Harmonisation in education
Synthesis and recommendations of the DIF pilot of the EFA FTI
FTI Harmonisation working group
FTI Partnership meeting, Brasilia, November 10-12, 2004

1. Introduction

The Education for All Fast Track Initiative (FTI) partnership, launched in 2002 as operational follow-up to the Dakar and Monterrey commitments, ties donors and partner countries through a set of reciprocal obligations. Developing countries commit themselves to elaborating and implementing sound and sustainable policies in education and scaling up to achieve the MDG of universal primary education as well as to increased accountability for sector results. As for donors, they commit themselves to supporting national policies with increased financing and harmonisation of their practices under government leadership.

The Donor Indicative Framework (DIF) was developed to address the issue of donor accountability in the FTI. The DIF indicators are based on DAC indicators and on the ten indicators developed by the European Commission and European Union (EU) Member States under the broader umbrella of the Rome Declaration on harmonisation of February 2003.

The DIF indicators aim at supporting increased country ownership and leadership of external support to education, on the one hand, and at measuring donor behaviour towards this goal, on the other. Accordingly, the indicators measure country led donor coordination, integration of donors’ sector analysis and priorities under the national education strategy, capacity building driven by government managers, transfer mechanisms moving towards budget support under government financial management, monitoring using indicators identified in national education strategy, joint assessment of performance led by partner country and transparent aid disbursement linked to the in-country annual education review. There is also a block of indicators measuring the degree of increased donor funding to education/basic education in the country. (See Annex 1 for the list DIF indicators.)

Four pilot countries from among FTI countries were selected for a trial phase to test the relevance, reliability and validity of the DIF indicators: Burkina Faso, Ethiopia, Mozambique and Niger. These countries were chosen with an eye on the potential synergy gains between on-going macro-economic harmonisation efforts and increasing harmonisation in education as well as the clear need for harmonisation given the large number of donors in education in these countries. The idea was also to benefit from more ambitious approaches to harmonisation that education, being one of the most advanced in donor harmonisation, allows for. The pilot was launched in June 2004; consultants financed by the European Commission visited the countries in September 2004 to assist in-country donors to draft country reports.

The present paper discusses the results of the DIF pilot and gives

- A synthesis of the main findings: progress made and challenges remaining.
- Evaluation of the DIF approach
- Recommendations for future work in harmonisation in the FTI partnership.
2. Main findings of the pilot

State of progress in donor harmonisation in education at country level

All the pilot countries have had an education sector plan and a poverty reduction strategy (PRS) in place since the late 1990’s or early 2000’s. Ethiopia’s first sector programme dates back to 1997; Mozambique’s and Burkina Faso’s to 1999; Niger’s to 2001. The existence of education sector plans has provided a good starting point and laid the necessary foundation for harmonisation efforts in education. Good progress has been made in all the pilot countries since the establishment of these sector plans and specifically in the last two years (2003 and 2004) covered by the DIF country reports.

In this context, government leadership of the harmonisation process is essential. The starting point is a functional framework of joint meetings under government leadership. This is in place in all the pilot countries (to the extent that the particular indicator on joint meetings was considered redundant). However, the degree of government leadership in education sector dialogue varies.

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<th>Government leadership in sector dialogue in Ethiopia</th>
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<td>In Ethiopia, the management of external assistance is characterised by strong government leadership. The development of the education sector plan (a third generation plan is being developed) has always had the Ministry of Education in the driver’s seat. The overall management of the Education Sector Development Plan (ESDP) is coordinated through a Secretariat in the Ministry of Education. The Secretariat is clearly leading the reform agenda concerning coordination of aid to the education sector. It acts as an interface between the donors, Ministry of Education, Ministry of Finance and Ministry of Capacity Building for monitoring and managing the ESDP and addresses the important issues in the education decentralisation reform and the needs for capacity building.</td>
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<td>Government leadership is also visible in its outspoken preference for budget support (general or sector). This preference is partly a response to the plethora of educational interventions: in the period 2002-2004, there were 56 interventions in the sector.</td>
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The FTI has given further thrust to harmonisation in education both at country level and at international level. It has highlighted the need for and set up structures to facilitate the harmonisation dialogue between the global and the local level. At country level, it has mobilised more donors to support the education sector plan made more credible through the FTI Indicative Framework. The FTI has promoted scaling up of the education sector plans directing attention to the need to finance recurrent costs and improve the poverty focus of the plans. It has encouraged a move towards pooled funds, silent partnerships and supporting education through budget support. In-country donors have also started addressing certain specific aspects of the FTI, such as compliance with the FTI benchmark for classroom construction. Though it is clear from the country reports that the current support is given outside the FTI benchmark, working groups have been set up and studies are planned to increase harmonisation in this particular issue (for example in Burkina Faso and Mozambique).
A move towards **increased flexibility and diversification of intervention modalities** is taking place in the pilot countries. In practice this has meant that there is progress from a predominance of project support to a wider range of intervention modalities, from projects to pooled funds and further to budget support. While projects remain the most common intervention mode, there has been a clear move towards programmatic support. At the same time, an increasing number of donors are supporting the partner country through general budget support.

### More flexible transfer mechanisms in Burkina Faso

The launch of the ten-year national plan for education (2000-2009) in Burkina Faso has encouraged donors to move from project support towards a diversification of transfer mechanisms ranging from projects to pooled funds and further to budget support. This has implied a more flexible support to the national education plan. In 2001, a pooled fund was created to support the education plan and three donors contributed with funding; three years later, this number had grown to eight. As a result, donors have agreed to move from a non-binding framework agreement on cooperation to a much more detailed agreement (Letter of Intent) on how to manage joint funding. The intention is to move progressively towards budget support without excluding complementary project support by donors constrained by their legal procedures. Since 2003 donors contributing to the common fund have started to phase out from project support. Four donors remain exclusively in project mode and only one donor uses general budget support linked to outcome indicators in basic education.

**Pooled funds** are considered a **transition phase**, as evidenced in the decisions of most donors who support both a pooled fund and projects in the same country to phase out from project support in benefit of a pooled fund and eventually budget support. A pooled fund is also seen as a **preparatory step** on the way towards budget support, which in many cases is the partner government’s preferred intervention modality. In preparing for budget support, where the pooled-fund option is available, partner country governments consider it very important to have all donors supporting the fund. A pooled fund frequently starts being managed under separate rules agreed on by the pool partners and the government (can be those of a donor or independent rules) and it can provide a **pathway to management under government regulations**.

Even within a sector context there is a marked flexibility on the part of governments to allow projects in order to (i) test or pilot new initiatives and ideas (ii) promote regional or province based projects that support national strategies and plans which cannot be easily managed by ministries, and (iii) circumvent management, especially procurement hold-ups where these are likely to hinder national priorities (e.g. EFA goals). It’s, however, worth bearing in mind the perverse effects the latter has proven to have in the past.

Most interventions, including projects, are planned and implemented in support of the education sector plan in all the pilot countries, i.e. there is full or close to full **policy alignment in place**. A closer look at policy alignment shows that in some countries donors’ support seems to concentrate on certain components of the sector plan, and when this is combined with project support it becomes difficult for the Ministry of education to manage. A balanced approach with support given evenly to all components of the sector plan should be sought with different donors complementing each other. A lot, however, remains to be done to improve practical alignment to country procedures.
Donor alignment in Niger

In the last four years, donors supporting education in Niger have made remarkable progress in aligning their priorities, commitments and implementation to the national sector plan, budget cycle and financial management procedures. Since 2000 most donors have moved from un-coordinated, off-budget project support to aligning their priorities and interventions to the three components identified in the national education plan. Progress is made independently of the mode of intervention of the donors, although donors using the pooled fund or sector budget support allow more flexibility in the implementation of the national education plan. In parallel, starting 2004 a joint annual review is taking place in the month of May in order to align with the annual PRS review in June and with the national budget cycle. Finally, increased efforts are made to utilise national financial regulations. The donors supporting the pooled fund for basic education have agreed in principle to rely on an implementation manual elaborated on the basis of national financial procedures. Other donors support the education sector via budget support channelled through the national treasury. Joint donor efforts are made to strengthen institutional and financial management capacity in both the Ministry of Basic Education and the Ministry of Finance. However, further progress will depend on increased capacity building and good governance enhancing trust among donors in the government procedures and execution.

There has also been a move, although far from complete, from isolated off-budget projects to interventions on-budget. In other words, there is progress towards including all external aid irrespective of delivery mode in the government’s budget planning. This poses increased demands on donors to keep agreed timetables in their aid delivery.

The degree of the harmonisation and coordination of donors’ analytical work in the pilot countries seems to vary. In some countries (e.g. Mozambique), all or most of the donors are carrying out their formal analytical work through the partner country’s ministry in the context of the sector plan and sometimes the PRS analysis. Sporadically, some donors still carry out their own analytical work. In other countries (e.g. Ethiopia), though progress has been made, many intervention strategies are still the result of bilateral analytical/unilateral work.

Education donors are participating in joint sector and increasingly also in PRS reviews with the government. They have agreed to use jointly a set of common indicators identified in the national education sector plan for monitoring progress in education. These indicators usually cover the key EFA and MDG indicators, with the FTI indicators being progressively taken on board (for example, Burkina Faso will be introducing them at the initiative of some FTI donors). The reviews feed into the reporting back to headquarters. However, this does not translate into common reporting procedures shared by donors and coordinated by the ministry.

Challenges for further progress on key indicators

Major challenges for donor harmonisation remain both in terms of particular dimensions of harmonisation and in terms of donors’ overall regulatory and policy framework for supporting activities in partner countries.

Four dimensions of harmonisation that are the least progressed appear from the pilot:

- Alignment with country procedures (financial management, reporting).
• Linking monitoring to disbursement
• Reinforcing capacity building for country leadership, including pooling of technical assistance
• Harmonisation between macro and sector level dialogue

Reliance on donor procedures rather than national ones remains predominant, although steps have been taken in the form of framework agreements, Memoranda of Understanding and Programme Implementation Manuals towards using country procedures. Constraints, however, continue to be posed by individual donors’ (fiduciary) regulations, for example, to entering into pooled funding or budget support arrangements. A negative consequence of relying on donor procedures is the insufficient attention given to and action taken to support the institutional development of partner countries.

The key to further progress in procedural alignment, where issues of good governance, public sector implementation capacity, and financial management come into play at the sector level, is building better trust in partner country systems and procedures on the one hand and being ready to accept a certain level of risk-taking, on the other. Trust is clearly a sensitive and fragile thing and can be jeopardised very easily whenever irregularities are discovered.

Linking monitoring (performance measured by indicators) to disbursement is rare. Education donors do not apply performance based disbursements in any of the pilot countries though this mechanism, i.e. conditioning disbursements on progress made is in principle available. The European Commission and some other donors use this management approach in general budget support operations. This issue is linked to partner countries not making use of performance assessments and processes in the decisions on national budget allocations and the management of the education sector. Thus there is no pre-existing context for applying a performance-based management approach. Consequently, substantial support to capacity building will have to be given to governments to realign budgets against strategic priorities and stated performance outcomes in partner countries. At the same time, donors need, despite the problems, to press ahead with aligning budgets with performance, and to give a clear policy message on this from headquarters as well as in practice in the field.

Very little harmonisation in capacity building and pooling of technical assistance (TA) is taking place at sector level in the pilot countries. Most TA is still engaged by donors at provincial, district and municipality level in traditional projects or programmes, reporting principally to donor agencies and not the government. Some initiatives at coordination of TA have been taken and the need for a common pool of TA is recognised by donors and partner governments. In some of the pilot countries, proposals to address this dimension of harmonisation though establishing a capacity building programme and/or a TA plan have been made. The Millennium Development Project raises this issue underlining the current insufficient levels of capacity building as main constraints to development and pointing out that capacity building should be seen as investment in national systems. The EU Code of Conduct provides guidelines on good practice in TA.

The country reports include some evidence of reinforcement of links between the macro and the sector level. Given the scaling up of the education sector through the FTI to include recurrent costs and the increasing number of donors providing general budget support linked to education (through indicators and the PRS policy dialogue), better harmonisation and stronger links between the macro and the sector level are clearly needed. Furthermore, in countries with three parallel dialogues that donors are involved in - macro dialogue, education
dialogue and local civil society dialogue - better inter-linkages and feedback channels need to be built between the three levels. On the positive side, in some countries education donors have started to discuss not only with the Ministry of Education but also with Office of Prime Minister and the Ministry of Finance. DAC indicators have also inspired sector donors to consider macro-level indicators for monitoring donor harmonisation. However, much remains to be done in order to ensure the interest and involvement of the Ministry of Finance and the PRS secretariat in the education sector policy discussions.

Finally, understanding of policy positions on harmonisation of different donors needs to be improved in order to identify and tackle policy level bottle-necks. Greater commitment from the headquarters to be flexible (adaptation and not standardisation) concerning their regulatory framework and decision making structures is needed. Empowerment of country offices in decision making guided by clear guidelines and training programmes is necessary for the harmonisation agenda to move ahead. Sharing of information between donors that have well-articulated harmonisation policies with implementation guidelines and others that are at the start of the process will help build up a shared knowledge base and accelerate harmonisation efforts both at headquarter and country level.

3. Evaluating the relevance of DIF indicators and the approach tested

The DIF exercise has been seen in countries as a one-off exercise where donors have been consulted by the lead agency to assess progress. Better information dissemination and sensitisation of both the headquarter and the country level donor representatives as well partner ministries is needed to encourage proactive use of the DIF indicators by in-country donors. More time is needed to take indicators like DIF on board and more qualitative and contextually bound descriptions are required. The generalisation of indicators like DIF was questioned by some donors.

As regards individual DIF indicators, some were considered irrelevant or redundant by local donor community, mainly the ones addressing the practical every-day aspects of joint work, such as the share of donors participating in meetings. Overlaps were pointed out concerning indicators on participation in joint appraisal/auditing/evaluation studies; participation in joint annual review; and participation in joint analysis of the education sector as well as between the indicator on the use of different transfer mechanisms and the one on the most harmonised transfer mechanism (see Annex 1 for the list of DIF indicators).

Three dimensions covered by the DIF indicators appear as key to measuring donor progress in harmonisation:

- Alignment (to policy priorities, budget and implementation)
- Capacity building for country leadership
- Performance based disbursement

The scope and definition of the indicators measuring the above dimensions need some modification concerning the level they address: not only country level work but also headquarters. For instance, it is not possible to progress on alignment of donor procedures with those of the government without a decision at headquarter level on modifying the donor’s regulatory framework towards more flexibility that will allow a certain degree of risk taking.
Finally, the testing of the DIF indicators has also highlighted the need to elaborate a new indicator on harmonisation between PRS dialogue and the education sector dialogue.

The pilot has highlighted the importance of recognising and supporting country level initiatives. Country initiatives have given rise to examples of good practice that should be disseminated for the benefit of other countries and other sectors.

### In-country harmonisation in education in Mozambique

A very intensive process of donor harmonisation in education has been taking place in Mozambique in 2003-2004. The process, initiated at country level, has included donor/government/joint workshops and task force work to review and strengthen the partnership process, to set strategic priorities for harmonisation and to improve the practical cooperation mechanisms and forums. The first result was the Education Cooperating Partners Joint Statement in August 2003, on agreed agendas for the cooperating partners based on DAC guidelines on harmonisation. A second set of initiatives in 2004 led to identification of an action plan. Progress in addressing the activities identified is mixed and greater continued feedback and follow-up is needed.

Donors have taken a pro-active stance to strengthening harmonisation of their own actions. They have recognised the necessity to have an inclusive approach and are making effort to take into account the varying policy positions and constraints that different donors have. One idea is to establish ‘buddy teams’ for joint work and learning based on a mapping exercise of policy positions. Substantial progress has been made in creating a credible matrix for monitoring progress and supporting each other in harmonisation. The draft matrix includes performance indicators to monitor donor commitments against items such as predictability, alignment, effective aid portfolios, capacity building and administrative burden. The matrix has been enriched by DIF indicators. Donors have also started exploring and trying out silent partnerships/delegated cooperation arrangements as mechanisms to harmonise further at local level.

### 4. Recommendations

The DIF indicators have been tried out in four countries. The next step is now to promote donor harmonisation in education in all FTI countries. The following recommendations are made in this context.

1. Each pilot country is making progress in harmonisation. As the driving forces and the mechanisms for advancement are partly different in each country, no standardized set of indicators is flexible enough to embrace the country diversity. Furthermore, the main need seems to be to set up mechanisms for the global education community to support ongoing initiatives at country level. The DIF framework reviewed and transformed into a flexible guidelines approach adaptable to country specific needs and giving the conceptual basis and rationale for the indicators, could make a substantial contribution towards this goal.

2. Further progress will require bridging the gap between the general PRS dialogue and the education sector dialogue. An opportunity is opening as an increasing number of donors active in the education sector are also giving support to education through general budget support. At country level, coherence between the two levels can be enhanced by making sure
that the education sector review feeds into PRS review from the point of view of both timing and contents messages. The voice of the sector and understanding of sector needs should be further strengthened by joint “macro-sector” harmonisation meetings with participation of macroeconomists and sector specialists in preparation of the PRS review. At headquarter level, the links between macro and sector levels will be enhanced through institutional cooperation involving the FTI, DAC and SPA.

3. There remains the imperative at international level to monitor donors’ commitments towards harmonisation, to keep donors accountable. The DIF pilot has clearly highlighted certain key dimensions: alignment, capacity building for government leadership, linking performance to disbursements, and harmonisation between macro and sector dialogue. It is proposed to identify – in the global cooperation context with DAC and SPA - a limited set of indicators on aid quality that would enable to measure donor progress to fulfil the Monterrey and MDG commitments. Arrangements should be made for an independent annual monitoring and broad dissemination of the results to be carried out.

Annex 1: DIF Guidelines & DIF Indicators
Annex 2: EU Code of conduct for education sector funding agencies