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Is the Water Sector Lagging behind Education and Health on Aid Effectiveness? Lessons from Bangladesh, Ethiopia and Uganda

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ABSTRACT: A study in three countries (Bangladesh, Ethiopia and Uganda) assessed progress against the Paris Principles for Aid Effectiveness (AE) in three sectors – water,[1] health and education – to test the assumption that the water sector is lagging behind. The findings show that it is too simplistic to say that the water sector is lagging, although this may well be the case in some countries. The study found that wider governance issues are more important for AE than having in place sector-specific mechanics such as Sector-Wide Approaches alone. National political leadership and governance are central drivers of sector AE, while national financial and procurement systems and the behaviour of actors who have not signed up to the Paris Principles – at both national and global levels – have implications for progress that cut across sectors. Sectors and sub-sectors do nonetheless have distinct features that must be considered in attempting to improve sector-level AE. In light of these findings, using political economy approaches to better understand and address governance and strengthening sector-level monitoring is recommended as part of efforts to improve AE and development results in the water sector.

KEYWORDS: Aid effectiveness, water, health, education, governance, Bangladesh, Ethiopia, Uganda

INTRODUCTION

The Millennium Development Goals (MDGs) in 2000 were a statement of international commitment to reduce poverty. At the same time, the international aid community focussed on the need for greater Aid Effectiveness (AE) to meet this commitment – an approach best captured under MDG 8: "Develop a global partnership for development." Under the new aid agenda, the ultimate goal is that governments take the lead in formulating nationally owned poverty-reduction strategies and sector-level development programmes, with the participation of a wide range of stakeholders. Aid agencies then work under, and to, these strategies. This approach aims to foster national ownership, strengthen planning, monitoring and implementation systems, and enhance domestic accountability.

The new aid agenda culminated in the Paris Declaration on AE in 2005 (HLF, 2005) that embodied an international consensus on the management of development assistance. Signed by 121 countries and

[1] The water sector is used in this article to mean water supply, sanitation and hygiene. Water for agriculture and water resources management subsectors are not considered.

25 international organisations by 2008,[2] the Paris Declaration provides five operating principles for governments and donors in order to improve AE: ownership, alignment, harmonisation, managing for results and mutual accountability. These principles are shown in box 1 (derived from HLF, 2005) below.

Box 1. The five Paris Principles.

In the Paris Declaration on AE (2005) donors and governments laid out five operating principles:

Ownership: Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions;
Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures;
Harmonisation: Donor actions are more harmonised, transparent and collectively effective;
Managing for results: Managing resources and improving decision making for results; and
Mutual accountability: Donors and partners are accountable for development results.

Ownership is seen as the foundation for AE. It is expressed in the recipient country setting the major policy directions and strategies for poverty reduction and pro-poor growth (i.e. Poverty Reduction Strategy Papers – PRSPs, Medium-Term Expenditure Frameworks – MTEFs, and sector development programmes that are reflected in the PRSPs and MTEFs). Donors respond by aligning their support with the priorities set out in these national policies and strategies, and channelling their support through government systems rather than using parallel mechanisms that divert national resources. At the same time, donors build capacity and harmonise by establishing common arrangements (for example, for funding, missions and reporting) to reduce transaction costs for the recipient country. Managing for results (MfR) and mutual accountability cut across all those involved at all levels. MfR refers to governments adopting frameworks to monitor development results and using this information for better decision making. Mutual accountability stands for aid relationships that are underpinned by a commitment to development results from both sides, jointly agreed upon and measured through partnership commitments.

In the Paris Declaration, donors and partner countries commit themselves to specific actions under each principle, some of which are translated into 12 indicators to measure progress at the country level. The AE commitments and related indicators are shown in table 1.

There is a perception amongst water professionals that water, sanitation and hygiene are lagging behind education and health in terms of implementing the principles of the Paris Declaration. This perception may be based on the fact that instruments commonly associated with AE at sector level, such as Sector-Wide Approaches (SWAps), are less developed in the water sector. According to Foster (2000), characteristics of a SWAp are "that all significant funding for the sector supports a single sector policy and expenditure programme, under Government leadership, adopting common approaches across the sector and progressing towards relying on Government procedures to disburse and account for all funds." In many countries SWAps were first begun in health and education, and are a relatively recent development in the water sector. In addition, water received less attention in PRSPs than health and education, at least initially, and was less well reflected in MTEFs (Mehta, 2003).

However, evidence on progress towards AE at sector level is limited and the success of SWAps continues to be debated (White, 2007; Booth et al., 2008). It is not clear, therefore, that aid is, in fact, being delivered less effectively in the water sector if measured against the five Paris principles on AE.

The objective of this paper is to systematically assess progress against the five principles laid out in the Paris Declaration on AE in three sectors (water, health and education) in Bangladesh, Ethiopia and Uganda, with a view to (a) unpacking whether the water sector is, in fact, lagging behind in

[2] See also: www.oecd.org/dac/effectiveness/parisdeclaration/members

implementing the principles of the Paris Declaration, and (b) better understanding the factors underlying the emerging patterns of progress. Section 2 explains the research methods used for analysing progress against AE of the Paris Declaration at sector level and discusses the limitations encountered in doing so. In section 3, progress towards the Paris Declaration is presented and discussed. The findings indicate that, contrary to common perception, evidence from the three case studies does not confirm that the water sector is systematically lagging behind health and education in the study countries. In section 4, factors underlying the patterns of progress in AE between sectors and countries are identified, with a focus on various governance-related issues. The paper concludes with suggestions for analytical tools that could help to better understand and analyse underlying governance issues, and a discussion of ways to improve the assessment of progress in AE at sector level.

RESEARCH METHODS AND SCOPE

The paper is based on three short country case studies in Bangladesh, Ethiopia and Uganda carried out between January and March 2008 (Welle et al., 2008). A systematic assessment was made of progress in the education, health and water sectors in the three countries against each of the five Paris Declaration principles shown in box 1: ownership, alignment, harmonisation, MfR and mutual accountability.

The assessment of progress is based on partner country and donor commitments and 12 related indicators agreed upon during the High Level Forum (HLF) on AE in Paris in 2005. Table 1 below summarises the main commitments and the 12 progress indicators for each of the five Paris Principles agreed upon by the signatories. At a national (whole-of-government) level two voluntary rounds of monitoring had taken place by 2008 to review progress against the 12 indicators, the first in 2006 and the second in 2007. Both monitoring reviews were organised by the OECD/DAC and based on in-country surveys prepared by senior officials in developing countries in consultation with donor country offices and civil society. They captured results from 34 and 54 countries, respectively, both times including reports from Bangladesh, Ethiopia and Uganda (OECD/DAC, 2007, 2008a).

The challenge of measuring progress against AE at sector level

At sector level, however, assessing progress against the Paris Declaration on AE is no straightforward task. As the Paris Declaration indicators are designed for use at a whole-of-government level, collecting and providing data at sector level did not constitute common practice in the three study countries. Ministries do collect and manage data relevant to measuring progress against AE but they do so in different ways, and use different indicators and statistics to assess and report their own progress. As a result, it was difficult to obtain consistent quantitative data across sectors and countries. In this study, the best available sector-level quantitative data were used alongside detailed qualitative interviews with key informants and literature reviews to ensure comparability between countries.

Annex 1 explains the rationale for the assessment results of progress against the five Paris Principles for each sector and country displayed in table 2. The information used to assess progress draws not only on the indicators in table 1 but also on qualitative information relating to the commitments assessed by the indicators. For example, to assess ownership, we considered not only information on whether the sector strategy was reflected in the MTEF (indicator) but also other information indicating government leadership such as ministerial chairing of sector review meetings etc.[3]

[3] Some information has relevance for several of the Paris principles. Common sector review mechanisms, for example, relate to mutual accountability and the related indicator 12 measuring mutual assessment reviews in place at sector level. At the same time, common sector review mechanisms also indicate that donors coordinate technical cooperation through coordinated programmes consistent with sector development strategies, which is captured by indicator 4 under alignment; and they relate to harmonisation as they show that donors implement common arrangements (in this case in coordination with government).

Table 1. Commitments and indicators organised by the five Paris Principles.

Ownership Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions	
Partner countries exercise leadership through implementing (results-oriented) development strategies linked to MTEF and reflected in annual budgets **(Indicator 1)**	**Donors** respect country leadership and help to strengthen capacity to exercise it
Alignment Donors base their overall support on partner countries' national development strategies, institutions and procedures	
Partner countries strengthen capacity to manage, implement and account for results of policies and programmes (analysis, dialogue, implementation, monitoring) **Partner countries** strengthen Public Financial Management (PFM) capacity and national procurement systems **(Indicator 2)**	**Donors** base their overall support – country strategies, dialogues, programmes, development cooperation programmes and reviews of progress (including conditions) – on the country's development strategies and link funding to indicators derived from a single strategy; **(Indicator 3** measures aid that is reported on-budget) **Donors** implement technical cooperation through coordinated programmes consistent with national development strategies **(Indicator 4)** **Donors** use the country's own institutions and systems (PFM, auditing, accounting, procurement, monitoring) to the maximum extent and avoid arrangements that undermine country systems and procedures **(Indicator 5** – measures PFM and procurement) **Donors** reduce the stock of Parallel Implementation Units (PIUs) **(Indicator 6)** **Donors** provide commitments of aid over multi-year framework, timely and in predictable fashion **(Indicator 7** – measures aid not disbursed within the fiscal year for which it was scheduled) **Donors** untie aid **(Indicator 8)**
Harmonisation Donors' actions are more harmonised, transparent and collectively effective	
Partner countries provide clear views on donor comparative advantage to achieve donor complementarity at country or sector level	**Donors** implement common arrangements and simplify procedures through the reduction of separate procedures and missions **(Indicator 9** – measures aid flows provided as part of programme-based approaches) **Donors** conduct joint field missions and analytical work **(Indicator 10)**
Managing for Results Managing resources and improving decision making for results	
Partner countries strengthen linkages between national development strategies and (multi-) annual budget processes and establish results-oriented reporting against national and sector-development strategies **(Indicator 11)**	**Donors** harmonise their monitoring and reporting systems and work towards aligning them with partner country performance assessment frameworks
Mutual accountability Donors and partners are accountable for development results	
Partner countries strengthen the parliamentary role in development of strategies and/or budgets and reinforce participatory approaches (involving a broad range of development partners)	**Donors** provide timely, transparent, and comprehensive information on aid flows **(Indicator 12** measures countries with mutual assessment reviews in place)

It is important to note that this is a short, three-country case study, not a comprehensive multi-country review, and results need further testing. This notwithstanding, the three countries studied reveal patterns and provide valuable insights into the factors that determine progress towards AE in these sectors.

RESEARCH FINDINGS – IS WATER REALLY LAGGING BEHIND ON AE?

Contrary to the common perception in the water sector, the results from the three country case studies do not reveal a systematic lag in progress towards AE in the water sector. The picture emerging seems to be more complex than that.

Table 2 below summarises patterns of progress against each principle of the Paris Declaration for the water, health and education sectors in Bangladesh, Ethiopia and Uganda. Progress is graded as either weak (shown as very dark), moderate to weak (dark grey), moderate (mid-grey), moderate to strong (light grey) or strong (white). More details on the data underlying this classification of progress are given in Annex 1.

Table 2. Progress on the Paris Principles by sector and country.

	Water	Health	Education
Bangladesh	Ownership	Ownership	Ownership
	Alignment	Alignment	Alignment
	Harmonisation	Harmonisation	Harmonisation
	Managing for Results	Managing for Results	Managing for Results
	Mutual Accountability	Mutual Accountability	Mutual Accountability
Ethiopia	Ownership	Ownership	Ownership
	Alignment	Alignment	Alignment
	Harmonisation	Harmonisation	Harmonisation
	Managing for Results	Managing for Results	Managing for Results
	Mutual Accountability	Mutual Accountability	Mutual Accountability
Uganda	Ownership	Ownership	Ownership
	Alignment	Alignment	Alignment
	Harmonisation	Harmonisation	Harmonisation
	Managing for Results	Managing for Results	Managing for Results
	Mutual Accountability	Mutual Accountability	Mutual Accountability

Code

Strong progress
Moderate to strong
Moderate
Moderate to weak
Weak progress

Three country case studies were carried out in Bangladesh, Ethiopia and Uganda in March 2008 using a combination of key informant interviews and desk analysis of secondary data. Differently-shaded cells, above, indicate progress on the implementation of the five Paris Principles by sector in each country.

Source: Welle et al., 2008.

Broadly speaking, the trends in table 2 suggest that the similarities in progress between sectors within each country are greater than those within a sector across all three countries. Bangladesh shows an overall weak to moderate performance against the Paris Principles in each of the sectors studied. Ethiopia lies in the middle with a mixture of weak to moderate/strong progress in the water sector and moderate to strong progress in health and education, while the overall achievement is highest in Uganda. This, notwithstanding, there are also some similar patterns across sectors, for example, harmonisation and alignment are fairly weak in the health sectors of all three countries.

Progress is described below, in more detail, by country and by sector.

Progress by country

Bangladesh shows an overall weak to moderate performance against the Paris Declaration in each of the sectors studied. This is particularly interesting given that Bangladesh has a long-standing SWAp in the health sector (White, 2007). However, the health SWAp has been criticised as been weakening over the last few years. Donors are still heavily involved in day-to-day aspects of the health sector and continue to support certain aspects of the sector via stand-alone projects. Informed observers (see e.g. Martinez, 2008) suggest that donor influence has increased significantly since the mid-1980s and that there is now little ownership of the current health-sector strategy by the government. Therefore, while water has clearly lagged historically in the adoption of SWAp mechanisms, the sector is not necessarily as far behind as it first appears. Government has increased ownership in two water sub-sectors in particular. In rural sanitation, a highly successful project has triggered the government to take leadership and organise the sector around a consolidated approach, while in the urban water sector key partners have worked with government to establish a joint development plan within the context of a multi-year investment programme for two major cities. However, project-based aid still dominates in the water sector, as it does in health and in the non-formal education sector. All three sectors experience problems with using reliable and mutually acceptable monitoring systems that can deliver results against set plans. Joint donor-partner country-sector reviews, although carried out in health and education, have failed to make an impact on future policy or implementation so far.

Ethiopia lies in the middle of the three countries with a mixture of weak and moderate to strong progress in the water sector and moderate to strong progress in health, and also in education where progress is furthest ahead. This pattern is in line with what sector experts would call 'typical'. The water sector shows slower progress overall partly because a coordinated effort to develop a sector-wide approach started only in 2005 in the sector, while similar efforts have been ongoing in health and education since 1997/8. The short time frame of engagement in water means that the sector does not yet have all the 'mechanics' of a SWAp in place, but the sector has made much progress since 2005. This is reflected in moderate progress towards harmonisation reflected in increased coordination between donors but with a continued lack of alignment with the water sector's financial management and procurement systems. Both health and education show strong leadership but policy alignment and harmonisation remain also weak to moderate in the health sector. Vertical programmes (see box 2) distort health sector planning, budgeting, implementation and monitoring and drain important staff resources. In education, however, alignment is moderate to strong partly because the majority of the sector's financial resources flow into staff salaries, which are supported through the Protection of Basic Services Fund.[4] The weakest link in the Ethiopian water sector is MfR and weak sector monitoring in water stands in stark contrast to moderate to strong monitoring mechanisms in health and education. However, a water-sector monitoring information system is one of the agreed key sector undertakings of 2008.

Overall, achievement is highest in **Uganda**, which is generally recognised as a role model among sub-Saharan African countries in owning and driving forward poverty reduction strategies. In Uganda there

[4] This modality was introduced as an alternative to direct budget support after the violent clamp down on protests in the aftermath of the 2005 general elections in Ethiopia.

are a number of similarities between the water, health and education sectors. These can be attributed to sector reforms in the late 1990s and strong political ownership, including leadership by the Ministry of Finance, Planning and Economic Development early this decade. All three sectors have had a SWAp in place for several years. Under SWAps, each sector initially saw a significant shift towards delivery of aid as budget support and away from project-based approaches. As a result, coordination between government and donors improved dramatically and sector planning, monitoring and reporting processes have been strengthened. At the same time, debt relief under the Highly Indebted Poor Country Initiative also provided an opportunity for donors to move away from project financing.[5] Moderate or strong progress against the Paris Declaration principles is therefore reported virtually across the board, although some weaknesses remain – particularly around harmonisation and alignment in the health sector. As in Ethiopia, vertical programmes distort sector planning and budgeting.

The results are broadly in line with the country chapters of the OECD global monitoring survey baseline study conducted in 2005 (OECD/DAC, 2007), where Bangladesh and Ethiopia were found to have made moderate progress against all five Paris Principles and Uganda showed high progress except for harmonisation where improvement was moderate. The follow-up survey conducted in 2007 (OECD/DAC, 2008b) found some slippage and stalling of progress in Uganda, particularly in systems alignment, although the country remains a leader in AE. In Ethiopia, high progress was reported in ownership, but a more mixed picture was found on the other principles. In Bangladesh, a moderate level of progress was reported across the board, although it was acknowledged that this was often due to a mixture of high level of progress by some donors and slippage or lack of progress by others. It was noted that while Bangladesh has a national development plan in place it is not strongly linked with sector priorities and government's capacity to lead implementation is limited. Several of these national patterns are clearly reflected in the sector-level findings of this study.

Progress by sector

While clear differences in overall progress against AE principles are visible between the three countries, there appears to be no consistent pattern of progress among the sectors. While in Uganda the water sector is most advanced, this is the case for the health sector in Bangladesh and for education in Ethiopia. It might be expected that the level of progress would reflect the length of time since moves towards SWAps or their components began, but this is the case only in a few instances. In Ethiopia, the weakest progress is seen in the water sector, and indeed systematic donor-partner country engagement began much more recently in this sector than in others, around the European Union Water Initiative. Conversely in Uganda, where the water SWAp also has a shorter history than similar efforts in health and education, it has nonetheless made the greatest progress. In Bangladesh, although the health SWAp is considered to be one of the first in the world, its progress to date in achieving more effective aid remains fairly limited.

Moreover, the performance of a 'sector' may disguise variable progress in different sub-sectors, particularly in the water sector. Rural and urban provision or water and sanitation sub-sectors may be handled and financed quite separately. For example, in the water sector of Bangladesh some progress has been made in rural sanitation and in the urban water sector, but overall sector progress remains limited. In Uganda, although the overall picture is of strong progress, considerable weaknesses in alignment remain in the urban water sub-sector, where project-based aid is dominant.

The one consistent sector trend is the poor performance of harmonisation and alignment in the health sector. The health sector struggles in particular with policy alignment, as aid is not provided in line with the sector priorities of the country. In Ethiopia, for example, over 60% of aid is directed to

[5] The provision of debt relief essentially resulted in budget support because financial resources for debt servicing were freed up for the government to use to meet its domestic priorities. The HIPC initiative was linked to the PRSP process, and countries had to demonstrate their commitment to poverty reduction to receive debt relief.

three particular health outcomes (HIV/Aids, tuberculosis and malaria) at the expense of overall basic health care (Ministry of Health Ethiopia, 2008). Similarly, in Uganda, only 25% of sector funding (but over 80% of government-sector spending) is channelled to the recurrent costs of the minimum health care package, the centrepiece of the health policy and strategic plan (Christiansen, 2007; MoH Uganda, 2007). These problems reflect both the prevalence of vertical funding around specific health outcomes (see further explanation in box 2) in the sector – a much less important feature of aid in the education or water sectors – and the large number of donors typically active in the health sector at the country level.

Box 2. Vertical programmes.

Vertical programmes or funds focus vertically on specific themes or issues such as a particular disease, for example Malaria or HIV/Aids. This focus is often non-negotiable and may clash with the sector priorities of a country. For example, if a country decides to emphasise basic health services but the vertical programme is tied to HIV/Aids, the financial resources tied to the vertical fund may distort the policy priorities of the particular sector e.g. by diverting important human resources and funding from overall sector priorities.

For more information see: http://go.worldbank.org/1UWPEKQOM0

The present findings suggest three things:

First, it is too simplistic to say that the water sector lags behind the health and education sectors – although this may well be the case in some countries.

Second, wider governance issues at the national level may be more important for AE than simply having sector-level mechanics such as SWAps in place.

Third, sectors and sub-sectors do nonetheless have some distinct features that must be considered in attempting to improve sector-level AE.

In the following section, sector external and internal governance issues are identified and discussed in more detail. These go a long way towards explaining the different patterns of progress seen in the three countries.

GOVERNANCE ISSUES IN AID EFFECTIVENESS

Here, the term 'governance' refers to "how a country manages its affairs and the power and authority embedded in the mechanisms, processes, relationships and institutions through which groups and citizens express their interests and exercise their rights and obligations" (DFID, 2007). This definition, drawn from the United Nations Development Programme's policy document on governance (UNDP, 2001) is widely referred to, including in the water sector (see for example: Rogers and Hall, 2003; Cleaver and Franks, 2005).

The definition comprises not only the system of government per se but broader state-society relationships, which have emerged as a common use of the term among political scientists since the 1980s (Kjaer, 2004). In the context of AE, not only international actors i.e. donor agencies, but also actors that do not directly adhere to the Paris Declaration such as International NGOs, foundations and new donors from the South, have a particular bearing on how a country manages its affairs. A number of studies focus therefore on the aspect of aid relationships within governance (see, for example, ODI, 2006; Eyben, 2008).

More specifically, the definition refers to the centrality of the political process and the power relations and incentive structures inherent in this process. These aspects have been highlighted with regard to AE by various authors (see for example, Ostrom et al., 2002; De Renzio et al., 2005; Hyden, 2008). The importance of political commitment compared to having the 'mechanics' of SWAps in place

was a feature that stood out for understanding the incoherent picture for progress by sector in the three countries.

Finally, when looking at sector-level governance, some important sector-external factors impact on AE across the three sectors, particularly with regard to systems alignment.

These three governance-related aspects are illustrated below with examples from the case studies.

Actors who do not directly adhere to the Paris Declaration can produce important hurdles for achieving greater AE

Globally, development assistance is changing with implications for what happens in the education, health and water sectors. Changes include the emergence of large new bilateral agencies from the South e.g. China and India, an increase in funding from private non-profit organisations[6] and the emergence of new funding mechanisms including vertical funds (Kharas, 2007). Importantly, most of these actors have not signed up to the Paris Declaration. In the water sector, the emergence of new bilateral agencies led by China's contribution of US$2 billion to Official Development Aid (ODA) in 2005 is particularly important because of China's strong history of infrastructural investment.

At the global level, the health sector is characterised by a larger number of donors than education and water. Health donors include over 75 global health partnerships that contribute significantly to the sector's complexity and also affect coordination and harmonisation at the national level. Furthermore, growing vertical funding mechanisms are most evident in the health sector. These funds represented 7% of the total multilateral aid (US$1.8 billion) in 2005 and the proportion of funding from these mechanisms is likely to have risen substantially since then (Kharas, 2007) with negative effects on the levels of policy alignment and harmonisation seen in the health sector across the three case study countries. In comparison, in the water sector, vertical funding mechanisms are virtually non-existent. The Global Sanitation Fund, the first such initiative for service delivery in the sector from 2008 onwards, disburses comparatively small amounts of funding.

At **national and sub-national levels**, there does not appear to be a clear pattern in the level of involvement of non-governmental actors between these three sectors (although data on this is limited). Both the private sector and NGOs can be significant actors in service delivery in all three. Where a high proportion of service delivery takes place outside government channels, establishing an effective SWAp is more challenging.

In Bangladesh, a high percentage of funding is channelled through third sector institutions. In the health sector, the for-profit private sector accounts for over 60% of service provision in rural areas, while in education the non-governmental organisation, BRAC, receives pooled donor funding to implement non-formal education. The parallel structures for formal education (through a SWAp) and non-formal education (through a separate pooled fund to BRAC) make sector coordination and sector-wide planning more difficult in Bangladesh (Riddell, 2007).

In Ethiopia, coordinated NGO engagement around water-sector issues was just about to emerge at the time of the study. The government believes the NGO contribution to water service delivery to be substantial (MoWR Ethiopia, 2008), though there remains an information gap between government and NGOs on activities of each other.

Even in Uganda, where SWAps are well developed and NGO representatives take part in sector working groups in both the water and education sectors, there remains a degree of mistrust between government and NGOs and some reluctance to share details of plans and investments (though increasing numbers of NGOs are reporting their investments to government year on year). While NGOs are justifiably concerned to maintain their independence and resist becoming mere implementers of a government plan, the lack of information sharing presents a challenge to sector planning.

[6] This includes foundations, private philanthropists, religious organisations and other NGOs and nonprofits.

Political commitment to making aid effective matters more than having the mechanics of SWAps in place

Political commitment to poverty reduction – i.e. to the spirit of the Paris Declaration and to the sectors in question – is key to supporting or hindering progress against the Paris Declaration. Implementing mechanics related to AE such as SWAps alone does not guarantee progress. Political commitment is partly reflected in the presence of strong financial and fiscal structures, which are specified in the Paris Declaration indicators, but which also extends to other important factors such as the strength and direction of political leadership, financial commitment and effective institutions with the capacity to implement policy. These factors are, in turn, underpinned by power relations and incentive structures.

In Uganda, where an MTEF has been in place for over 10 years accompanied by strong ownership of the national development programme, a moderate or high level of progress has been possible in all three sectors. The Ministry of Finance, Planning and Economic Development took the lead, alongside sector ministries, in driving the development of the strong sector plans and strategies needed for an effective SWAp with a strong orientation towards poverty reduction. In health and education, SWAps were pushed as a means to focus sector activity around the goals of universal health care and universal primary education, which were political priorities at the highest level. A lot of the impetus for greater AE at sector level therefore came from the leadership of the Ministry of Finance, and the President.

In Bangladesh, ownership of the development programme is more limited. Bangladesh has long-standing SWAps in both health and education, but the findings of this and other studies suggest that these have not necessarily resulted in aid delivery that is more effective (White, 2007; Riddell, 2007; Martinez, 2008). For example, the health sector SWAp is not based on a formalised health policy because of powerful interest groups that blocked the policy development process. In the absence of a sector policy, a five-year development plan (the Health and Nutrition Sector Development Plan – HNSDP) provides the basic policy direction, but this was heavily guided by donors. According to Martinez (2008) the HNSDP was rushed through and, although signed by the government, it is not fully understood or endorsed as a policy commitment by sector officials. Poor accountability structures and high staff turnover among senior officials in the Ministry of Health exacerbate the existing weaknesses of leadership. As a result, important decisions are delayed and deferred and implementation of programme components is often delayed or discontinued (ibid). Lack of progress in AE was also partly a result of poor commitment from donors. In the education sector, joint donor missions were undertaken (one of the Paris indicators for harmonisation), but their effectiveness was limited by lack of trust between donors themselves (Riddell, 2007). In the health sector, development partners retreated to bilateral meetings when the policy dialogue was not productive, thereby weakening the sector-wide dimension of the programme and increasing transaction costs for the government (Martinez, 2008). In Bangladesh, therefore, given the prevailing governance environment, steps taken so far under the apparently well-developed SWAps in health and education do not seem to have translated into significant progress towards the objectives of the Paris Declaration.

In Ethiopia, although ownership of strategies for poverty reduction was considered high, there was a difference in the quality of leadership at sector level. While in health and education efforts towards AE were driven from ministerial level, in the water sector regular engagement with donors rarely extended beyond technical personnel. For example, in the education sector, the minister chaired monthly meetings with the sector donor assistance group. In the health sector a strategy for increasing alignment and harmonisation was clearly visible: a health harmonisation manual developed by the ministry sets out clear instructions for donors to adhere to "one plan, one budget and one report" (MoH Ethiopia, 2008). In the water sector, by contrast, interaction between government and the donor assistance group was less frequent and limited to a few higher officials. One reason related to the different levels of ownership across water, health and education in Ethiopia was the difference in underlying incentive structures. In the water sector where the engagement process around AE was not yet well established compared to the other two sectors, reference was made to disincentives faced by

civil servants. This meant that, for government officials in the Ethiopian water sector, fear of reputable risks outweighed the potential gains of engaging in a nascent sector-wide development process because transaction costs were perceived as high and donor behaviour as uncertain.

So, simply having the sector-level mechanics of the Paris Declaration in place, such as SWAps or their components (including sector coordination mechanisms and common funding arrangements), can mask shortcomings in the commitment to implement policy. It is necessary to examine how these mechanics are functioning, and what benefits they have brought, to assess whether meaningful progress is being made towards more effective aid. Existing indicators for measuring progress against the Paris Declaration, however, emphasise the mechanics of AE, and, by themselves they probably provide insufficient evidence for success. Taking harmonisation as an example, measuring the percentage of missions or analytical studies that are coordinated among donors provides little information on whether the quality of relationships has improved or whether transaction costs have been reduced for the recipient country.

National systems – beyond the sector – largely determine prospects for systems alignment

Finally, central governmental structures and centrally driven reform processes that cut across sectors are likely to determine the scope for systems alignment to a considerable degree.

National systems that are generally common to all sectors or at least to a group of sectors are PFM and procurement systems. Under the Paris Declaration donors are expected to increasingly make use of these government systems, but their willingness to do so often depends on the perceived reliability and efficiency of these systems and how well they are controlled and managed. For example, perceived levels of corruption may hold donors back from making use of government systems. From our case study countries it appears that similar financing and procurement modalities are often used across water, health and education sectors. In Ethiopia, donors established a fund that uses Ethiopian public financial management systems to cover a proportion of the government's recurrent expenditures commonly used for basic services. The 'Protecting Basic Services' Fund cuts across the basic service sectors. Administered by the World Bank, and earmarked as a contribution to the Federal Government's block grant allocation to regional governments, the fund is mainly used for salaries at the district level. In Uganda, sector budget support channelled through the Poverty Action Fund is also used as a modality across the three sectors.

For procurement, there are also similarities across sectors. In Ethiopia, the country's own procurement system was not used for larger capital investments in any of the three sectors in 2008. Instead, donors had set up separate systems which risk creating a vicious circle, particularly for sub-sectors, such as rural water supply, that strongly depend on such investments. In such a case, creating parallel structures that put additional strain on sector staff with already limited capacity can further weaken national systems and cause significant hurdles in delivering services. In the Ethiopian water sector, the use of parallel procurement and PFM systems at the local level has, in the past, overburdened local government staff and led to significant underutilisation of available sector funding. *Woreda* (district) water desk officers have had to take on financial reporting that is neither their formal responsibility nor a role for which they are trained. Of the total donor funding to the sector in 2005/6, the Ministry of Water Resources estimates that only 47% of foreign grants and only 27% of foreign loans were utilised while 75% of treasury sources were also utilised (MoWR Ethiopia, 2008). The high levels of current under-expenditure had serious consequences for water supply and sanitation service provision in Ethiopia.

Further, the progress of wider reform processes such as decentralisation or civil service reforms is relevant across sectors, and is likely to significantly influence donor alignment. If local government capacity to plan, budget, implement and monitor service delivery outputs is weak, strategies to strengthen capacity need to be addressed across the board and not only at the sector level. The example of Ethiopia's procurement system mentioned above shows that setting up parallel donor

systems can seriously distort intra-government relations in addition to having negative effects on service delivery outputs.

The prospects for alignment to central government systems and processes are therefore likely to be similar across sectors and likely to be tackled more effectively from a whole-of-government perspective rather than a narrow sector one. At the same time, measuring progress against the Paris Declaration is relevant at the sector level. Sector-level monitoring of AE is particularly useful to detect and overcome hurdles in delivery systems affected by aid such as the serious underutilisation of foreign loans and grants in the Ethiopian rural water supply sector.

This notwithstanding, sectors have different delivery systems and therefore require different funding mechanisms for capital investments. The water sector stands out in that it has characteristics of both a social and an infrastructural sector and is generally more capital-intensive than health and education. For example, at a regional level in Ethiopia, average capital costs in the financial year 2006/07 made up 74% of water expenditure but only 10% of expenditure on education (MoWR, 2008).

Differences are also marked at sub-sector level. Rural water infrastructure and small-scale piped systems in urban centres can be generally delivered in ways similar to classroom construction. Networked systems for urban water and sewerage delivery in large towns and cities, on the other hand, require a project-based financing approach, as initial costs are high and investments are lumpy, often spanning more than one year. Such project-type investments are also common in mature economies for large infrastructure investments. However, the case-study countries lack an effective national financing mechanism for such multi-year investments, and large urban water and sewerage are largely funded through donor projects in all three countries. For example in Uganda, where alignment is very strong in the rural water sub-sector, major dedicated donor financing streams for urban water supply mean that government is not able to determine the division of funds between the urban and rural sectors.

CONCLUSIONS AND SUGGESTIONS FOR FUTURE WORK ON SECTOR LEVEL AE

This paper has argued that evidence from Bangladesh, Ethiopia and Uganda does not confirm that water is consistently lagging behind health and education in achieving greater AE. Although water may be lagging behind in some cases (e.g. in Ethiopia) differences in progress against the Paris Declaration were more pronounced between countries than between sectors within an individual country. It is too simplistic to say that water is lagging behind.

The paper has further argued that wider governance issues go a long way to explain the differences in progress against the Paris Declaration in the three case-study countries. Three particular factors were identified as contributing to progressing or inhibiting sector AE. First, actors at global, national and sub-national level that do not directly adhere to the Paris Declaration can have an important negative impact on progress against AE. Second, a country's political commitment to poverty reduction at the national and sector levels matters for AE. This commitment cannot be judged by written commitments such as poverty reduction strategies and sector development strategies alone but extends to other important factors such as political leadership, financial commitment and effective institutions to implement policy. Third, central governmental structures and centrally driven reform processes that cut across sectors are likely to determine the scope for systems alignment to a considerable degree. But this is not to say that all sectors are the same. On the contrary, sectors and sub-sectors do have different characteristics that must be taken into consideration.

At the country level, political economy approaches have become popular for further analysing underlying causes of governance issues such as lacking 'political will'; and to learn how to address them.[7] According to Landell-Mills et al. (2007) new political economy approaches are well suited for the

[7] A recent OECD survey (2007) cited in Edelmann (forthcoming), documented that 18 donor agencies were using 30 tools for governance and political economy analysis and that a further 16 such tools were under development.

study of political and economic institutions and processes in development cooperation as they take on a multidisciplinary perspective drawing on insights from new institutional economics and social processes including culture and ethnicity.[8]

One prominent approach using political economy analysis is the Drivers of Change approach used by the UK Department for International Development (DFID). The approach analyses the relationships between agents, institutions and contextual structures to understand which factors block policy and institutional reforms that benefit the poor and which drivers of change are likely to create incentives for change (DFID, 2004). However the Drivers of Change have recently been criticised for being too general and broad to prioritise particular actions (Landell-Mills et al., 2007). This suggests that it may be useful to focus political economy approaches on the sector and to tailor them to particular concerns at hand.

Two frameworks provide useful entry points for this. To better understand the water services sector (as opposed to water resources management), Plummer and Slaymaker (2007) have broken down the Capability, Accountability and Responsiveness framework to the water sector as an analytical tool to assess political economy issues that are particularly relevant for the sector. Buse (2008) uses a prospective policy analysis at sector level to suggest ways of working together with advocacy coalitions and other political actors to analyse possible entry points to influence a particular policy process. The tools he suggests are hands-on and can be used at various stages of the policy process. Terefe and Welle (2008) have drawn on this approach to retrospectively analyse the factors that led to the rapid increase of sanitation facilities in one of Ethiopia's regions from late 2002 onwards.

Increased attention to governance issues in aid relationships also needs to extend to monitoring of AE. As the focus of attention tends to rest on deciding which areas of progress should be monitored, the choice of indicators and monitoring instruments is also important in influencing potential directions of change.

First, monitoring of AE could focus more on the process of improving aid relationships rather than only on narrow procedural improvements towards AE. This is particularly relevant in relation to the mutual accountability principle. Eyben (2008) suggests a number of practical steps for this including considering more process-related evaluation methodologies.

Second, as the present system of development cooperation including donor-government dialogues and aid instruments is strongly based on sector-level engagement, monitoring of AE at this level may be useful. This study has shown that, at the moment, and at least in the three study countries, AE indicators are not disaggregated and not measured at sector level.

Third, if development is about outcomes in poverty reduction and improving the quality of poor people's lives, AE must also be judged against development results achieved. Improved indicators to measure the quality of aid relationships could, for example, include measuring levels of absorptive capacity. Going a step further, measuring development effectiveness means making a link between measurable improvements in absorptive capacity and, say, the delivery of water supply, sanitation and hygiene, health or education services to poor communities and the sustainability of those better services over time. At the moment, the AE agenda has still a long way to go to achieve this level of linkage.

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[8] According to Landell-Mills et al. (2007, italics in original) "[t]*he focus on non-economic factors and informal institutions, including the dominant societal and cultural values, and the pursuit of social status and power, sets the NPEP* [New Political Economy Perspective] *apart from mainstream economics and much political economy.*"

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Annex 1. Summary of progress against the Paris Principles by country and sector.

	Water	Health	Education
Bangladesh	**Ownership:** Weak – The Sector Development Plan focusses mainly on rural water and is seen as largely a 'donor-driven' document with limited ownership. The Public Expenditure Review for water explicitly notes the lack of engagement of sector stakeholders including government. The exception may be rural sanitation where government has a strong articulated policy. **Alignment:** Very weak **Policy:** The water-LCG (a government-donor development platform) provides a forum for information exchange but does not generate joint commitments to policy or programming. Some joint government-donor dialogue takes place on policy (rural sanitation, urban water). Joint sector analysis is led by donors not government. **Systems:** Aid is project-based, not programmatic. Country systems are generally reported to be unreliable by donors. There is little evidence that any donor funds in the sector are on-budget although most are reported in the Annual Development Plan. Water and sanitation are not included in efforts to improve Public Financial Management, MTEF and budgeting, apart from small Technical Assistance from two donors to build capacity in parts of the ministry. The low level of confidence in national systems was demonstrated by DFID who invested in designing a Sector Budget Support programme which would address some systematic corruption and governance issues in selected sectors, including rural water and urban water and sanitation, but this programme was ultimately cancelled. **Harmonisation:** Weak to moderate- there is some agreement between donors on rural sanitation while there is strong disagreement on rural water. Non-formal (NGO) providers play a very significant role but their expenditures are not delivered under a programme based approach. **Managing for Results:** Very weak – mutually agreed monitoring systems are absent – reporting is mostly on a project basis to individual donors. **Mutual Accountability:** Very weak – some small steps towards multi-year funding commitments in urban water but no evidence that mutual assessments are planned.	**Ownership:** Weak – There is no formalised health policy rather a series of five-year development plans which are said to be largely donor-driven. The SWAp is known as the Five-Year Health, Nutrition and Population Sector Programme (HNPSP). This is said to have been 'rushed' and the process was 'dominated by consultants.' Some donors currently active in the HNPSP confirm a lack of government ownership. Some government respondents report that the donors already know what they want when the dialogue starts. **Alignment:** Weak to moderate **Policy:** Several observers noted that there are strong policy disagreements between donors and government – evidence that donors disagree with the real thrust of national policy and have shaped the HNPSP to suit their own agenda. Also some major donors have maintained projects outside of HNPSP (i.e. HIV/AIDs). A significant percent of activities are not included under the HNPSP (including all health expenditures in the urban and for-profit sector, the latter accounts for 60% of the rural health budget). **Systems:** Half of donor finance to HNPSP (representing about 19% of the total HNPSP budget) goes through a pooled fund and uses government PFM systems. The rest of donor funding goes to parallel projects using off-budget financing arrangements channelled through separate accounts. Budget preparation, forecasting and reporting have improved but remain rather weak in the view of the Annual Performance Review of the HNPSP. Procurements systems have been streamlined to 'fit' with IDA procurement. **Harmonisation:** Weak to moderate – Some efforts with limited results due to mistrust between donors. Continuation of parallel projects means that transaction costs remain high (many donor missions and PIUs). **Managing for results:** Weak – structures in place for HNPSP allow for joint measurement of outcomes and good analysis but this is not used by government. The Health Information System cannot generate information on many indicators included in the HNPSP framework. **Mutual Accountability:** Moderate – in HNPSP but said by some to be deteriorating. There appears to be increasing disillusionment or lack of faith between government and donors.	**Ownership:** Weak to moderate – The sub-sector SWAP (PEDPII) is 'dominated' by a single lead donor who tends to 'speak for the government' (as related by other development partners). The SWAp is seen as a system which is 'parallel' to the national strategy rather than part of it. **Alignment:** Weak to moderate **Policy:** Only for formal primary education around PEDP II. Donors support a major NGO (BRAC) for non-formal education which falls entirely outside the government system. **Systems:** Pooled fund for most PEDPII donors, but major donors also have parallel projects (i.e. IDA). PEDPII itself has two parallel mechanisms; the Programme Liaison Unit (PLU) to assist with monitoring and coordination and the Programme Coordination Unit (PCU) inside government but staffed by consultants who 'carry out implementation.' **Harmonisation:** Weak to moderate – education-LCG and PLU are weak and fail to provide a clear direction around which donors and non-formal providers can harmonise. Joint supervision is carried out but mistrust between donors 'limits its effectiveness'. Five donors fund a separate program through BRAC (an NGO) with its own pooled fund and joint donor missions. **Managing for results:** Very weak – little information available on quality or outcomes. **Mutual Accountability:** Very weak – only within PEDPII, i.e. formal education.

	Water	Health	Education
Ethiopia	**Ownership:** Moderate to strong – The Universal Access Plan for water and sanitation has more ambitious targets than the Ethiopian PRSP but refers to it; the sector plan is not linked to a performance monitoring system and the strategy for implementation is not thoroughly developed. **Alignment**: Weak to moderate. **Policy**: Technical Assistance programmes implemented through separate Project Implementation Manuals but are currently reworked into a sector-wide manual. **Systems:** In essence, the sector is still projectised; in February 2007, approximately 47% of external funding was recorded on-budget in addition to the Protecting Basic Services Fund, (a fund that is channelled via a block grant to sub-federal governments to support the basic services sectors) but this merely means that donor funding is recorded; it does not mean that government channels are used for disbursement. An off-budget pooled fund for capacity building is in place. Financial reporting and procurement for capital investments follow donor procedures. The number of parallel Project Implementation Units (PIUs) was reduced over the last year with WB, AfDB, UNICEF and DFID (in silent partnership through WB) combined under one PIU; donor funding is provided in multi-year frameworks but not necessarily tied to the Ethiopian Fiscal Year. **Harmonisation**: Moderate – Donors harmonise through a sector working group around the multi-stakeholder forum supported by the EUWI; common sector priority actions and analytical work in 2007 e.g. through a number of joint missions (e.g. DFID and UNICEF piggy-backed on the WB Mid-Term Review) but not all donors are on board **Managing for Results**: Weak – The sector does not have performance-based reporting and the monitoring system is generally regarded as unreliable and not comprehensive. Monitoring & Evaluation were made a priority at the sector review in December 2007. **Mutual Accountability**: Moderate – Biannual joint sector reviews will take place starting from 2008.	**Ownership**: Strong – 'Assertive' ownership of the health-sector development programme (HSDPIII) linked to the Ethiopian PRSP, clear vision, strategy for implementation and performance-based MIS emerging. Sector government exercises leadership. **Alignment**: Weak to moderate. **Policy:** Vertical programmes lead to budget distortions and inhibit effective sector-wide planning and budgeting (over 60% of donor funding is earmarked for HIV/AIDs, TB and malaria). **Systems**: There is an on-budget pooled fund for international procurement of medical supplies and the rest of financial resources are channelled through vertical programmes that are off-budget; the sector uses donor Public Financial Management and procurement systems; aid predictability is a problem in the sector; e.g. the vertical programme PEPFAR has 12 month funding cycles; in 2008, there were no donor commitments beyond 2010. **Harmonisation:** Weak to moderate – Donors engage in a sector-working group and participate in a joint-sector review mechanism, some donors signed recent commitments under the international IHP+ initiative BUT disengagement from some important vertical programmes. **Managing for Results:** Moderate to strong – Sector was in the process of establishing a performance-based reporting system (HMIS) in 2008; ministry has shown that it can deliver and measure results for money spent but a problem is that some donors are committed to particular outcomes and insist on reporting against them. **Mutual Accountability:** Moderate – There is a code of conduct and at IHP+ some donors and vertical programmes committed themselves to increased AE. Yet, others continue not to be on board; common sector review mechanism is in place.	**Ownership**: Strong – Clear goals and vision in education sector development programme, (ESDPIII) which is linked to the Ethiopian PRSP; operationalised and accompanied by strong financial commitments from the side of the government; clear leadership from the sector government **Alignment:** Moderate to strong – **Policy**: A few donors continue to work outside the SWAp. **Systems:** Education receives the lion's share of the Protecting Basic Services Fund (38%); in addition, there is an on-budget pooled fund, GEQIP, which deals with issues such as quality and school grants; in addition, there is an off-budget pooled fund for Technical Assistance. The sector uses donor procurement systems. There was no information on the reduction of PIUs; predictability of funding was seen as an issue i.e. donor suspension of budget support in the past (1998/2005). **Harmonisation:** Moderate – Common understanding among ministry and donors that a joint review process is the way forward; well-established joint annual review mechanisms, BUT a few important donors do not actively participate; no information obtained on joint analytical work and decrease of PIUs. **Managing for Results**: Moderate to strong – Education MIS is robust and trusted. Not clear whether it is linked to performance. **Mutual Accountability**: Moderate – Joint sector review mechanism in place and working but some donors do not actively participate.

	Water	Health	Education
Uganda	**Ownership:** Strong – Government has driven the development of the SWAp and sector plans; there is a sector-wide investment plan linked to MTEF and approved by a sector working group (SWG) of government, donors and NGOs. **Alignment:** Moderate to strong **Policy:** Strong – Most donors work through the sector working group and most aid is aligned with the sector policy and strategic plan. **Systems:** Strong in rural water supply and sanitation, moderate in urban – In the rural sector 87% of aid is as sector budget support channelled to local governments in the conditional grant from the Ministry of Finance, and there are very few projects. In the urban sector there are more projects with varying degrees of integration – but no fully stand-alone project units. The basket fund – Joint Partnership Fund (JPF) – uses its own financial systems but the new Joint Water and Sanitation Sector Programme Support (JWSSPS) aims to align it further and set out an "exit strategy" from the JPF. It also aims to reduce urban projects by establishing a government financing mechanism for small towns. Central procurement procedures are sometimes bypassed because they are very slow. Disbursement of budgeted donor funds is highly predictable, at 79% or 97% if off-budget project funding to the NWSC (parastatal serving cities) is not counted. **Harmonisation:** Moderate to strong – A small number of donors are engaged in the sector working group and coordinated in a Development Partners (DPs) group. Most support at the central level is through the JPF – a basket fund with its own harmonised accounting procedures – and the JWSSPS aims to bring all aid into the sector under the same umbrella programme. Almost all analytical work in the sector is agreed and commissioned by the Sector Working Group (SWG). Some donors work in isolation e.g. on area-based programmes, or place conditions on funds. **Managing for Results:** moderate to strong – clear monitoring system and a broad-based annual review process with 10 "Golden Indicators" which add focus. The reports are high quality and follow-up on resolutions is reasonably good. However there are concerns about monitoring. The JWSSPS sets out new benchmarks and milestones to strengthen monitoring and allow performance-based aid. **Mutual Accountability:** moderate to strong – donors share information on planned activities at the SWG. Joint sector review includes central and local government, donors, civil society and private sector.	**Ownership:** Moderate to strong – Sector strategic plan is in place tied to the budgeting process, with an annual sector review. Government has taken a strong lead in some respects e.g. pushing vertical funds towards greater alignment, but donors remain powerful and government leadership has declined in recent years. **Alignment:** Weak to moderate **Policy:** Vertical funds and projects have a distorting effect, producing resource allocation which is not aligned to sector priorities but skewed towards HIV/AIDS. **Systems:** Early on in the SWAP process, the sector successfully drove increased systems alignment as donors moved towards sector budget support, and the use of parallel systems fell. However, with the introduction of vertical funds, this trend was reversed and by 2006/07 the majority of aid was provided as over 120 projects, the majority of which were off-budget. Whilst significant projects and major vertical funds remain, the government has recently had some success in pushing for alignment of vertical funds to government disbursement systems, and is insisting on integration of projects and rationalising a large number of projects into fewer larger projects. Aid has become more predictable since the SWAp and in 2006/7 donor funds were 210% above what was budgeted. However this figure masks a range of over- and under-releases from 46% to 1039%. **Harmonisation:** Weak to moderate – Donor coordination mechanisms are quite active through a DPs group that meets monthly in advance of the Health Policy Advisory Committee (HPAC) to present a united front. However some weaknesses in communication remain and coordination with UN agencies is said to be a challenge. In addition the sheer number of projects being supported means that harmonisation is not being delivered. There are also significant NGOs operating outside the SWAp. **Managing for results:** moderate – monitoring is said to have improved under the SWAp and a joint sector review produces a high quality report and undertakings every year. However both government decision making and donor funding is not well aligned to the achievement of sector results. **Mutual Accountability:** moderate – donors are required to submit information on their plans to government, which shares this information with members of HPAC. The annual sector review includes central and local government, donors and civil society.	**Ownership:** Strong - A sector strategic plan and MTEF are in place with a biannual joint sector review process. The Education Sector Consultative Committee (ESCC) includes government, donors and NGOs. It approves plans and advises on policy/strategy. Political ownership of the agenda is strong and extends to the President, for example, in the current drive for Universal Secondary Education. However, the sector lacks a strong base of ownership among civil society. **Alignment:** Strong **Policy:** Whilst sector funding is well aligned with policy, not all donors work through sector coordination processes, so their support is not always sequenced and prioritised according to the sector plan. Technical Assistance is not well aligned with government needs. **Systems:** Since the introduction of a SWAp the number of projects has greatly decreased and the majority of aid to the sector now comes in the form of general and sector budget support – more than in the water or health sectors (70% of on-budget support is in the form of sector budget support). However, the number of projects is now creeping up. Most projects disburse via government systems, but have parallel reporting procedures and separate missions. **Harmonisation:** moderate – there is a DPs group – Education Funding Agencies Group (EFAG) – but not all donors work through it. Coordination could be improved and the "politics of visibility" are still said to be in play among donors. **Managing for results:** moderate – the SWAp has strengthened capacity for planning, implementation and monitoring. A sector review process is in place but follow-up of concerns in the sector seems to be weak. There are concerns about measuring the quality of education. **Mutual Accountability:** moderate. Biannual sector review includes govt, donors and NGOs. Some information on donor activities is shared at the ESCC but not all DPs take part. There is a perception that donors cannot make up their minds whether or not to work fully with government.