistance from multiple development partners, also when these use different aid modalities.

Notably, the sector approach is understood as an approach to sector development, with a focus reaching beyond on aid effectiveness. Since it was introduced, it has spread from the social sectors (health, education) to so-called “unruly” sectors as agriculture or the environment. It is pursued in more stable settings as well as in fragile situations, and in aid dependent countries as well as in countries where aid is a very small part of sector resources. It is hardly surprising that different aspects of the sector approach are of different relevance over such a broad range of situations, and that one size does not fit all. The opportunity of flexible adaptation to the local context is thus a valued feature of the sector approach – but this also makes it more difficult to generalize about when and why sector approaches are successful.

## 3. ...but the Sector Approach has not been fully effective for sector development and poverty reduction

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| *“In 1995 the country ranked among the bottom 15 on the Human Development Index , in 2007 it still did. …It seems generally safe to say that concerted efforts in increasing aid effectiveness, through the adoption of the Sector Wide Approach and the provision of general budget support, have not had the expected results related to poverty alleviation even though harmonisation amongst donors increased significantly.”* |

Despite the promises, sector approaches have not had the envisaged impact on sector performance and poverty reduction. Whatever the strengths, sector approaches are obviously not delivering unless they result – in due course - in strengthened capacity of sector actors, enhanced performance and service delivery (or regulatory efficiency), and, ultimately, in reduced poverty.

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| *“In introducing SWAps donors are too pushy, too optimistic and too dominant, which sometimes has adverse effects.*  *The Sector Approach has been more successful in improving donor coordination than in strengthening line ministries’ ownership and recipient government effectiveness and efficiency. The emphasis is often too much on policy and planning and too little on implementation and stakeholder participation.”* |

Why is this so? It is frequently observed that sector approaches tend to end up focusing on “city business” – e.g. meetings and processes seeking to foster coherence, coordination, harmonization and aligned approaches for donor support to the sector. The contact to the local level is often lost.

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| *“(There has been) an emphasis on scaling-up support to country systems ..in line with principles of aid effectiveness - particularly provision of general (and to a lesser extent, sector) budget support (GBS and SBS). These up-stream approaches, combined with reduced capacity and sectoral expertise, have resulted in a corresponding decline in engagement outside of capitals and diminished capacity to interpret and interrogate information on policy implementation and sectoral delivery.”* |

Sector approaches have had a strong focus on aid effectiveness. This has had the cost of detracting from the attention to sector development issues – e.g. strengthening the basic elements of the policy-planning-budgeting-implementation-feedback cycle with a focus on doing the things that matter for pro-poor sector outcomes at the frontline.

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| *“Mainstreaming, initially promoted by women’s rights groups as key to integrating gender equality throughout organizations and programs, has not had the desired consequence of strengthening action in respect of women’s rights.”* |

Add to this that sector approaches for good reasons start as an endeavour with the lead sector ministry. This ministry may see little point – in terms of institutional politics – to let others get access to “free” resources, be it actors at national or local levels. And sector support from donors is, no matter by which modality, often “free” compared to national resources which are often bound to salaries, with little or nothing left for non-salary operational costs. As a consequence, sector approaches may become sector-narrow rather than sector-wide: the start in the sector ministry, and they end there.

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| *“There is a shift in attention from content to process. Many partners around the table do not actually have a good insight in the reality at implementation level and lack experience in the subject.*  *This shift weakens the policy dialogue. It is now more important to maintain the processes on track than the actual content of the programmes and the results achieved. But it is exactly the challenges on content that lead to fruitful and dynamic discussions and to better and frank relations.”* |

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| *“A thorough understanding is required of the limits of existing capacity and skills to ensure that local/national capacity is allowed to strengthen gradually without being frustrated by overstretched donor demands, however interesting they may seem.”* |

The focus on donor-government relations and on aid (despite many attempts to widen the policy dialogue) crowds out a wider perspective on what drives progress in a sector. It easily becomes supply-driven, and sector approaches have until recently overlooked the importance of strengthening sector governance and accountability so that citizen demand – direct or through politicians – is exercising a pressure on sector authorities to deliver.

Finally, sector approaches may have disappointed not because of what they achieved – which may have been reasonable – but because they did not deliver on unrealistic high ambitions and short timeframes.

## 3. The Systemic Challenges

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| *“An approach aimed at achieving wider development effectiveness should find a more adequate response to political (economy) realities in and beyond the sector, to the complexity of sectors and diverging views of its stakeholders, and to the huge challenges in implementation. In addition, I have been surprised by the lack of explicit debate about how to target poverty and inequity through sector programmes.”* |

The weaknesses of the sector approach are significant – but so are the strengths. There are multiple challenges at hand when addressing the weaknesses, many of which can be labelled “systemic”. This term is often used to describe that sectors as such can be viewed as complex social systems driven by a mixture of political, economic and institutional interest – but also to indicate that outsiders – like development partners – bring in additional complexity to already complex settings.

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| *“It is not sufficient to work only with SWAps, but that – next to SWAps – it is important to invest in central governmental structures and centrally driven reform processes that cut across the sectors and are likely to determine the scope for systems alignment to a considerable degree. Such centrally driven reform processes are -for example- PFM, procurement systems, civil service reform and decentralization”* |

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| *“..Sector programmes continue to face very serious challenges such as lack of capacity, lack of working facilities and/or personal motivation among government officials, corruption, impunity, political interference, etc.. In spite of all the both internal and often also externally-driven efforts to change matters structurally, one cannot escape the feeling that much of what is being achieved, still largely depends on the (political) will and (economical) motivation of individuals, rather than on the quality of policies, strategies, institutions and procedures.”* |

The sector approach entails a melting pot where the dynamics in the sector are meeting sub-national and supra-sectoral domestic agendas and actors. But donors’ different agendas – shaped by political dynamics thousands of kilometres away – are also coming into play. Notably, donors do not talk with one (or even two) voices in a sector, and emerging actors – in particular China – will have their own way and say. Add multilaterals and global funds – and a cacophony of noise is to be expected unless there are some very strong drivers that ensure a reasonable level of sense of purpose and direction. Which there is not, nearly by default, in countries receiving considerable amounts of development aid.

Ideally, the sector approach should accommodate these multiple agendas and actors, and in many cases this works surprisingly well. Strong leadership and political will moving largely in a direction that donors can accept seem to be the most critical factor, but it begs the question about when and why strong leadership and political will emerges.

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| *“If donors’ main challenge is to deliver aid for development in ways that help poor countries to own their development efforts by using and helping to strengthen their policy-making capacities and management and budgetary systems, then we ourselves need to be much more focused and coherent/consistent in what we do and say in, between, above and below sectors as well as in sector reviews, PRSP reviews, GBS reviews, our political dialogue and in our strategic partnerships with non-state stakeholders.”* |

This has led most donors to realize that they need to understand the local power games, as well as how they themselves are willing or unwilling players in that game. Poverty reduction is a political affair more than a technical issue, and donors have deeply political interests and agendas linked to poverty reduction, as well as in relation to other donor country interests like security, trade, climate, energy and migration. This is at play in sector approaches – and helps to explain why they so often are more than just somewhat complicated – they are, in most cases, intrinsically and permanently deeply complex.

This adds greatly to the challenge facing both an aid organization as such, and the individuals tasked to deal with this complexity in their daily job.

## 4. Linking Sector Approaches to Global Challenges and Agendas

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| *“Today, natural resources management has become political. Second, globalisation and 30 years of capacity development have had an impact on the capacity to respond and participate for politicians and policy makers in developing countries. Thirdly, different speeds of economic development have increasingly resulted in differentiation among countries in the developing world. They are not all in the same league anymore. Fourth, attention for the private sector and global market chains has become much stronger.*  *Last but not least, the political agenda of the North is shifting from development cooperation per se to global challenges. The discussions are about the climate crisis, the food crisis, increasingly the water crisis, the resource crisis, the role of China, global biodiversity loss and deforestation.”* |

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| *“Gender issues remain an add-on to the sector programme without a full analysis and recognition of the scope of the problems involved with no embedment in national frameworks, with lack of resources and lack of commitment”* |

The complexity of development – and, as a consequence, of sector approaches – is, as described above, exacerbated by the agendas in donor countries which are “part of the package”: Dutch (and other) taxpayers are not using money for development assistance to give a free gift that can be used for anything. It is not only intended to serve poverty reduction, but also concerns about gender equality, equity, environment, HIV/AIDS, other pandemics, human rights, and good governance in recipient countries. Add to this the concerns that are closer to home: security, migration, climate change, access to energy and raw materials, and trade. These are all areas where the domestic interests of donor countries (and other countries) are meeting the interests of developing countries in a blend of tensions, conflicts and options for cooperation around shared elements in these agendas.

Sector approaches cannot and should not pretend that they can ignore these agendas. On the contrary, the challenge is to get these agendas included in sector work in such a manner that they become truly internalized and integrated in implementation, rather than staying as formal references.

Getting global and national-level agendas sensibly into sector approaches is a road of full dilemmas, and it requires no little dose of delicacy to walk it. First of all, it is obviously a matter of politics – even if the

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| *“Quality of engagement and synergy across instruments and initiatives are key to a “missing middle” in implementation. These need to evolve in line with changing contexts that afford different opportunities and challenges. They also require a focus on communication, to ensure consistency and complementary in messaging at different levels and across processes and initiatives, to promote progress. Synergy across levels of dialogue and across national and sectoral development objectives are essential. These provide sectoral perspectives to inform progress and dialogue at GBS level and vice versa, and promote coherence and consistency in approach in developing a critical mass of partners, evidence and momentum behind sector reform and delivery of sector objectives.”* |

Western donor community argue that for example liberal democracy is a precondition for development (e.g. a technical argument about causes and effects) – then it will continue to be considered a political argument, no matter whether evidence may or may not support the claim.

Second, the number of concerns and items on the global agenda easily risk leading to “aspects overload”. When added up, the sum of these concerns may be well beyond the capacity of the partner country to handle them. The result is either fragmentation, because special agendas get their own projects, or a loss of focus of a mainstreamed agenda that attempts to do too many things at the same time.

Third, when dealing with the dilemmas – balancing the absorptive capacity and necessary policy ownership of the sector stakeholders in country with the mandate from home to take the various global agendas into account – donor staff in the field will find themselves torn between loyalties to the local processes and actors, and their fundamental loyalty to their headquarter and capital. They will find tensions between what they want to prioritise in national level dialogue linked to general budget support, and what they want to focus on in sectors. There are no simple textbook answers about how to deal with this, but the final section of this paper will look at what it may imply for the role of donor staff.

## 5. Effective sector development: Quality of policy dialogue, domestic politics and monitoring

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| *“Poverty-reduction is a politically useful, even necessary, but a much overrated, hardly operational, donor-made concept/label that more often than not forms the Achilles heel of international cooperation. It often distracts from the priority challenges at hand. I would like to plea for a mental shift from focus on poverty reduction to focus on effective (sector) development...This may sound politically incorrect and somewhat paradoxical, but... there are serious risks of betting on the “wrong horse” (missing the real binding constraints), of overstretching limited local capacities, and of returning to by-passing country systems with a view to assisting poor people directly, meanwhile doing immense institutional damage.”* |

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| *“The dialogue is too superficial, too focused on donor harmonisation and financing (mechanisms) and on quantitative access targets. More attention needs to be given to the quality of outcomes. The content of the dialogue needs to change and needs to involve much more specific sector expertise.”* |

So far, this paper has added to the challenges of the sector approach: not only is the approach inherently complex, but it also has to factor in global and national level agendas, work with multiple actors with multiple interests, increasingly connected through the many webs of the world. What happened to the key weakness of the sector approach: that it has not delivered concrete results on the ground as expected? Will the attention to the various broader agendas help to increase the learning quality for girls in rural primary schools – or to manage increasingly scarce water resources in areas where pastoralists, crop farmers and others all need more water than there is? The answer is of course that there are other things that need to be done – without losing sight of the bigger picture.

Most importantly, the sector approach has to get more practical, focusing on effective sector development and the concrete steps that this entails. This is essentially a quest for a better quality policy dialogue based on evidence.

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| *As for achieving poverty impact through a sector approach there seems to be no silver bullet other than the political will on the national side to make it work. Policies formulated in the right way, institutions with a logical structure and the right size, and basic capacities for PFM are good enough by themselves to achieve it. Political will is a prerequisite. There is no point in taking risks there, or for hoping for the better. Therefore the political will needs to be assessed upfront. But, how to measure political will?*  *Assessing political will on the basis of present achievements is a milder form of, or a step towards, what has been practiced already by providing budget support for the sector on reimbursement basis after achieving ex-ante defined results.”* |

This is easier said than done, of course. It entails at least four elements:

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| *“By recognising and emphasising that the biggest challenge of development cooperation is rooted in the quality of assessments and strategic cooperation with carefully selected partners, we underline that development cooperation is more than just making financial means available; this should be the justification for continuation of development cooperation at (at least) the present level and (re-)gaining broad public support”* |

* It requires an intimate understanding of the current situation and the current capacities in the sector. It seems particularly important that the capacity to implement policies is carefully assessed, to avoid the frequent syndrome of one policy and plan largely failing, just to be followed by another policy and plan that will fail, where after the cycle starts over again. In many cases, the fallacy to assess this basic policy implementation capacity leads to what is often labeled a “wish-list approach” to policy making – sector policies become a list of goals, results (and sometimes resource requirements) that grossly surpass the availability of capacity and resources.

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| *“The problems are aggravated (and often also caused) by the absence of proper monitoring and external and internal (quality) control systems.”* |

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| *“We need to put much more financial and technical resources in strengthening monitoring systems. Adequate monitoring and quality control should, in fact, be one of the key conditions for development funding.”* |

* It also implies not only a recognition that politics – and political will – matters, but also an ability to foster processes where political interests can articulate themselves and meet competing interests. This is a more ambitious approach to policy dialogue: the focus is not on the dialogue between donors and country partners (and particularly not on the sector-narrow dialogue between donors and civil servants in lead ministries), but on stimulating and strengthening the “sector polity” so that policies can move from paper to practice.

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| *“Do more audits and public expenditure reviews and make them public. Have the courage to explain back home that s… happens”* |

* This is closely linked to a focus on strengthening domestic accountability mechanisms. Sector approaches have focused mostly on work from “the inside” of the sector machinery that is supposed to deliver service – identifying and addressing technical weaknesses and vulnerabilities in e.g. public financial management or procurement, in audits, technical performance standards and management practices. But this is not enough: unless there is a pressure from citizens and politicians/parliamentarians for performance, and specific mechanisms of accountability – including the transparency that is a precondition for both “political” and “technical” oversight – then sectors are unlikely to perform. Sectors and organizations are rarely better at performing than the external pressure put on them to do so – and donors alone can neither deliver sufficient pressure, nor the right pressure that eventually make sector development sustainable and responsive to citizens.
* Finally, the focus on the political context and drivers of sector development should not overshadow the need to build sector approaches on evidence. Again, this is easier said than done – as demonstrated by the familiar tales of monitoring systems delivering too many, too few data or not relevant data; and of data not being used neither for managerial, operational or strategic purposes. Creating fruitful “meeting places” between politics and evidence is a tall order in many sector approaches, but donors can play a particularly important role by enabling local stakeholders to acquire knowledge about good practices and how they can be transformed into a good fit to the specific context.

## 6. Modalities – what are the issues?

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| *“Aid effectiveness is not necessarily the result of the SWAp, H&A, or the choice for modern modalities such as SBS, but is to a large extent dependent of the political will and organisational capacity of the recipient government to implement its national development plan.”* |

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| *“Taboos like ‘target-group approach’, ‘technical assistance’, ‘geographic concentration’ etc should be eradicated; each situation is different, creativity is crucial, the presence of a broadly accepted and recognized intervention logic/result chain is more important than up-front labelling of good and bad aspects of approaches.”* |

Sector approaches are often perceived to be an aid modality. More specifically, it is often thought that the “correct” sector approach is to use budget support. The next best solution is a common pooled fund, where several donors contribute to the funding of the same programme. Finally, at the bottom of what counts as correct, are project modalities using an individual donor’s procedures.

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| *“While I continue to fully support our own decision to align ourselves as much as possible, I admit that I am often not too sad that others do not …The existing modality mix provides the necessary flexibility to “get things done” and to have the possibility to experiment and, where required, better focus, monitor and (quality) control activities.”* |

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| *“Whereas the ministry of finance is clearly in favour of budget support and whereas the official policy is to move to budget support as the main development cooperation modality, the sector minister is not a believer in sectoral budget support. Lately he said that he considered the Dutch SBS more as a kind of general budget support that is not directly benefiting his sector.”* |

This narrow focus often leads to a concentration on how donors support a sector, with less efforts being used on how the country itself get sector development moving, particularly in terms of front line service delivery. It also easily leads to tensions in the donor-community, establishing ranks and classes according to the political correctness of the modality choice of any particular donors.

So the modality issue is important because it has to be “controlled” so that it does not take center stage and becomes a divisive factor. And then it is, in its own right, important for how effectively donors support sector development[[5]](#endnote-5).

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| *“We must find the courage to “stay the course”, leave the comfort zone of baskets and don’t misuse the concept of modality mix!”* |

The latter discussion is often acknowledging that in practice, a “modality mix” across donors may be a good thing. This is not a blueprint for opportunism – the agenda of moving towards ever more aligned approaches remain valid in aid dependent countries where aid constitutes a significant part of sector budgets. But it is a call for informed pragmatism, recognizing that a mix may be a better way towards sustainability and full integration than opting for a singular approach – and that this is a collective action problem of the group of donors, rather than an individual choice where each donor seek to optimize “its” modalities.

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| *“In this sector the basket is even less aligned with country systems. One of the perverse effects is that power relations within the ministry increasingly shift in favour of the civil servants in the parallel basket management unit, that are better endowed in terms of salary, working conditions and donor-attention. Instead of gradually strengthening the leadership and management in the ministry, the inverse trend can be observed. More and more new funds for the common basket are being earmarked, providing project donors and international vertical funds a convenient fig leaf and pretext of respect for the Paris Declaration and Accra Action Plan.”* |

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| *“In the best of cases ministries keep on playing project manager for many different donors, sapping their already limited capacity in the process and neglecting the operationalisation of their own domestic sector policies and their work on organisational dimensions of institutional development. On the other hand, the multitude of projects often create a “perverse security net” with which bureaucratic inefficiencies are being neutralised or hidden in unsustainable ways.”* |

In a number of countries, both general and sector budget support are applied, and involve different cycles of dialogue, planning and monitoring. Often, the division between the cycles implies poor coherence between the two – the performance indicators agreed for GBS may still differ from those agreed at sector level, and the same donor may emphasize different issues the policy dialogue at national level than in the dialogue at sector level, creating confusion and tensions. It may often reflect that the “donor-centric” policy dialogue is overshadowing the domestic dialogue both at national and at sector level – but it still an issue to be addressed, often demanding closer teamwork in embassies between economists working from the perspective of the national level and the ministry of finance, and sector specialists being enmeshed in concrete sector issues.

## 7. Sector Approaches in Fragile States

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| *“Dutch support has been more technical than political, paying too limited attention to such issues as gender, equitable use of water resources and the ‘conflict potential’ in the water sector.”* |

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| *“The capacity for policy making, planning, implementation and monitoring of development efforts is very low. Among the reasons for the weak capacity I would list: (i) low levels of literacy, especially among women, linked to limited access to and poor quality of education; (ii) low qualifications of some 90% of government staff. The patronage system rewards political loyalty over performance. The civil service is a social safety net; (iii) a poor working environment, with few proper incentives, low salaries, lack of operational budgets, and widespread corruption; (iv) low productivity and short working days; (v) low citizen demand for sound public services.*  *All this reflects low political priority accorded to development and poverty reduction. After 30 years in office, the president is (still) more concerned with keeping the country together and staying in power, than prioritising social and economic development.”* |

Dutch development assistance classifies countries in three broad categories: middle income countries, countries on the way to achieving the MDGs, and countries in fragile situations. Are sector approaches relevant in all three categories? And, in particular, are they relevant in fragile states?

The answer is that sector approaches become more and more relevant as countries and sectors are closer to the fragility end of the spectrum.

In middle income countries there is rarely aid dependency, there are often few donors – and the country normally has the capacity to integrate and maintain results of e.g. stand-alone projects. Alignment of aid to the country situation is of course important, but the country’s own capacity to ensure that aid fits is much bigger.

In a fragile situation much more is at stake. The weakness of the state and of state-society relations –

often displayed as security problems, lack of legitimacy and virtually no capacity to deliver essential

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| *“The Strategy Paper rightly puts State Building as a priority. It also mentions that “priority needs to be given to support mechanisms that help reduce sources of instability in society and prevent and resolve conflict”. However, the Strategy Paper does not define which the main sources of instability are, what is the relation between conflict and poverty or access to resources, and what appropriate mechanisms to resolve conflict are.”* |

services – implies that donors risk doing more harm if their support is not closely aligned to the situation.

And the sector approach is essentially about aligning aid to the policy situation, the politics, the strength of administrative systems, and to the monitoring and stakeholder coordination capacity.

Unfortunately, it is also much more difficult to make aid fit in fragile situations:

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| *“In fragile states the situation is different again. Contrary to other countries it is important to achieve leverage in order to play a meaningful role in stabilisation programs. This can only be achieved through donor harmonisation or coordination.”* |

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| *“A ‘State Building approach’ in fragile states calls for less focus on the ‘Paris agenda’ and more on capacity development for other key functions.”* |

* The tension between different objectives that donors pursue is often strong: long term poverty reduction and development goals are mixed with regional or global security concerns with a shorter horizon. Urgent humanitarian needs and concerns for rights may be at odds with the need to ensure stability through political accommodation.
* The multiple short term agendas, when matched with a severely limited state capacity, inevitably lead to interventions which operate on the margins of country systems and country policies which de facto often do not exist (or does not exist beyond the paper they are written on).
* The ambitions of donor countries are often high, partly because this gives political justification for intervening. This may lead to overstretched agendas with the effect that donors end up even deeper sunk into the driver’s seat, competing to safeguard their projects through hiring of the few qualified staff working in government – thereby undermining capacity even further.

There is no easy way around the complexity of intervening in fragile situations. The sector approach implies accepting the mess, to be a facilitator rather than a fixer, and to acknowledge that this includes unpleasant dilemmas and choices, with the sometimes very limited aim of trying to shape good enough reactions that do not give up the strategic vision of minimizing suffering, strengthening the state-citizen relations, and contribute to stability that eventually can allow development to take off.

## 8. Gaining leverage - from aid technocrat to smart broker

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| *“ We are in the relations-business. We should be capable of analysing and acting upon the pressures that frame our own actions”* |

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| *”There is no political backing for being insignificant. When we put our money as a less than 1 % contribution to the total in a budget, without strings attached, we are insignificant. Therefore, the modernisation agenda calls for creating leverage with our contribution. When it comes to the Sector Approach that happens through teaming up with other donors in putting money together. But also by attaching strings and aiming at strengthening policies and institutions.”* |

The lessons of experience from the staff that this paper builds on include a clear recognition of the complexity of development and development assistance. The sector approach accepts the challenge of complexity rather than pretending it is not there. How, then, can external actors act wisely and smartly, promoting multiple agendas and concerns coming from their home constituency, taking position of other donors and multilaterals into account with, and still having a positive influence on the messy national politics and sector agendas in the country of assignment?

There are two basic – and different – set of competencies that are needed:

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| *“National policies and the resulting SWAps need to be informed by the experiences from micro-level as services are delivered there and impact on poverty reduction will become visible.*  *In general: the focus on sector support and GBS in our organisation has, unintendendly, lead to less space to support innovative and creative ideas. Sometimes we lack expertise to recognise opportunities and sometimes we have restrictive administrative procedures and regulations for implementation.”* |

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| *“Get sight on what recipient governments really want, beyond the plethora of sector plans, agreements to harmonisation accords, and the formal talk. Perhaps above all, as a colleague or lead donor agency, go out and get to know your allies and/or opponents, their motives, their way of doing business, and their sense of humour….”* |

* Sector development requires knowledge and evidence – if education quality is on the agenda then it matters greatly how improved quality is pursued. While it is relatively easy to agree on noble targets (e.g. the MDGs), then it is much less easy to identify feasible, efficient, effective and sustainable strategies for achieving these targets. Sector approaches have suffered from a dilution of sector expertise. It is worth remembering, in this context, that the sector expertise needed is no longer the hands-on, concrete skills of e.g. a medical doctor or a construction engineer, but the wider knowledge of how a health system, or an infrastructure sector set-up, can work.

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| *“We are gaining courage to pick our battle selectively and to stay clear of tasks/work that clearly belongs to our counterparts. This new focus does demand a lot from embassy staff. It requires different types of knowledge and skills (less sector specific, more systemic/institutional), different behaviour (invite “nonconventional” embassy colleagues to meetings), and a lot of courage to leave our comfort zones of familiar sectoral and thematic islets.”* |

* At the same time, sector development is a political as much as a technical affair. This calls for skills that may come close to those of a diplomat or broker. But it is not a role confined to polished floors: The sector approach requires active engagement with the political and policy processes that are the mainstay of sector development, also as these unfolds in streets and rural areas.

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| *“ Sectoral = bureaucratic, neutral, narrow, financial, silo-stimulating and in harmony; Strategic = analytical, critical, targeted, professional, synergetic and in partnerships.”* |

The candid recognition that development assistance implies playing a role that seeks to influence politics and policies is often perceived to be controversial: Donors are expected to respect sovereignty and not to interfere in internal affairs. The reality is, of course, that they do interfere, no matter what they do – the money they bring to the table will, no matter what, modify power structures and strengthen some actors while weakening others.

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| *“It is important to make more use of a strategic alliance between the embassy and the ministry and to put in use the diplomatic skills of the RNE to help position environment in the development agenda of the country”* |

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| *“ Secure a thorough level of sectoral expertise within the embassy team and organise backstopping on a long term basis, for instant through yearly reviews. And don’t underestimate staff time needed for a SWAp!!”* |

The challenge is therefore to intervene in a way that does not enter into big (party) politics, but aims at strengthening the domestic sector system of politics, policies, knowledge and institutions that can bring the sector forward in a direction that fits both donor objectives and the objectives of domestic stakeholders.

This “smart brokerage” – or gaining leverage in the sector – requires a combination of technical and process skills, and interventions to strengthen dialogue at national and sector level, bringing front-line service delivery perspectives to the table, broker between donors – and ensuring a translation of global and Dutch agendas to the realities in the country/sector.

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| *“In order to achieve durable results, foreign aid investors, need to be very good at recognising promising endogenous processes that have a significant overlap with their respective agendas and contribute to these processes whilst attempting to disturb them as little as possible.*   1. *It requires profound knowledge and skills to actually identify such processes.* 2. *It requires appropriate coaching skills to contribute, whilst not distracting the local counterpart.* 3. *It requires long term predictable support.*   *It is rare to achieve such a degree of alignment, thus the investor/coach needs to be able to conduct a transparent dialogue with a calculated amount of trust with all stakeholders to allow for such an endogenous process to emerge.*  *I do realise that this may not be realistic, but the consequence is then that our aid agencies may be more geared towards their own institutional effectiveness then actual development effectiveness. And we’ll be condemned to continue to “rommelen in de marge” (muddle at the margin).”* |

Little wonder that few individuals can be found that muster skills and experience in all of these areas!

Even worse, imagine that e.g. different donors from the European Union all would want to have this expertise for a given sector in their embassy – in some countries that would result in a veritable army of brokers broking not only sector development processes, but also each other.

Teamwork – in individual embassies, and among donors that feel they are close enough to each other (or small enough to have given up being a strong voice on their own) – is the obvious answer to the challenges. It sounds far easier than it is – it will question hierarchies, stretch loyalties and require an openness to other professional disciplines that is not always straightforward.

Gaining leverage is not only about having the right mix of skills in the team, it is also about picking battles selectively and strategically. Doing so demands intimate knowledge of the terrain, the opportunities, the constraints and how the other stakeholders are moving. It requires leadership not only by the domestic partners, but also by donors. This donor leadership is of a different sort: it does not seek to go first and lead the way, but the creating the conditions that enables and motivates others to do so.

Gaining leverage is about contributing to sector development by deploying the broad array of skills that adds value to the money offered – because money will not contribute effectively on their own. It requires flexibility, calculated risk-taking, teamwork – and staff time. Recognising this is not a plea for more time to deal with bureaucratic work, but a plea to recognize that what embassy staff do and should do is actually highly important and necessary development work. The sector approach – and development assistance – is, after all, not about how much money can be spent using as little staff time as possible.

## Endnotes

1. The workshop was organised under the auspices of SPICAD (Support Programme for Institutional and Capacity Development). [↑](#endnote-ref-1)
2. Sectorsteun in milieu en water - Een evaluatie van de toepassing van de sectorale benadering in de bilaterale hulp in milieu en water. IoB evaluaties no 317 nov 2008; Van Projecthulp naar Sectorsteun: evaluatie van de sectorale benadering 1998-2005. IoB evaluaties no 301, nov.2006, SWAPs in Motion, Sector wide approaches: from aid delivery to a sector development perspective, Nils Boesen Desiree Dietvorst Train4Dev.net Aug. 2007; Ten years into the sector-wide approach, Did we do what we intended to do? Ellen van Reesch, A Rich Menu for the Poor # 30, Nov 2008 [↑](#endnote-ref-2)
3. In quotes from papers presented at the workshop, references to countries, sectors and authors are omitted to respect that the papers were produced for internal reflection. [↑](#endnote-ref-3)
4. “Sector approach” and “Sector-wide approach” are used synonymously. [↑](#endnote-ref-4)
5. See the major review of SBS performed in the context of the Strategic Partnership for Africa – ODI/Mokoro, 2009/2010 (<http://www.mokoro.co.uk/sbsip.htm>) [↑](#endnote-ref-5)