

The "SWAP": One Financial Strategy for Educational Development in Nepal

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Sector wide approaches (SWAP) have been adopted as a method of development assistance in South Asia for more than 20 years. This method channels the funds of a governmental or non-governmental foreign development agency to a target country's national treasury for the purpose of financing budget expenditures in the sector that calls for external assistance. By participating in the SWAP, the donor is entitled to select and fund projects according to its own priorities (as used in the project approach). The donor is also granted considerable influence in developing national policies in the low-income country's identified sector.

The purpose of this paper is to examine the use of this relatively new type of external educational funding, SWAP, in Nepal, one of the poorest South Asian nations. The paper is divided into four sections. The first section provides a brief description of the traditional "project" approach and the contemporary "sector wide" approach to development. The second section gives a historical account of Nepal's past experiences with project and sector wide approaches, and evaluates their impact on its development. The third section examines the situation in present-day Nepal, assessing the advantages and disadvantages of the foreign funding models for educational policy and programming. Finally, the conclusion advances the argument that both approaches sustain and advance educational opportunities in Nepal.

The Project and Sector Wide Approaches to Educational Finance

In 1975, participants of the United Nations World Conference defined development in terms of its broadest objective, that is, bringing about "sustained improvement in the well being of the individual and of society and to bestow benefits to all" (Papanek, 1977, p. 14)¹. While ameliorating the lives of individuals and society may be taken for granted as the anticipated outcome of development initiatives, the realization of development itself is a complex process. The process not only requires the formulation of a multifaceted concept of development, but it also demands the ability to plan, implement, and evaluate development initiatives. One notable element in the development process is the role and activity of the foreign donor.

Foreign donors have traditionally subscribed to the "project approach" in aiding development in low-income countries. This approach provides direct services to a specific sector in the target country. Largely conducted by the foreign agent, this method involves a lengthy and complex process of program planning, implementation and evaluation. Specifically, it begins with a basic needs survey of the targeted geographic region(s). Based on that assessment, the project team designs and implements a program that attempts to meet the needs of the identified population. Throughout the specified length of the intervention, the team monitors and evaluates the program's progress until the end of the project.

This programmatic approach to development in low-income countries may be criticized on two major accounts. The first is ideological hubris; the second is practical inefficiency. First, we may question the extent to which the lending agency's personnel discuss with the target country's development planners the development rationale, beliefs, and principles that are truly germane to the needs of the country in question. If this discussion does take place, how are the results of the discussion integrated into the actual development initiatives? If this discussion does not take place, the foreign donor is likely to assert its own development goals and objectives that may not align with the developing country's notion of development and corresponding practical needs. In the absence of genuine dialogue, the foreign agency enters the identified country with its own justifications for conducting projects, based on their development ideas and strategies. Projects often flounder as a result of this disjunction between the poor country's development ideology and strategies, and the donor country's plan and program, contributing neither to development in general, nor improvement in specific identified sectors of growth in particular. The second criticism pertains to the practical dimension of development projects. There is the prevailing problem of duplication of multiple projects, yielding numerous programs that offer wildly fluctuating degrees of quality (personal interview, 1998). In other cases, the misuse of funds, which includes allegations of corruption and malfeasance, means that monies are diverted away from the targeted population and siphoned into the coffers of powerful and influential governmental officers (personal interview, 1998).

In contradistinction to the project-oriented approach to development is the sector wide approach (SWAP). Whereas the project approach involves the planning, implementation and evaluation of specific programs--with or without the collaboration of the identified country--that attempt to address the needs of that country, the sector wide approach is first and foremost a form of financial assistance for the identified country. In the sector wide approach, the donor agency supplies the country's national treasury with money in order to finance budget expenditures in a governmental sector that requires external assistance to promote development initiatives. The donor agency is entitled to select and fund projects according to its own priorities (as in the project approach), and also gains a representative seat on a country's national planning board. In other words, the sector wide approach requires the foreign development agency's representatives to work in concert with governmental officials from the poor country to negotiate policies and plans for development in the identified sector. Nepal has employed the use of both types of approaches in their educational funding.

The History of Project and Sector Wide Approaches to Educational Funding in Nepal: 1950 - 1999

The Ministry of Education and Culture (MOEC), headed by a cabinet minister of the Crown, established a National Board of Education in 1952, whose purpose was to formulate an educational plan that offered formal and non-formal primary school opportunities for children throughout the Kingdom. This plan called for the use of Nepali, the national language, as the language of instruction for the children enrolled in the programs². Although the Nepalese government provided the majority of the financial support for its educational programs during the 1950s, there is ample evidence of the intervention of the project approach that sought to usher Nepal into the "modern age."

During the 1950s, the United States Operation Mission (USOM) provided a training program, the "Village Development Project," and its complementary "Village Development Service," to Nepalis interested in working in the rural regions of the country. The purpose of the Project and Service was to conduct a needs assessment survey, and based on the results of the survey, provide services to urban and rural dwellers. However, the Mission had a hidden agenda, as evidenced by the fact that it opened several schools throughout the country, training Village Development Workers (VDW) to teach "development skills" that were based not on the needs of the survey but on an American rural development plan³.

This use of the project approach led to a shift in the Kingdom's status in the scheme of development, from the "forbidden Kingdom" (which implies a patriarchy isolated from the rest of the world) to a "developing country" (which implies a forward-looking nation aspiring to obtain the results of globalization and modernization). By the end of its first Five Year Plan (1956-1961), the country's budget was divided into "regular" and "development" sections. The local government funded the "regular" budget; the "development" section of the budget was funded by international agencies' projects. In addition to the Village Development Project and Village Development Service, the "development" division of the budget was complemented by the projects initiated and implemented by the Rotary Club and the Red Cross.

The Government utilized a project approach in order to meet the Plan's goals. The Kingdom's education officials invited non-government (NGO) and international non-governmental organizations (INGOs) to offer educational programs (Chand, 1991)⁴. However, even with this well orchestrated approach, the INGOs and NGOs could not supply enough programs to fill the government's goals for the number of non-formal educational programs throughout the country. Given this situation, His Majesty's Government (HMG) funded non-formal educational programs in areas where the international and national non-governmental organizations could not accommodate children living in rural areas. Examples of such projects were the Integrated Hill Development Project (1975-80) and the Lahachok project (1975-1980). The Lahachok project aimed to further the efforts of the INGOs and NGOs to explore the potential of non-formal education as a form of rural development.

Based on the successful Lahachok experience, the Seti project in Nepal's Far Western Development Region, initiated by the Ministry of Education and Culture, is another example of the project approach to educational development in Nepal. The Seti project was started in 1981 with the financial and technical assistance of UNESCO and UNDP/UNICEF/AGFUND.

Two lessons learned from the Lahachok and Seti programs would not only influence the scope of educational programs implemented in Nepal in the future, but would also change the ways in which and the extent to which those programs would be funded. First, children (especially girls) who participated in either the Lahachok, or especially the Seti project, had the highest enrollment, retention, graduation, and achievement rates. Second, based on this success, the Government announced its interest in broadening the scope of the educational system. Moreover, the Government concluded

that the new system could neither be adequately funded by the existing amount of Government financial support, nor by the few projects that offered programs. Consequently the Government not only expanded its use of the project approach, but also adopted the sector wide approach.

In 1984, with financial assistance from the World Bank, the IDA [International Development Association], and UNICEF, the Ministry of Education and Culture (His Majesty's Government) planned and initiated the Primary Education Project (PEP) that sought to extend the existing educational services. Both a formal and non-formal educational initiative, PEP (1985-1991) aimed to enroll more children in both the government-sponsored formal or non-formal educational programs in six of Nepal's 75 districts⁵.

Based on achievements of the formal and non-formal PEP, the Nepalese government made it a priority to obtain substantial external grants and loans for the basic and primary education sub-sectors in order to expand the educational initiatives⁶. The Basic and Primary Education Master Plan (1991-2001), and the Primary Education Development Project scripted the importance and scope of this initiative by utilizing the sector wide approach, designating policy chairs for significant financial supporters from UNESCO, UNICEF, DANIDA, UNICEF, UNDP, the IDA, and the World Bank (Skar & Cederroth, 1997). The international donors, who served on the government's planning board, crafted policies that attempted to improve access, quality and management efficiency of primary education in Nepal as part of the BPEP. They also set out to improve the curriculum, examination, and teacher training systems of both formal and non-formal education under the aegis of PEDP⁷.

In an effort to streamline the multitudinous non-formal educational programs offered by INGOs and NGOs and coordinate these with government services, Nepal's educational planners, supported by the social-service division of the national government, designed the Out-Of-School Program (OSP) for use in non-formal educational programs in Nepal. The general goals of the OSP program are: (1) to provide basic literacy skills to those primary school age children who do not enroll in the primary schools or drop out from the schools; (2) to boost school enrollment rate by motivating graduates to enter the formal schools; (3) to reduce gender disparity in literacy by enhancing school enrollment rate of girls while increasing the general awareness of the importance of girls' education; and (4) to provide skills to increase living standards by conducting productive activities (MOEC, 1997)⁸. In sum, it calls for a significant expansion of not only the formal and non-formal educational system in Nepal, but also the ways in which the system has been funded.

As a result of the success of the BPEP, Phase I, the Nepalese educational sector continues to seek and obtain financial supporters (in the form of project approach as well as the sector wide approach) to promote the country's educational development⁹. This history has notably influenced the current educational situation in Nepal, which is the subject of the following section.

Educational Funding in Present-Day Nepal

Nepal has witnessed an expansion of both educational programs and funding during the past 50 years. The Basic and Primary Education Program (BPEP I), implemented in 1992 with multi-donor funds to improve the access, quality and management efficiency of primary education, saw the completion of the first phase in 1998¹⁰.

Currently, the Basic and Primary Education Program II or BPEP II (1999-2004) is in the second phase of implementation. Specifically, it addresses the inclusion of the sector wide approach to funding. Specifically, it addresses the inclusion of the sector wide approach to funding, although the term "sector wide approach" is not used. The term "basket approach" is used instead. The aim is to establish a unified financing (i.e. basket) "(...) to channel donor support to an agreed core investment program within the subsector basic and primary education program." (BPEP II, 1999, p. 52). In so doing, this approach seeks to use "(...) a single set of monitoring, reporting, financial tracking instruments and procurement procedures [that] would be used by all donors to reduce a potentially major burden on HMG." (BPEP II, 1999, p. 52). In other words, the "basket" concept is an approach to program funding whereby each donor would contribute funds towards the total list of policies and activities in the core investment program. The "basket" includes donations from the Major External Support Agency (MESA), which includes DANIDA, EU, IDA, and NORAD, and HMG¹¹.

More precisely, Nepal's Basic and Primary Education Program, Phase II (BPEP II) (1999-2004) core investment program receives financial support from five external agencies. DANIDA committed \$25.4 million for the five-year plan. The Norwegian Agency for Development (NORAD) promised \$23.5 million. The European Union (EU) pledged \$20 million, while the Finnish International Development Assistance (FINNIDA) offered \$5 million. In addition, the International Development Association (IDA) guaranteed \$27.6. Compared to the \$5 million tendered by the Nepalese government (His Majesty's Government or HMG), the contributions of these foreign external governments and agencies constitute the vast majority of the educational sector's total financial base (BPEP II, 1999, p. 52).

Although the sector wide approach draws in the largest financial donations, the project approach is also utilized in present-day educational funding in Nepal. The BPEP II specifically recognizes the ESAs (External Support Agency), most importantly JICA (Japanese International Cooperation Agency), UNICEF and the ADB to supplement the basket (the sector wide approach) with funds for specific projects. In addition, the project approach is also employed with regard to DANIDA, NORAD, the EU, UNICEF and FINNIDA, which contribute technical assistance and foreign training.

What are the advantages and disadvantages of external educational funding for Nepal? Much has been written on the merit (or lack thereof) with regard to the project approach in Nepal. Less has been written on the significance of the sector wide approach's advantages and disadvantages in terms of Nepal's educational development. There are four apparent advantages for a country's utilization of SWAPs. First, money would be spent on priorities set by the country, not the external agencies. (Project approach utilizes the money to implement and continue the donor's program.) Second, aid may be more efficiently managed through the country's existing structures, with ideally only

one set of monitoring and accounting mechanisms, as opposed to being managed by multiple local and foreign agencies, which have different, and at times, conflicting monitoring and accounting methods and systems. Third, in-country foreign personnel who assists in policy development and program implementation ensures financial accountability, minimizing the ability on the part of local government officials to succumb to political pressures to expend resources on matters other than agreed programs. Fourth, the amount of money invested by the external agency or governmental office can exceed the amount committed by the local government. This bonus surplus can either provide additional money to expand existing policies and their programs, or help develop policies to fund new programs.

However, the use of sector wide approaches can also disadvantage the poor country. This funding strategy may be disadvantageous in three ways. First, by inviting the financially wealthy institutions to participate in terms of this approach, the local government runs the risk of excluding organizations that cannot provide the substantial financial and personnel commitment to plan and run the necessary educational programs. In other words, SWAPs' exclusionary practices can severely curtail and reduce opportunities for knowledgeable, high quality, yet financially smaller organizations to participate in policy design and implementation of educational development in low-income countries. Second, there is the assumption that the large government and international agencies are the best providers of such services of consultation and guidance, even though in reality and practice, other supporters may provide better service for their country. (To date, however, there has not been a thorough evaluation of the quantity and quality of existing services in Nepal.) Third, although it is the avowed design that the low-income country develop policy and programs in collaboration with the guest agency, the country may end up playing second fiddle because of its dependence on the financial assistance offered by that agency. This monetary dependency may result in the poor country's adoption of positions on educational policy and programming that compromise their original ideas and visions for improving education, in the end deferring and submitting to foreign funding.

It should be noted that SWAP also presents advantages and disadvantages as far as the donor is concerned, although they lay outside the purview of this brief article. Generally speaking, the SWAP gives the donor advantage by allowing the agency to put forth its own agenda, not only in the identified sector, but also in the larger social, cultural, and political structures of the society. On the other hand, SWAP also poses disadvantages for the donor agency. First, the host government may deny access of financial resources offered by the guest agency to divisions of the targeted sector. Second, the traditional independence of INGOs and national NGOs and governmental agencies may become severely compromised. Third, in the case where INGOs and NGOs are not invited to provide financial assistance, there is the risk of funding-cuts to that educational program. Fourth, technical specialists fear that a move toward sectoral funding will either mitigate the priority given to these activities, or diminish the technical quality of the programs.

Conclusion

Educational funding in Nepal has undoubtedly expanded in the past 50 years. The Nepalese government assumed primary responsibility for funding formal and non-formal educational programs during the early 1950s. By the mid 1950s, the influence of foreign money, in terms of specific 'projects,' significantly altered the ways in which the Kingdom designed educational policies and funded educational programs. Given the expansion and success of the educational system that was largely supported by foreign efforts during the 1960s, 1970s and 1980s, the educational policy of the 1990s added the use of the sector wide approach to plan and fund educational policies and their corresponding initiatives. The sector wide approach to financial and technical support is a popular trend in today's development initiatives in Nepal, reinforcing and sustaining the educational policies and programs there. Moreover, until local governments and their national government and non-government organizations are prepared and ready for adequate and substantial financial commitments, sector wide approaches will remain a significant presence and factor in the educational development initiatives in Nepal. But SWAP, despite its apparent merit, does pose potential problems for the country receiving help. By sketching some of the pros and cons in the case of Nepal, this paper suggests some of the larger issues that may be addressed when we seek to investigate and determine the efficacy of this particular paradigm of foreign aid.

Notes

1. Hanna Papanek, "Toward Models of Development: Development Planning for Women," in *Women and National Development: The Complexities of Change*, (Chicago: University of Chicago Press, 1977), 14.
2. The 1954 Commission recommended the establishment of a single system, a single curricula, for primary education. They described a curriculum based on the indigenous needs of the children in Nepal with stronger vocational orientations, and recommended that thenceforth all newly established primary schools should follow this pattern. This initiative, however, is contradictory, for although recognizing the different needs of the indigenous population, the government imposed the curriculum as the "National" pattern with "Nepali" as the primary language.
3. By the late 1950s, the U.S. government ordered a directive to remove the project managers and insert project consultants. A project evaluation was not completed upon closure of the program. See: Fujikura. T. (1996). *Technologies of Improvement, Locations of culture: American Discourses of Democracy and 'Community Development' in Nepal*. *Studies in Nepali History and Society*, 1(2), 271-311.
4. In order to organize the NGO and INGO agencies, the government established three Service Delivery Models (SDM) and required each organization to register in one of the models. In the first model, SDM I (the Integrated Approach), the INGO finances and implements the service. The second model (the SDM II) refers to an association of the INGO and NGO as donor. (In this capacity, the financial assistance provided by the INGO basically strengthens the capacity of the affiliated NGO.) The third model (SDM III) engages the INGO in a support capacity with a local NGO. Whereas INGOs who work in the SDM I and II models require registration (in which part of

the registration goes to the government), the INGOs working in the SDM III model do not require an official consent to coordinate programs because either the donors are aligned with one more NGOs that assume responsibility for program implementation, or the organization slips in, largely unnoticed by the government and conducts their programs independent of an NGO. Just as the INGOs function within the Service Delivery Models, the NNGO (national non-government organizations) operate within a similar system. The Social Science National Coordination Council (SSNCC) originated in 1977. It serves as a registration agency for any national social organization assuming social welfare activities in Nepal. The council differentiates NGOs into one of three categories. Category One NGOs (CONGOs) staff volunteers to perform required educational services. These NGOs function throughout the entire country and usually maintain a grassroots infrastructure. Category Two NGOs (CTNGO) recruit professionals for assistance with local programs and remunerate individuals for their work. Category Three NGOs (CTNGO) serve as executors of government programs such as Small Farmers Development Project (SFDP), which is primarily the responsibility of the Ministry of Agriculture and Agricultural Development Banks. Finally, Category Four (CFNGOs) act as the communicator of information from various NGO projects to villagers and serve to educate the local citizens to available programs.

5. The largest districts were Jhapa and Dhankuta in the Eastern Development region, Tanuhu and Kaski in the Western Development Region, and Dang and Surkhet in the Midwestern Development Region.
6. ____ Nepal: Education and Human Resources Sector Assessment, May 1988. Kathmandu: Ministry of Education and Culture with the United States Agency for International Development.
7. It should be noted that although the word "project" is used in the PEP, BPEP and PEDP Nepalese educational policy statements, these "projects" are Nepalese government policies and corresponding programs for general education throughout the country and they are neither donor-designed nor pet projects.
8. The first level, OSP I, emphasizes basic literacy attainment through the nine-month, 450-hour instruction conducted in daily two-hour sessions. Its curriculum, based on Naulo Bihana I and Naulo Bihana II, emphasizes child-child, child-family and child-community relationships, cooperation, the impact of education, and personal and environmental cleanliness and health. The main objectives of OSP I are to make out-of-school children literate and to prepare them for formal schooling. BPEP initiated OSP II in 1990 with the main objective of assisting OSP I graduates to stabilize literacy and to provide functional skills. The course focuses on strengthening and broadening the skills acquired in OSP I. This nine month, 450-hour program taught in two-hour daily installments uses Naya Phadako I and Naya Phadako II, the curriculum materials which focus on civic consciousness, discipline, cooperation, unity, equality, children's rights, income-generating activities, institutional loans, and health and environmental issues. OSP III, still in the development stage and considered the final link in the non-formal educational system, aims to provide

necessary vocational skills for income-generating activities based on local needs, feasibility, and demand.

9. The BPEP II document devotes one section to the analysis of the BPEP I. The research that documents the BPEP I's successes come from a variety of sources, including HMG Statistics and Computer Section which annually undertakes the task of updating educational statistics and publishes that information in several formats. CERID (Center for Educational Innovation and Research, Tribhuvan University), and independent scholars also contributed evaluations of the BPEP I. This information can be found in _____. (1999). Basic and Primary Education Program (BPEP II) 1999-2004 Program Implementation Plan (Main Report) Keshar Mahal, Kathmandu: His Majesty's Government, Ministry of Education.
10. This document is referred to in HMG's Ninth Development Plan (1999-2002).
11. It is unclear if FINNIDA is in fact a "basket" contributor. The BPEP II document includes the organization in one reference, and excludes them in another.

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