

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

Working Party on Statistics

GUIDANCE PAPER FOR REPORTING ON THE SECTOR PROGRAMME FLAG IN THE CRS

*At its meeting on 6-7 June 2006, the Working Party on Statistics asked the Secretariat to provide a guidance paper to improve reporting on budget support and sector programmes.*

*Members are invited to make use of this work in their reporting on 2006 flows and report on their experience in WP-STAT discussions on classifications in 2007.*

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## GUIDANCE PAPER FOR REPORTING ON THE SECTOR PROGRAMME FLAG<sup>1</sup> IN THE CRS

### Note by the Secretariat (December 2006)

1. The Secretariat conducted a review early 2006 on sector programme reporting. The results were presented to the Working Party on Statistics (WP-STAT) in June 2006 [cf. DCD/DAC/STAT(2006)16]. They highlighted anomalies in the reporting and various interpretations of the definition by members. The Secretariat was tasked to provide a guidance paper to improve consistency of reporting on budget support and sector programmes pending decisions on the typology of aid in general.<sup>2</sup>

2. The sector programme definition is given in the CRS/DAC Directives. Given that the “sector programme” concept has evolved in recent years, this guidance paper supplements the definition by taking into account new forms of support. It also clarifies the definition by providing a number of criteria that have to be fulfilled to report an activity as a sector programme. Concrete examples are also given.

#### *A Current definition<sup>3</sup>*

3. *Sector programme aid* comprises contributions to carry out wide-ranging development plans in a defined sector such as agriculture, education, transportation, etc. Assistance is made available "in cash" or "in kind", with or without restriction on the specific use of the funds, but on the condition that the recipient executes a development plan in favour of the sector concerned.

#### *B Clarifications to the definition*

4. A **sector programme** is the policy and budget framework guiding the development of a sector or sub-sector in a recipient country (agriculture, education, justice, etc.), and led by the recipient country. Donors and the recipient country co-ordinate their interventions in the sector through the defined sector programme. The main characteristics of a sector programme are:

- **recipient ownership:** the aim of a sector programme is to broaden the recipient ownership over public sector policy;
- **strategy:** the strategic development of the sector or sub-sector is described in an approved sectoral policy document and overall strategic framework (such as a PRSP);
- **budget:** the national budgeting of the sector programme is defined in a concrete way, e.g. sectoral medium term expenditure;

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1. Item 32 of CRS Form 1; item 23 of CRS++.

2. DCD/DAC/STAT/M(2006)2, para. 24-28.

3. DCD/DAC/STAT(2006)19/REV1, para. 74.

- **donor co-ordination:** several donors contribute to the sector or sub-sector concerned, and the sector programme facilitates a co-ordination process amongst them.

5. Donors' financial support to a sector programme can take the form of different aid modalities: **sector budget support**, **financial contribution to pooled/common funds**, or even **projects including technical co-operation** components. All these contributions to a sector programme should be flagged as "sector programme" in CRS reporting<sup>4</sup>.

*Note: A sector programme may originate from a larger **Programme Based Approach (PBA)** or **Sector Wide Approach (SWAp)** which correspond to ways of working together between donors and recipients. They lead to the development of sector programmes but do not necessarily entail fund transfers themselves, and are therefore not captured as such in reporting.*

### **C Criteria for reporting an activity as a sector programme: questions and answers, and examples**

*Can any aid modalities be reported as sector programmes?*

6. Donors use modalities such as sector budget support, pooled funding, projects and TC to contribute to sector programmes, and they are all reportable as such in CRS. However, general budget support does not target a specific sector and is therefore not reportable as a sector programme. [It should be reported under code 51010-General budget support. N.B. Code 15110-Economic and development policy/planning should not be used as it covers the "development planning and preparation of structural reforms" but not the "budget support to macroeconomic reforms".]

*Can contributions to multilateral programmes, trust funds, Public/Private partnerships be reported as sector programmes?*

**Examples:** "UNICEF girls education", "Education For All Fast Track Initiative", "Pulse polio immunization programmes", "AIDS programmes by WHO", "World Bank Water and Sanitation Programme in Africa", "Trust Fund WB education modernisation project", "IAVI".

7. These programmes are not managed by recipient countries, so the "recipient ownership/leadership" criterion of sector programmes is not fulfilled. They are not sector programmes, but the channel of delivery will indicate that they correspond to aid through multilaterals, or aid through public/private partnerships.

*Can thematic or sub-sector programmes be reported as sector programmes?*

**Example:** Afghanistan, contribution to the programme for reform of the juvenile justice programme (within the framework of the larger criminal justice reform programme in Afghanistan in order to strengthen the legislative and institutional capacities for juvenile justice).

8. "Sub-sector" programmes can be reported as sector programmes as long as they comply with the main criteria/characteristics (recipient ownership, strategy, budget, donor co-ordination). Therefore not only sectors at large (e.g. education as a whole) qualify for being considered as a sector in the context of sector programme assistance, but also sub-sectors (e.g. "vocational education sub-sector", "mine action",

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4. Reporting is preferably at component level (each component reported separately). But if the sector programme is committed in the form of a global amount, and its components are known only at a later stage, the global programme is reported first. Once the different components become known, they are described with more detail (targeted sub-sectors and allocated amounts) by revising item 26 - Description of the original Form 1. See CRS Directives DCD/DAC/STAT(2006)19/REV1, para. 75.

“cultural heritage”, “juvenile justice system” within the wider sector of governance) and cross-cutting issues (decentralisation) can be understood as sectors in this context.

*Can preparation of sector programmes qualify as sector programme assistance ?*

**Example:** pre-stage or complementary measure (organisational development, empowerment of or consultancy to government authorities in order to enable them to design or carry out a sector development plan).

9. Technical assistance/capacity building preceding or complementing a sector programme qualifies as sector programme assistance.

*If funds do not go to the national government, but to provincial structures, can this be considered as sector programme?*

10. The financial management of a sector programme is necessarily done through a national government structure (and not through a donor’s project unit). Funds made available to the sector programme need to be considered in the national budgetary planning process. However, the funds may go directly to a provincial government rather than through the national budget, if this is fully in line with central government plans.

## ANNEX

**Existing definitions for PBAs, SWAPs and Sector programmes in the  
DAC guidelines on « Harmonising Donor Practices for Effective Aid Delivery – Volume 2»**

**Programme Based Approaches** (PBAs have been defined by the Learning Network on Programme Based Approaches (LENPA) as:

A way of engaging in development co-operation based on the principle of co-ordinated support for a locally owned programme of development, such as a national poverty reduction strategy, a sector programme, a thematic programme or a programme of a specific organisation.

PBAs share the following features:

- Leadership by the host country or organisation.
- A single comprehensive programme and budget framework.
- A formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement.
- Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.

**Sector-wide approach** (DAC guidelines on « Harmonising Donor Practices for Effective Aid Delivery – Volume 2»)

A sector-wide approach is a programme-based approach operating at the level of an entire sector.

**Sector development programme** (DAC guidelines on « Harmonising Donor Practices for Effective Aid Delivery – Volume 2»)

A SDP is a specific, time-bound and costed set of actions and activities which support a sector strategy (i.e. the “single comprehensive programme and budget framework” of a PBA, which incorporates both government and donor resources).

Donors may have special terms for their own instruments that support a sector development programme (for example, the European Commission refers to its own instrument as a “sector support programme”). It is important to be clear, however, that neither a sector-wide approach nor a sector development programme is an aid instrument. A sector development programme may be (and usually is) supported by a variety of aid instruments, including aid funded projects, technical assistance, sector budget support and general budget support.