

Ministry of Water and Irrigation (MWI)

Conceptual Framework Paper for the Development of a Sector-Wide Approach to Planning (SWAP) in Kenya's Water and Sanitation Sector

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1. Background

1.1 Objective of the study

In accordance with Terms of References, dated 24th November 2005, the Ministry of Water and Irrigation (MWI) requested Anders Karlsson of A.S.K. AB to undertake a study with the following objective:

‘The objective of this study is to assist the Ministry of Water and Irrigation in the preparation of a conceptual framework paper for the development of Sector-Wide Approach to Planning (SWAP) in the Kenyan Water and Sanitation Sector (WSS). More specifically the objective of the study is to:

- (i) To develop a Concept note on what the Ministry’s SWAP concept should be; particularly what is its proposed scope?
- (ii) To propose a framework for the Ministry to interact with other Ministries carrying out SWAP so as to enable the Ministry to delineate boundaries on its core activities
- (iii) To develop performance indicators for the consultant studying the establishment of a SWAP to enable the Ministry monitor and supervise the consultant.’

1.2 Role of the conceptual framework paper

The request for a conceptual framework paper came up at short notice and time will only allow the preparation of a brief outline, indicating the most important issues for further discussion within MWI.

Thus, the paper should not be seen as a blue-print but as a point of departure for further deliberations within MWI to define SWAP as it should apply in the water and sanitation sector. From a methodological point of view, such an approach is a strength. It will be necessary for the MWI team to take a stand on the issues at hand, thus contributing to participation and ownership, which are cornerstones in all endeavours towards SWAP. A number of issues for special consideration will be found in section 2.8.

2. A Concept Note

2.1 The development framework

New development modalities were developed in response to the realisation in the 1990s that development efforts did not have the expected impact in terms of poverty reduction and improved general welfare. In particular, it was noted that donor aid had little impact and was unsustainable, which was evidenced by the fact that many projects collapsed when external funding and expertise were no longer available.

These observations started a process of redefining development efforts. Emphasis was shifted to macro-economic aspects and overall policies, as expressed in Poverty Reduction Strategy Papers, PRSPs, and in various efforts to promote good governance and fight corruption. The modalities of development cooperation changed as well, which

resulted in a number of international memoranda and declarations, the latest of which is the *Paris Declaration on Aid Effectiveness* of March 2005. The latter document, which is attached as Annex 1, is based on a few principles:

- Ownership and leadership by the partner countries in developing and implementing national development strategies;
- Alignment, which means that development efforts should be based on the partner countries' national development strategies, institutions and procedures;
- Harmonisation, whereby donors' actions are more harmonised, transparent and collectively effective;
- Managing for results through improved and inclusive decision-making and resource management;
- Mutual accountability through which both donors and partners are accountable for development results (not the least towards their respective constituencies / tax payers).

The principles of the Paris Declaration are not only important to the relationship between partner countries and donors but are relevant to all stakeholders, inside and outside government. Among other things, they imply that:

- The partner country must practice 'good governance' and be pursuing a good macroeconomic and socioeconomic policy;
- Stakeholders in the recipient country must take ownership of and responsibility for policy and its implementation.

The principles also imply that internal as well as external development resources must be coherently deployed, well coordinated and efficiently managed. This means, among other things, that there must be increased coherence between policy, spending and actual results. The latter, in its turn, requires government systems to be in place and work. It also means that donor systems should be internally harmonized and aligned with the government systems.

Within this framework, development partners can use a number of modalities for their contributions. They could provide:

- budget support at macro level, e.g. to the PRSP;
- budget support, pool funding or project funding at sector level, all of which could form part of a SWAP; or
- project funding for specific purposes.

2.2 A definition of SWAP

The key word in 'a sector-wide approach' (SWAP) is *approach*. SWAP is a way of doing things in a process-oriented manner, not a goal in itself.

One definition of a sector-wide approach is:

- a process in which funding for the sector, whether internal or from donors, supports a single policy and expenditure programme, under government leadership, and adopting common approaches across the sector.

2.3 A sector approach

From the definition follows that SWAP is not a funding mechanism. It is rather a process or mechanism to link and coordinate between three levels:

- The sector approach, as defined in sector policies and strategies;
- The sector programme, which are the activities to be undertaken to reach the desired sector results and impacts;
- Support to the sector programme, which are inputs provided by Government, private stakeholders and development partners in support of the sector programme.

At the level of the sector approach, emphasis is on the relevance and coherence of policies and strategies: are they well integrated in the overall PRSP/ERS policies and will they, when implemented, lead to the desired results?

At the sector programme level, the emphasis is on the coherence between policy, spending and actual results. Does the spending actually lead to the intended results and is there value for money?

When it comes to support to the sector programme, there will be a variety of contributors and emphasis will be on how resources are transferred. Are there many separate arrangements/agreements, which would lead to high transaction costs and risks of inefficiencies, or are there efforts to streamline and pool contributions or even to provide some contributions in the form of sector budget support?

In a SWAP arrangement, stakeholders would work together as partners towards:

- One sector strategy under the stewardship of MWI;
- One sector programme, based on one expenditure framework and common monitoring and evaluation structures; and
- Common management arrangements, which will define institutional and coordination arrangements; planning and budgeting procedures; tendering mechanisms and financial disbursements; financial control and audit; procurement and logistic arrangements and performance monitoring.

The issue of common management arrangements forces considerations of the relationships between different partners. Who can legitimately be part of a decision-making process and who should be part of dialogue and exchange of information but abstain from taking part in decision-making? In accordance with the Paris Declaration, the partner country's priorities and procedures should be the preferred ones, which would

indicate that development partners should not be included in operational decision-making, but should limit themselves to deciding whether they are willing to contribute resources to activities that follow from partner country decisions, or not. A similar argument would apply if non-state actors form part of 'common management arrangements', such as sector working groups.

This issue is important, since one of the basic principles of transparent and accountable management is to avoid blurred responsibilities. Thus, careful consideration is required when establishing the common management arrangements. Throughout, it must be clear who makes different decisions, and it must be clear that the 'responsibility bucket' stops at the same person's/institution's doorstep.

2.4 Partnership principles

The development of partnerships based on one sector strategy, one sector programme and common management arrangements will require time and commitment from those involved. Moreover, partners must subscribe to agreed principles of partnership:

- Mutual respect and trust
- Transparency
- Accountability
- Openness to genuine dialogue on policy, resource allocation and determination of expenditure.

It can not be assumed that all partners share these principles from the start, or trust that others share them. Thus, a great deal of effort will be required to build mutual respect and trust, not the least by strengthening transparency and accountability in government and among other stakeholders.

Furthermore, all relevant stakeholders need to be agree on the process of designing and implementing a coherent sector programme, as expressed in multi-year Sector Investment Plans and Annual Operational Plans. How should baseline data and milestones / benchmarks be defined and what should be the characteristics of the Sector Information System (SIS) that should be used for common monitoring of sector performance? To come to a common understanding of these issues, there is need of consultative arrangements through which partners can agree on and commit themselves to common goals and processes.

2.5 Pre-conditions for and limitations of SWAP

As noted above, the move towards SWAP presupposes mutual respect and trust among stakeholders.

Experiences from other sectors indicate that trust in partners' resource management are fundamental in this respect, in particular when it comes to financial management and

procurement, but also with regard to impartiality and non-favouritism in employment opportunities and/or remunerations. Development partners and other contributors (including users) could not be expected to give up their own allocation and control systems until they are convinced that resource management procedures and capabilities are in place.

Thus, strengths and weaknesses in the sector's resource management systems should be analysed at an early stage to pave the way for improvements and affirmative action. Changes of rules, regulations and procedures, as well as extensive capacity development, might be required to mitigate concerns in these respects. The water and sanitation sector is favoured by its access to capacity development resources through the KWSP and the WSRP. Through the utilisation of these resources, it should be possible to create a situation where responsibilities and controls are increasingly handled by sector institutions. The currently existing JFA – see section 2.7 below – is an example of such a gradual approach.

Still, even if the institutional arrangements would be flawless, there would be some partners who would, for formal reasons, not be able to unconditionally support a common sector programme. Instead, they will need to attach conditions to their participation. In the education sector SWAP there is an argument that a comprehensive sector programme is a solution to this dilemma. The argument is that contributions with strings attached are more difficult to use than flexible resources. For this reason, non-flexible resources should be allocated first, to purposes that qualify for support according to the given conditions. The allocation of these resources will free other resources that would otherwise have been used for the same purposes. In this way, (limited) non-flexible contributions could be received without disturbing overall sector priorities.

2.6 'Selling' the SWAP concept

Experiences from other sectors and countries indicate that there should be distinct leadership of the SWAP process at three levels:

- The political level, where the Minister needs to take responsibility for supporting the SWAP process and gaining acceptance for it in Cabinet and Parliament;
- The policy level, where the Permanent Secretary needs to give distinct policy directives for the implementation of SWAP both internally and in relation to other ministries and partners, including development partners; and
- The technical levels, where senior Ministry officials, as well as board chairpersons and ceo:s of sector institutions take leadership of the process in their respective areas.

In the water and sanitation sector, where authority to a great extent has been de-concentrated to semi-autonomous institutions, the involvement of the sector institutions versus the involvement of the policy-making and regulatory MWI needs to be given special consideration.

The communication strategy that is under preparation is a valuable asset in the promotion of the SWAP and needs to be refined for specific technical areas.

2.7 The consultative framework

In a SWAP arrangement, there are normally regular occasions (annual or semi-annual) for broad consultations among sector stakeholders, including other ministries/ government institutions, development partners and representatives of non-state actors, such as the private sector, civil society and user representatives. The media, members of Parliament and other political representatives could take part, as well. These broad consultations serve the double purpose of providing information on sector performance and plans and of allowing feed-back from those that are to be served by the sector.

Traditionally, the water and sanitation sector attracts interest, not only from sector institutions but also from the general public and politicians at different levels. With increasing attention to water resources management, the potential group of interested parties will increase substantially. In a SWAP perspective, consideration needs to be given to how to ensure broad representation at consultative arrangements, while keeping the arrangements within manageable size.

In addition to broad consultative arrangements, it is common that arrangements are made for regular consultations in a smaller group, frequently a sector working group. Such a group, which could be divided into sub-groups, would be the interface where representatives of different groups of stakeholders meet regularly to look into policy issues and consider various proposals for sector development, for example annual operational plans and annual performance reports. While such fora should not have a mandate to make decisions for the sector, they provide essential opportunities for exchange of information, and possibly also agreements in principle, on the basis of which stakeholders can take informed decisions on their own participation in sector activities.

In some countries, the release of Poverty Reduction Credits (PRCs) is linked to sector performance. In such cases, there is need of defining mechanisms for establishing sector undertakings, as well as for monitoring whether the undertakings have been fulfilled so that PRC funds could be released. The annual consultative framework is an option for establishing such mechanisms.

The SWAP consultative mechanisms should take into consideration that joint arrangements are already in place, in the form of a Joint Financing Arrangement (JFA), currently between MWI, Danida, GTZ and Sida. Discussions are going on to expand membership of the JFA to include the UNICEF and possibly also the Netherlands and the African Development Bank. The relationship between the overall SWAP arrangements and the output-oriented JFA should be clarified with a view of strengthening complementarities.

2.8 SWAP in a water and sanitation sector perspective

In line with the arguments above, the essence of a SWAP would be a common approach to sector development among sector stakeholders. When considering the issues below, please note that the sector can be subdivided in sub-sectors, e.g.:

- Water resources management;
- Water supply, sanitation and sewerage (with rural, peri-urban and urban applications);
- Irrigation.

5.2 Is there a sector strategy framework, or a combination of sub-sector strategies, that can serve as a basis for a sector approach?

2.8.3 If a common sector programme would be one of the centrepieces of a SWAP, what would be its contents, considering the different sub-sectors? Is there / should there be an overall sector programme or are there advantages in differentiating between sub-sectors? If the latter would be the case, what should be ring-fenced? Would, for example, a 'fence' around rwss be sufficient to provide the flexibility that the sector needs?

2.8.4 Are priorities and programmes for the sector integrated in the Government medium-term expenditure framework (MTEF)?

2.8.5 To what extent are the conditions there for common management arrangements and who would be the major players in such arrangements?

2.8.6 Are there major institutional, managerial and/or capacity constraints that need to be urgently addressed in order to facilitate the move towards sector-based, rather than project-based, approaches, e.g. in financial management, procurement or smooth access to and/or efficient utilisation of funds?

2.8.7 What should characterise the preferred consultative arrangements within the sector? Should there be major and broad events, such as Joint Sector Reviews and Joint Technical Reviews, and should there be sector working groups, possible divided into sub-sector working groups? What should be the mandates of different consultative for a? Is there scope for linking the consultative process o an future PRC arrangements as per 2.7 above? How should the consultative arrangements link to existing arrangements, such as the JFA as per 2.7 above?

2.8.8 The new sector institutions are semi-autonomous under boards and ceo:s with distinct responsibilities. How does this fact the setting up of common approaches for the sector, if at all? The institutions need to be integrated in the consultative framework, not the least in bottom-up planning and budgeting activities, but should, at the same time, not be unnecessarily distracted fro their core activities. How should this balance be struck and what should be the role of MWI in the consultative process?

3. Relationship to other Ministries, sector boundaries

3.1 Relationship to ministries with coordinative functions

Experience shows that ministries with coordinative functions should be involved in the SWAP processes from the very start. Such ministries are the Ministry of Finance, the Ministry of Planning and National Development and the Office of the President. Their involvement is crucial to ensuring that the sector-based efforts towards coordination and collaboration are properly reflected in the national budget, MTEF and other regulations.

Furthermore, experience has it that ministries with coordinative functions should be solicited as convenors or co-convenors of meetings that also involve other line ministries, since it traditionally is difficult for one line ministry to call other line ministries for consultations or cooperation.

In accordance with 2.6 above, there would be distinct advantages if the PS of MWI would solicit early support and cooperation from these ministries.

3.2 Relationship to other line ministries

For MWI, there are a number of other line ministries that are of relevance from a SWAP point of view.

Obviously, there need to be close links with the Ministry of Health and the Ministry of Education, Science and Technology in the field of water supply, sanitation and hygiene promotion. In addition to the overarching consultative arrangements, there might be need for special arrangements with these two ministries, e.g. in the form of a Memorandum of Understanding that defines roles, responsibilities and modes of cooperation among the three ministries.

When other aspects of MWI's mandate are considered, such as water resources management and irrigation, there are a number of other line ministries that need to be considered, for example those dealing with the environment, agriculture, livestock, fisheries, industry, energy and regional cooperation. The degree of involvement of these ministries should form part of the continued SWAP process and appropriate levels of collaboration should be found at either sector working group or sub-sector working group levels.

3.3 Sector boundaries

As illustrated in the discussion of other line ministries above, there are no distinct sector boundaries. The same applies to non-state actors. There are a number of private sector and civil society actors whose activities are directly or indirectly linked to the water and sanitation sector. Again, the boundaries for who should be included in the direct consultative arrangements will need to be determined in the continued SWAP process. In the health sector, the line was drawn between those who are actively involved in the delivery of health services and those that link indirectly to the sector in different capacities.

4. Performance indicators for the SWAP study

Deliverables and deadlines for the work on the SWAP study are spelled out in quite some detail in section 5 of the TOR of the study.

As in all undertakings of a similar kind, the angle of approach at the inception stage will be of great importance to the direction of the continued work. It is hoped that the discussion under 2 and 3 above will provide guidance as to the focus of the study, such as:

- The sector programme concept, its comprehensiveness and links to sector investment planning (both long-term and in the form of annual operational plans) and sector information systems, including the extent to which a sector programme concept can be used to enhance the flexibility in the use of resources with varying degrees of in-built flexibility;
- Partnership principles and measures for enhanced mutual respect and trust;
- Institutional and capacity constraints that should be overcome to pave the way for closer cooperation and collaboration among sector stakeholders;
- Mechanisms for 'selling' the SWAP arrangement at different levels, including refined communication strategies.
- Sector boundaries and consultative mechanisms at different levels, including the character of common management arrangements and the level of participation by different stakeholders;
- The involvement of other ministries and government institutions.

One of the key aspects of the SWAP study is to provide comparisons and examples from other SWAP experiences. In this regard, special emphasis should be given to efforts towards central guidance from the Ministry of Planning and National Development and the Ministry of Finance. Moreover, early efforts should be made to tap the experiences in other sectors, notably the education and legal sectors. The joint guidance and experience of these institutions, including the current experiences within the health sector, should be used as a basis for discussions if the proposal of an early workshop as per 5 below would be accepted. The conclusions of such a workshop would, among other things, be instrumental in guiding the consultant's work through the final stages of the study.

5. The way forward

The SWAP study is scheduled to take more than 15 weeks, which would mean a long time of inaction, if further action would be shelved until the study is ready.

Experience from the health sector shows the value in broadening the discussion on SWAP-related issues already at an early stage. There could be reason to consider holding a workshop similar to the ones that the Ministry of Health held in October. The purpose of such a workshop would be threefold.

A first purpose would be to increase awareness among water and sanitation sector stakeholders, as well as to contribute to the building of mutual respect and trust among stakeholders. The workshop should pay special attention to the role of the new and semi-autonomous institutions in a sector programme perspective.

A second purpose would be to identify issues that need to be further looked into in order to pave the way for a sector approach. The health sector workshops were instrumental in this regard and helped identify a number of issues, where urgent action was required. These were issues relating to service delivery, planning, budgeting, the transfer of funds, financial management, procurement etc. If similar issues could be identified at an early stage of the SWAP study, it should be possible to deal with some of them, either specifically as part of the study (for example the consultative framework and the role of the new institutions in the framework) or as activities that could be given special emphasis in the KWSP capacity development programme, e.g. structures for institution-based planning, budgeting and follow-up as the point of departure for aggregate annual operational plans and performance monitoring systems at sector level.

A third purpose would be to give guidance as to areas of special importance to be captured during the final stages of the SWAP study.

There is an ongoing series of seminars or 'learning events', called 'Supporting Sector Programmes', which is sponsored i.a. by Sida. If given the opportunity, MWI should accept participation in one of these learning events.