

**Sector Budget Support in Practice**  
**Case Study**  
**Education Sector**  
**in**  
**Mali**

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## Acronyms

Please note: in order to ensure coherence, terminology used in English is, wherever possible, drawn from the World Bank's Project Appraisal Document for the Education sector programme. The acronyms used are the French acronyms (of which the details in French are provided alongside the English translation).

|             |  |   |
|-------------|--|---|
| AE          | Education Academy  | <i>Académie d'Enseignement</i>  |
| ANICT       | National Investment Agency of the local authorities                                      | <i>Agence Nationale pour les Investissements des Collectivités Territoriales</i>  |
| CAP         | Pedagogical Activity Centre  | <i>Centre d'Animation Pédagogique</i>   |
| CED         | Education Centre for Development   | <i>Centres d'Éducation pour le Développement</i>  |
| CPS         | Planning and Statistical Unit  | <i>Cellule de Planification et des Statistiques</i>   |
| DAF         | Director of Administration and Finance   | <i>Directeur Administratif et financier</i>   |
| DP          | Development Partner  |   |
| DRB         | Regional Director of Budget  | <i>Directeur Régional du Budget</i>   |
| GBS         | General Budget Support   |   |
| GRN         | Country Reference Group  |   |
| MEBA-LN     | Ministry of Basic Education, Literacy and National Languages                             | <i>Ministère de l'Éducation de Base, de l'Alphabétisation et des Langues Nationales</i>                                 |
| MEFP        | Ministry of Employment and Vocational Education  | <i>Ministère de l'Emploi et de la Formation Professionnelle</i>   |
| MESSRS      | Ministry of Secondary and Higher Education and Scientific Research                       | <i>Ministère des Enseignements Secondaire Supérieur et de la Recherche Scientifique</i>                                 |
| MoE         | Ministries of Education (generic term employed for the two ministries MEBALN and MESSRS) |   |
| MoF         | Ministry of Finance  |   |
| ODI         | Overseas Development Institute   |   |
| PAGAM / GFP | Action plan for PFM reform   | <i>Plan d'Action Gouvernemental relatif à l'Amélioration et à la Modernisation de la Gestion des Finances Publiques</i> |
| PFM         | Public Finance Management  |   |
| PISE        | Education Sector Investment Programme  | <i>Programme d'Investissement Sectoriel Education</i>   |
| PRODEC      | Ten Year Development Programme for Education   | <i>Programme Décennal de Développement de l'Éducation</i>   |
| SBS         | Sector Budget Support  |   |
| SBSiP       | Sector Budget Support in Practice  |   |
| SPA         | Strategic Partnership with Africa  |   |
| TPR         | Regional Treasury  | <i>Trésorier Payeur Régional</i>  |
| WAEMU       | West Africa Economic and Monetary Union  | <i>UEMOA: Union Economique et Monétaire Ouest Africaine</i>   |

## Glossary<sup>1</sup>

**Deconcentration** is defined as the setting up of structures of the central power at regional and local levels. The structures execute specific tasks under the ultimate responsibility of the central powers.

**Administrative Deconcentration in Mali:** deconcentrated structures exist in the eight regions, the 49 circles or districts and the 289 ‘arrondissements’ (a regrouping of two and sometimes three community council areas) as well as at the district of Bamako. For the moment deconcentrated structures mainly concern the Ministry of Finance, the Ministry of Education and the Ministry of Health.

**The deconcentrated structures of the Ministry of Education (MoE) at local level** (see also Annex 6) are responsible for the coordination, the supervision (school inspectorate in particular) and the support to education activities of local authorities. There **are two levels of deconcentrated structures for the Ministry of Education:**

- The Academy (AE): 15 academies exist at regional level (one or two per region). They are the MoE’s executing and managing structures at regional level and are responsible for the coordination, monitoring and control of all activities undertaken at regional and sub-regional level; they also give technical support and advice to different education actors and in particular the Pedagogical Activity Centres (CAPs) at district level. They replaced the old Regional Directorates of Education.
- CAPs: one or two per district. They are the MoE’s executing and managing structures at district level and are responsible for the support to and monitoring of activities undertaken by the primary schools in their district/area. They must ensure the quality of the teaching and have a central role to play in the initial and continuous training of primary school teachers. They replaced the primary school inspectorates and have taken over their responsibilities.

**Political Decentralisation** is the transfer of political power concerning public affairs to the local level, to a democratically elected authority. For the moment the responsibilities transferred to the local authorities include (i) general administration, (ii) public education, (iii) public health, (iv) supply of drinking water and sanitation, (v) local road infrastructure, (vi) markets and sports, (vii) art and culture.

**Political decentralisation has** took place following the local elections of 1999 which elected the following local authorities:

- 703 community councils (666 rural and 37 urban),
- 49 circle or district<sup>2</sup> councils ( a regrouping of local communities),
- Eight regional assemblies (a regrouping of circle/district councils) and
- Bamako district council.

The High Authority for Local Authorities (Haut Conseil des Collectivités Territoriales) provides a forum for dialogue and consultation at national level.

Local authorities have an executive structure for administration and management and employ local education and health temporary staff although the salaries of these staff are still paid by the central ministries.

<sup>1</sup> Source: Ecorys, M. Van der Linde, 2008.

<sup>2</sup> The name district is sometimes used interchangeably with the official name of ‘*cercles*’ (circles).

**Decentralised structures of the education sector include:**

- primary schools (1st cycle) under the supervision of villages (community councils);
- primary schools (2nd cycle) under the supervision of district councils;
- secondary schools under the supervision of the regional assemblies.

**In terms of public finances**, there is both fiscal decentralisation and fiscal deconcentration. The fiscal deconcentration concerns the budgets of the structures which have been administratively deconcentrated and which are managed by the regional local authority (this is the case for education)<sup>3</sup>. Fiscal decentralisation concerns the transfer of fiscal powers and of budgetary funds to the local authorities so that local authorities manage their own budgets (even though the funds still remain within the Public Treasury accounts) and raise their own funds<sup>4</sup>.

**The National Investment Agency of the Local Authorities (ANICT)** handles the financial management function for the local authorities for school classroom construction.

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<sup>3</sup> In other words, fiscal deconcentration arises when the central ministry decides upon the budget of its deconcentrated structures as part of its overall strategy but the budget of the deconcentrated structure then becomes part of the regional assembly's budget and is managed by the regional assembly.

<sup>4</sup> Again, for education this would mean that the regional assemblies decide upon the amounts to be allocated to education within their own budgets: this is not yet the case in Mali where education budgets are still decided upon as a part of the central ministry's decision making process. However, district councils may decide to build communal schools with their own budgets but this would fall outside the normally planned for school mapping done by the Ministry of Education.

## Executive summary

1. This study documents the experience with Sector Budget Support (SBS) in the education sector in Mali. It forms part of a broader study commissioned by the Strategic Partnership with Africa Task Team on Sector Budget Support which covers ten sector case studies from six different countries. The purpose of the study is to draw together experience of SBS to guide future improvements in policy and practice by partner countries and donors.

### **Sector Context**

2. Education coverage and levels have remained low in Mali despite much progress since the mid 1990's: in 2008/09 the gross enrolment ratio in primary education attained 78% (against 33% in 1992) and the retention rate for 6-12 years old reached 76%. However, gender and regional disparities subsist and education quality has suffered as the system has failed to produce sufficient and adequately qualified teachers to cater for a rapidly increasing pupil population and to regulate the flow of pupils between the primary and secondary cycles. The demand for secondary (general and technical and vocational) and higher education are high and mainly satisfied by private sector establishments.

3. Sector policy has been defined in a ten-year development programme PRODEC for universal education (by 2015) and broken down into three operational plans which gradually establish the conditions for a decentralised and deconcentrated management of the sector: PISE I (2001-2005) focussed on setting up the institutional framework and increasing access to primary education whilst PISE II (initially planned for 2006-2008 and extended one year to 2009) advanced a step further by effectively transferring some budgetary authority and the responsibility for classroom construction and teacher training to local authorities. It also addressed some of the challenges identified during the implementation of PISE I such as education quality; orientation towards vocational training; regional and gender disparities; and HIV/AIDS. PISE III will be developed during 2009 and is foreseen to be implemented over a two year period.

4. PRODEC offers a strong and clear policy framework but its operational plan, the PISE, has left out detailed consideration of the recurrent aspects of service delivery and presents a fragmented view of the sector. As a result, the sector's Annual Work Plans focus on PISE, and on the investment side of the sector. The Work Plans are not in line with the sector's MTEF, which includes normal recurrent costs. At the same time the annual budget does not strictly represent the first year of the MTEF. The MTEF includes wider donor commitments, whilst the annual budget more strictly considers only donor actual planned disbursement. The three planning documents thus present a fragmented and unclear budgeting framework. The monitoring framework is similarly fragmented, focusing on PISE implementation rather than on the sector as a whole. This makes it difficult to link achievements and results with financial performance. Nevertheless, there is a strong sector dialogue and good coordination with donors and other stakeholders in the context of a Sector Wide Approach (SWAP) developed with PISE I: bi-annual sector reviews are routinely undertaken.

5. One of the particularities of Mali's education sector policy and management is that it is one of the few sectors that fully embodies and implements the decentralisation and deconcentration process, which started in the early 2000's. Implementing decentralisation (and notably transferring budgetary funds and responsibilities to local authorities) and deconcentration (and in particular instituting a process of bottom-up programming and transferring executive powers to regions and districts to guide implementation of the education strategy) has been one of the challenges to the sector since 2006/07.

6. Public expenditure on education has grown rapidly over the last decade with a marked shift towards primary education. Recurrent expenditure on primary education rose from 27.4% of total recurrent education public expenditure in 1995 to 33.3% in 2000 and to 39.2% in 2008. The overall



education budget quadrupled between 1995 and 2005 increasing its share in total public expenditure from 16% in 2000 (3% of GDP) to 22.7% in 2006 (5.3% of GDP). However, education expenditures fell back strongly in 2007 due to a sharp shortfall in donor project financing, falling short of MTEF planned levels by almost half.

7. The implementation of PISE I dramatically increased enrolment rates (the GER increased by ten percentage points over the five years) but the quality of education was found to have suffered. As a result PISE II was designed to address this issue with *inter alia* increased teacher training whilst continuing the expansion of classrooms. Although it is too soon to see conclusive evidence so far, the implementation of PISEII has been disappointing. There have been significant delays in classroom construction and the numbers of teachers being trained has been well below target. The timeframe of PISEII has therefore been extended for a further year.

### ***The Nature of Sector Budget Support***

8. At the time of the shift to SBS, the education sector had a well established Sector Wide Approach, with PISE guiding the provision of external resources and dialogue structures which were established and functioning well. External support has been important in the Education Sector, with around a third of public expenditure on education between 2003 and 2006 funded externally. The multiplicity of donors – there are about 15 in education - has prompted government and donors to find practical ways to overcome the heavy strain on government management and implementation capacities that these different donor requirements and modalities entailed. A peculiarity of SBS in Mali is that it has largely come about as a result of initiatives outside the sector. Within the context of the Monterrey recommendations (2002) and the Rome (2003) and Paris (2005) declarations, Mali's government and its donors committed in 2004 to move towards budget support as a means for increased coordination of interventions and alignment on national procedures.

9. This commitment was put into practice in 2006 with the signing of a general agreement governing general budget support and of two sector specific agreements for sector budget support in education and health. The choice of the two sectors was based foremost on the following: (i) existence of clear sector policies, strategies and implementation plans linked to multi-annual financial frameworks, (ii) alignment of most donors' interventions to the sector's strategic priorities by common adoption of and support to the annual work plans; (iii) use by most donors of specific procedures developed for the sector including in particular budgetary procedures, public procurement and financial, accounting and internal auditing procedures; and, (iv) a well developed dialogue and monitoring framework with a good degree of donor coordination (joint sector reviews and formalised relationships between donors and government).

10. The introduction of SBS in the education sector was therefore an externally initiated move, even though the sector might have been considered as being ready for SBS given the well established SWAP structures. However, SBS retained many features of the more traditional project approach. It was implemented in a manner tailored to fit donor requirements whilst trying to keep as close to national procedures as possible. Donor requirements regarding the intended use of SBS monies and the possibility to carry forward unused monies to the following budgetary year resulted in the Ministry of Finance ensuring that SBS was traceable, and this has heavily influenced the design of SBS operations.

11. SBS started in 2006 with €33 million (representing almost 40% of donor funding to the sector). In 2007 it increased to €44.2 million (84% of funding) and € 46.2 million in 2008 (70% of planned funding). The main features of the SBS funds provided are as follows:

- SBS (alongside all donor funding) supports the PISE II and is thus earmarked to the investment side of the education budget including capital investment and operating costs linked to those investments.

- Within this, and in order to remain traceable, SBS resources have been earmarked by the Ministry of Education to the funding of specific activities within central, regional and district level annual work plans.
- SBS funds for operating costs have been disbursed using national budgetary procedures but a special disbursement and management agreement has been set up between the ministry of education and the ANICT (investment agency for local authorities) for SBS funding of investment costs (classroom construction).
- Special external auditing of SBS funded activities has been undertaken to respond to donor requirements.

12. SBS uses structures of dialogue established under the SWAP with two additional meetings to discuss SBS disbursement conditions laid out in the SBS education specific agreement: three macro-economic conditions and six sector specific conditions apply to the disbursement of the first tranche and eleven sector specific indicators to the disbursement of the second tranche.

13. The SBS initially did not have any explicit links to specific institutional strengthening or other TA programme(s), although a substantial share of SBS funds and the dialogue have supported institutional development. SBS donors are engaged in the process of developing a programme approach for capacity strengthening supported by a common fund. This aims to take a more comprehensive approach to capacity development.

14. There are no explicit links between SBS and other aid modalities. For example the approach to GBS is very different from SBS, whilst some donors continue to provide parallel project support alongside SBS. The SWAP provides an effective mechanism for coordinating donor support to the education sector.

### ***The Effects of Sector Budget Support***

15. Because SBS was implemented concomitantly with the effective budgetary deconcentration to local authorities in the education sector, it is difficult to disentangle the effects of the one and the other.

16. The effects of SBS on sector policy processes, public financial management, sector institutions, service delivery systems and accountability, have yet to play out in full as it has only been in operation for a short time. However it is possible to identify areas where improvements in sector processes have actually taken place or are likely to in future:

- Improvements in the coherence of sector planning and budgeting documents, and the link between financial and performance information are more likely, as they have been identified in the SBS dialogue. Attention given to the preparation of AWP is more likely to result in improvements in its alignment with policy objectives and the overall financial framework provided by the MTEF.
- SBS has been overwhelmingly positive in making the sector transparent for the MoE and MoF: because most of the sector's funding is now using national budgetary procedures, this has provided the MoF with a degree of visibility and control over the sector which was hitherto not possible. This has greatly enhanced the MoF's hold over the sector and facilitated budget arbitration discussions with the MoE, which were almost absent before since the national budget could only fund marginally more than the salaries and routine operational expenditure in the sector.
- It is largely thanks to the switch to SBS funding that the deconcentration and decentralisation programmes of the education sector have been effectively implemented with budget deconcentration being now an effective feature of the sector. The MoE's structures at deconcentrated levels have been able to assimilate and use national

budgetary procedures which were new to them. SBS can thus be said to have had a real impact at field level in terms of use of decentralised budgetary procedures.

- The use by SBS of government systems for budget execution has also highlighted a number of weaknesses in budget execution which are now more likely to be addressed.
- The use of SBS has brought to the fore the need to address capacity development more comprehensively, and a combination of SBS and a common fund for capacity development may prove more effective in building sector institutions.
- The use of government systems has started to reinforce domestic lines of accountability by using government budgeting and budget execution procedures. This has reinforced the role of the Ministry of Finance and the role of the MoE's financial director.

17. SBS has also had a number of perverse effects which may undermine these positive effects on sector processes if not rectified in the next SBS programme. They relate to the various derogations from government procedures that have been put in place.

- The traceability of SBS has compartmentalised budgeting for PISE II implementation, and resulted in perverse incentives, which is likely to undermine the efficiency of expenditure allocations and weaken the link with PRODEC.
- The requirement for carrying forward unspent SBS funds has undermined the incentives of the normally established annularity rule, and has reportedly created some reporting problems.
- The use of ANICT has created inefficiencies in cash management and possibly contributed to delayed classroom construction. It has also bypassed and therefore not strengthened local authorities' budget management capacities since normal budget procedures have not been used by LAs to manage investment funds, whereas this is the ultimate goal of the decentralisation strategy.

18. Finally, it should not be forgotten that SBS has provided substantial resources towards the implementation of PISE II. If these funds are effectively spent over the period, and given the likely effects above, they should improve school level capacity to deliver education. More classrooms will have been built and teachers trained; these are the key outputs of SBS funds. In addition, the shift to SBS is likely to have several positive effects on sector processes: if improvements to sector budgeting, execution and reporting are realised, then this will further strengthen the efficiency and effectiveness with which resources are deployed in the implementation of PISE II. A more comprehensive approach to capacity development may have similarly positive influence on sector outcomes.

### **Conclusions and Recommendations**

19. This review of SBS in the education sector in Mali has shown that SBS has facilitated the move towards the setting up of the deconcentrated and decentralised education system. However, in practice, the SBS as designed to support PISE II is very much a product of a transition, where both the donors and the Government are on a learning curve, away from project support. Donors have tended to shy away from the purer form of SBS, instead requesting derogations to compensate for the weaknesses they saw in the systems; the Government has been very ready to oblige without necessarily thinking through the perverse effects of some of the derogations. This has led to an unnecessary loss of effectiveness and efficiency, distortions in incentives, and opportunities missed for local authority capacity building. Fortunately both parties have come to realise some of these threats and are taking corrective action. For example, a programme approach to capacity building is under development. There is also a realisation that SBS earmarking to specific expenditure has done more harm than good. The main lesson from the Mali case is that SBS needs to be accompanied with a change in the way donors and government behave in the use of aid. It is important that derogations are not used to maintain donor and government habits which are traditionally associated with project aid.

20. A number of issues emerge for further reflection in view of the preparation of the second phase of SBS which will support PISE III from 2010. The majority of these relate to the nature of funding and financial management arrangements associated with SBS:

- Firstly, with the provision of SBS there seems to have been an amalgamation of different agendas: a desire to ensure accountability within the sector; the promotion of budgetary deconcentration; and most obviously the implementation of PISE II. However it is not evident that any of these agendas should be pursued by SBS alone. For example policies related to increasing the financial control, transparency, accountability in the sector should be left to the arena of PFM improvements being undertaken under the PAGAM: if donors are confident enough to provide GBS to Mali they should also logically be confident enough to provide SBS since the same national budgetary and audit procedures apply to all sectors. It is clear that SBS donors have a keen interest in seeing budgetary deconcentration and decentralisation be promoted in the education sector, as this is also one of the priorities of the PISE II. However this should be done in a way that is consistent with the overall decentralisation policies. The introduction of special procedures to ensure adequate financial management of school construction funds for local communities was a clear derogation from this.
- Secondly, the strings attached to SBS have been a sign of unease amongst the donors about 'letting go'. Derogations were introduced instead of strengthening the systems and institutions believed to be the weak points in the programming and expenditure chains. In the first years of a new system, such as budgetary deconcentration and bottom-up planning, the field level needs to be closely supported by the central level in its endeavours: the skills of existing human resources within the MoE deconcentrated structures and within the LAs are essential to the success of PISE implementation. The fourth component of PISE II was designed to achieve this, by focusing on the setting up of transparent and participative deconcentration, decentralisation and planning. However, it was, allocated only 7.7% of resources in the 2008 AWP. The experience in 2007 shows that more resources could be devoted by the centre to support managers at local level (CAPs) and local communities to identify bottlenecks and problems and find solutions to them.
- Thirdly, to address accountability concerns, the efforts should be turned from the traceability of funds (which should be removed) towards improving the transparency and readability of the various programming and monitoring processes and documents. This requires:
  - aligning the different programming documents so that the budget fully reflects the AWP, and the MTEF;
  - that the AWP is indeed sector-wide and includes all public sector costs, including recurrent, investment and operating costs linked to investment;
  - that the AWP is aligned on PISE priorities and
  - that the PISE be aligned on PRODEC objectives.

Aligning these different documents, simplifying the AWP process to enable staff to concentrate on priorities and aligning the monitoring documents on the programming document seem to be the essential priorities in order to have a more transparent view of the sector. This would make it easy to track what budget funds have been used for and what they have achieved which would facilitate the implementation of non earmarked SBS.

- Fourthly, in the same spirit, traceability requirements to enable carrying forward funds to the next budgetary year appear unnecessary when an indicator on government commitment to allocating available resources according to the priorities set out in the MTEF is included in the programme as a disbursement trigger. This indicator already ensures that Government is committed to provide the necessary financing up to the level agreed in the MTEF.

- Fifthly, the predictability of the timing of SBS needs to be improved. It is arguably the Government's failure to provide timely information on the disbursement triggers that holds up actual disbursement. There are several options: disbursements could be linked to indicators that are more readily available; a one year or 6 month lag could be introduced the basis of assessment (taking the performance of N-2 instead of N-1). Alternatively support could be provided to the Government institutions that are in charge of monitoring SBS and preparing the disbursement dossiers.
- Sixthly the problems experienced with the auditing of PISE II and SBS could possibly be resolved by the next SBS requesting auditing by the Bureau du Vérificateur Général whose report seemed to correspond more to the donors' needs than the simple checking of the regularity of the accounts realised by the Section des Comptes.

21. Overall, there seem to be strong arguments for abandoning some of the derogations from government systems provided for in SBS to PISE II and moving towards a non-earmarked, non traceable SBS entirely implemented through national budgetary procedures for PISE III. This would represent a major step forward and probably a step into the unknown for some donors, but would be justified under the condition that the MoE's programming and monitoring processes be slim-lined and aligned to provide full transparency of the sector and adequate information to enable the appreciation of means employed and results obtained.

22. By widening the scope of support to the entire education sector budget, the move to non-traceable SBS (and the associated removal of the existing derogations) may also facilitate extending policy, strategy and implementation discussions from the narrow PISE considerations to the wider sector issues thus shifting the focus of attention from the investment budget to cover the recurrent funding of service delivery, the systems for service delivery and human resources issues. TA and capacity building could also be refocused in such a way – both with the introduction of the capacity building pooled fund, and other project support. This all would enhance the effectiveness of sector funding, and contribute towards improving PRODEC implementation.

# 1. Introduction and Study Objectives

23. This is a case study examining Sector Budget Support in the education sector in Mali. It forms part of a broader study commissioned by the Strategic Partnership with Africa Task Team on Sector Budget Support (SBS) which covers ten sector case studies from six different countries.

24. The overall purpose of the study is to draw together experience of SBS to guide future improvements in policy and practice by partner countries and donors. The additional objective of this case study is to assess the lessons from experience to date in the education sector and to provide the Government of Mali and donors with guidance that will help them improve the design and implementation of SBS in future.

## 1.1 Methodology

25. The case study has been carried out using a methodology (ODI and Mokoro, 2008) which draws from evaluation frameworks of General Budget Support (IDD and Associates, 2006; Lawson and Booth, 2004, Caputo, Lawson and van der Linde, 2007), and the specific requirements of the Terms of Reference for the Assignment. The assessment framework has four levels:

- Level 1 breaks down sector budget support into inputs, both financial and non financial inputs such as dialogue, conditionality and associated technical assistance and capacity.
- Level 2 identifies the immediate effects of SBS inputs on the overall nature of external assistance to the sector.
- Level 3 examines the outputs influenced by SBS in terms of sector policy, budgeting, financial management, institutional capacity, service delivery and accountability systems and processes.
- Level 4 examines the likely influence of SBS on outcomes in the sector, in terms of the achievement of sector policy objectives and service delivery.

26. The assessment framework also recognises the importance of external factors on the effects of SBS, the context within which it is provided, and the existence of feedback loops between and within each of the levels. A diagram of the assessment framework is provided in Annex 1.

27. The primary question posed for the case studies by the terms of reference is as follows:

*How far has SBS met the objectives of partner countries and donors and what are the good practice lessons that can be used to improve effectiveness in future?*

28. The key purpose of the study is therefore the identification of good practice. The assessment framework will be used as the basis for the identification of cases of good practice. For the purpose of this study, good practice is defined as:

*Instances where SBS inputs (level 1), and their influence on the overall nature of external assistance to the sector (level 2), have helped strengthen sector processes (level 3) in areas which have improved, or will plausibly improve, service delivery outcomes (level 4).*

29. The case studies follow four steps in applying the assessment framework:

- The first step involves analysis of the country, sector, and aid environment, in particular evolution of sector systems and service delivery outcomes (i.e. the context from levels 1 to 4).
- The second step involves documenting and assessing the specific nature of SBS provided to the sector, and its effects on the quality of partnership in the sector (level 1).

- The third involves an assessment of the effects of SBS from inputs to outputs (i.e. across Levels 1 to 3). This is carried out along four dimensions:
  - (i) Policy, planning and budgeting processes and monitoring and evaluation systems;
  - (ii) Sector procurement, expenditure control, accounting and audit processes;
  - (iii) Sector institutions, their capacity and service delivery systems; and
  - (iv) Domestic ownership, incentives and accountability (See Figure 4).
- The fourth step involves an assessment of contribution of outputs influenced by SBS to improvements in sector outcomes (level 4).

30. The approach involved the collection and review of documentation, holding stakeholder interviews and conducting field visits to service providers. It also involved close collaboration with stakeholders through Country Reference Groups, so that findings could be further interrogated and tested.

31. The structure of this report follows the four steps. Under each of the four steps main Study Questions (SQs) have been identified, as shown in Box 1.

### **Box 1: Main Study Questions**

|   |
|---|
| <p><b>Step 1: Setting the Country, Sector and Aid Context</b></p> <p>SQ1.1: What have been the main national trends in poverty, economic performance, governance, and public sector delivery prior to and during the provision of SBS?</p> <p>SQ1.2: How have sector processes, institutions, accountability and service delivery outcomes evolved prior to and during the provision of SBS?</p> <p>SQ1.3: What has been the environment for external assistance at the national and sector level?</p> <p><b>Step 2: The Key Features of SBS Provided and its Effects on the Quality of Partnership</b></p> <p>SQ2.1: What are the key features of the SBS that has been provided?</p> <p>SQ2.2: Has SBS contributed positively to the quality of partnership and reduction in transaction costs between development partners, the recipient government and civil society?</p> <p><b>Step 3: The Influence of SBS in Practice on the Sector and Lessons Learned</b></p> <p>SQ 3.1: What has been the influence of SBS on Sector Policy, Planning, Budgeting, Monitoring and Evaluation Processes, and what are the constraints faced and lessons learned in practice?</p> <p>SQ3.2: What has been the influence of SBS on Procurement, Expenditure Control, Accounting and Audit Systems at the Sector Level, and what are the constraints faced and lessons learned in practice?</p> <p>SQ3.3: What has been the influence of SBS on Sector Institutions, their Capacity and Systems for Service Delivery, and what are the constraints faced and lessons learned in practice?</p> <p>SQ3.4: What has been the Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector, and what are the constraints faced and lessons learned in practice?</p> <p><b>Step 4: The Effectiveness of SBS, and the Conditions for Success</b></p> <p>SQ4.1: What are the main contributions that SBS has made to the improvement of sector policy processes, public financial management, sector institutions, service delivery systems and accountability, and what were the conditions for success?</p> <p>SQ4.2: Have the improvements in sector systems and processes to which SBS has contributed, had a positive influence on sector service delivery outcomes, and are they likely to do so in future?</p> |
|---|

32. The Conclusion will draw out the answer to the primary questions, and examine how the practice of the provision of SBS to the education sector can be improved in future.

## 1.2 Activities Carried Out

33. The Country Reference Group<sup>5</sup> was formed and met on the 17<sup>th</sup> of November 2008; it prepared a list of useful documents and contact persons to be met during the field visit. Documents were forwarded to the consultant in advance of the mission that started in-country on the 8<sup>th</sup> of December 2008. Meetings were held with: the four donors providing SBS to the education sector, some of the other donors providing (non SBS) support to the education sector and some of the main donors providing general budget support. Meetings were also held with the officials of the education ministries (at central level, in one region and in one district) responsible for budget programming and budget execution, monitoring of implementation and reporting; the officials responsible of the decentralisation and deconcentration process within the education sector; the budget office within the Ministry of Finance at central level and one regional budget office; the Treasury at central level and one at regional level; the ANICT (agency managing the flow of funds for primary school construction); three representatives of the civil society; a teacher training facility. Schools could not be visited because pupils were taking examinations.

34. A one day visit was organised to Ségou to meet regional and district level institutions (from the ministries of education and finance: the academy including training facility, a pedagogical centre, the regional budget director and the regional Treasury).

35. The field mission in Mali kicked off with a meeting of the Country Reference Group (GRN): the context, objectives and the broad lines of the methodology of the study were presented and the specific expectations of the GRN with regards to the exercise were discussed. As SBS donors in Mali are nearing the end of the current phase of SBS, it was expected that this study could provide recommendations for the next SBS which will be prepared for 2009-2011. Accordingly at the end of the field mission the consultants presented their main findings to the GRN with some accompanying recommendations for the next phase of SBS. A draft report of the study was sent to the GRN on the 16<sup>th</sup> of March 2009 and comments were received on the 30<sup>th</sup> of March 2009. This final report integrates the comments received.

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<sup>5</sup> The Country Reference Group for the Mali SBS Education study was set up to be presided by the Budget Director and to include the following core members: four SBS Education donors (Netherlands, France, Belgium and Canada), the Director of Administration and Finance (DAF) of the Ministry of basic education, alphabetisation and national languages (MEBA-LN), the HCCM (Haut Conseil des Collectivités du Mali) and the CNSCM (Conseil National de la Société Civile du Mali),



## 2. Country, Sector and Aid Context

### 2.1 Country Context

**SQ1.1: What have been the main national trends in poverty, economic performance, governance, and public sector delivery prior to and during the provision of SBS?**

#### Global and regional economic and political situation

36. Mali is the second largest country in West Africa (after Niger) covering an area of 1.2 million km<sup>2</sup>. Its population density is extremely variable from below 5 inhabitants/km<sup>2</sup> in the three northern desert regions (65% area, 10% population), to more than 90 inhabitants/km<sup>2</sup> in the delta region of the Niger River, against an average country-wide population density of 9.4 inhabitants per km<sup>2</sup>. There are major challenges in Mali for economic development and the delivery of public services. These include the discrepancy in population density, combined with the nomadic lifestyle of the northern population and the insecurity of that region caused by the continuous and longstanding uprising of the Tuareg rebels against the democratically elected Government<sup>6</sup>. Mali's population is very young, with 48.2% of the population aged below 14, and predominantly rural, with just under 70% of the population based in rural areas.

37. Mali's economy is largely based in its rural areas. Over 80% of the population works in agriculture or fishing which contributes around 37% to GDP (2004) whilst the tertiary sector's share of GDP has gradually risen to around 40% due to dynamic transport and telecom sub-sectors; in the secondary sector, the importance of mining has overtaken that of manufacture, the latter being mainly driven by agribusiness, textile and cotton-ginning (see annex 2a). Mali is the world's third largest gold producer, and gold made up between 60 and 70% of foreign exchange earnings over 2005-2007. Cotton is the second largest export, with 16% to 24% of foreign exchange earnings over the same period. Livestock constitutes the other main export product. Given its export mix, Mali is particularly vulnerable to fluctuations in the price of commodities.

38. Following two decennia of poor and erratic economic performance (with annual real GDP growth rates averaging +2,4% in the 1970's and +1,9% in the 1980's), Mali's transition to democracy and its adoption of strong adjustment and reform measures in the early 1990's have enabled a recovery of economic growth and the steady increase of incomes per capita (from US\$240 in 1994 to US\$487 in 2006). Real GDP growth averaged 5.6% per year during the 1990's and 5,2% during 2000-2007 against an annual population growth rate of around 3% in the 1990s and 2,3% since 2000<sup>7</sup>.

39. Despite its remarkable economic performance, Mali's economy remains very fragile due to its vulnerability to external shocks. Mali is particularly vulnerable to climatic conditions, the world prices of cotton and oil (its main import product) and its dependence upon the performance of its neighbour, Côte d'Ivoire<sup>8</sup>, upon remittances<sup>9</sup> and upon external aid (which contributes to about a third of public expenditure and three quarters of capital outlays).

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<sup>6</sup> Mali is a republic with a unicameral parliament (independent from France since 1960). Executive powers are with the President and its government; legislative powers are with the National Assembly. Judicial powers are with the Supreme Court (highest authority).

<sup>7</sup> World Economic Outlook, 1970-2008, IMF.

<sup>8</sup> Almost half of Mali's fiscal revenues stem from external trade 70% of which transits through Côte d'Ivoire.

<sup>9</sup> Remittances of Mali's diaspora are very important: net private transfers are almost equal to net official transfers in the current account over the past three years.

## Major policy orientations and public sector performance

40. Decentralisation was adopted in the 1992 constitution as a policy priority and education, a major area devolved to local authorities, has adopted decentralisation as one of its four strategic pillars (see section 2.2). Political and fiscal decentralisation became effective with the local elections of 1999 which established 761 local authorities and has been accompanied by a deconcentration process establishing 346 administrative structures at three levels<sup>10</sup>. Following the gradual shift of powers and capacities to local authorities starting in the early 2000's<sup>11</sup>, the process of budgetary deconcentration has also effectively started in January 2007, in particular concerning education expenditure (see below section 2.2).

41. In terms of Public Financial Management reform, early measures have focused on the control of expenditure levels and increase of tax revenues<sup>12</sup>. Recent developments include inter alia the elaboration of a medium term budget framework (with PRSP I), the implementation of sector MTEFs, the computerisation of budget execution and the introduction of a new budget nomenclature. Various PFM diagnostics<sup>13</sup> undertaken since 2000 have concluded that Mali's PFM presents limited fiduciary risk. Weak areas include inter alia internal and external controls, public procurement, monitoring of externally financed investments. In April 2005, the Government adopted a Government Action Plan for the Improvement and Modernization of Public Finance Management (PAGAMGFP) to address these (and other) issues in a holistic manner.

42. The implementation of reforms (in particular in PFM) and good economic performance helped increase tax revenues which rose from less than 10% of GDP in the early 1990's to just over 14% in 2008. These resources plus those freed up through the HIPC and MDRI initiatives and external support have facilitated the implementation of Mali's Poverty Reduction Strategy. Mali's first PRSP was adopted in 2002 and covered the period 2002-2006; its second PRSP covering the period 2007-2011 was approved by the cabinet in December 2006.

## Outcomes in poverty reduction and progress towards MDGs

43. The results of PRSP I in terms of poverty reduction and the improvement of social sector indicators have been positive, but less than hoped for. Despite high growth rates, economic performance fell short of the planned 6.7% per year under PRSP I which was expected to reduce poverty incidence by a quarter. Although they are improving, social indicators remain poor particularly in a global context. Mali's HDI ranking is 173 out of 177 and its education index is amongst the three lowest in the world. The level of poverty, measured at 68.3% in 2001 (income base) was brought down marginally with the implementation of PRSP I to 59.2% in 2005, with a more rapid decrease in urban areas (poverty incidence dropped from 26.2% in 2001 to 20.12% in 2005) and almost no change in rural poverty (stable around 73%)<sup>14</sup>. The depth and severity of poverty both improved (respectively from 31% in 2001 to 24% in 2005 and from 17.6% in 2001 to 12.6% in 2005).

44. The achievements of PRSP objectives in health and population have been satisfactory with good results on vaccination coverage for children under the age of one and a marked improvement

<sup>10</sup> See glossary for the distinction and features of decentralised/deconcentrated structures.

<sup>11</sup> The National Policy for decentralisation dates from 2005 and covers 2005-2014.

<sup>12</sup> Early PFM measures included: the capping of the wage bill and the gradual elimination of domestic payment arrears, the shift of public spending toward the social and priority sectors and towards higher investment levels; the expansion of the tax base, strengthening of the tax and customs administrations, reduction of tax exemptions and tax evasion; the implementation of the tax reform to align on WAEMU rules (including in particular the common external tariff) and the introduction of a single VAT rate.

<sup>13</sup> RONC 2001, CFAA 2002, EC audit/conformity test 2003, PEFA 2006.

<sup>14</sup> See PRSP I.

in access (the proportion of the population living within 5 km of a functional health centre increased from 44% in 2002 to 50% in 2005). In water supply, the rate of access to drinking water increased from 57% in 2002 to 66.1% in 2005.

45. All in all the efforts made over the last two decades in building a stable environment conducive to economic growth and since 2002 in targeting priority social sectors for the reduction of poverty have led to a steady but low increase in income levels and to a marked improvement of access to basic social services. However Mali's achievements in improving development indicators (especially those related to literacy) are constrained by the very low levels from which it started; as a result, Mali's prospects for achieving most of the MDGs by 2015 are low, particularly those on infant and child mortality, maternal health, and gender.

## 2.2 Sector Context

**SQ1.2: How have sector processes, institutions, accountability and service delivery outcomes evolved prior to and during the provision of SBS?**

### Progress in education sector outcomes<sup>15</sup>

46. At independence, access to education was extremely limited with only 7% of children attending school in 1962; it was also highly elitist, the entire focus being on producing a few highly qualified students (from the 14th century Sankoré University of Timbouctou producing 'savants' (wise men), to the medersas providing religious education and the French schools forming future administrators). Despite enormous progress in attendance rates, results achieved 30 years later still showed very low attendance (32.8% in 1992), high regional and gender disparities, low yields, high costs.

47. Since then much progress has been made in extending access to education in particular primary education (see table 2): the overall Gross Enrolment Rate improved from 27% in 1990/91 to 64.4% in 2002 to 74% in 2005 and to 78% in 2008/09 and the retention rate for 6-12 years old passed from 66% to 76.6%. However, whilst the girls' enrolment rate passed from 53.7% in 2002 to 63.4% in 2005 and 71% in 2008/09, gender parity has not been achieved and for some indicators the gap between girls and boys increased (such as completion rates of primary education where the gap increased from 13.8 points to 18.6 points between 1996 and 2005). Strong regional disparities also persist with enrolment rates in rural areas remaining less than half of those in the urban centres and some regions such as Gao, Kayes, Kidal and Tombouctou showing much lower scores than other regions whether in terms of access or performance such as repeat rates or completion rates.

48. In terms of quality, primary level education is constrained by a lack of qualified teaching staff: the pupil/teacher ratio remains high at 57 in 2002 (down from 78 in 1996), 54 in 2005 and 65 in 2008/09. The most disappointing outcome of primary education since 2006 appears to be the results of a survey on the quality of education realised in 2007: testing on learning assessments it was found that less than half the pupils of 6<sup>th</sup> year have acquired basic science, maths and technology skills whilst a quarter of these pupils had still not acquired minimum language and communication skills. After 2 years of basic schooling, 61% of pupils had not yet acquired minimal skills in sciences, maths and technology and 51% of them had not acquired the minimum standards of reading and communication skills.

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<sup>15</sup> Sector outcomes are based on information collected by : (i) the annual school census; (ii) the education statistical yearbook which publishes baseline information for primary education collected at school level and presented in a disaggregated form by region/gender; (iii) learning assessments launched by Unesco in 2005 covering primary education; (iv) implementation reports prepared for annual sector reviews; and (v) when available specific studies (including expenditure audits and PETS) and outcomes of household surveys.

49. In secondary education private schools provide a large share of intakes (one third of enrolments in general secondary education and two-thirds in vocational and technical secondary education are in private sector). The public sector was unable to respond to demand and also unsuccessful in stemming the flow of pupils from primary to secondary education: enrolment rates for the 12-16 years old were doubled during 1996-2005. Similarly, in higher education the intake of students has risen by 17% annually since 1996. Secondary and higher education remains highly inefficient with unit costs in the public facilities being up to 10 and 20 times higher than in primary education and inequitable since 10% of most educated students use up 47% of education public resources whilst parents still pay a large part of contractual teachers' salaries in community schools.

**Table 1: Evolution of Service Delivery Inputs, Outputs and Outcomes over Time**

|  | 1996  | 99/2000 | 2000/01             | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07       | 2007/08 |
|--|-------|---------|---------------------|---------|---------|---------|---------|---------|---------------|---------|
| classroom construction                                     |       |         | 2810 (6000 planned) |         |         |         |         |         |               |         |
| GER (1st cycle)  |       |         |                     |         |         |         |         |         |               |         |
| all  | 43,0% | 56,6%   |                     | 64,3%   | 67,0%   | 70,5%   | 74,0%   | 75,0%   | 75,6%         | 78,2%   |
| girls  | 34,0% | 46,0%   |                     | 53,7%   | 56,4%   | 59,9%   | 63,4%   | 67,0%   | 68,7%         | 71,1%   |
| boys   |       |         |                     | 75,3%   | 77,9%   | 81,3%   | 85,0%   | 81,5%   | 82,8%         | 85,6%   |
| Completion rate class 6                                    |       |         |                     |         |         |         |         |         |               |         |
| all  |       |         |                     |         |         | 41,6%   | 43,2%   | 48,5%   | 53,2%         | 53,3%   |
| girls  |       |         |                     |         |         |         |         | 38,4%   | 42,9%         | 44,1%   |
| boys   |       |         |                     |         |         |         |         | 58,7%   | 63,9%         | 62,7%   |
| pupils obtaining average marks in reading class 2          |       |         |                     |         |         |         | 51,0%   |         |               | 49,6%   |
| pupils obtaining average marks in maths class 2            |       |         |                     |         |         |         | 48,0%   |         |               | 41,8%   |
| pupils obtaining average marks in reading class 5          |       |         |                     |         |         |         | 43,0%   |         |               |         |
| pupils obtaining average marks in maths class 5            |       |         |                     |         |         |         | 42,0%   |         |               |         |
| Repetition rate 1st cycle:                                 |       |         |                     |         |         |         |         |         |               |         |
| all  |       | 22,0%   | 17,6%               | 19,5%   | 19,8%   | 19,0%   | 18,6%   | 17,0%   | 15,0%         | 14,2%   |
| girls  |       |         |                     | 20,0%   | 20,0%   | 19,3%   | 18,9%   | 17,3%   | 15,5%         | 14,4%   |
| boys   |       |         |                     | 19,2%   | 19,6%   | 18,7%   | 18,4%   | 16,7%   | 15,2%         | 14,0%   |
| Ratio school books French, 1st cycle                       | 1/3   |         |                     | 1/3     |         |         |         |         |               |         |
| Ratio school books maths, 1st cycle                        |       |         |                     | 1/2     |         |         |         |         |               |         |
| Ratio school books 2nd cycle                               |       |         |                     |         |         | 2,5     | 2,5     | 2,9     | 3,1           | 3,94    |
| Ratio pupils/teachers, 1st cycle                           | 78    |         |                     | 73      |         | 57      | 54      | 53      |               | 65      |
| Nb of additional communeauty teachers trained              |       |         |                     |         |         |         | 200     |         |               | 2050    |
| Percent teachers having recieved initial 6 months training |       |         |                     |         |         | 28,0%   | 35,0%   | 36,7%   | 40,0%         | 40,9%   |
| Transition rate basic/general secondary                    |       |         |                     |         |         | 40,2%   | 32,7%   | 30,7%   | 40,2%         | 37,3%   |
| GER 2nd cycle  |       |         |                     |         |         |         |         |         |               |         |
| all  |       |         |                     |         |         |         | 38,0%   | 41,5%   |               |         |
| girls  |       |         |                     |         |         |         | 28,5%   | 31,1%   |               |         |
| GER secondary  |       |         |                     |         |         |         | 30,0%   | 32,0%   |               |         |
| GER higher   |       |         |                     |         |         |         | 4,6%    | 5,1%    |               |         |
| Literacy rate > 15 years old                               |       |         |                     |         | 22,9%   | 24,0%   | 25,1%   | 26,3%   |               |         |
| Literacy rate women  |       |         |                     | 15,9%   | 16,7%   | 17,6%   | 18,5%   | 15,9%   |               |         |
| Education share in budget                                  |       |         |                     | 11,8%   | 14,1%   | 15,4%   | 15,1%   | 17,0%   |               |         |
| Education share in recurrent budget                        |       |         |                     | 29,2%   | 30,7%   | 30,0%   | 30,3%   | 30,1%   |               |         |
| Vocational training  |       |         |                     |         |         |         |         |         |               |         |
| number of schooled and non schooled youngsters trained     |       |         |                     |         |         |         |         | 790     | 2636          | 3234    |
| number of centres equipped                                 |       |         |                     |         |         |         |         | 3       | (100 planned) |         |
| number of trained CED finalists                            |       |         |                     |         |         |         |         | 2938    | (53% planned) |         |
| nombre of young non schooled trained                       |       |         |                     |         |         |         |         | 2929    | (11% planned) |         |
|  |       |         |                     |         |         |         |         | 3408    | (15% planned) |         |

50. Despite the slow progress in delivery of education in Mali, less than half - 46.6% - of the population is literate with a lower rate for women at 39.6% than for men at 53.5%. It is important to put educational levels in context. At 36.7% Mali's combined primary, secondary and tertiary gross enrolment rate is 164<sup>th</sup> out of 172 countries<sup>16</sup>.

<sup>16</sup> Source: Human Development Report 2007-2008; data concern the year 2005.

**Sector Policy and strategy** (see also annex 5)

51. After independence education reforms were launched to achieve universal education but the importance and priority attached to education as a tool for development were only really emphasised with the 1992 constitution. This led to the development of Mali's 10 year education development programme (PRODEC, 2000) which adopted the following motto: 'one school or one education development centre for every village'. PRODEC<sup>17</sup> covers the whole education system: basic education, pre-school education, special education, normal education, non formal education, secondary education, general, technical and vocational secondary education, higher education and scientific and technological research. It identifies eleven priorities for establishing universal basic education by 2015.

**Box 2: PRODEC's Eleven Priorities**

The eleven priorities of PRODEC are:

1. Quality basic education for all
2. Vocational training adapted to the economy's needs
3. General secondary and technical education renovated and performing
4. Quality higher education at controlled costs and responding to priority needs
5. Use of mother tongue as well as French in formal education
6. An operational policy of text books and didactic materials
7. A sustained training policy for teachers
8. A real partnership around schools
9. Restructuring and institutional adjustment required by the change in education system
10. A communication policy centred on dialogue and consultations with all partners
11. A sustained, balanced, rational financing policy of the education system which fits into the decentralisation framework.

52. These eleven priorities were elaborated into operational implementation plans in three phases starting with PISE I (2001-2005) and PISE II (2006-2008 extended to 2009) which were accompanied by multi-year financing plans, in the form of Sector Medium Term Expenditure Frameworks (MTEF). PISE III (initially foreseen for 2008-2010) will most probably start with a year's delay and its preparation should start in early 2009. It is important to note, that from the outset PISE excluded the major recurrent costs of education services, such as teachers' salaries, utility bills, the operating costs of schools and general administration. PISE, instead, focused on investments in the sector and some operational costs including operation and maintenance costs of investments, teaching materials, and teacher continuous training.

53. The emphasis of PISE I was on establishing the new institutional structure to manage education in a decentralised manner and to increase access to education. This included: the development of the institutional structure for decentralisation; the holding of a national forum on decentralised school management; the setting up of school management committees; the elaboration of a guide for preparing education development plans; the preparation of training modules for School management committees (CGS) and parent associations (APE). It also included the definition of a cahier des charges for the seven areas falling under local authorities; the training of CGS and APE in decentralised school management; the preparation and signature of an agreement between the Ministry of Education and the ANICT ruling their relationships and those with the local communities regarding school construction investments. It also included intensive efforts in increasing access to primary education: 2,812 new classrooms were built, four teacher training centres were built and nine pedagogic centres were set up.

<sup>17</sup> See annex 5 for a summary of PRODEC and PISE I, II and III.

54. Studies and evaluations of PISE I results provided a basis for revising the PRODEC and estimating the efforts still to be undertaken: due to demographic pressure, 2000 new classrooms would have to be opened every year and 2000 new teachers trained and recruited per year for Mali to reach its education objective in 2015 (enrolment of all 7 to 12 years old). The focus of PISE II was put on making decentralisation effective at municipal and regional level through decentralised management of education with budgetary transfers enabling communities to take charge of their responsibilities for education (and in particular of classroom construction and teacher recruitment), intensified teacher training and supplying means for improved quality of education whilst orienting more students towards vocational training, increasing efficiency of higher education, reducing regional disparities, the integration of HIV/AIDS and gender issues and the recognition of the roles of different partners in the education sector.

55. PISE II would enable the construction and equipment of 1500 classrooms per year for primary and secondary education, the rehabilitation of about 200 classrooms each year and the fitting up of about 200 classrooms for children who need special education, the construction of latrines in all public and community schools, and provision of school canteens to improve access to school, especially for girls. PISE II's four strategic components cover:

- Development of quality basic education;
- Support to general, technical and vocational secondary education, and vocational training through apprenticeship;
- Implementation of a sustainable development policy for higher education and scientific and technological research; and
- Implementation of deconcentrated and decentralized management of the education system, with effective transfer of power and resources to local authorities which will facilitate the participatory and concerted planning of initiatives in the sector.

56. The existence of the PRODEC accompanied by its two PISE implementation plans has facilitated the adoption of a programmatic approach to the sector (from 2001 onwards) with close donor involvement and coordination in planning, monitoring and financing of the plans (see 2.3). The PISE plans have provided a coherent and exhaustive framework that has been fine tuned with the donors supportive of the sector; financing plans (MTEF) were planned taking account of likely donor commitments to the sector and activities could thus be scoped accordingly. Harmonisation was further stepped up in 2006 when four donors adopted SBS to PISE II.

## **Institutions**

57. Prior to PRODEC, Mali's education sector was organised around the central structures at headquarters with regional offices guiding education development at local level. All works and supplies were organised and managed centrally; work plans and budgets were designed at headquarters and transmitted to the lower levels of administration. Since the adoption of decentralisation (written into Mali's constitution of 1992), education has been at the forefront of both deconcentration of authority to (existing) regional and (newly created) district structures as well as decentralisation with powers and budget devolved to local communities (that control school facilities' construction) and school management committees under the responsibility of the councils (who provide school furniture, supplies and teaching aids). The new institutional structure and accompanying tools (operational programming) were set-up under PISE I whilst the acceleration of the decentralisation within education was a major feature of PISE II with in particular the actual transfer of competencies and financial means as from 1<sup>st</sup> of January 2007.

58. In this context of political and fiscal decentralisation and administrative deconcentration, the following institutions are responsible for education at decentralised level (see also glossary and Annex 6):

- community councils are responsible for basic education 1<sup>st</sup> cycle (6-12 years),

- district councils for basic education 2<sup>nd</sup> cycle (12-16 years) and
- regional assemblies for secondary, technical and vocational education.

Since the 1<sup>st</sup> of January 2007, these decentralised structures have benefited from direct budget transfers for education (for classroom construction). Mayors have a greater role in the recruitment and promotion of primary school teachers although the payroll is still centralised at the ministry level. In terms of administrative responsibilities, deconcentration of the education ministry has resulted in the creation of Academies (AEs) at regional level and Centres for Pedagogic Activities (CAPs) at district level with new responsibilities and, since 1<sup>st</sup> of January 2007, funding has been received directly from the regional and district budgets. The AEs and CAPs are the executing agents of the MoE's policy at regional level (AEs) and district level (CAPs): they play a central role in ensuring the coordination, monitoring and control over teaching activities and are responsible for ensuring the quality of teaching (see glossary).

59. Finally, the Ministry of National Education (MEN) was recently (2006) split into two separate ministries: the MEBA-LN (basic education, alphabetisation and local languages) and the MESSRS (secondary and higher education and research). Technical and vocational training falls under the Ministry of Employment and Professional Education (previously it fell under the Ministry of Labour).

### **Budget Formulation and Execution**

60. There are three main instruments used in the budget formulation process – the MTEF, Annual Workplans and the Annual Budget. The sector's financial programming situation is complex with weak links between the three documents and PISE:

- The sector MTEF elaborated for 2001-05 and updated for 2006-08 provides the general framework for the financing of the sector. It includes total public expenditure (including donor commitments) estimated to be required to implement the education policy at all education levels and by all executing levels. The MTEF reflects the priorities established in the PISE but is not a direct translation of it: it is presented as six programmes as opposed to the PISE's four components, the links between components and programmes remain unidentified.
- The Annual Workplans (AWPs) are the detailed activity based operational plans for different sector institutions. Each executing agency's AWP is an annual translation of activities required to implement the PISE. Its cost is thus the investment effort required to implement the education sector strategy, including hard core investment and operational costs of these investments, and does not include recurrent costs such as staff salaries or normal operating costs. Although logically the AWP cost should fall within the MTEF's financial ceiling for investment costs, in practice (see 2007) this is not often the case as the AWP is the result of an aggregation of different levels'. AWP's have been elaborated at a time when yearly budget ceilings are not necessarily yet available or passed down to the lower levels. Therefore the AWP and the MTEF, include items for which donor financing has been identified but is not guaranteed. The 2008 AWP for the first time made an attempt at clarifying the link between the MTEF, the budget and the AWP.
- Finally, the annual budget (submitted to the Ministry of Finance and the Parliament), is the legal basis for budget implementation. The annual budget bears no obvious relationship with either the MTEF or the AWP. It includes the recurrent budget (salaries and normal operating costs) and only part of the AWP since it only includes identified and secured investment funding (investment financed on national resources and on existing donor financing).

61. Major discrepancies in financial figures between the MTEF, the AWP and the Budget thus appear: to illustrate, figures for 2008 showed the voted budget at FCFA 186 billion, the AWP at

94.4 billion, amounting, after addition of recurrent budget, to FCFA 221 billion and the MTEF (dated September 2007) at FCFA 211 billion.

62. The move towards decentralisation and deconcentration in 2006 has been reflected in budget formulation and execution. Education sector PFM is gradually moving from a highly centralised system to a more deconcentrated and decentralised system. Activity planning and budget programming were deconcentrated in 2006, when the process was transformed from a top-down to a bottom-up ('ascending') approach. Activity work plans are prepared and then gradually aggregated by the communities, the 70 district CAP, 15 regional AEs and six central directorates, and finally costed and aggregated by the ministry's planning and statistical unit (CPS) into one document; the AWP's costs only include the financing of PISE activities (and exclude salaries and normal operating costs). The budget is determined by the DAF on the basis of (i) carrying forward of salaries of existing staff and operating costs<sup>18</sup>, (ii) determination of costs of new staff and (iii) cost of AWP.

63. Budget execution has been devolved from the Ministry of Finance (MoF - main authorising officer) to the technical Ministers (secondary authorising officer) who have appointed their Administrative and financial directors (DAF) as delegated secondary authorising officers. Since the 2007 deconcentration, a part of the education (operational) budget falls directly under the regional budget of which the regional governor is secondary authorising officer with delegation of powers to the regional budget director whilst the regional treasury acts as financial controller of budget execution. Activities of educational administrative/professional staff at field level thus depend on regional funding being made available. This change from the earlier centralised funding channels through the MoE has at times (according to anecdotal evidence) led to blockages as monies were not made available despite authorisation to spend having been received creating a backlog of activities. It is true that educational activities now have to compete for funds within the regional pool of funds and at times of tight cash flow educational funding may be penalised if other funding priorities arise. However, overall, Mali's budgetary funding from national resources is considered to be reliable<sup>19</sup> and such occurrences would therefore be limited. The reliability of donor funding, at least within the education sector seems to have only seriously failed in 2007. Since 2007 the share of the education budget targeted for primary school construction falls directly under the local communities' budgets which are executed by the presidents of the district councils through the ANICT (see 3.2) and information on the flow of funds, their timing and their use appears to be less easily available than when it was all centralised at the Education Ministry's headquarters.

### **Reporting and monitoring arrangements and partner dialogue**

64. Sector monitoring arrangements are intrinsically linked with the arrangements for partner dialogue. A consultation framework ('*cadre de partenariat*') was set up with PISE I (2001) involving monthly meetings between the Ministry of Education and donor partners (DPs) to discuss progress. In addition thematic groups were set up according to needs (for PISE I there were four with three for each level of education: basic, secondary and high and one for deconcentration /decentralisation of education) and these groups, co-chaired by the Director concerned and a DP, were to meet monthly (only a sub-group of DPs attend the weekly meetings). These meetings were set up to take decisions on operational, managerial matters and in practice have met less frequently, occurring sometimes only on an ad hoc basis. Finally there are two large sector monitoring reviews per year which constitute the main platform for sector dialogue.

65. Prior to 2006 reporting on the education sector was undertaken yearly in two separate reports, one for the financial status of PISE implementation and one covering activities undertaken and

<sup>18</sup> These are estimated at regional level by the regional budget director.

<sup>19</sup> The PEFA 2007 scoring on the two indicators for budget reliability and credibility were within the top range.



physical achievements of PISE. However, the monitoring and reporting on the sector tended to be fragmented by donor projects, thus making it difficult to establish trends of inputs and outputs and obtain an overview of the sector. In 2008 (review of 2007), for the first time the two reports have been combined into one thus potentially facilitating the analysis of linkages between expenditures and results. Despite its significant shortcomings, it was possible, for the purpose of this study, to piece together information of expenditures, inputs and outcomes collected from different sources as shown in Table 1 and Table 2. In the context of the partner dialogue, development partners use a joint matrix of common performance indicators as means of monitoring sector performance. These are reviewed during the education sector review which is organised on a yearly basis by the Government (the three education ministries lead the review) with participation from all donors active in education. The aides-mémoires produced as a result of these sector reviews present the results of the common matrix as well as a thorough review of the sector's main achievements but they remain silent on the financial execution aspects. As a rule financial and technical reports from the education sector exclusively focus on PISE II activities and funding and ignore the recurrent costs of the education sector (salaries and normal operating costs); it is thus very difficult to construct an exhaustive picture of financing in the sector.

66. Unfortunately the monitoring of education expenditure and the results for more recent years have become more difficult because of the budget deconcentration process which started with the 2007 budget, and the splitting of the ministry of education.

### **Education Sector Expenditures**

67. Mali's education budget quadrupled between 1995 and 2005 (see Table 1); its share increased from 16% of total public expenditure in 2000 to 22.7% in 2006 and from just over 3% of GDP in 2000 to 5.3% in 2006. However, education expenditures fell back strongly in 2007 due to a sharp shortfall in donor project financing (only 10% of planned donor project financing materialised), falling short of MTEF planned levels by almost half. As a result investment expenditure was hit particularly hard in 2008. The situation is not likely to recover in 2008, as external funding levels were projected to remain low.

68. Over the past ten years, budget allocations within education have shifted to primary education: recurrent expenditure on primary education rose from 27.4% of total recurrent education public expenditure in 1995 to 33.3% in 2000, 38.2% in 2006 and 39.2% in 2008 (against 50% recommended by the Fast Track Initiative (FTI) and an average of 49.3% in francophone SSA countries achieved in 2004). The breakdown of expenditure by type in 2006 shows that 58% of recurrent expenditure was spent on salaries, 19% on operating costs (13.5% on teaching materials), 7% on training and just over 5% on scholarships.

69. Half of the education expenditure in 2006 was undertaken at central level, the other half at regional level; recurrent costs were equally divided between the two levels but the majority (65%) of investment costs financed by the national budget were located at regional level whereas 80% of donor financed investments were executed centrally. The donor distribution changed dramatically in 2007 with the coming on stream of budget deconcentration, supported by SBS funds. The share of investments being devolved to the regions was planned at 47% for 2008.

**Table 2: Evolution of Public Expenditure over Time**

| Education sector expenditure        | in millions of FCFA |        |         |         |         |                |                       |                       | in % of total |            |            |            |            |                |                       |
|-------------------------------------|---------------------|--------|---------|---------|---------|----------------|-----------------------|-----------------------|---------------|------------|------------|------------|------------|----------------|-----------------------|
|                                     | 1995                | 2000   | 2004    | 2005    | 2006    | 2007<br>plan'd | 2007<br>real'd<br>(1) | 2008<br>plan'd<br>(2) | 1995          | 2000       | 2004       | 2005       | 2006       | 2007<br>real'd | 2008<br>plan'd<br>(3) |
| <b>Recurrent expenditure</b>        | 22 602              | 49 241 | 82 622  | 89 199  | 110 187 | 119 924        | 116 765               | 138 962               | n.a.          | <b>79%</b> | <b>64%</b> | <b>61%</b> | <b>64%</b> | <b>71%</b>     | <b>75%</b>            |
| Pre-school                          | 125                 | 438    | 585     | 713     | 1 000   |                |                       |                       | 1%            | 1%         | 1%         | 1%         | 1%         |                | 1%                    |
| Basic 1st cycle (6-12 yrs)          | 6 184               | 16 403 | 28 937  | 30 507  | 42 128  |                |                       |                       | 27%           | 33%        | 35%        | 34%        | 38%        |                | 39%                   |
| Basic 2nd cycle (12-16yrs)          | 4 564               | 9 625  | 14 673  | 13 737  | 15 927  |                |                       |                       | 20%           | 20%        | 18%        | 15%        | 14%        |                | 13%                   |
| Normal education                    | 564                 | 1 889  | 3 120   | 5 619   | 6 336   |                |                       |                       | 2%            | 4%         | 4%         | 6%         | 6%         |                | 5%                    |
| Non formal education                | 201                 | 321    | 559     | 892     | 1 114   |                |                       |                       | 1%            | 1%         | 1%         | 1%         | 1%         |                | 3%                    |
| General secondary education         | 3 510               | 8 310  | 13 579  | 13 558  | 14 389  |                |                       |                       | 16%           | 17%        | 16%        | 15%        | 13%        |                | 11%                   |
| Technical and vocational education  | 2 234               | 4 507  | 7 679   | 10 258  | 13 582  |                |                       |                       | 10%           | 9%         | 9%         | 12%        | 12%        |                | 14%                   |
| Higher education                    | 5 220               | 7 748  | 13 490  | 13 915  | 15 711  |                |                       |                       | 23%           | 16%        | 16%        | 16%        | 14%        |                | 14%                   |
| <b>investment expenditure</b>       | n.a.                | 13 285 | 46 874  | 56 435  | 60 664  | 99 691         | 48 109                | 47 008                | n.a.          | <b>21%</b> | <b>36%</b> | <b>39%</b> | <b>36%</b> | <b>29%</b>     | <b>25%</b>            |
| National budget (incl ANICT and LA) |                     | 2 768  | 4 685   | 8 759   | 9 071   | 27 820         | 12 300                | 5 832                 |               | 21%        | 10%        | 16%        | 15%        | 26%            | 12%                   |
| SBS                                 |                     |        |         |         | 19 944  | 21 600         | 30 092                | 28 713                |               |            |            |            |            | 33%            | 63%                   |
| Other External financing            |                     | 10 517 | 42 189  | 47 676  | 31 649  | 50 271         | 5 717                 | 12 463                |               | 79%        | 90%        | 84%        | 52%        | 12%            | 27%                   |
| <b>Total</b>                        | n.a.                | 62 526 | 129 496 | 145 634 | 170 851 | 219 615        | 164 874               | 185 970               |               |            |            |            |            |                |                       |

Note (1): Recurrent expenditure is actuals and investment expenditure is available (of which FCFA 47,545 was executed).

Note (2): Data for 2008 were provided to donors upon request. They include FCFA 5,4 billion education expenditure undertaken by other ministries (Justice, agriculture, Employment, etc.).

Note (3): The breakdown applies to an amount of FCFA 135,575,701 which does not include some expenditure undertaken by other ministries; hence the amounts are not reported in the 2008 column of amounts.

## The Contribution of Policies and Expenditures to Sector Outcomes

70. The period between 2000 and 2006 saw dramatic increases in expenditure and a steady shift in the share of recurrent expenditures towards primary education, allowing increased teacher recruitment and increases in operational funding. This contributed to the steady improvements in pupil to teacher ratios. Over the same period, PISE I set the institutional framework for the education sector and focused on accelerating primary school construction but progress was much slower than anticipated: only about half the number of programmed classrooms was built and the annual output of trained teachers was even more disappointing. Studies carried out in 2004/2005 at the end of PISE I<sup>20</sup> found that access to education had been obtained at the expense of education quality (repetition rates remained very high, achievements in reading and maths remained very low by regional standards, after six years schooling only half the students could read). The system had not succeeded in reducing gender, geographic or social disparities whilst secondary and higher education remained highly inefficient.

71. Accordingly the policy implementation response, in the form of PISE II, addressed the major challenges emerging from PISE I by focusing on education quality which would be achieved through decentralised management of education. In terms of primary education, PISE II focused on classroom construction and on recruiting and training teachers; however, on both accounts realisations have been slower than anticipated as stated in the aide-mémoire of the March-April 2008 sector review. No figures were available as yet, on school constructions for 2007 and 2008 but progress has reportedly been slow since 2006. This is due to delays encountered in operationalising the new system for classroom construction via the ANICT: delays at ministry level in providing timely information on the school mapping and delayed arrival of funds to be managed by the ANICT. In terms of teacher training, it was expected that 2500 new teachers could be trained per year but only 1,525 qualified in 2007 of which 10% are estimated to end up doing something other than teaching. To address this problem, the MoE has stepped up the rapid training courses from three months to six months. In terms of continuous training, just over 14,000 teachers should have been trained by the EAs and CAPs in 2007 but training was only delivered to 2,050 teachers. A second priority for basic education was the development of curricula on which no

<sup>20</sup> These coincided with the evaluation of PISE I (see Annex for the result indicators of PISE I) and the preparation of PISE II and included an in-depth Education Country Status Report (CSR) supported by the World Bank in preparation of its Second Education Sector Programme.

progress was made during 2007. Another priority, that of supplying school text books seems to have been carried out as planned in 2007 with the supply and distribution of 7 million textbooks. Finally in terms of enrolment rates, Mali has progressed during 2007 but have fallen short of their targets (in basic 1 75.8% achieved against 77.3% planned and in basic 2 41.6% achieved against 43.1% planned). Schools offering the full basic education have increased from 40% in 2006 to 47.4% in 2007 and repeat rates have also been progressing positively although strong regional variations have been noted.

72. In terms of vocational training, no progress was made in 2007 on construction/rehabilitation and equipment but teacher training was implemented as planned: achievement rates of pupils formed have been much lower than planned. In higher education, school construction and rehabilitation, teacher training, text book acquisition and distribution were progressing at pace but the inflow of students was much greater than anticipated under PISE II (1200 pupils came into secondary schooling in 2006 alone instead of 1800 planned over the 3 year duration of the PISE II).

73. All in all sector outcomes for PISE II are thus disappointing so far. Considering its late start (September 2006 instead of January 2006), and its lack of results so far, PISE II, which should have been completed at the end of 2008, will now be extended for another year.

### 2.3 Context for External Assistance

**SQ1.3: What has been the environment for external assistance at the national and sector level?**

#### *Aid in Mali*

74. Mali enjoys strong donor support which passed from about € 450 million in 2004 (with the main multilateral agency being the EC and the main bilateral agency being France) to just over € 600 million in 2007<sup>21</sup>; almost € 4 billion were pledged at the latest donor roundtable in Bamako (June 2008) for support to the Second Growth and Poverty Reduction Strategy (2008-11). External support is almost equally divided between infrastructure and productive sectors (32%), social sectors (30%) and macro-economic support (27%) with structural reforms claiming the remainder of support. Budget support has taken an increasingly important share of external aid, passing from 20% of aid in 2004 to 33% in 2006 with much of the increase due to SBS which passed from € 31.3 million in 2005 to € 60 million in 2006 (€ 77.3 million in 2007 and € 67 million in 2008); SBS in education represents more than half of total SBS (55% in 2006, 57% in 2007 and 69% in 2008).

75. Mali faces a real problem to manage the multitude of DPs with their multiplicity of requirements and intervention modalities. Donor coordination and harmonisation are achieved in practice through:

- A well organised and formalised framework for DP dialogue consisting of:
  - Monthly donor meetings with the chair rotating every year and alternating between bilateral and multilateral partners, and
  - A technical support unit to harmonise donor aid and facilitate consultations with the government.
- A well organised and formalised framework for Government-DP dialogue consisting of:

<sup>21</sup> Data are from 'Aid on budget' (Mokoro 2008) and Ministry of Finance, DNTCP.

- High level meetings between the Government and the heads of donor or agency missions in country assisted by a technical unit comprised of one government representative and two donor representatives; an ad hoc working group on governance;
- At sector level, 10 technical working groups (with one on education) and three cross-sectoral working groups (AIDS, gender and environment) convene regularly under the leadership of one donor and interface with a specific Government interlocutor. In public finance the dialogue is centred on the implementation of the PFM reform Action plan (PAGAM/GFP). In education the dialogue concerns the implementation of PISE II.
- At sub-sectoral level, a number of working groups are organised; in education there are subgroups on basic education and on vocational training.

76. In response to the Donor Round Table Conference for Mali held in Geneva in March 2004, donors and government identified the need to improve coordination of their activities, to progressively replace multiple donor procedures by national procedures and to harmonise programmes and procedures through the adoption of budget support. The Paris Declaration on Aid Effectiveness a year later added further impetus. This led in practice to the development of:

- A joint budget support framework: signed on 29<sup>th</sup> of March 2006 by the government and 11 donors, a Memorandum of Understanding sets out a common set of general principles (reciprocal commitments, implementation modalities) for (all forms of) budget support to Mali. However, GBS donors in Mali have not yet adopted a common (harmonised) matrix of disbursement conditions.
- Sector budget support frameworks for the health sector and the education sector (one for public finance management is currently being developed). These sector specific frameworks detail the arrangements of the general framework with regard to the context of the support (objectives of the programme), stakeholders, partners' financial contributions, disbursement conditions, government commitments of information to be provided and the monitoring/evaluation/audit arrangements.

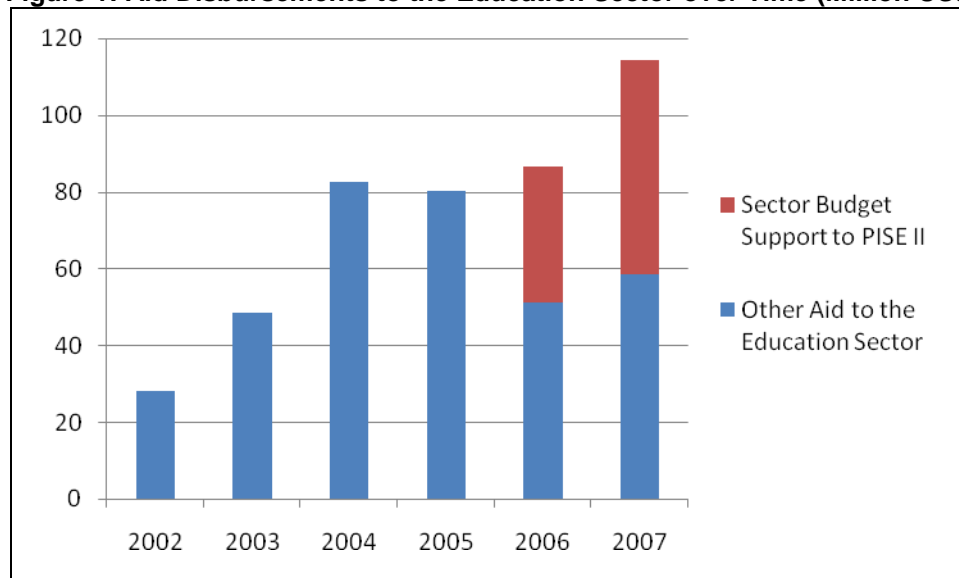
### ***Aid to the Education Sector***

77. In the education sector, a SWAP was adopted and effectively made operational from 2001 onwards with the implementation of PISE I (2001-2005). Since then about 15 donors have coordinated their support to the framework (see Table 3 below). As mentioned above, in the context of the SWAP, a consultation framework ('cadre de partenariat') was set up which offers a formal framework within which government and donors can coordinate their activities. It seems to function well, with all donors aligning to the priorities of the PRODEC and supporting the implementation of the PISE in a complementary manner so that the full PISE could be implemented (even though several modalities might be used to actually manage the activities and funds). The consultation framework is signed by all 16 partners supporting the sector. Monthly meetings are co-chaired by the Minister for Education and a DP for a six month renewable period. All DPs participate in the bi-annual joint supervision missions, using the same documentation and a joint matrix of common performance indicators. Additionally each donor may organise an independently held project review (e.g. World Bank).

78. Donors supporting PISE may channel their aid through a special account to which the Ministry applies tailored implementation procedures. These procedures (updated for PISE II) are laid out in great detail in three manuals covering (i) institutional arrangements and budgetary procedures, (ii) Public procurement, asset management and staff management procedures, and (iii) Financial, accounting and internal auditing procedures. These funds do not follow normal budgetary procedures and thus fall totally outside the scope of operations that can be monitored and controlled by the Ministry of Finance. In addition to the funds channelled through this special parallel system, traditional projects implemented by DPs (via a project management units or not) also co-exist in the sector: these are not even captured by the ministries of education.

79. In the latter period of PISE I implementation the Netherlands moved away from the PISE funding channel and experimented with direct financing of selected budget lines. These funds were channelled through a Special Treasury Account: a system of real earmarking was employed where spending units claimed back from this account the monies already spent on specific pre-agreed line items, using normal budgetary procedures.

**Figure 1: Aid Disbursements to the Education Sector over Time (Million US\$)**



Source: OECD/DAC – Creditor Reporting System Online

80. Although most donors active in the education sector operated in a bilateral fashion, closer cooperation emerged between the World Bank and Belgium (co-financing) and between Norway, Sweden and the Netherlands (the former being in silent partnership with the latter).

81. Figure 1 shows the overall trend of aid disbursements to the sector has been increasing over time in the 2000s. With the move to the second phase of the education programme (PISE II), and in response to the Geneva Round Table in 2004 (see paragraph 77 above), a group of six donors (Netherlands, Sweden, Norway, France, Canada and Belgium)<sup>22</sup> adopted SBS; two of these (France and Canada), still maintain project support too. It must be noted that the SBS was not a natural progression of operating modalities initiated from within the sector (a gradual shift away from project support to the use of joint aid modalities and the funding of the budget using increasingly the government's national budgetary procedures) but an externally driven initiative. It followed a political decision to move towards budget support, which was made at the 2004 Geneva Round Table Conference. This decision which found a natural place in the two sectors which had progressed furthest in the coordination of donors and the alignment on the national policy and strategy. Therefore, whilst the introduction of SBS in 2006 represented a switch in aid modalities from project support for some donors, significant project funding continued alongside the provision of SBS.

<sup>22</sup> SBS donors are usually counted as four because the Netherlands represent Sweden and Sweden in turn represents Norway (both silent partnerships).

**Table 3: Major Donors to the Sector in 2006, the first year of PISEII (Million Euros)**

|            | Modalities and procedures |                       |         |     |          |              | Amounts disbursed in 2006 |            |           |
|------------|---------------------------|-----------------------|---------|-----|----------|--------------|---------------------------|------------|-----------|
|            | Nature of financing       | Financing Modality    | Manag't | PMU | Field TA | Part of PISE | Total                     | Investment | Operating |
| NL         | Grant                     | SBS                   | DAF     | no  | no       | yes          | 6 921                     | 5 401      | 1 520     |
| Canada     | Grant                     | mixed                 | mixed   | no  | no       | yes          | 2 654                     | 2 412      | 242       |
| USAID      | Grant                     | mixed                 | mixed   | yes | yes      | partial      | 2 613                     | 2 613      |           |
| France AFD | Grant                     | Program approach      | DP      | no  | no       | partial      | 3 211                     | 2 902      | 309       |
| UNESCO     | Grant                     | Program approach      | DP      | no  | no       | no           | 59                        |            | 59        |
| UNICEF     | Grant                     | Program approach      | DP      | yes | yes      | partial      | 1 708                     | 352        | 1 356     |
| WFP        | Grant                     | Program approach      | DP      | no  | no       | no           | 3 712                     | 3 712      |           |
| FAD        | Loan                      | Project approach      | PMU     | yes |          | no           | 692                       | 596        | 96        |
| Japan      | Grant                     | Project approach      | DP      |     |          | no           | 6 208                     | 6 208      |           |
| OPEP Fund  | Loan                      | Project approach      | PMU     | yes | no       | no           | 0                         |            |           |
| UNDP       | Grant                     | Project approach      | PMU     | yes | yes      | no           | 269                       | 95         | 174       |
| World Bank | Loan                      | SBS/GBS               | DAF     | no  | no       | yes          | 3 778                     | 3 276      | 502       |
| GTZ        | Grant                     | Technical cooperation | DP      | yes | yes      | partial      | 384                       | 214        | 170       |
| Total      |                           |                       |         |     |          |              | 32 209                    | 27 781     | 4 428     |

### 3. The Key Features of SBS Provided and its Effects on the Quality of Partnership

82. This section provides a description of SBS in support of the education sector in Mali. It provides information on the nature of SBS provided; the level and predictability of SBS funding; financial management arrangements; earmarking and additionality; predictability; conditionality and dialogue; future evolution of each of these programmes. This section also examines the effect SBS has had on the quality of partnership between donors and the GoM in the education sector.

#### 3.1 The Key Features of SBS Provided

**SQ2.1: What are the key features of the SBS that has been provided?**

##### *The move to SBS and its Objectives*

83. The move to SBS was made by a sub-set of donors within the existing programmatic approach in support to PISE II. An overarching SBS education agreement was formulated, setting out a set of common rules. This agreement and the individual financing agreements describe SBS as coming in support of the education sector's 3 year investment programme (PISE II) and thus of its objectives. The Netherlands was the first to sign the SBS agreement in 2006, with Norway and Sweden as silent partners. In 2007, three other donors followed suit. France (in 2007) and Canada (in 2008) provided SBS funding alongside their project funding. Belgium (in 2007) moved from supporting a World Bank (WB) funded project to SBS. SBS partners all scheduled their support running up to 2008 the planned end date for PISE II. However this has been delayed and donors will probably bridge the 2009 gap with a temporary stop-gap support of one year before designing their support to PISE III.

84. As mentioned earlier, the shift to SBS put into operation agreements reached between the donor community and the Government to gradually move towards GBS and SBS as a preferred mode of ODA. For Sweden, SBS is a stepping stone to future GBS.

##### *The Nature of SBS Provided*

85. For the purposes of the overall SBSIP study<sup>23</sup>, Sector Budget Support is defined as those aid programmes where:

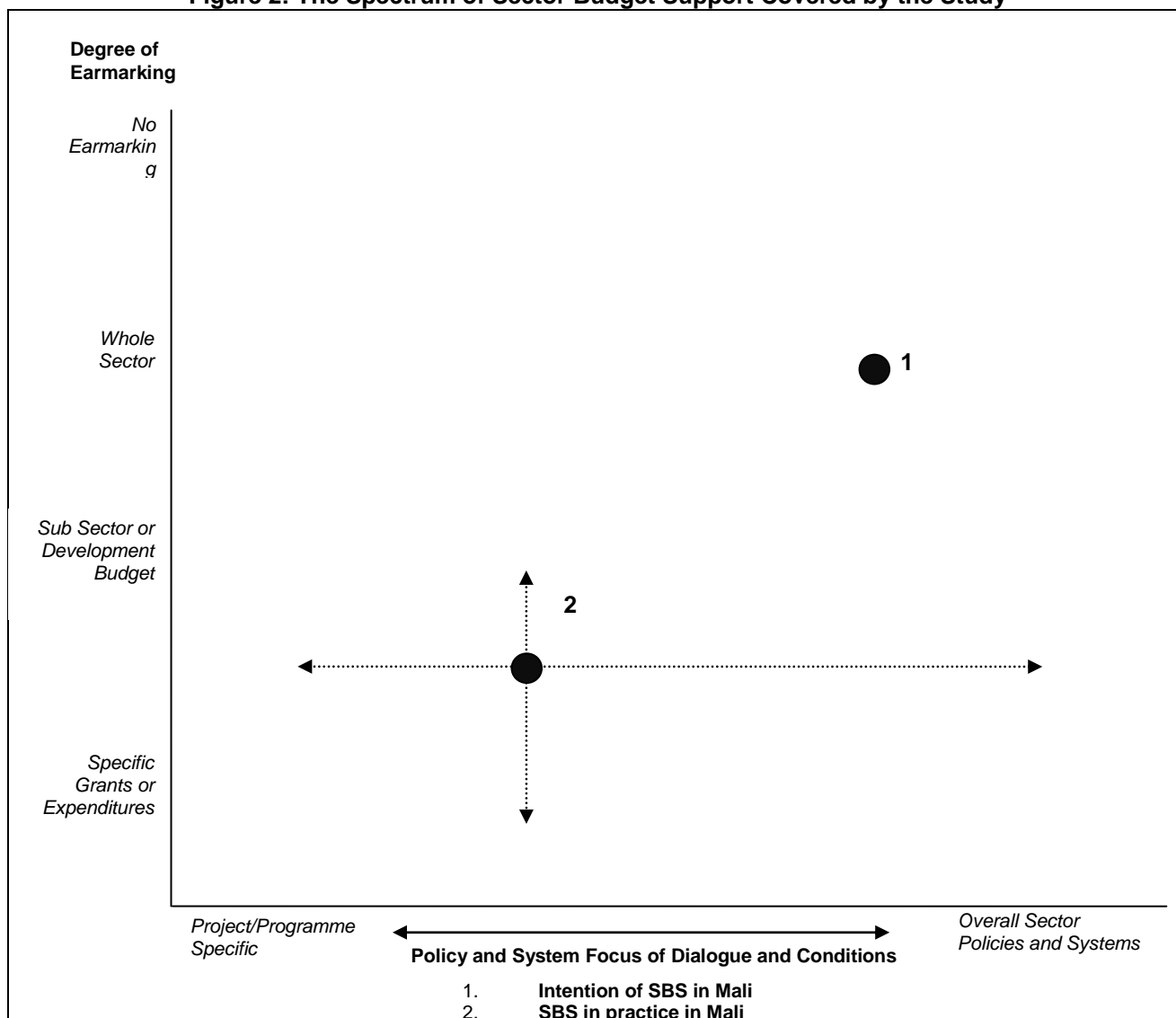
- *Aid uses the normal channel used for government's own-funded expenditures. Aid is disbursed to the government's finance ministry (or "treasury"), from where it goes, via regular government procedures, to the ministries, departments or agencies (MDAs) responsible for budget execution.*
- *The dialogue and conditions associated with the aid should be predominately focused on a single sector.*

86. SBS to the education sector in Mali has been provided since 2006, it fits this study's definitions of SBS. SBS funds are transferred to the Treasury via regular government procedures, and dialogue and conditions are focused on the education sector.

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<sup>23</sup> See SBSIP inception report p7.

Figure 2: The Spectrum of Sector Budget Support Covered by the Study



87. Figure 1 above shows the broad spectrum of SBS which meets the study's definition. In Mali's education sector, there are significant variations between the intentions of SBS, and the actual nature of SBS provided in practice. Point one in the chart shows the intention of those providing SBS, and point 2 shows how SBS has turned out in practice, with the arrows indicating the range of earmarking, dialogue and conditions. The SBS funds were intended to support PISE II as a whole (i.e. activities in the education sector), and so were intended to be largely discretionary. However in practice they have been highly earmarked to specific activities within PISE II in the development budget.

### ***The Level of SBS Funding and its Predictability***

88. SBS support in total amounted to €128 million for the period 2006-2008 as shown in Table 4. The Netherlands was the largest donor, committing €69 million over three years (2006-2008), with another €33 million over the same period from Sweden and Norway in the context of the silent partnership. France, Canada and Belgium committed smaller, but significant amounts.



**Table 4: Budgeted and Actual disbursements of SBS Programmes**

| in millions of Euros                                   |                  |            |                | 2006              |                   |                     | 2007              |                   |                     | 2008              |                   |                     |
|--|------------------|------------|----------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|  |                  |            |                | Planned<br>Amount | Disbursed<br>Date | Disbursed<br>Amount | Planned<br>Amount | Disbursed<br>Date | Disbursed<br>Amount | Planned<br>Amount | Disbursed<br>Date | Disbursed<br>Amount |
| Programme Name   | Donor            | Start date | Tranches       |                   |                   |                     |                   |                   |                     |                   |                   |                     |
| ABS Education PISE II 2006-2008                        | NL               | 01/07/2006 | 1st tranche    | 22,00             | Oct-06            | 21,95               | 13,17             | May-07            | 13,17               | 15,00             | Apr-08            | 15,00               |
|  |                  |            | 2nd tranche    |                   |                   |                     | 8,78              | Oct-07            | 8,78                | 10,00             | Oct-08            | 10,00               |
|  | Sweden<br>Norway | 01/07/2006 | 1 tranche only | 11,01             | Dec-06            | 11,06               | 10,98             | Jun-07            | 10,67               | 11,01             | May-08            | 6,43                |
| CML 3002 01 M  | France           | 29/03/2007 | 1st tranche    |                   |                   |                     | 1,80              |                   | 0,00                | 1,80              | Apr-08            | 1,80                |
|  |                  |            | 2nd tranche    |                   |                   |                     | 1,20              | Oct-07            | 3,05                | 1,20              | Oct-08            | 1,20                |
| Appui a la mise en œuvre du PRODEC PISE II via une ABS | Belgium          | 07/06/2007 | 1 tranche only |                   |                   |                     | 4,00              | Dec-07            | 4,00                | 4,00              | Oct-08            | 4,00                |
| Appui au PRODEC/PISE                                   | Canada           | 28/03/2008 | 1st tranche    |                   |                   |                     | 4,57              | Apr-07            | 4,57                | 7,38              | Apr-08            | 7,74                |
|  |                  |            | 2nd tranche    |                   |                   |                     |                   |                   |                     |                   |                   | Nov-08              |
| Total  |                  |            |                | 33,01             |                   | 33,01               | 44,50             |                   | 44,25               | 50,39             |                   | 46,17               |

Note: SBS tranches were planned to be disbursed during the first quarter of the year concerning the first tranche and during the 3<sup>rd</sup> quarter of the year for the second tranche.

89. The disbursement calendar of the SBS agreement involved two tranches per year to be provided, the first tranche to be disbursed in the first quarter of the year, the second tranche in the third quarter. SBS financing agreements committed support for two or three years. This should have helped ensure good predictability of funding. In practice, although SBS fund disbursements have corresponded to the announced and planned amounts, the predictability of their timeliness has been low (see section 4.2 below).

### Box 3: Earmarking, Traceability and Additionality

**Earmarking** is a requirement that all or a portion of a certain source of revenue, such as a particular donor grant or tax, be devoted to a specific public expenditure. The *extent* of earmarking can vary. It involves the *ex ante* assignment of funds to a particular purpose and can range from the very broad and general to the narrow and specific.

**Traceability** refers to whether donor funds are separately attributable to a specific use. Funds are either traceable, or not:

- (i) **Traceable**, whereby allocation, disbursement and spending of funds is via specified and separately identifiable budget lines. This bypasses the normal procedure by which revenue is pooled with all other revenue in a general fund and then allocated among various government spending programmes. *De facto*, a traceable aid instrument must involve a degree of earmarking, although this may be very broad - this is often referred to as *real earmarking*.
- (ii) **Non traceable**, whereby external funding is not identifiable by separate budget lines. If earmarked, the allocation of funds is justified against budget allocations to pre-agreed institutions or budget lines, and is pooled with other government revenues in the general fund. When non traceable SBS is accompanied by earmarking - this is often referred to as *notional earmarking*.

These two dimensions combine to form three main types of SBS funding:

|               | Earmarked                   | Un-earmarked     |
|---------------|-----------------------------|------------------|
| Non Traceable | Non-traceable Earmarked SBS | Un-earmarked SBS |
| Traceable     | Traceable Earmarked SBS     |                  |

**Additionality** refers to requirements from the donor that the provision of external funding earmarked to a set of expenditures leads to an increase in total expenditure allocations to those expenditures. Additionality attempts to address the problem of fungibility, which arises because government resources can be substituted for aid resources. If aid finances any activity that the recipient would otherwise have financed itself, the resources that the recipient would have spent on that activity become available to finance something else.

### ***Earmarking, Additionality and Financial Management Arrangements***

90. SBS was provided to support the PISE II. As such, SBS thus supports the ‘investment’ part of the overall sector policy and, in reality, the SBS is even further earmarked:

- In the budget, SBS is shown as a source of revenue and, on the expenditure side, it is earmarked to the investment part of the budget under two specific SBS codes (‘budget chapters’): ‘SBS for investment’ (capital investment) and ‘SBS for operating costs’ (which may include costs linked to the investment as well as other expenditures but not salaries) and is thus not supporting the education sector budget as a whole;
- In the Ministry’s Action Plan, SBS is earmarked to specific activities expenditure items: SBS mainly funds the construction of primary school classrooms (41% of funding in 2006, 31% in 2007 and 49% in 2008) and recurrent costs (30% for workshops, 19% for the acquisition of school manuals in 2006, the remainder covering other costs linked to investment).

91. In practice SBS is therefore earmarked to specific activities. Funds are not used for other purposes: (i) although budgetary procedures allow limited transfers between budget lines this does not seem to be used in practice as financial controllers and regional budget directors will not allow deviations from the approved AWP, and (ii) the end-of-year audit could consider other expenditure items to be non-eligible and non conformity could jeopardise future SBS disbursement. That is why, in Figure 1 above, Mali’s SBS in practice is highly earmarked (point 2), even though the original intention was for it to be discretionary.

92. Figure 3 presents an overview of the funding flows in the education sector: the SBS funds are versed into the Ministry of Finance’s account at the Treasury and transfers to the education sector take place at three levels:

- 1) The allocation to the three ministries of education for their salaries, operating costs (ORT) and investments. Each ministry then reallocates part of this to its deconcentrated structures to pay for the local salaries. The MEBALLN (primary education) for example transfers funds required to pay the salaries for the regional academies (AEs), the district level structures (CAPs) and the schools.
- 2) The allocation to the decentralised structures to cover the operating costs (ORT) of the education deconcentrated structures and to cover the investment costs of local communities: regional assemblies pay the operating costs of AEs and secondary schools; district assemblies pay the operating costs of CAPs and local communities pay the salaries of primary and community schools teachers and the investment costs of primary schools. The latter budget allocation for investment is however retransferred immediately to the ANICT who manages the investment process up to payment when the funds are transferred back to the community for payment to the builder.
- 3) The allocation to the ANICT which includes non-earmarked funding for communities (Special Drawing Rights) with which they may choose to build schools and which would in this case be additional funding for the education sector.

93. In summary then, the ministries at central level receive the allocation for their own salaries and operating costs and for investments at national and regional level; they transfer the funds for salaries to the appropriate levels of deconcentrated structures. The decentralised structures at regional and district level receive an allocation for the education’s deconcentrated structures operating costs; communities at village level receive the allocations for operating costs and investments for primary and community schools.



### **Conditionality and dialogue**

96. Dialogue and conditions and other arrangements broadly follow those already existing for aid to the sector in the context of the SWAP. It is noted that SBS donors are particularly active members in this dialogue.

97. Arrangements for dialogue, conditionality, accountability, disbursement calendar, monitoring and reviewing the provision of SBS are contained within the specific agreement for SBS 'Support to PISE II'. The rules are fairly simple as the sector approach and its established fora for monitoring, reviewing and dialogue provide the general context; an additional two reviews per year limited to SBS donors are organised for reviewing disbursement conditionalities. A yearly audit is also required.

98. Conditionalities are spelled out in the SBS agreement for three years (2006, 2007 and 2008) and include (i) three macro-economic conditions, (ii) six sector specific conditions and (iii) eleven sector indicators which are assessed only for the disbursement of the second tranches (see Annex 4). The sector indicators are a mix of measures for resource allocations and use, and service delivery output and outcome indicators. Table 5 below shows the conditions.

**Table 5: Overview SBS Conditions for 2006-2008**

|  |  |
|--|--|
| <b>Macroeconomic Conditions</b>                        | <ul style="list-style-type: none"> <li>• IMF on track status</li> <li>• Positive review of Poverty Reduction Strategy Paper (PRSP)</li> <li>• Positive review of Action Plan for PFM reform (PAGAM)</li> </ul>   |
| <b>Sector Specific Conditions</b>                      | <ul style="list-style-type: none"> <li>• Share of education recurrent budget in total recurrent budget</li> <li>• Budget conforms to MTEF and proves additionality of SBS</li> <li>• Intrasectoral budget allocation conforms to MTEF</li> <li>• PER PISE II for N-1 validated including availability of indicators and statistical book</li> <li>• AWP N+1 validated</li> <li>• Favourable audit of PISE II N-1 and implementation of recommendations of audit N-2</li> </ul>   |
| <b>Sector Indicators (2<sup>nd</sup> tranche only)</b> | <p><i>Resource Indicators</i></p> <ul style="list-style-type: none"> <li>• % of recurrent budget executed in N-1 relative to total executed recurrent budget</li> <li>• % of recurrent resources transferred to deconcentrated level in N-1 executed budget</li> <li>• % of recurrent resources transferred to LA in N-1 executed budget</li> </ul> <p><i>Service Delivery Outputs &amp; Outcomes:</i></p> <ul style="list-style-type: none"> <li>• Access rate basic 1 by sex and region</li> <li>• Completion rate in 6<sup>th</sup> year for N by sex and region</li> <li>• Transition rate from basic 1 to basic 2</li> <li>• % repeats in basic 1</li> <li>• School book/pupil in basic 2</li> <li>• % teachers having received initial 6 months training</li> <li>• No of pupils and non pupils formed (vocational training)</li> <li>• % of 2<sup>nd</sup> and 5<sup>th</sup> year (basic 1) pupils having obtained pass on reading and maths skills</li> </ul> |

99. SBS tranche disbursements are linked to the specific triggers laid out in the SBS education specific agreement. Conditionalities are assessed twice a year for first and second tranche disbursement, with second tranche disbursements being linked to progress in sector specific indicators.

### **Links to TA/Capacity Building**

100. The SBS initially did not have any links to specific institutional strengthening or other TA

programme(s). However, as SBS is earmarked to the investment budget, a lot of funding (27% in 2006 and 10% in 2008) *de facto* supported institutional development in the sector. Through the dialogue structure, donors are engaged in the annual workplans process and strategies for institutional development.

101. More recently SBS donors have been active in the formulation of a sector-wide approach to capacity strengthening in the sector to be supported by a common fund. The proposed approach aims to improve coordination and harmonisation of institutional strengthening interventions to PISE so that funding and interventions are more efficient, effective and better aligned on PISE priorities with the view to ultimately facilitate PISE's implementation and the MoE's leadership in this implementation.

102. A working group was formed and is in the process of coming up with a number of proposals for institutional strengthening in various areas of PISE II management (such as management of classroom construction, evaluations of learning, the piloting of PISE II), as well as a framework for the setting up of a common fund for the financing of these activities. It is expected that the funds will be sourced from donors and from SBS whilst other bilateral/multilateral projects will also be undertaken in close coordination and complementarity with activities funded by the common fund. The formulation of these different proposals is currently still in progress.

### ***Harmonisation and Links to other Aid Modalities***

103. From a quite different angle, there have been very few, links between the SBS in education and the GBS. Interestingly, the two approaches are viewed as totally different in Mali, in approach/implementation and in objective. Whilst the GBS implemented in Mali seems very close to the pure OECD/DAC definition (non earmarked funds, GBS as a tool of policy dialogue at macro-economic level and focus on strengthening PFM) the understanding of SBS in Mali strays very far from the purist form. The question as to why SBS in education requires strong control (earmarking of funds, audits etc.) whilst the same budgetary systems and procedures are considered sufficiently reliable to provide GBS in its pure form does not have an obvious answer.

104. Meanwhile, the SWAP provides a framework for linking the provision of aid at a sector level. The majority of dialogue covers all aid modalities provided by donors to the sector, not just SBS. This enables a greater degree of alignment of sector expenditures towards the PISE than otherwise would be the case.

## **3.2 Derogations from Country Policies, Systems and Processes**

**SQ2.2: To what extent have SBS inputs derogated from country policies, systems and processes, and are these a result of country specific concerns and/or headquarter requirements?**

105. The derogations from country policies, systems and processes seem to be mostly linked to the efforts of donor country offices to address donor headquarters accountability concerns. To respond to the donors' request for the government to carry over unspent SBS monies in to the following budgetary year, the Ministry of Finance introduced special budget coding for SBS funding. This mechanical interpretation of donor requirements meant that SBS needed to be traceable, and *de facto* earmarked. This represented a significant derogation from normal budgetary principles. Whilst the donors' motivation was understandable, the unintended consequence of carrying over funds seriously infringes upon normal budgetary annularity and weakens budget discipline, as described in section 4.2.

106. The MoE subsequently earmarked SBS funds on activities within the AWP. Whilst in 2006 and 2007 the traceability of SBS funds went as far as each donor's contribution, the 2007 budget year has amalgamated all SBS funds into one budget and accounting code. Although the traceability so created is a derogation to what normally constitutes SBS, this special 'tagging of

expenditure' to a specific source of funding still implies the use of normal programming and budget execution procedures and is thus as such only a minor derogation from the normal budgetary process. This earmarking of SBS funds nevertheless has created distortions in the budget programming process, as will be seen below (section 4.1).

107. 40% of SBS over 2006-2008 has financed primary school construction. The construction of primary schools was decentralised to local communities from 1<sup>st</sup> of January 2007. Another derogation from normal national procedures was the donors' request for channelling community investment funds for school construction through the ANICT, the National Investment Agency for local communities, instead of using normal budgetary procedures for investments, which would have channelled them to local authorities directly. ANICT had hitherto managed the local communities' general investment funds<sup>25</sup>. Donors requested that the community investment funds for school construction be also managed by the ANICT. The motivation was to compensate for shortages in local capacity in budget management at district and community levels, which was undoubtedly weak. It should be underlined that SBS came at the time of budget deconcentration when structures were in place but the use of procedures had not yet been fully tested thus entailing some risk that procedures would not be applied properly and funds could be misused. Sections 4.2 and 4.3 look at the effects of this decision in practice.

108. Interviews as well as reports<sup>26</sup> show that, excepting the Budget Director in the MoF and the Financial Directors at technical ministry level, in most cases GBS and SBS are considered by staff at operational level as another type of aid with its own procedures and regulations which need to be 'appropriated' in order to be able to access or to benefit from the flow of funds. At operational level (whether at central or decentralised level) the general lack of understanding that normal budgetary procedures apply might stem from the fact that indeed the procedures for the use of SBS are not entirely those of national budget funds, making it difficult to consider SBS funds as normal national budget resources. More generally, the recent (2006) introduction of GBS and the rather particular approach taken by SBS in both the education and health sectors in Mali might explain the fact that BS and SBS are not yet considered by actors at sector level as representing a radical shift in the manner in which aid is delivered. It is therefore evident that the notion of SBS is far from having been understood by the main actors and at different levels.

### 3.3 The Effects of SBS on the Quality of Partnership in the Sector

**SQ2.3: Has SBS contributed positively to the quality of partnership and reduction in transaction costs between development partners, the recipient government and civil society?**

#### Transaction costs

109. SBS in the education sector in Mali has undoubtedly had the major advantage of considerably lowering transaction costs for the government. Although no record of measured transaction costs seems to exist, there is a general consensus that dealing with one group of donors (instead of four/six separate donors with their own procedures) has considerably simplified the work of the ministry. However, this statement has to be balanced by the following considerations:

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<sup>25</sup> As is shown in Figure 3, in addition to their normal general budget (which comprises a small investment fund managed by the ANICT with which LAs can choose to realise some small construction works in their area, including classrooms), the budget of local communities includes, since 1<sup>st</sup> January 2007, a budget line dedicated to school construction which is part of the PISE II programme of works but executed at local level. These funds were to be managed directly by the communities.

<sup>26</sup> See for example Fongem 2007.

- Two of the four donors involved in SBS still maintain project and programme operations in education using diverse procedures alongside their SBS;
- Transaction costs may have partially shifted from government to donors as the latter organise themselves to align their views and messages to the government;
- Transaction costs for the donors have reportedly increased significantly with SBS presumably partly because donors manage the SBS directly (rather than through a project management unit which would be the case for projects). Therefore they have to deal directly with all aspects of SBS implementation, including the verification of conditions for tranche release. In addition to this both the donors and the MoE are still in a learning curve with regards to SBS and its requirements and this has led donors to be more involved than necessary in the management of the sector.
- Within the government, transaction costs have also to some extent shifted from operational managers (project managers in the region or at central level) to higher level, policy decision-making actors in the sector (the Secretary General and Technical Advisor) who are involved in the discussions and follow-up of SBS implementation. Similarly, whilst the role of individual project managers has shrunk, the roles of the DAF education and of the Director of the Budget within the MOF have been considerably strengthened. SBS has undoubtedly engendered a power shift based on who has most direct access to and control over funds.
- Finally, the issue of transaction costs is clouded by the confusion at some levels between the introduction of 'new' procedures attributed to SBS. These procedures are in fact simply the normal budgetary procedures executed at lower levels of management: the launch of SBS coincided with the effective launch of the budgetary decentralisation and deconcentration processes which involve(d) a high level of apprenticeship costs for the administration to adopt national budgetary execution procedures, costs which seem often to be wrongly attributed to SBS.

### Quality of partnership in the sector

110. Whilst it is undeniable that the government at central level welcomes the move towards SBS, different stakeholders may have mixed feelings about this move. Several comments can be made, which although very subjective, illustrate the change in the relationships between the different stakeholders in the sector:

- Firstly, although the government representatives enthusiastically embraced the change from project funding towards SBS because of the many advantages it brought (see below) there also seemed to be some resentment that SBS has caused a higher level of interference by the donors in the management of the sector.
- Secondly the relationships between the SBS donors and other donors in the sector seem to have shifted which has caused some tension. SBS donors are perceived as having tended to take over the dialogue with the government, focusing discussions on particular operational issues, such as the very detailed discussion of the AWP, and belittling the problems linked to project implementation. Ironically, it was felt by bilateral "project donors" that SBS donors spend too much time on these, whilst possibly ignoring the wider more strategic policy issues. The few donors met gave the impression that they had adopted a 'wait and see' attitude towards SBS, not wanting to yet engage themselves yet in that direction.
- The SBS donors on their side very strongly rejected the assertion that they focus on operational issues at the expense of more strategic issues and underline that the discussion of AWP is required to understand the choices of budget allocations and to verify the conformity of the AWP with the MTEF and PISE priorities; indeed, the SBS

donors are very aware of the weaknesses of these planning tools and want to ensure that the activities retained for financing will contribute to the priority objectives of PISE.

- Finally, although civil society organisations (CSOs) are very much involved in sector discussions, they are afraid that this might change with SBS. They regret the fact that they are not part of SBS discussions. Concerns were also raised that the move to SBS has weakened their (already low) capacity to participate in the implementation of education sector work: channelling funds through the budget requires CSOs to be able to compete in open tenders. This requires them to be able to fulfil a number of (in their view stringent) obligations<sup>27</sup> which were not required of them when working directly for donor projects. These few remarks show that SBS has not been properly understood by CSOs.

111. In conclusion, the evidence on transactions costs and the quality of partnership is therefore mixed. The nature of transactions costs and partnership are changing, and there is some resentment about these changes. The dialogue on overall policy and systems issues which was expected to take place has been overshadowed by what has been felt by the Government and other donors as interference in the operational and managerial issues of the sector, whilst SBS donors see it as compensating for the weakness of the planning instruments (AWP, MTEF and budgets) and driven by the need to show results.

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<sup>27</sup> Such as being able to show the right administrative papers including a trade registration number, a professional card, the absence of outstanding tax payments etc.



## 4. Sector Budget Support and its Effects in Practice

112. This section identifies and analyses the effects of SBS in practice along five dimensions: policy, planning, budgeting, monitoring and evaluation, resource allocation; procurement, expenditure control accounting, audit systems; institutional capacity and service delivery; and ownership and accountability. In doing so it also identifies examples of good practice.

113. It is important to note, from the outset, that SBS in Mali is a new phenomenon, the first SBS disbursement having taken place in October 2006. The effects of SBS on sector processes or systems are recent, and can be properly identified only from 2007 onwards.

114. SBS has been introduced concomitantly with:

- The effective decentralisation and deconcentration process of budgetary resources and;
- The related change in programming approach, from a top-down to a bottom-up approach to the preparation of Annual Workplans.

115. Because execution at decentralised level has so far concerned mostly SBS funds, any changes in sector processes and systems that have taken place since 2007 could easily be attributed to SBS, whilst in reality they are effects of the budgetary deconcentration. The decentralisation process has also adversely affected the availability of information on budget execution, implementation of activities in 2007 and 2008, and service delivery outputs and outcomes were more limited than for previous years.

116. The identification of the actual effects of SBS in this section is mostly limited to its effects on the relationship of external assistance and sector processes. Attempts are made to disentangle the effects of SBS from those of the deconcentration process. Good practice, in the context of the levels of the assessment framework, is identified in this case study as:

*Instances where SBS inputs (level 1), and their influence on the overall nature of external assistance to the sector (level 2), are likely to strengthen sector processes (level 3) in areas which will plausibly improve, service delivery outcomes (level 4).*

### 4.1 SBS and its influence on Sector Policy, Planning, Budgeting, Monitoring and Evaluation Processes

**SQ 3.1: What has been the influence of SBS on Sector Policy, Planning, Budgeting, Monitoring and Evaluation Processes, and what are the constraints faced and lessons learned in practice?**

#### ***SBS alignment with and contribution to policy, planning and budgeting processes***

117. SBS has started in a context of an existing SWAP. The education sector had benefited from very close donor coordination since at least the end of the 1990's when the sector's education policy (PRODEC) was launched and the implementation plans (PISE) prepared. SBS donors thus fully participated in the preparation of PISE II and its associated MTEF 2006-2008 which set the strategic priorities and associated funding requirements for PRODEC's implementation (see annex 2). The SBS amounts were decided on the basis of the financing needs of the sector at the time to close the financing gap.

118. Although SBS had no influence on PRODEC or PISE II, SBS fully supports their implementation. In fact their existence facilitated the shift towards SBS, although the initiative to make the shift to budget support came from outside the sector. SBS donors, however, were

already supporting the sector through different aid modalities, and had participated, along with all other donors, in discussions of strategy design (PISE II).

119. SBS uses the government's planning and budgeting processes which have been undergoing reform. As mentioned before, the move from top down to bottom-up planning started concomitantly with SBS in 2006. The activities within AWP of district CAPs and regional AEs are partly funded by SBS. Although AWP were present before the shift to SBS, they have been given substantial attention in the dialogue since. This has helped reinforced the importance of the planning process in the sector and the need for alignment of the AWP with the PISE II priorities. However, it can be argued that they are discussed in excessive operational detail, and this has undermined the government's autonomy. SBS donors examine all AWP at central, regional academy and district CAP levels and discuss the contents with the MoE including the use of SBS funds for particular activities.

120. With the advent of SBS, the lack of alignment between the PISE, MTEF, AWP and the annual budget has become far more evident. It constitutes one of the issues that donors are raising with the MoE. By highlighting the importance of this issue, SBS might contribute to a better alignment of the various programming and budgeting documents. However, this alignment has yet to be realised.

### ***SBS alignment with and contribution to reporting, monitoring and evaluation processes***

121. In terms of monitoring and evaluation, the SBS has fitted within the existing sector arrangements whilst adding one layer of meetings. As mentioned in section 2.2, Sector Aides-Memoire have been relatively strong on reporting on outputs and outcomes. In SBS agreements donors have specifically requested the monitoring of a number of quantitative indicators, which are intended to be representative of the expected outcomes of efforts made under PISE II. Some of these indicators have proved very difficult to measure and are not used in routine management of the sector.

122. Importantly, the SBS dialogue has highlighted the inadequacies of reporting. SBS donors requested that the Ministry of Education prepare an annual report combining financial and output information in 2008. Whilst the report was far from adequate, there is now a basis for improvement in future.

123. The requirement for carrying forward unspent SBS funds has created problems for reporting and monitoring. Activities not undertaken in the financial year planned, but carried out in the following year with resources carried forward, could not be reported on in the financial year for which they were planned, since they were not yet undertaken. Equally, they could not be reported on in the next financial year since the budget is lodged with the previous year. This seemed to be a problem in the regions where funds arrived so late in the year that activities (necessarily linked to the school year) had to be postponed to the next financial year but were missed out of normal reporting procedures.

### ***SBS influence on resource allocation***

124. Historically, the vast majority of the sector's funding has been required for recurrent costs (69% in 2006 and 60% in 2007 and 2008), and there have been very few government resources available for investments in the sector – which had been previously dominated by donor project support. The actual margin for decision making that the government had over investments in the sector was small.

125. The volume of SBS funding was calculated to cover the funding gap for PISE II implementation, and the amount committed represented 14.4% of PISE II's costs according to the 2006-2008 MTEF. Without SBS, the Government would have controlled only 73% of total financing

in 2006 and 63% in 2007 and 2008. With SBS the Government controlled 86% of funding in 2006 and 78% in 2007 and 2008<sup>28</sup>. The shift to SBS therefore has empowered the Ministry to improve intra-sectoral resource allocation and, in particular, gain influence over investments in the sector. In addition, the MoF gained greater influence over budgetary allocations in the sector. Donor traceability and accountability requirements (see section 3.2) have however tarnished this ideal picture since SBS has, *de facto*, become tightly earmarked and earmarked on specific activities within the AWP; this is likely to have distorted the allocation of sector expenditures.

126. The choice of activities earmarked by MoE for SBS funding (within the PISE II) seems to be influenced by three factors:

- The MoE's prior experience of donors' interests: school construction, provision of school manuals and training have been priority activities for donors within the PISE II;
- Discussions of the AWP with the donors;
- Continued treatment of SBS expenditures as donor funded by the sector. A key issue here is that SBS activities still use donor per diem rates, which are three times higher than government rates.

127. In the planning/budgeting process SBS codes are thus not randomly allotted to certain activities; 40% of SBS funding has been allocated to classroom construction. Whilst this does correspond to a PISE priority, the use of SBS funding also points to the fact that the MoE considered this a natural use of donor funding. A second popular use of SBS funding has been for activities requiring the payment of per diems (and in particular workshops) which prove to be a very attractive proposition to government staff. Although it is difficult to quantify the distorting effects at this stage in the absence of sufficiently detailed information in the execution report for 2007<sup>29</sup>, the problem of an excessive number of activities requiring the payment of per diem was identified and addressed by donors in the 2009 AWP (donors requested that no more than 10% of SBS funds should be used for the payment of per diem in the 2009 budget).

### **Lessons learned**

128. As a result of the shift to SBS, shortcomings of the government planning and budgeting processes, and the implications of the decentralisation reforms have become more apparent. The dialogue has highlighted the need to strengthen three key areas:

- The alignment of the MTEF, AWPS and the Annual Budget
- Decentralised operational planning, though annual workplans
- The need to link financial and output reporting at the sector level

129. Following the identification of these issues, if the dialogue does support improvements in these three areas in a way which delivers better sectoral decision making linked to the achievement of policy objectives, then this will be an important positive effect of SBS.

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<sup>28</sup> Figures calculated on the basis of the 2006-2008 MTEF. In reality the situation for 2007 is much different since only 53% of PISE II funding was mobilised; in a rough estimate this would mean that the MoF would have had control over 96,5% of the resources going into the sector.

<sup>29</sup> Information by programme and sub-programme is available in the 2007 report but is not detailed by source of financing; also it isn't immediately obvious which of these sub-programmes may have involved the payment of per diems. For this it would be necessary to go back to the individual AWP of each structure. Reportedly 2007 has been a year where staff was more motivated in their individual search of workshop opportunities than in ensuring that education sector plans were carried out....

130. Finally it is important to highlight the consequences of the traceability of SBS expenditures. Firstly, as they have been traceable, they have been treated differently, and have created distortions in fund allocation and thus in activities undertaken in the sector. Normal prioritisation of expenditure no longer applies (and in Mali's case sector priorities were replaced by objectives of personal gain) and management of funds becomes very compartmentalised. Despite this 'SBS earmarked' activities have not been 'protected' any more than other expenditure<sup>30</sup>.

#### 4.2 SBS and its Influence on Sector Procurement, Expenditure, Accounting and Audit Processes

**SQ3.2 What has been the influence of SBS on procurement, expenditure control, accounting and audit systems at the sector level, and what are the constraints faced and lessons learned in practice?**

131. In terms of effects on sector procurement, expenditure, accounting and audit processes, SBS, even though it has only been in place for 2-3 years, has had a strong influence in expenditure control and on the transparency of funding and activities in the sector. Indeed, by bringing more of the sector's funding within the realms of the national budgeting procedures, SBS has greatly increased the transparency of the sector both for the MoE and the MoF. It has also increased the control the MoF has over sector expenditures. SBS thus strengthens not only the MoE's role in the management of its own sector (even though some limits are *de facto* imposed as noted before) but also the MoF's role in budget arbitration and monitoring.

132. As highlighted before, SBS has been implemented at the same time as the decentralisation policy with budget deconcentration to LAs. Budget deconcentration would have been very limited had it not been for SBS since in reality the funds actually transferred to LAs concern mostly SBS funds to be found on the investment side of the budget (under investment costs and recurrent costs linked to investment) where national budget resources are limited. For deconcentrated structures, salaries, which constitute the largest part of their budgets, are still held and paid at central level. It is thus mostly the SBS which has enabled actual budgetary deconcentration to take place and extended use of national budgetary procedures at lower levels; this in turn has highlighted some weaknesses in capacities which the MoF has started to address.

133. In a similar manner, the requirements of SBS donors for regular auditing of the sector has possibly encouraged one of the bodies of the supreme audit institution (the Bureau du Vérificateur Général<sup>31</sup>) to consider including the education sector in its yearly audits and enabled it to identify some weaknesses in sector management and irregularities in expenditure that have prompted corrective action from the MoF. All in all SBS has enabled the MoF to reinforce its authority giving it control over the sector's finances and therefore enabling it to be much more reactive to the sector's problems or malfunctioning and misuse of budgetary procedures.

134. However negative effects of SBS must also to be noted. Late disbursements of SBS (see Table 4 above), to some extent, will have contributed to worsen the Treasury's cash situation. SBS labelled expenditure has taken place at a time when SBS funds were not yet available, thus forcing

<sup>30</sup> Illustratively, one of the field staff met complained that the planned SBS funded training could not be implemented because the fuel allowance (paid on the recurrent budget) had ran out and therefore staff could not go to the location planned for holding the training session.

<sup>31</sup> In Mali the functions of the supreme audit institution are divided between two bodies: the Section des Comptes de la Cour Suprême and the Bureau du Vérificateur Général (established in 2003). The former suffers from very limited resources, focuses on conformity audits and only undertakes few audits (including the UN projects, conformity of budget outturns and audit of some political parties); the latter has a larger budget (to which donors also contribute) but its status remains unclear so that its reports are not necessarily acted upon.

the Treasury to pre-finance the donor funded activities. Although one could argue that relieving the Treasury's cash tensions is not one of SBS's objectives, it is nevertheless the case that SBS should at least try not to worsen the problem through late disbursements in the budgetary year. Nevertheless, the fact that SBS has eventually been consistently fully disbursed has contributed towards overall predictability of budgetary funding.

135. The late disbursement of SBS funds within the budget year has given rise to two contradictory statements. On the one hand AEs and CAPs have complained about lateness of SBS funds arrival (6 months) which they understood to be the reason why they could not access budget funds in a timely fashion to implement their activities. On the other hand the Treasury has claimed to be pre-financing SBS activities by giving AEs and CAPs authority to spend early in the year but these structures then delay spending until very late in the year. Some of the problems appear to be linked to teething problems in the use of national budgetary procedures at deconcentrated levels of administration, which has very little to do with SBS itself.

136. The annual audit requirements have created tensions between the SBS donors, the MoF and the auditing bodies because of the following issues:

- The involvement of donors in drawing up the TOR for the audit exercise seems contrary to the normal functioning of the audit institutions which have set procedures to undertake audits;
- Whereas the national structures were supposed to be supported by an externally hired audit firm, it is in fact the audit firm which has undertaken the audits. This has caused two main problems: the insufficient knowledge of the audit firm about auditing of public expenditure and the requirement of donors that the produced audit report be approved also by the Section des Comptes. However, the Section des Comptes, reasonably, cannot be expected to sign off on a document, where it has not carried out the work.
- The scope and coverage of the audit remains unclear: project funding only (of the World Bank who funded the audit) or with the additional SBS funding or coverage of the whole budget? The issue remains unresolved.

137. Due to these issues, it is not actually clear what the audit's results achieved in terms of accountability in the sector. More interestingly the audit undertaken independently by the Vérificateur Général (on the sector as a whole) has exposed some weaknesses in the system that have been acknowledged and acted upon by the MoF and MoE.

138. Finally, the choice of SBS donors to use ANICT for managing primary school investment funds (see section 4.3) rather than entrust local communities with this responsibility in conformity with the decentralisation policy may be seen as holding up the build up of local authorities' capacities in budget management and as a derogation to normal budgetary discipline (the annularity rule and normal budgetary controls no longer apply<sup>32</sup>). During PISE II preparation, SBS donors negotiated with the MoE and MoF that the financial management of primary school constructions (falling under the direct budget of local communities since 01/01/2007) should be channelled through the ANICT instead of following normal budget execution procedures. Indeed,

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<sup>32</sup> The use of ANICT undermines budgetary discipline since:

- One of the major features of this system of channelling funds is that the budget annuality rule ceases to apply: funds once within the ANICT can be executed over any number of years and have effectively possibly contributed to the major delays in implementation experienced in 2007 and 2008 (see below).
- the funds channelled through the ANICT escape normal budgetary control procedures and have introduced a new set of procedures, that created for this purpose in the ANICT-MoE agreement.

as deconcentration of the education budget to local communities only started on 01/01/07 at the same time as SBS implementation, the capacities of local authorities to manage these funds had not yet been tested and passing through the ANICT was a way to circumvent possible weaknesses in local communities' financial management capacities. Including support for the strengthening of local authorities' capacities to manage funds into the SBS (or as a separate support to SBS) might have been a more sustainable and effective approach to the identified problem.

#### **Box 4: Flow of Funds to ANICT**

In 2006 the MoE signed an agreement with the ANICT (13/09/2006) for the management of the investment funds meant for primary school construction. All SBS funds earmarked for school construction thus now roughly follow the following routing:

- SBS goes to Treasury; funds earmarked for school construction flow from the MoF to the AEs (in the regions);
- from there they go to ANICT at central level;
- the ANICT waits for the MoE to inform it of the actual distribution of funds to local communities; once the information is received the ANICT informs local communities who can then start the works;
- for payments (30% advance followed by the balance for payment of services rendered) transfer is made from ANICT central to ANICT regional accounts, from there to the local community's account at the Treasury for payment to the service provider.

139. There have been delays in the school construction programme since 2006<sup>33</sup> possibly due to (i) late disbursement of SBS funds, (ii) difficult relationships between the MoE, the ANICT and local authorities (LAs) concerning the determination of locations and numbers of schools, information which is necessary for the ANICT to 'redistribute' the funds received<sup>34</sup>, (iii) the complex and cumbersome process of channelling funds implying transfers of funds backwards and forwards several times between the centre and the LA (see Box 3), and (iv) LAs not providing the necessary counterpart funds in time to claim their share of the annual budget.

140. The channelling through the ANICT has also potentially affected the liquidity situation of the Treasury and the economy since the monies transferred to ANICT for school construction are effectively increasing pressure upon the Treasury's cash situation whilst ANICT puts the monies in its commercial bank account<sup>35</sup>.

#### **Lessons learned**

141. The use of government budget execution procedures, especially in the context of the new deconcentration process has had important positive effects. They have enhanced the control the Ministry of Finance has over budgetary resources, put into operation the new decentralisation process, and helped highlight the weaknesses of the government's systems. If these weaknesses are addressed, they are likely to result in greater efficiency of public spending, and consequently to improve the impact of that spending.

142. However, the derogations from normal budgetary procedures linked to the auditing requirements, the use of ANICT and the requirements for funds to be carried over if unspent

<sup>33</sup> Actual delays are not yet measurable for lack of information but no progress at all on school construction was reported in the MoE's 2007 report and figures for 2006 were still not available.

<sup>34</sup> Although budget lines for school construction are given in the budget, there is at that time apparently no agreement on which communities should benefit from the school and how many classes are concerned. This information is supposed to be prepared by the MoE on the basis of its school mapping system and passed on to ANICT at the beginning of the budget year but this appears not to be done in a timely fashion.

<sup>35</sup> The measure of this is actually totally unclear as ANICT claims that the Treasury transfers the SBS monies very late in the budget year (not on 1<sup>st</sup> of January as planned) whilst MoF complains about having to pre-finance its transfers to ANICT in advance of the SBS being released to it.

represent derogations from normal budgetary systems and have not helped to strengthen financial management capacities at the deconcentrated and decentralised levels of government. Finally the late disbursement of SBS funds has possibly impacted negatively on the Treasury's cash flow position.

### 4.3 SBS and its Influence on the Capacity of Sector Institutions and Systems for Service Delivery

**SQ3.3: What has been the influence of SBS on Sector Institutions, their Capacity and Systems for Service Delivery, and what are the constraints faced and lessons learned in practice?**

#### **Box 5: Definitions of Service Delivery**

**Service Delivery** this is actual execution of work by one entity (the service provider) that benefits another entity (the user or beneficiary). In the context of the public sector, this represents the actual provision of healthcare, or primary education, for example. The delivery of public services may be contracted out to the private sector – e.g. road construction and maintenance.

**Service Delivery Processes** these represent the activities carried out and systems used which convert inputs into the actual delivery of services. These are processes in close proximity to service providers and range from the management of service provider staff; the behaviour of service provider staff in delivering services; the management of funds by service providers; the supply and management of service delivery inputs; and the accountability for service delivery.

**Service Provider** is an entity which delivers services to other entities. A service provider may be a public sector organisation – a school, a clinic; an employee - an extension worker, for example; or a private sector firm – e.g. a roads contractor.

*Source: SBSIP Synthesis Report Glossary*

#### **Overall Capacity and Systems Development**

143. SBS itself has not yet had any measurable direct effects on sector institutions' capacities. However, SBS appears to have tested the management capacities of MoE's institutions in new ways: before SBS, much of the financing of the sector – and thus of the activities undertaken in the sector – were outside the MoE's direct control. SBS has brought the MoE new responsibilities and an expanded scope of control over its own affairs.

144. In addition, given that SBS funding has been earmarked to PISE II, which focuses on the investment budget, a large share of SBS funding is being allocated to institutional development activities directly. The focus of PISE II on teacher training, decentralised education management and classroom construction are consistent with strengthening the education system. Insofar that SBS supports these activities, then it is likely to help improve institutional capacity. However the perverse incentives provided by SBS in resource allocation may mean that the areas prioritised under PISE II may not actually be translated to activities on the ground.

145. The fact that SBS donors have been particularly active in the formulation of a programme approach to capacity strengthening in the sector illustrates the acknowledgement that SBS funding on its own is not likely to be sufficient to strengthen the capacity of sector institutions and systems for delivery. Indeed, the aide-mémoires from joint PISE II review missions have repeatedly highlighted the institutional weaknesses that have contributed to slow implementation of PISE II and delayed attainment of PISE II objectives. There is concern that without parallel technical support in the form of traditional projects the responsible institutions have insufficient capacity to adequately execute their budgets and AWP, and that the shift from projects to SBS may thus in some way have been premature. This has prompted donors to engage in efforts to set up a common fund dedicated to capacity strengthening, in addition to SBS.

146. Nevertheless, the major focus of the dialogue has been on the activities supported by the investment budget. In addition, teacher management, and in particular teacher training and quality control through school inspectorates, have been priority issues. The routine processes of teacher terms and conditions, and recruitment, as well as school operational funding, which make up the majority of sector expenditures in the recurrent budget, have not been given as much attention in the dialogue. Both these aspects are central to strengthening service delivery at the school level and the effects of SBS could therefore, have been enhanced if the dialogue had been more comprehensive by integrating expenditures of the recurrent budget.

### ***Local Authority Capacity and Service Delivery***

147. The fact that SBS has supported the budgetary deconcentration process means that it is likely to have positive effects on capacity at deconcentrated levels; the use of budgetary procedures by deconcentrated structures has shown weaknesses, which if identified can be addressed thus strengthening District and Regional capacities.

148. Unfortunately this process has been limited to the operational costs of deconcentrated structures as the management of funds for classroom construction, falling under the LA's budgets, has been entrusted to the ANICT. The shift to SBS has thus missed a major opportunity to contribute to implementing the decentralisation policy by failing to test and strengthen the LAs capacities to manage their own investment funds following normal budgetary procedures.

### ***Lessons learned***

149. SBS funds have supported some aspects of institutional development, such as teacher training and decentralised management, which are likely to yield some positive effects. The development of a sector-wide approach to capacity development in the sector, supported by SBS funding, has the potential to enhance the coherence of these institutional development activities, and consequently their positive effects.

150. The bias of dialogue and funds on PISE II investments may mean that the benefits on service delivery systems and capacity are not maximised. Human resource issues represent a similar gap. The motivation for donors to use ANICT's to deliver classroom construction was understandable, but the effect of using parallel mechanisms bypasses and therefore, will not strengthen lower level institutional capacity in future.

## **4.4 The Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector**

**SQ4.4: What has been the Influence of SBS on Domestic Ownership, Incentives and Accountability in the Sector, and what are the constraints faced and lessons learned in practice?**

151. SBS in education has had both positive and negative effects on domestic ownership, incentives and accountability.

152. Firstly, as mentioned before, the share of SBS that has been channelled through normal budgetary procedures has helped to improve transparency of what is happening in the sector, especially by allowing the MoF to have a better grip on activities and funding within the sector. It has helped to extend the use of normal budgetary procedures to the various deconcentrated levels of government, thus improving the knowledge and use of national budgetary procedures within the sector at central and decentralised levels (even though many staff at deconcentrated level believe these to be SBS procedures). But, by requiring traceability and special auditing of SBS funds, the approach has disrupted normal allocation, programming and auditing procedures, thus effectively undermining the authority of the MoF and weakening its control over the funding of the sector. The use of ANICT is likely to undermine the establishment of accountable institutions at the local level.



153. Secondly, it appears that the style adopted by donors for dialogue and monitoring the sector since SBS has changed. SBS has brought about much closer attention to operational details than hitherto. The monitoring of the sector and assessment of progress in the priority areas of the sector's strategy are features of the normal yearly review and this hasn't changed. However SBS donors now also scrutinise and discuss the contents of AWP down to the district level and thus intervene much more in the programming stage of the sector's management. This seems somehow contrary to one of the main features of the SBS design which was the principle of greater freedom of decision making by the structures themselves, which in turn should foster greater domestic ownership. In Mali the reverse seems to have happened with SBS where it has implied closer involvement of SBS donors in the operational management of the sector.

154. Arguably this closer involvement is linked both to the already mentioned weaknesses of the planning instruments and to the lack of ownership of the SBS approach by the Government: according to the donors, the Government does not deliver on its commitments of the SBS financing agreements (such as the provision of required information in a timely manner, the analysis and monitoring of activities against results obtained, the production of reliable reports) and remains passive when problems arise. Whereas donors feel that it is up to them to instil life into SBS, the Government may feel that it is solicited on so many different fronts by donors that it has little room left to be proactive.

155. Thirdly, it seems that domestic ownership and stronger domestic incentives may have been thwarted by the manner in which SBS disbursements have been assessed, and conditions are applied:

- The rules of the game are not clear since the SBS agreement does not specify how many indicators have to be achieved in order for SBS to be disbursed (2<sup>nd</sup> tranche)<sup>36</sup>. Some indicators have proved difficult to measure and have been neutralised or replaced in the course of the reviews.
- More importantly, SBS donors issued a number of recommendations in their SBS reviews (either linked to the SBS triggers themselves or more largely inspired from the sector reviews) which, although they are not specifically characterised as additional conditions for disbursement, have in practice been interpreted as such by the MoE and MoF. As a result, the national structures have had the impression of being forced into acquiescing to commitments which they do not necessarily agree with for the sake of obtaining the next tranche of SBS funding.

Therefore it appears overall that SBS has been implemented in a manner which is not very conducive either to domestic ownership or to domestic incentives.

156. Finally, SBS seems to have sparked some interesting debates, which are in reality debates related to the issues of decentralisation and deconcentration but which have been imputed to SBS by the local actors:

- Civil society is strongly questioning its access to funds if SBS takes over from project funding (see above); as a result some concern is also expressed by CSOs over their role in the monitoring of the sector which could be weakened if their participation in the sector is lessened due to the use of SBS.

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<sup>36</sup> The method of appreciation has been spelled out only in the bilateral French SBS agreement which specifies that each indicator is assessed with the 0 – 0.5 – 1 system (0 points attributed to an indicator that has not attained its target, 0.5 for in progress and 1 for achieved) and points need to amount to 60% of the total to allow full disbursement. For the other donors, rules are not clear: for example, the 2007 second tranche was disbursed when only 67% of indicators had attained their targets; in 2008 this percentage fell to 55% and still the performance was judged globally satisfactory (even for the French who have some possibility to be flexible with their points system).

- SBS seems to have sparked debates at local level on the need for greater deconcentration of resources to local communities: since these will no longer directly benefit from donor projects. Their concern is that resources available to them will dwindle (both because priorities in budget allocations may channel funds to other uses outside the sector and because the various intermediary steps between the central level and the local level will ‘cream off’ some of the funds) and that resources will be difficult and long to access (as it has proven to be the case so far with funds channelled through the ANICT).
- It has also sparked a debate about the shortcomings which are attributed to SBS but which in reality are the shortcomings of national procedures: slow disbursement, low volumes of funds allocated to regions and districts, implementation delays of planned activities, lack of information and knowledge of local actors, concentration of management at central and regional level to the detriment of the local level. Although SBS may possibly have indirectly contributed to slow disbursement of funds, all these problems are attributable to the normal budgetary execution procedures and in particular to the fact that the deconcentration process is still in its infancy and deconcentrated structures still have to learn how to apply procedures to allow timely spending

157. Overall some of the concerns expressed may be founded but it is overwhelmingly obvious that most actors have not understood the functioning of SBS and in particular the fact that it uses national, normal budget procedures. The specific manner in which SBS has been implemented in Mali (the earmarking of funds to activities and the use of ANICT) has possibly given the wrong impression (both to deconcentrated and decentralised structures and to other stakeholders such as NGOs in the sector) that the execution procedures used are SBS procedures, not normal budget procedures. In order to properly explain the meaning and implementation modalities of SBS to stakeholders special efforts may need to be made. This problem would of course not have arisen if budgetary deconcentration had been ongoing for some time. It is only the fact that the transfer of budgetary responsibilities and resources to deconcentrated and decentralised structures and SBS started at exactly the same time that created this confusion.

### ***Lessons learned***

158. The main positive lesson continues to be the use of government systems by the SBS. This has helped reinforce normal accountability relationships within government, including the role of the Ministry of Finance, and decentralised levels. The main derogation, the use of ANICT, undermines these relationships.

159. However there are a number of ways in which SBS has contributed to weaknesses in domestic ownership:

- Donors have become far more involved in operational levels;
- There is a feeling that SBS disbursement conditions are imposed rather than agreed;

Stakeholders in Mali do not understand that many of the identified shortcomings of the budget process are linked to national procedures, not SBS procedures (which use national procedures).

## 5. The Effectiveness of SBS and the Conditions for Success

160. After less than three years of SBS, it is too early to make firm statements about what SBS may have achieved or not have achieved. However this study is nevertheless timely in that it may offer an external view at a time when stock needs to be taken of the first SBS experience so that lessons can be drawn for the next phase which will support PISE III (now foreseen to start in 2010) and which is currently under preparation.

### 5.1 The Main Outputs of SBS

**SQ4.1: What are the main contributions that SBS has made to the improvement of sector policy processes, public financial management, sector institutions, service delivery systems and accountability?**

161. Before highlighting the effects of SBS on sector process it is important to reiterate that many sector policy processes were already well established in Mali. These have been characterised by a strong partnership between the MoE and the donors in the consultation framework which has facilitated discussions and dialogue around the preparation of the PISE II, the second implementation programme of the education sector's development policy PRODEC. The move towards SBS represents another step forward in the sector wide approach already largely adhered to in the sector by the 15 or so donors supporting education.

162. As described in at the beginning of Section 4, the effects of SBS on sector policy processes, public financial management, sector institutions, service delivery systems and accountability, have yet to play out in full as it has only been in operation for a short time. Here we can highlight areas where improvements in sector processes have actually taken place or are likely to in future:

- Improvements in the coherence of sector planning and budgeting documents, and the link between financial and performance information are more likely, as these issues have been identified in the SBS dialogue. Attention given to the preparation of AWP is likely to result in improvements in its alignment with policy objectives and the overall financial framework provided by the MTEF.
- SBS has been overwhelmingly positive in making the sector transparent for the MoE and MoF: because most of the sector's funding is now using national budgetary procedures. This has provided the MoF with a degree of visibility and control over the sector which was hitherto not possible. This has greatly enhanced the MoF's hold over the sector and facilitated budget arbitration discussions with the MoE, which were almost absent before since the national budget could only fund marginally more than the salaries and routine operational expenditure in the sector.
- It is largely thanks to the switch to SBS funding that the deconcentration and decentralisation programmes of the education sector have been effectively implemented with budget deconcentration being now an effective feature of the sector. The MoE's structures at deconcentrated levels have been able to assimilate and use national budgetary procedures which were new to them. SBS can thus be said to have had a real impact at field level in terms of use of decentralised budgetary procedures.
- The use of government systems for budget execution by SBS has also highlighted a number of other weaknesses in budget execution, which are more likely to be addressed as a result.

- The use of SBS has brought to the fore the need to address capacity development more comprehensively, and a combination of SBS and a common fund for capacity development may prove more effective in building sector institutions.
- The use of government systems has started to reinforce domestic lines of accountability through using government budgeting and budget execution procedures. It has reinforced the role of the Ministry of Finance and the role of the MoE's financial director

163. SBS has also had a number of perverse effects which are likely to undermine these positive effects on sector processes. These all relate to the various derogations from government procedures that have been put in place.

- The traceability of SBS has compartmentalised budgeting for PISE II implementation, and resulted in perverse incentives. This is likely to undermine the efficiency of expenditure allocations and weaken the link with PISE II.
- The requirement for carrying forward unspent SBS funds has undermined the incentives of the normally established annuality rule, and has reportedly created some reporting problems.
- The use of ANICT has created inefficiencies in cash management and possibly contributed to delayed classroom construction. It has also missed the opportunity to strengthen local authorities' budget management capacities since normal budget procedures have not been used by LAs to manage investment funds, whereas this is the ultimate goal of the decentralisation strategy.

164. In addition, some characteristics of the dialogue linked to SBS are disturbing in that they may undermine domestic ownership by focussing too much on the discussion of Annual Workplans thus undermining decentralised budget autonomy and ownership of plans, which in turn may reduce the likelihood of them being implemented as planned and thus detracting from discussions on issues relating to recurrent funded activities, such as teacher remuneration and operational funding for schools. Although funding in these areas has been increasing, SBS is unlikely to have impact if the current focus of dialogue continues.

165. Finally, and perhaps the greatest contribution of SBS to the sector since it started in 2006, is a contribution to sector funding which has been reliable and extremely important in enabling PISE II to be implemented. Contrary to project funding for which reliability has been variable over the years and has been particularly disappointing in 2008, SBS disbursements have lived up to the committed amounts, even if there has been a time lag compared to the initial schedule. This important contribution has enabled PISE II implementation to be continued putting into place the conditions for better service delivery in the sector and improved sector results.

## 5.2 The Sector Outcomes Influenced by SBS

**SQ4.2: Have the improvements in sector systems and processes to which SBS has contributed, had a positive influence on sector service delivery outcomes, and are they likely to do so in future?**

166. As stated in Section 2, PISE II represents a credible plan to address the challenges emerging in implementing PRODEC and improving education outcomes. Thus far the record of implementation of PISE II has been disappointing with realisations materialising at a much slower pace than planned (see paragraphs 72 to 74 in section 2.2). Table 6 illustrates the findings presented in section 2.2 from the particular perspective of the performance indicators used as SBS second tranche disbursement triggers.

- In 2007, three out of nine indicators<sup>37</sup> had reached their pre-agreed targets while three others had progressed without reaching their targets and three had failed to progress. On the whole, the donors' assessment was that 67% of the indicators had scored satisfactorily<sup>38</sup>. The best results had been obtained in budget execution (indicator 2), transfer of funds to deconcentrated structures (indicator 3) and completion rates (indicator 6); the areas of greatest failure concerned number of professionally trained youngsters (indicator 11), the primary-secondary transition rate (indicator 7) and teacher training (indicator 10). The other three indicators were considered to have progressed even though the access rates (indicator 5) hardly moved from their 2006 levels.
- In 2008, results remained good on the budgetary indicators (2 and 3) and much improved results were also obtained on the availability of school manuals even if the result remained slightly under target (indicator 9). However, all other indicators showed progress but insufficient to reach the agreed targets and some slippage was noticed in the completion rate for boys. Overall, donors considered that only 55% of the targets had been achieved.

167. These few results illustrate that the first two years of SBS have not been accompanied by particularly satisfactory outcomes in the education sector. Of course, the effects of funding are not immediately perceptible and one should not forget that these two years have been marked by very profound changes in the education sector management through the implementation of PISE II with the deconcentration and decentralisation. These changes will create opportunities for improvements to be measured in the years to come however they have also met with teething problems which may have contributed (or may even have caused) the disappointing results of 2007 and 2008.

168. It is difficult to measure any practical outcomes that SBS could have had on sector service delivery outcomes in such a short time. However, insofar as SBS has supported the implementation of PISE II to date and will do so in future, through providing €128 million financing for classroom construction and financing of teacher training and decentralised education management, then SBS will contribute to improving educational outcomes.

169. In addition, if improvements to sector budgeting and reporting and budget execution are realised, then this will likely further strengthen the efficiency and effectiveness to which resources are deployed in PISE II implementation. A more comprehensive approach to capacity development may have similarly positive influence on sector outcomes.

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<sup>37</sup> In both 2007 and 2008, two of the originally identified indicators were not used (indicators 1 and 4) because the methodology for their measurement had not yet been finalised.

<sup>38</sup> There is no automatic link between the number of indicators reaching their targets and the overall percentage of indicator success; the latter depends on averaging the assessment of individual indicators (1=achieved; 0.5=progress and 0=failed).

**Table 6: Indicators used as triggers for second tranche SBS disbursement: targets and realisations, 2006 to 2008.**

| Indicateurs  | 2004 (référence) |           | 2005   | 2006      |                                 | 2007                   |   | 2008      |                                 | Commentaires des PTF   |
|--|------------------|-----------|--|-----------|---------------------------------|------------------------|---|-----------|---------------------------------|--|
|  | Prévu            | Réalisé   | Réalisé  | Prévu     | Réalisé                         | Prévu                  | Réalisé   | Prévu     | Réalisé                         |  |
| 1. Pourcentage d'élèves ayant la moyenne en lecture et en maths en 2ème et en 5ème années du 1er cycle fondamental (base PASEC). |                  |           | <u>2ème année</u><br>51,5 en L 48,5<br>en M 5ème<br>année 43,1 en<br>L 42,2 en M |           |                                 |                        | <u>2ème année</u><br>49,64 en LC<br>41,0 en SMT<br><u>4ème année</u><br>47,79 en LC<br>45,20 en SMT<br><u>6ème année</u><br>62,43 en LC<br>43,03 en SMT | 60%       |                                 | Indicateur dérogé en attente de la définition d'une méthodologie de calcul. Rapport final de l'étude réalisée par le CNE disponible. |
| 2. Pourcentage du budget récurrent exécuté N-1 par rapport au budget récurrent inscrit pour le secteur.                          | 100%             | 98,65%    | 96,97%   | ≥95%      | 96,9%                           | ≥95%                   | 96,90%  | ≥95%      | 97,36%                          | Progression dépasse la cible 2008. Au niveau de réalisation 2007.  |
| 3. Pourcentage des ressources récurrentes transférées aux services déconcentrés dans l'exécution du budget N-1.                  | 53,5%            | 62,05%    | x  | 60%       | 63,86%                          | 60%                    | 63,86%  | 60%       | 68,33%                          | Progression plus élevée que la cible de 2008 et la réalisation de 2007.  |
| 4. Pourcentage des ressources récurrentes transférées aux collectivités territoriales dans l'exécution du budget N-1.            |                  |           |  |           |                                 | A partir de 2006 -2007 |   |           |                                 | Indicateur non renseigné et dérogé en attente i) de la précision des ressources à transférer et ii) la définition des modalités.     |
| 5. Taux d'accès au premier cycle de l'enseignement fondamental <sup>1</sup> par genre par région.                                | G+F:60%          | G+F:66,6% | G+F:67,6%  | G+F:72,5% | G+F:74,2%<br>G:81,5%<br>F:67,0% | G+F:77,3%              | G+F:75,6%<br>G:82,8%<br>F:68,7%   | G+F:82,2% | G+F:78,2%<br>G:85,6%<br>F:71,1% | Progrès tant chez les filles que chez les garçons, bien que la cible ne soit pas atteinte en 2008.                                   |
| 6. Taux d'achèvement en 6ème année pour l'année N par genre par région.  | x                | G+F:41,6% | G+F:43,20%   | G+F:47,6% | G+F:48,5<br>G:58,7<br>F:38,4    | G+F:52,0%              | G+F:53,2%<br>G:63,9%<br>F:42,9%   | G+F:56,4% | G+F:53,3%<br>G:62,7%<br>F:44,1% | Stagnation de l'indicateur. Les filles s'améliorent en 2008 plus qu'en 2007. Les garçons régressent.                                 |

<sup>1</sup> Les taux d'accès et d'achèvement sont calculés avec les données démographiques rectifiées par le pôle de Dakar

Source: SBS donors.

| Indicateurs   | 2004 (référence) |           | 2005      | 2006      |                               | 2007      |                                 | 2008      |                            | Commentaires des PTF  |
|---|------------------|-----------|-----------|-----------|-------------------------------|-----------|---------------------------------|-----------|----------------------------|---|
|   | Prévu            | Réalisé   | Réalisé   | Prévu     | Réalisé                       | Prévu     | Réalisé                         | Prévu     | Réalisé                    |   |
| 7. Taux de transition entre le Fondamental et le Secondaire général.  | x                | G+F:40,2% | G+F:32,7% | G+F:37,9% | G+F:30,7%                     | G+F:36,8% | G+F:40,2%                       | G+F:35,7% | G+F:37,3%                  | Evolution favorable en 2008 comparée à 2007, mais restant éloignée de la cible.           |
| 8. Pourcentage de redoublants au premier cycle de l'enseignement fondamental  | G+F:13,0%        | G+F:19,0% | G+F:18,6% | G+F:16,1% | G+F:17,0%<br>G:16,7<br>F:17,3 | G+F:14,9% | G+F:15,2%<br>G:15,0%<br>F:15,5% | G+F:13,7% | G+F:14,2%<br>G:14,0 F:14,4 | Baisse sensible du pourcentage général de redoublants: chez les filles et les garçons.    |
| 9. Ratio manuel scolaire par élève au second cycle de l'enseignement fondamental.   | 4                | 2,5       | 2,5       | 3         | 1 117 654<br>352 746 =2,9     | 3,5       | 3,1                             | 4         | 3,94                       | En progrès entre 2007 et 2008 (cible atteinte).   |
| 10. Pourcentage d'enseignants du fondamental ayant suivi un cumul de formation initiale d'au moins six mois (public+communautaire). | x                | 28%       | 35%       | 42%       | 36,70%                        | 49%       | 40,00%                          | 54%       | 40,93%                     | Quasi stagnation de l'indicateur. En progrès entre 2007 et 2008 mais éloigné de la cible. |
| <b>Indicateur relatif à la formation Professionnelle</b>  |                  |           |           |           |                               |           |                                 |           |                            |   |
| 11. Nombre de déscolarisés et de non scolarisés formés.   | x                | x         | x         | 15 559    | 790                           | 17 481    | 2 636                           | 21 359    | 3 234                      | Cible loin de réalisation. Cependant, progrès par rapport à 2007.                         |

\* Pour les Partenaires au développement signataires ne recourant pas à des tranches variables, tous les indicateurs de performance serviront pour le suivi et l'évaluation de la mise en œuvre du PISE II. Les Partenaires au développement signataires recourant à des tranches variables sélectionneront les indicateurs qu'ils utilisent pour leur décaissement.

Les données de l'année N se rapportent à l'année scolaire N-1/N (par exemple les données de l'année 2004 font référence à l'année scolaire 2003-2004)

Le symbole « x » signifie que l'indicateur n'était pas prévu ou qu'il est trop tôt pour le renseigner (non disponible)

## 6. Conclusions and Recommendations

|                                |   |
|--------------------------------|---|
| <b>Primary Study Question:</b> | <b>How far has SBS met the objectives of partner countries and donors and what are the good practice lessons that can be used to improve effectiveness in future?</b> |
|--------------------------------|---|

170. The implementation of the education SBS agreement, subscribed to first in late 2006 by the Netherlands and followed by three other donors in 2007 and 2008, has had some very positive effects on domestic visibility and control over the sector. However it has fallen well short of its expectations in terms of domestic ownership and incentives. As far as the Government is concerned, SBS has been implemented with far more strings attached to it than initially expected. Some of these strings were tied in advance of SBS to prepare it (the ANICT/MoE agreement), some strings were visible from the outset (disbursement triggers, audit requirements), others were created by the Government itself to respond to the wishes of the donors (earmarking of funds to respond to required traceability) and some were not so obviously written in stone in the agreement/s but could nevertheless have jeopardised SBS disbursements (recommendations transformed into commitments). To take the metaphor further, some of these strings have ended up in knots that, have actually impeded the smooth implementation of the PISE II (for example the per diem issue and the use of ANICT).

171. These characteristics of the SBS process are the result of a transitional phase: donors were willing to move away from the traditional project approach but were still unsure about entrusting all responsibilities to the Government. As a result, their implication in the sector's management increased (possibly at the cost of their participation in discussions on policy, strategy and systems issues) and derogations to normal budgetary procedures were requested to compensate for identified weaknesses. At the same time the Government readily agreed to these requests without analysing the potential consequences of the derogations introduced (or without pointing them out sufficiently to donors) and taking a generally reactive attitude towards implementation of the SBS agreement.

172. The practices of this transitional phase and the positive and negative effects that they have had or may have on sector systems are summarised in Table 7 below:

**Table 7: Summary of Practices with Positive and Negative Effects on Sector Outputs**

| Domain  | Practice with positive effects   | Practice with negative effects  |
|---|--|---|
| Sector policy, planning, budgeting, monitoring and evaluation | <ul style="list-style-type: none"> <li>- The implementation of SBS has highlighted shortcomings of the government planning and budgeting processes and the implications of the decentralisation reforms. The dialogue has highlighted the need to strengthen three key areas:               <ul style="list-style-type: none"> <li>o The alignment of the MTEF, AWPS and the Annual Budget</li> <li>o Decentralised operational planning, through annual workplans</li> <li>o The need to link financial and output reporting at the sector level</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>- Donors have got too involved in the operational details of individual institutions and districts plans and budgets. The dialogue does not provide enough attention to the recurrent side of the education sector budget or strategic policy issues.</li> <li>- Earmarking of SBS expenditure has created distortions in fund allocation and thus in activities undertaken in the sector. SBS has been treated as donor funds. The requirement for rolling over SBS funds creates problems for reporting and monitoring.</li> </ul> |
| Procurement, expenditure, accounting and audit processes      | <ul style="list-style-type: none"> <li>- The use of government budget execution procedures, especially in the context of the new deconcentration process has: enhanced the control the Ministry of Finance has over budgetary resources; put into operation the new deconcentration and decentralisation</li> </ul>  | <ul style="list-style-type: none"> <li>- The fact that SBS is separately identifiable, funds must be carried over from the previous financial year, have parallel audit requirements, and have used ANICT have undermined budget execution and discipline. The late disbursement of SBS funds has also been</li> </ul>  |



|  |  |   |
|--|--|---|
|  | process; and helped highlight some weaknesses of the government's systems. If these weaknesses are addressed, these are likely to result in greater efficiency of public spending, and consequently improve the impact of that spending.   | a problem.  |
| Capacity of sector institutions and systems for service delivery | <ul style="list-style-type: none"> <li>- SBS funds have supported some aspects of institutional development, such as teacher training and decentralised management, which are likely to yield some positive effects.</li> <li>- The development of a sector-wide approach to capacity development in the sector, supported by SBS funding has the potential to enhance institutional development.</li> </ul> | <ul style="list-style-type: none"> <li>- The restricted scope of dialogue of PISE II may mean that the benefits on service delivery systems and capacity are not maximised.</li> <li>- The use of ANICT to manage classroom construction funds is likely to delay effective transfer of management responsibilities to local authorities in future.</li> <li>- More attention could have been paid to reinforce deconcentrated and decentralised structures' capacities,</li> </ul>   |
| Domestic ownership, incentives and accountability                | <ul style="list-style-type: none"> <li>- The now extended use of government systems by deconcentrated structures has built capacity and reinforced accountability relationships within government, including the role of the Ministry of Finance.</li> </ul>   | <ul style="list-style-type: none"> <li>- Ownership has been less than hoped for due to greater than expected interference of donors in the sector's management, reportedly to compensate for government weaknesses in playing the rules of the SBS game.</li> <li>- Donors' involvement in operational levels may undermine ownership of plans</li> <li>- The use of ANICT by bypassing normal budgetary execution and control procedures undermines accountability.</li> <li>- Disbursement conditions are felt to be imposed by donors, rather than agreed by government.</li> <li>- Stakeholders in Mali do not understand SBS and wrongly attribute budgetary process issues to SBS.</li> <li>- Little attention has been paid towards the incentives faced by decentralised managers.</li> </ul> |

173. A number of issues emerge for further reflection in view of the preparation of the second phase of SBS which will support PISE III from 2010.

174. They mainly relate to the nature of funding and financial management arrangements associated with SBS:

- Firstly, there seems to have been some amalgamation of different agendas with the provision of SBS: a desire to ensure accountability within the sector; the promotion of budgetary deconcentration; and most obviously the implementation PISE II. However it is not evident that any of these agendas should be pursued by SBS alone. For example policies related to increasing the financial control, transparency, accountability in the sector should be left to the arena of PFM improvements being undertaken under the PAGAM: if donors are confident enough to provide GBS to Mali they should also logically be confident enough to provide SBS since the same national budgetary and audit procedures apply to all sectors. As far as the budgetary deconcentration is concerned, it is clear that SBS donors have a keen interest in seeing deconcentration and decentralisation be promoted in the education sector, as this is also one of the priorities of the PISE II. However this should be done in a way consistent with the overall decentralisation policies. The introduction of

special procedures to ensure adequate financial management of school construction funds of local communities was a clear derogation from this.

- Secondly, the strings attached to SBS have been a sign of the unease felt by donors about 'letting go'. Derogations were introduced instead of strengthening the systems and institutions believed to be weak points in the programming and expenditure chains. In the first years of a new system, such as budgetary deconcentration and bottom-up planning, the field level needs to be closely supported by the central level in its endeavours. The skills of existing human resources within the MoE deconcentrated structures and within the LAs are essential to the success of PISE implementation. The fourth component of PISE II was meant for this, by focusing on the setting up of transparent and participative deconcentration, decentralisation and planning; it was, however, allocated only 7.7% of resources in the 2008 AWP. The experience of 2007 shows that more resources could be devoted by the centre to support managers at local level (AEs and CAPs) and local communities to identify bottlenecks and problems and find solutions to them.
- Thirdly, to address accountability concerns, the efforts should be turned from the traceability of funds (which should be removed) towards improving the transparency and readability of the various programming and monitoring processes and documents. This requires:
  - Aligning the different programming documents so that the budget reflects the full AWP, and the MTEF;
  - That the AWP is indeed sector-wide and includes all public sector costs, including recurrent, investment and operating costs linked to investment;
  - That the AWP is aligned on PISE priorities and
  - That the PISE be aligned on PRODEC objectives.

Aligning these different documents, simplifying the AWP process to enable staff to concentrate on priorities and aligning the monitoring documents on the programming document seem to be essential priorities to have a more transparent view of the sector. This would make it easy to track what budget funds have been used for and what they have achieved. In turn this would facilitate the implementation of non earmarked SBS.

- Fourthly, in the same spirit, traceability requirements to enable carrying forward funds to the next budgetary year appears unnecessary when an indicator on government commitment to allocating available resources according to the priorities set out in the MTEF is included in the programme as a disbursement trigger: this already ensures that Government is committed to provide the necessary financing up to the level agreed in the MTEF.
- Fifth, the predictability of timing of SBS needs to be improved. It is arguably the Government's failure to provide timely information on the disbursement triggers that holds up actual disbursement. There are several options. Disbursements could be linked to indicators that are more readily available; a one year or six month lag could be introduced as the basis of assessment (taking performance of N-2 instead of N-1); support to the Government institutions that are in charge of monitoring SBS and preparing the disbursement dossiers could be provided.
- Sixth the problems experienced with the auditing of PISE II and SBS could possibly be resolved by the next SBS requesting auditing by the Bureau du Vérificateur Général whose report seemed to correspond more to the donors' needs than the simple checking of the regularity of the accounts realised by the Section des Comptes.

175. Overall, there seems to be strong arguments for abandoning some of the derogations from government systems provided for in SBS to PISE II and moving towards a non targeted, non earmarked SBS entirely implemented through national budgetary procedures for PISE III. This would represent a major step forward and probably a step into the unknown for some donors.

However it would be well justified under the condition that the MoE's programming and monitoring processes be slim-lined and aligned to provide full transparency of the sector and adequate information to enable the appreciation of means employed and results obtained.

176. By widening the scope of support to the entire education sector budget, the move to non-targeted SBS (and the associated removal of the existing derogations) may also facilitate extending policy, strategy and implementation discussions from the narrow PISE considerations to the wider sector issues. This would shift the focus of attention from the investment budget to cover the recurrent funding of service delivery, the systems for service delivery and human resources issues. TA and capacity building could also be refocused in such a way – both with the introduction of the capacity building pooled fund, and other project support. This all would enhance the effectiveness of sector funding, and contribute towards improving the implementation of the education policy and strategy.

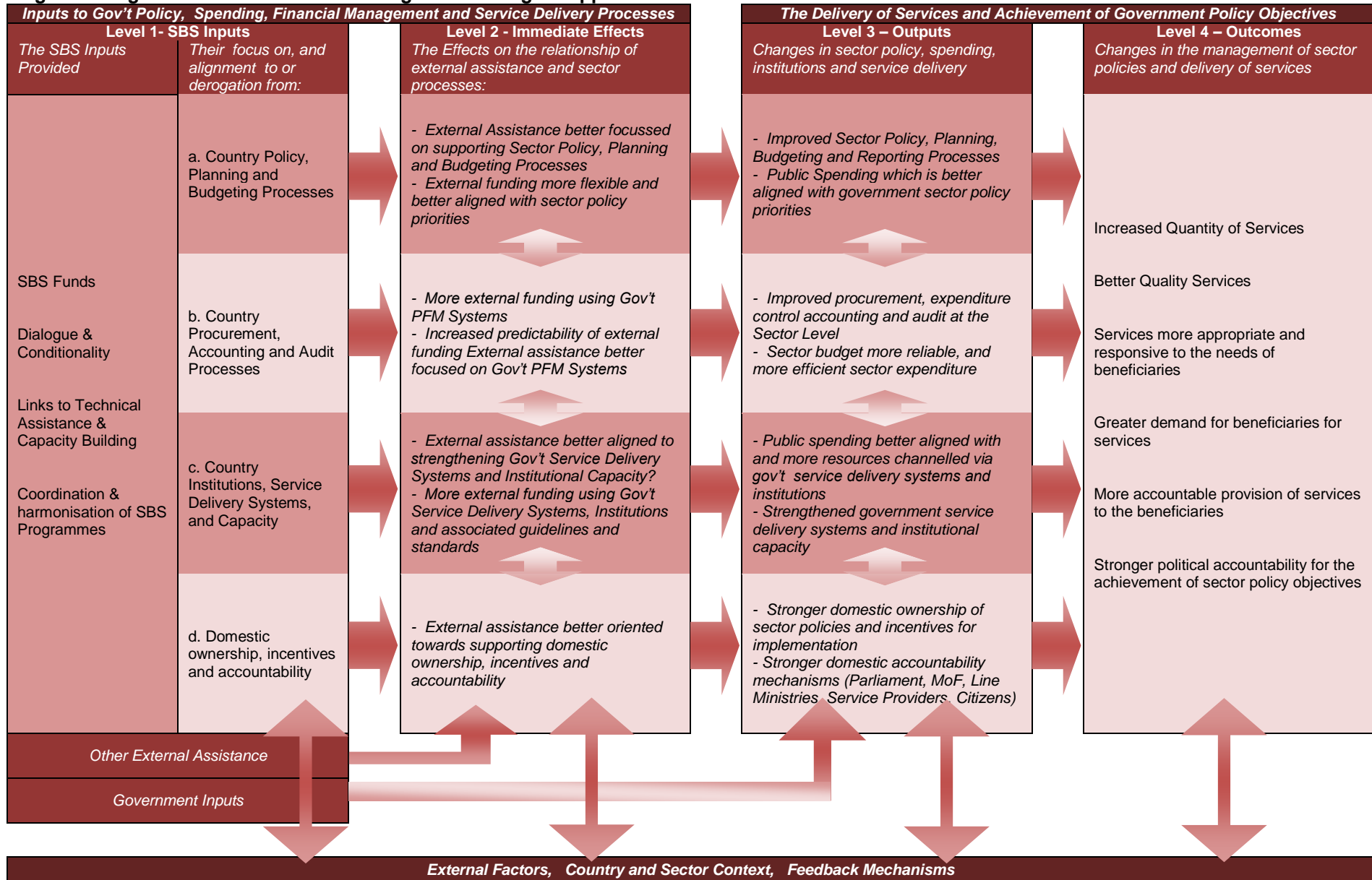
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# Annex 1 – Summary of Findings against Logical Framework

Figure 4: Logical Framework for Assessing Sector Budget Support in Practice



### a) Context in which SBS has been Provided

|  | Country context  | Sector context   | Aid management context  |
|--|--|--|---|
| <p><b>2006-</b></p> <p>SBS “late comer” in well-established SWAp</p> | <p><u>Policy:</u> PRSP II (2007-2011) in place.</p> <p><u>Growth:</u> Early 90s democratic transition &amp; economic reforms → Average GDP growth 6-5%; GDP/capita doubled (1994-2006); High dependence on world prices, remittances and aid; “Côte d’Ivoire” factor.</p> <p><u>Poverty reduction:</u> Limited under PRSP I, no decrease in rural areas (73%); marked progress in access to basic social services.</p> <p><u>Institutional context</u> (unitary country):</p> <p>Decentralisation: Political (1999). Gradual deconcentration and decentralisation since 2000 i.e. transfer of responsibilities to both deconcentrated arms of central line ministries, and local authorities (the example of the education sector suggests complex relationships); District level newly established and intended to take major role in service delivery; Slow progress; Budget devolution initiated in January 2007 (focus on education spending).</p> <p><u>PFM:</u> Long history of PFM reforms (early focus on expenditure control), holistic</p> | <p><u>Policy/plan/M&amp;E:</u> Ten-year sector-wide development program (PRODEC 2000- ); Successive operational implementation plans (PISE) linked to multi-annual financing plans “in the form of MTEF”, though PISE excludes sector recurrent costs.</p> <p>Weak links between MTEF, annual workplans, annual budget and PISE.</p> <p>Decentralisation (2006/7)<sup>39</sup>: Deconcentration of activity planning and budget programming; Budget devolution to decentralised levels; Currently weak reporting thus contributing to fragmented overview of sector funding.</p> <p>Sector monitoring arrangements “intrinsically linked with arrangements for partner dialogue”.</p> <p><u>Spending levels:</u> 2001/2-2005/6: Budget share 12%-17%; Recurrent budget share flat at 30% but dramatic spending increases (2000-06);</p> <p>Limited reorientation to primary (39% in 2008), sufficient to allow teacher recruitment and increases in operational funding, simultaneous with PISE I focus on institutional CD and classroom construction</p> <p><u>Sector results:</u></p> <p>PISE I: progress with access, at expense of quality. Continued regional/social disparities. PISE II (2006- ): focus on decentralisation and quality. Slow progress</p> | <p><u>General aid trends:</u></p> <p>Strong donor support, multitude of Development Partners (DPs) and intervention modalities; elaborate overall/sector dialogue structure.</p> <p>BS from 20% ODA (2004) to 33% (2006), much due to SBS in education and health. Joint BS framework (2006) and MOU but no harmonised disbursement conditions.</p> <p>Budget support (GBS and SBS) introduced ‘from outside’ to respond to Paris Declaration agenda.</p> <p><u>Aid to Education Sector</u></p> <p>PRODEC and PISE: Programme approach since 2001 (2008: 16 DPs of which 6 SBS donors).</p> <p>Close donor involvement in planning, M&amp;E of plans; Two large sector monitoring reviews/year; Joint matrix of performance indicators; Donors may organise independently held project reviews. All this focus on development budget.</p> <p>Donor support aligned to PISE, some using special PISE procedures (special account, execution and control procedures ) under</p> |

<sup>39</sup> Role of elected authorities: Community councils are responsible for basic education 1st cycle, district councils for basic education 2nd cycle, and regional assemblies for secondary, technical and vocational education; Since Jan 2007, these decentralised structures have benefited from direct budget transfers for education (for classroom construction) and mayors have a greater role in the recruitment and promotion of primary school teachers although the payroll is still centralised at the ministry level. Administrative responsibilities lie with deconcentrated Academies (AEs) at regional level and Centres for Pedagogic Activities (CAPs) at district level with new responsibilities and, since Jan 2007, funding received directly from the regional and district budgets.

|  |  |   |   |
|--|--|---|---|
|  | <p>government-led reform plan since 2005. Recent developments: MTBF, sector MTEFs, new budget nomenclature. “Limited fiduciary risk” (including PEFA assessment 2006).</p> | <p>so far, PISE II extended. GER primary = 27% (90/91) to 78% (2008/9); Gender parity lagging; Strong regional and rural/urban disparities; Lack of qualified teachers. 1/3<sup>rd</sup> – 2/3<sup>rd</sup> (general/TVET) secondary education is provided by private sector.</p> | <p>Ministry of Education outside Ministry of Finance control, others using traditional projects, and now also education SBS. Individual education donors (including SBS donors) using several modalities at same time SBS introduced ‘from outside’ as GBS. SBS is a major vehicle to channel funding to local levels, supporting education management decentralisation. Mali is an FTI country; which modality is used/going to be used? No idea</p> |
|--|--|---|---|

## b) Nature of the SBS Provided

|                | Types:            | Timescale: | Donors:  |
|----------------|-------------------|------------|--|
| Mali Education | Support to PISEII | 2006-2009  | Netherlands, Sweden, Norway (from 2006)<br>France, Belgium, Canada (from 2007) |

|                | Funds and Financial Management   | Dialogue and Conditions  | T/A and Capacity Building   | Links to other Aid  |
|----------------|--|--|---|---|
| Mali Education | <p><u>Funding Level:</u> High, at €33m in 2006, rising to €44m and €46m in 2007 and 2008 respectively. This represented a switch from project funding to PISEII.</p> <p><u>Earmarking:</u> Although intention was for SBS to be unearmarked, in practice it is earmarked to the investment budget under two budget lines – SBS for Investments and SBS for Operating Costs. There are also requirements for it to be additional.</p> <p><u>Tracking:</u> SBS funded activities are separately identifiable in the budget, where an amount equivalent to the size</p> | <p><u>Dialogue Structures:</u> Majority of the dialogue is conducted using pre-existing SWAP structures, and SBS donors particularly active. Two meetings are held a year for SBS donors to review disbursement conditions</p> <p><u>Conditionality Framework:</u> Conditions are spelled out an SBS agreement for three years. Two tranches are disbursed each year. Three macroeconomic conditions and six sector specific conditions are required to be fulfilled for disbursing the first tranche of SBS. Eleven sector specific indicators are monitored and linked to the disbursement</p> | <p><u>Part of SBS Instruments:</u> SBS does not have any TA/Capacity building component initially (although it funds elements of capacity development.</p> <p><u>Links to other initiatives:</u> SBS donors have been active in the formulation of a sector-wide approach to capacity strengthening, and a common fund for financing it. This is under development.</p> | <p><u>Links to Project Funding in the sector:</u> SWAP provides a framework for linking SBS to other aid at the sector level. Majority of dialogue covers all aid modalities.</p> <p><u>Links to GBS:</u> No link to GBS.</p> |



|  | <b>Funds and Financial Management</b>   | <b>Dialogue and Conditions</b>  | <b>T/A and Capacity Building</b> | <b>Links to other Aid</b> |
|--|---|---|----------------------------------|---------------------------|
|  | <p>of SBS funding is provided for.</p> <p><u>Cash Management:</u> Uses government cash management systems. .</p> <p><u>Use of Other Gov't FM Systems:</u> Overall SBS uses government systems</p> <p><u>Derogations:</u> Key derogations include a requirement that any balance of SBS funding should be carried forward to the following financial year.</p>                     | <p>of the second tranche.</p> <p><u>Focus:</u> Although the SWAP structures are sector wide, dialogue often focuses on operational issues. The majority of sector indicators monitored by SBS relate to basic education.</p> <p><u>Derogations/Additions to SWAP:</u> The SBS conditionality framework and SBS specific meetings, at which they are discussed are additional to pre-existing SWAP processes</p> |                                  |                           |
|  | <b>Other important design features</b>  |   |                                  |                           |
|  | <u>Derogations:</u> 40% of SBS funding is allocated to classroom construction. This is the mandate of local authorities. However SBS channels funds for classroom construction to an agency for local community investments, bypassing the local government structure. Furthermore SBS is considered as donor funding, and donor rates for allowances are applied to these funds. |   |                                  |                           |
|  | <b>Effects of SBS on the Quality of Partnership</b>   |   |                                  |                           |
|  | <u>Quality of Dialogue:</u> Whilst government generally appreciates the move to SBS there is concern that donors are interfering more in the sector. There is also tension between SBS and non-SBS donors. Non-SBS donors feel that SBS donors have more influence and are too involved in operational discussions on things like Annual Workplans.                               |   |                                  |                           |
|  | <u>Transactions Costs:</u> SWAP structures which SBS uses has contributed to a reduction in transaction costs for government overall, however the additional dialogue and accountability requirements have added a new layer. Transactions costs have also shifted from operational managers to a higher level in the education ministry.   |   |                                  |                           |
|  | <u>Misunderstanding of SBS:</u> Generally, beyond MoF and education ministry finance staff most stakeholders consider SBS as no different from any other donor project.   |   |                                  |                           |

## c) The Effects of SBS in Practice

### i) Policy, Planning, Budgeting, Monitoring, Evaluation and Expenditure

| <b>Inputs</b>  | <b>Effects</b>  | <b>Outputs</b>   |
|--|---|--|
| <p>SBS funding is on budget, is aligned with government policies and is reported on using government systems.</p> <p>Focus (TA/CD, dialogue, conditions) on sector policy,</p> | <p>External funding more flexible and better aligned with</p> | <p>SBS contribution to:</p> <ul style="list-style-type: none"> <li>▪ Public spending is better aligned with government sector policies.</li> </ul> |

|                       | <b>Inputs</b><br>planning, budgeting, monitoring and evaluation processes?<br><br><i>Derogations: why, justified, temporary?</i>   | <b>Effects</b><br>sector policies overall; assistance better focused on supporting sector policy, planning and budgeting processes.<br><br><i>Effects of derogations</i>  | <b>Outputs</b><br><ul style="list-style-type: none"> <li>▪ Improved Sector policy, planning, budgeting and reporting Processes</li> </ul><br><i>How do derogations affect outputs?</i>  |
|-----------------------|--|---|---|
| <b>Mali Education</b> | <b>Contextual factors:</b> SWAP established before SBS. Launch of decentralisation concomitantly with start of SBS (2007), including most importantly: move from top-down to bottom-up planning and budgeting by region and district level authorities and by decentralised agencies (still in learning phase); budget and output monitoring systems not yet appropriated and used correctly by decentralised agencies; reporting from decentralised levels not yet functional; and effects of decentralisation and deconcentration have been wrongly attributed to SBS  |   |   |
|                       | <u>Policy, planning and budgeting processes:</u> Before they shifted, SBS donors supported the development of sector policy (PRODEC), implementation plan (PISEI) and costed MTEF – this framework facilitated the shift to SBS. However PISEII only covers investment and related operating costs.<br><br>SBS uses government planning and budgeting processes which have been undergoing reform. This has focused the attention of the dialogue on these processes. Donors are raising problems relating to the lack of alignment between planning and budget documents; and decentralised operational planning. There has been focus in the dialogue on operational planning, with a lot of focus on annual workplans, which takes a large share of the dialogue. | There is more focus on strengthening planning and budgeting process and the links with policy as a result of the shift to SBS. Little effects on overall policy and plans which predated SBS. There is an operational bias to dialogue. | Dialogue and TA preceding SBS helped with improvements in the policy and planning framework, and this is likely to continue with the development of the third PISE implementation strategy.<br><br>The use of policy, planning and budgeting processes by SBS has focused attention of sector actors on strengthening them. This may result in future improvements in the coherence of planning and budget documents and decentralised planning.<br><br>A lot of dialogue is spent on annual workplans which only cover development, at the expense of dialogue on the recurrent budget, and substantive policy issues. |
|                       | <u>Reporting, monitoring and evaluation processes:</u> SBS uses existing sector review and monitoring arrangements with the addition of one layer of meetings. Sector Aides Memoire are the instrument for reporting. SBS agreements involve reporting on additional indicators.<br><br>SBS dialogue has highlighted the inadequacies of sector reporting.   | There is more focus on strengthening reporting and the links between outcomes, outputs and expenditure.   | The formalised structure of monitoring and reporting continues to be effective, and including joint donor reviews and production of joint donor assessments<br><br>The Ministry of Education has prepared a report linking outputs to expenditure as a result of requests from donors in the SBS dialogue. Although far from adequate, there is now base from which to improve.   |

|  | <b>Inputs</b>   | <b>Effects</b>   | <b>Outputs</b>   |
|--|---|--|--|
|  | <p>The requirement for rollover of SBS funds has important implications for reporting and budgeting.</p> <p>There are very weak links with the GBS dialogue and monitoring.</p>   |  | <p>The requirement to rollover funds SBS has created problems for reporting and monitoring, as those expenditures and activities not completed by the end of the financial year are not reported on in the following financial year.</p>   |
|  | <p><u>Sector Resource Allocation:</u> Volume SBS funding was significant and calculated to cover the funding gap for PISEII, however it does not represent a significant increase over pre-SBS levels for external assistance.</p> <p>SBS funded expenditures are separately identifiable in the development budget as “SBS funds for Operating” and “SBS funds for Investment”. There are requirements that MTEF shows SBS be additional. Since 2009 a requirement that only 10% of SBS funds should be used for the payment of per diems.</p> | <p>SBS has meant that government controlled 86% of sector funding in 2005 and 78% in 2007 and 2006, which is 10% to 20% higher than would have been the case without SBS.</p> <p>Although flexible, external funds to the sector are still separately identifiable in the investment budget.</p> | <p>The shift to SBS has therefore empowered the Ministry of Education to improve intra-sector resource allocation in the investment budget. The Ministry of Finance has greater influence, also. SBS has not increased overall sector resources significantly.</p> <p>However, requirements for traceability of SBS funding has distorted resource allocation, as they have become, de facto, tightly earmarked to specific activities in Annual workplans. The choice has been influenced by the Ministry of Education’s experience of donor interests (e.g. 40% is spent on school construction); discussions on annual workplans (see above) and treatment of SBS expenditures as donor funds, which means that donor per diem rates are applied (which are three times higher than government rates). This resulted in the cap being placed on payment of per diems.</p> <p>Whilst the allocation of SBS allocations are not necessarily inconsistent with policy priorities the de facto earmarking distracts from discussion of the efficiency and links of sector funding to policy priorities overall.</p> |

## *ii) Procurement, Accounting and Audit*

|  | <b>Inputs</b>   | <b>Effects</b>  | <b>Outputs</b>  |
|--|---|---|---|
|  | <p>SBS funding uses government expenditure control, accounting and audit processes.</p> <p>Focus (TA/CD, dialogue, conditions) on strengthening government expenditure control, accounting and audit processes at the sector level?</p> | <p>External funding uses government FM systems more and is more predictable; assistance better focussed on gov’t FM</p> | <p>SBS contribution to:</p> <ul style="list-style-type: none"> <li>▪ Improved sector procurement, expenditure control, accounting and audit at the sector level;</li> <li>▪ Sector budget more reliable and sector expenditure more efficient.</li> </ul> |

|                       | <b>Inputs</b><br><i>Derogations: why, justified, temporary?</i>  | <b>Effects</b><br>systems.<br><i>Effects of derogations</i>   | <b>Outputs</b><br><i>How do derogations affect outputs?</i>   |
|-----------------------|--|---|---|
| <b>Mali Education</b> | <b>Contextual factors:</b> Budgetary devolution and PFM reform underway. Overall improvements to PFM.  |   |   |
|                       | <p>Predominantly, SBS uses the government budget disbursement; expenditure control, and accounting processes. This includes through the newly de-concentrated budget system.</p> <p>Although national audit processes are used, private auditors were contracted to support the supreme audit institution, who ended up conducting the audit themselves. Donors have been involved in drawing up the TORs of the audit, and the scope and coverage of the audits are unclear.</p> <p>Overall annual disbursements were reliable, however they were delayed and received late in the financial year. For classroom construction, as the agency for community infrastructure (ANICT) was used, normal devolved budgetary procedures were not employed.</p> | <p>Although annual predictability of sector resources was supported, in year predictability was poor.</p> | <p>SBS has had a strong influence on expenditure control and the transparency of funding and activities in the sector. It has strengthened the MoE's role in budget execution, and the role of the MoF in budget arbitration and monitoring. SBS has also enabled budgetary deconcentration to local authorities to take place.</p> <p>Late disbursements of SBS have put a strain on the treasury's overall cash management. Ironically, this helped reveal weaknesses in deconcentrated budgetary procedures, where LAs did not take advantage of expenditure authorisations, because funding had not arrived. This has improved the likelihood of them being addressed. The use of ANICT bypassed LAs and the opportunity to strengthen LA capacity for managing classroom construction contracts.</p> <p>The use of private audit firms has resulted in tensions between SBS donors, the MOF and auditing bodies. <i>Inter alia</i>, the supreme audit institution did not want to sign off on the audits of private auditors as they had not been involved. The Verificateur General has identified some weaknesses which have been acknowledged and acted on by the MoE and MoF</p> |

### iii) Capacity of Sector Institutions and Systems for Service Delivery

|  | <b>Inputs</b>   | <b>Effects</b>   | <b>Outputs</b>  |
|--|---|--|---|
|  | <p>SBS use of Gvt mainstream funding mechanisms and sce delivery institutions (structures, guidelines, standards)</p> <p>Focus (TA/CD, dialogue, conditions) on devt and strengthening of mainstream sce delivery institutions?</p> | <p>SBS contribution to alignment of sector aid as a whole towards strengthening govt sce delivery systems &amp; capacity</p> | <p>SBS contribution to:</p> <ul style="list-style-type: none"> <li>▪ Increased <b>total</b> funds flows through mainstream govt channels for sce delivery, &amp; used within regular institutional sce delivery framework</li> <li>▪ Stronger sce delivery systems and</li> </ul> |

|                       | <b>Inputs</b>  | <b>Effects</b>   | <b>Outputs</b><br>institutions   |
|-----------------------|--|--|--|
|                       | Derogations: why, justified, temporary?  | Effects of derogations   | How do derogations affect outputs  |
| <b>Mali Education</b> | <p><b>Contextual factors:</b> Sector policy framework, (development-focused) strategic plan and medium-term financing framework (PISE I, excluding “non-development” activities and associated recurrent costs) and well-organised SWAp preceding SBS; Slow-moving decentralisation process<sup>40</sup>; Decentralisation of education management and resources at the same time as and through SBS launch; Trend of increasing sector resources; Limited (pre-SBS) progress in addressing issues of quality and gender, geographic and social disparities in access; some, but limited, “pro-poor” re-orientation of education spending towards basic education; SBS replaces projects in the sector but not fully.</p>  |  |  |
|                       | <p>SBS funds use GOM funding mechanisms and service delivery institutions, albeit within limits, and with two major derogations</p> <p>Derogations: First, SBS funds are earmarked on specific development activities. Second, SBS funds for classroom construction are channelled to a supposedly temporary agency (ANICT) which manages them on behalf of the relevant decentralised authorities.</p> <p>The remainder of SBS funds uses the procedures (bottom-up planning, budgeting and FM) for decentralised and de-concentrated institutions established for the actual transfer of competencies and financial means which started with PISE II and SBS – for which the capacity in place was weak.</p> <p>“Following the funds”, the SBS dialogue (and the SWAp dialogue as a whole) doesn’t focus on “non-development” dimensions of the provision of education thus “ignores” critical service delivery activities (teacher training and quality through inspection have been priorities, but teacher recruitment and regular management, school</p> | <p>As it replaces project modalities SBS has increased the volume of aid to the sector which uses GOM funding mechanisms and service delivery institutions, within the limits and with the derogations outlined earlier. However, there is no more focus of sector aid as a whole on “non-development” service delivery, than there used to be before SBS.</p> <p>USAID, a non-SBS donor, has proposed to provide TA with a view to assisting the sector to meet the SBS conditionalities more timely.</p> | <p>Using decentralised funding channels did help MOF identify weaknesses and start addressing them. However, these systemic effects<sup>41</sup> of SBS on sector institutions’ capacity are/will be limited to the development side of the budget. Also, SBS derogation (using ANICT) represents a barrier to strengthening local authorities’ management capacity and undermines their mandate hence the decentralisation process.</p> <p>SBS provided the first resources to be used in line with the planned decentralisation of education management powers and financial means. The lack of attention to the challenge that this represented led to important delays in activities (including school construction). CD for decentralised structures may take place through the planned programmatic approach to CD in the sector. This would be indispensable for PISE II (and SBS supporting it) to achieve its objective of strengthening decentralised management of education.</p> |

<sup>40</sup> Decentralisation adopted in the 1992 constitution; Local elections (1999) launched political decentralisation (establishment of Local Authorities); Simultaneous, progressive administrative deconcentration; Gradual shift of powers and capacities to LAs (early 2000s); Budget devolution of (part of) education spending in 2007.

<sup>41</sup> SBS systemic effects are its effects through using GOM systems.

|  | <b>Inputs</b>  | <b>Effects</b> | <b>Outputs</b>  |
|--|--|----------------|---|
|  | <p>funding etc. Have not).</p> <p>SBS finances CD activities included in the PISE annual work plans. This appears not to have been sufficient or targeted to address key capacity gaps associated with decentralisation. Beyond this, SBS has not been linked to and has not provided associated TA/CD inputs. There are talks about moving towards a programme-based approach to capacity development in the sector, which might be funded through pooled/basket funding.</p> |                | <p>There is no specific attention to “non-development” service delivery issues. Moreover, the tight earmarking of SBS funding tends to make the dialogue focus on specific operational issues at the detriment of attention to policy and system issues. In this context it may continue to be difficult for PISE II (and SBS) to address fully issues of education quality (one of the main objectives of the programme) and “pro-poorness”. If it is tightly associated with PISE the CB pooled fund under discussion may also not focus on service delivery institutions and capacity needs.</p> |

#### *iv) Domestic Ownership, Incentives, and Accountability*

|                       | <b>Inputs</b>  | <b>Effects</b>  | <b>Outputs</b>   |
|-----------------------|--|---|--|
|                       | <p>How do SBS inputs support</p> <ul style="list-style-type: none"> <li>▪ Stronger ownership of policies and incentives to implement them (any particular effort)?</li> <li>▪ Stronger domestic accountability<sup>42</sup>/avoid parallel requirements &amp; biasing accountability to donors (aid dialogue)?</li> </ul> <p>Derogations to domestic accountability systems: why, justified, temporary</p> | <p>SBS contribution to aid influence on strengthening ownership, incentives and domestic accountability</p> <p>Effects of SBS derogations</p> | <p>SBS influence on ownership, incentives &amp; domestic accountability (stronger sense of responsibility &amp; demand for performance etc.)</p> |
| <b>Mali education</b> | <p><b>Contextual factors:</b> Sector policy framework, (development-focused) strategic plan and associated medium-term financing framework (PISE I, excluding “non-development” activities and associated recurrent costs) and well-organised SWAp preceding SBS; Slow-moving decentralisation;</p>  |   |  |

<sup>42</sup> Understood as accountability to parliament, of sector spending agencies to Min Finance, of sce providers to sector ministry/LG, of sce providers to citizens, of LGs to sector ministries (within respective mandates)

|  | <b>Inputs</b>   | <b>Effects</b>  | <b>Outputs</b>   |
|--|---|---|--|
|  | <p>Decentralisation of education management and of (some) resources initiated at the same time as SBS launch; Trend of increasing sector resources; SBS replaces projects but not fully in the sector; SBS introduced “from outside” the sector<sup>43</sup>; Sector monitoring “intrinsically linked” with arrangements for partner dialogue on PISE, thus ignoring recurrent activities and costs.</p> <p>There is a significantly greater volume and proportion of the sector funding which uses GOM systems and is somehow “controlled” by GOM, though SBS earmarking limits the extent of control.</p> <p>Arguing of the weak capacity and unclear status of the domestic audit institutions, SBS donors have demanded an annual audit executed by an external firm, whilst also expecting domestic institutions to sign off the externally realised audit reports.</p> <p>At the policy level, SBS performance assessment/ disbursement system involves two additional reviews in a year. The system is based on elements sourced in existing documents/processes – but SBS donors also pay attention to how recommendations from previous SBS reviews have been followed up, which is seen as using “ex-post” conditionality. SBS donors have asked the monitoring of a number of quantitative indicators that are difficult to measure, and not used in routine management of the sector.</p> <p>At the operational level, SBS led to donors being much more intrusive in the (development) budget process and composition (detailed discussions of all districts annual work plans).</p> | <p>SBS is a new modality in a well-established SWAp which has supported GOM-owned long term development strategy and medium term plans for the sector. In this context, SBS introduced additional accountability requirements from GOM to donors.</p> <p>Project funding continues to be provided, including by SBS donors.</p> | <p>SBS led to greater transparency in education financing and greater control of Ministry of Finance on it. However, systemic effects on ownership, incentives and domestic accountability are limited to the development side of the budget.</p> <p>More importantly, the combination of earmarking, traceability, additionality and annual carry-over creates important distortions in the budget process and mixes up incentives as SBS funds are seen as “qualitatively different” from GOM funds (e.g. incentives to use SBS funding to pay per diem as the higher donor rate applies). Continued project funding, including by SBS donors, further weakens the potential effects of SBS on incentives and domestic accountability.</p> <p>SBS donor operational involvement is perceived by GOM as undermining its ownership at policy implementation level.</p> <p>The use of “ex-post” conditionality is resented by GOM as a threat on its ownership of the policy dialogue. The focus on quantitative indicators has highlighted the weakness of reporting (as a basis for accountability), which is a good basis for improving the situation – But indicators are not felt to adequately represent the PISE II objectives.</p> <p>External audits through external firms undermine GOM authority. Thus far it has also not brought value added due to the limited knowledge of GOM systems by the external firms selected.</p> <p>CSOs fear that they will be marginalised in the dialogue.</p> |

<sup>43</sup> Impulse from Paris Declaration and GOM’s expressed preference for budget support leading to introduction of GBS and SBS in two sectors in 2006

### d) The Outputs and Outcomes of SBS

|                       | <b>Main SBS Outputs Influencing Outcomes</b>  | <b>Outcomes Influenced by SBS</b>   |
|-----------------------|---|---|
|                       | Changes in sector policy, spending, institutions, service delivery systems and accountability influencing sector outcomes   | Changes in the implementation of sector policies and delivery of services influenced by SBS   |
| <b>Mali Education</b> | <p>The main outputs of SBS are limited by the short timeframe of SBS implementation, and the fact that it represented a switch in modality rather than an increase in external assistance.</p> <p>Nevertheless SBS has been reliable and important source of funding for the implementation of the education strategy. Improvements in transparency, because of the use of budgetary procedures by SBS which has put the MoF in control of more sector funding.</p> <p>The switch to SBS funding allowed decentralisation of sector resources to take place and started to reinforce domestic lines of accountability.</p> <p>The use of SBS makes improvements in the coherence of planning, budgeting, and budget execution more likely, as it has highlighted weaknesses and brought to the fore the need to address capacity development more holistically.</p> <p>There are however a number of perverse results. Traceability has compartmentalised the budget, and resulted in perverse incentives which has undermined efficiency. SBS for classroom construction has bypassed decentralised systems and this means that those systems have not been strengthened. SBS has not been used to support increases in teacher numbers.</p> | <p>SBS has provided substantial funding aligned to the implementation of the education strategy, which represents a credible plan to address challenges in implementing education outcomes. However the implementation has been slow (especially so in 2006 and 2007), despite the availability of sector funding and satisfactory budget execution, which has been underpinned by SBS.</p> <p>Nevertheless, there have been some slow improvements in primary education outcomes (e.g. enrolment, completion and repetition rates), although well below strategy targets. It is reasonable to attribute part of these improvements to SBS funding of primary education inputs</p> <p>The main influence thus far and in the future of the switch to SBS relates to improved efficiency of spending, resulting from improvements in PFM and the use of decentralised systems.</p> <p>However, the extent of these benefits have been undermined by the perverse effects of SBS which have had a negative consequence on efficiency, resulting from derogations linked to the traceability of SBS and the bypassing of some government systems. It is important to note that profound changes have been made to the sector, including the introduction of devolution, which is likely to have slowed progress.</p> |



## Annex 2 – Country and Sector Data

### a) Core Country Data

| Mali  | 1990  | 1995  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | SSA<br>(2007) |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| Exports of goods and services (% of GDP)                                  | 17    | 21    | 25    | 26    | 27    | 33    | 32    | 26    | 25    | 26    | 32    | 27    | 34            |
| GDP growth (annual %)   | -     | 2     | 6     | 6     | 7     | 3     | 12    | 4     | 7     | 2     | 6     | 5     | 3             |
| GNI per capita, Atlas method (current US\$)                               | 300   | 270   | 280   | 270   | 260   | 250   | 250   | 320   | 390   | 450   | 460   | 500   | 951           |
| GNI per capita, PPP (current international \$)                            | 540   | 610   | 690   | 730   | 750   | 790   | 810   | 890   | 910   | 960   | 1,000 | 1,040 | 1,869         |
| Gross capital formation (% of GDP)  | 23    | 23    | 21    | 21    | 25    | 31    | 19    | 24    | 21    | 23    | 23    | 23    | 22            |
| Inflation, GDP deflator (annual %)  | 5     | 18    | -     | -     | 3     | 6     | -     | 16    | 1     | -     | 1     | 2     | 4             |
| GDP (current US\$m)   | 2,421 | 2,466 | 2,597 | 2,570 | 2,422 | 2,630 | 3,343 | 4,362 | 4,874 | 5,305 | 5,866 | 6,863 | 847,438       |
| Official development assistance and official aid (%GDP)                   | 20    | 22    | 13    | 14    | 15    | 14    | 14    | 13    | 12    | 13    | 14    | 15    | 4             |
| Official development assistance and official aid (current US\$m)          | 479   | 540   | 347   | 354   | 360   | 358   | 475   | 554   | 582   | 711   | 825   | 1,017 | 35,362        |
| Revenue, excluding grants (% of GDP)                                      | -     | -     | -     | -     | 13    | 15    | 14    | 16    | 18    | 18    | 17    | 16    | -             |
| Total debt service (% of exports of goods, services and income)           | 12    | 13    | 11    | 13    | 13    | 8     | 7     | 6     | 7     | 6     | 4     | -     | 5             |
| Fertility rate, total (births per woman)                                  | 7     | 7     | -     | -     | 7     | -     | 7     | -     | -     | 7     | 7     | 7     | 5             |
| Population growth (annual %)  | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 2             |
| Population, total (m)   | 8     | 9     | 9     | 10    | 10    | 10    | 11    | 11    | 11    | 12    | 12    | 12    | 800           |
| Income share held by lowest 20%   | -     | -     | -     | -     | -     | 6     | -     | -     | -     | -     | 7     | -     | -             |
| Poverty headcount ratio at national poverty line (% of population)        | -     | -     | 64    | -     | -     | -     | -     | -     | -     | -     | -     | -     | -             |
| Agriculture, value added (% of GDP)                                       | 46    | 50    | 46    | 47    | 42    | 38    | 35    | 39    | 36    | 37    | 37    | 37    | 15            |
| Primary completion rate, total (% of relevant age group)                  | 12    | 16    | -     | -     | 33    | 37    | 38    | 41    | 43    | 44    | 49    | -     | -             |
| Ratio of girls to boys in primary and secondary education (%)             | -     | -     | -     | 66    | 68    | -     | -     | 69    | 72    | 73    | 74    | 78    | -             |
| Births attended by skilled health staff (% of total)                      | -     | -     | -     | -     | -     | 41    | -     | -     | -     | -     | 45    | -     | 45            |
| Contraceptive prevalence (% of women ages 15-49)                          | -     | -     | -     | -     | -     | 8     | -     | -     | -     | -     | 8     | -     | 23            |
| Immunization, measles (% of children ages 12-23 months)                   | 43    | 52    | 54    | 52    | 49    | 53    | 57    | 60    | 64    | 68    | 68    | 68    | 73            |
| Life expectancy at birth, total (years)                                   | 48    | 49    | -     | -     | 51    | -     | 52    | -     | -     | 53    | 54    | 54    | 51            |
| Malnutrition prevalence, weight for age (% of children under 5)           | -     | -     | -     | -     | -     | 30    | -     | -     | -     | -     | 28    | -     | 27            |
| Mortality rate, under-5 (per 1,000)                                       | 250   | 234   | -     | -     | 217   | -     | -     | -     | -     | 202   | -     | 196   | 146           |
| Prevalence of HIV, total (% of population ages 15-49)                     | -     | 1     | 1     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 5             |
| Roads, paved (% of total roads)   | 11    | 12    | 12    | 12    | 12    | -     | -     | -     | 18    | -     | -     | -     | -             |
| Improved sanitation facilities, urban (% of urban population with access) | 53    | 55    | -     | -     | 57    | -     | -     | -     | -     | -     | 59    | -     | -             |
| Improved water source (% of population with access)                       | 33    | 42    | -     | -     | 51    | -     | -     | -     | -     | -     | 60    | -     | -             |

Source: World Bank Website – Africa Quick Query (2009)

## b) Sector Expenditure and Service Delivery Data

### Trends in Education Sector Expenditure

#### a. Education sector MTEF 2006-2008 (PISE II implementation), in millions of FCFA.

| Programmes of PISE II                    | 2006           |               |                | 2007           |               |                | 2008           |               |                |
|--|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|
|  | Recurr.        | Invt          | Total          | Recurr.        | Invt          | Total          | Recurr.        | Invt          | Total          |
| 1. General administration                | 8 800          | 2 218         | 11 018         | 10 417         | 2 632         | 13 049         | 10 516         | 1 749         | 12 266         |
| 2. Development of basic education        |                |               |                |                |               |                |                |               |                |
| Preschool                                | 1 030          | 1 131         | 2 161          | 1 262          | 2 648         | 3 910          | 1 506          | 2 709         | 4 214          |
| Basic 1                                  | 35 675         | 24 622        | 60 297         | 46 510         | 29 686        | 76 196         | 52 138         | 31 178        | 83 315         |
| Basic 2                                  | 12 959         | 9 701         | 22 660         | 13 527         | 10 975        | 24 502         | 15 496         | 11 194        | 26 690         |
| Normal                                   | 5 924          | 1 900         | 7 824          | 6 445          | 3 200         | 9 645          | 6 715          | 1 800         | 8 515          |
| Non formal                               | 1 840          | 1 514         | 3 354          | 1 910          | 2 237         | 4 147          | 2 085          | 2 360         | 4 445          |
| 3. Dev't of general secondary education  | 13 086         | 4 835         | 17 921         | 12 728         | 5 127         | 17 855         | 12 765         | 5 912         | 18 678         |
| 4. Dev't of technical and vocation secon | 13 269         | 5 517         | 18 786         | 15 801         | 9 642         | 25 443         | 17 914         | 10 264        | 28 178         |
| 5. Higher Education                      | 12 411         | 3 664         | 16 075         | 12 874         | 5 413         | 18 287         | 13 592         | 5 885         | 19 477         |
| 6. Strengthening of scientific research  | 807            | 468           | 1 275          | 884            | 223           | 1 107          | 965            | 224           | 1 189          |
| <b>Total</b>                             | <b>105 801</b> | <b>55 569</b> | <b>161 370</b> | <b>122 358</b> | <b>71 783</b> | <b>194 142</b> | <b>133 694</b> | <b>73 275</b> | <b>206 969</b> |
| SBS as a % of PISE II costs              |                |               | 13,42%         |                |               | 14,93%         |                |               | 14,63%         |

#### b. Education sector expenditure trends 1995-2006

| Education sector expenditure        | in millions of FCFA |               |                |                |                |                |                       |                       | in % of total |            |            |            |            |                |                       |
|-------------------------------------|---------------------|---------------|----------------|----------------|----------------|----------------|-----------------------|-----------------------|---------------|------------|------------|------------|------------|----------------|-----------------------|
|                                     | 1995                | 2000          | 2004           | 2005           | 2006           | 2007<br>plan'd | 2007<br>real'd<br>(1) | 2008<br>plan'd<br>(2) | 1995          | 2000       | 2004       | 2005       | 2006       | 2007<br>real'd | 2008<br>plan'd<br>(3) |
| <b>Recurrent expenditure</b>        | 22 602              | 49 241        | 82 622         | 89 199         | 110 187        | 119 924        | 116 765               | 138 962               | n.a.          | <b>79%</b> | <b>64%</b> | <b>61%</b> | <b>64%</b> | <b>71%</b>     | <b>75%</b>            |
| Pre-school                          | 125                 | 438           | 585            | 713            | 1 000          |                |                       |                       | 1%            | 1%         | 1%         | 1%         | 1%         |                | 1%                    |
| Basic 1st cycle (6-12 yrs)          | 6 184               | 16 403        | 28 937         | 30 507         | 42 128         |                |                       |                       | 27%           | 33%        | 35%        | 34%        | 38%        |                | 39,2%                 |
| Basic 2nd cycle (12-16yrs)          | 4 564               | 9 625         | 14 673         | 13 737         | 15 927         |                |                       |                       | 20%           | 20%        | 18%        | 15%        | 14%        |                | 13%                   |
| Normal education                    | 564                 | 1 889         | 3 120          | 5 619          | 6 336          |                |                       |                       | 2%            | 4%         | 4%         | 6%         | 6%         |                | 5%                    |
| Non formal education                | 201                 | 321           | 559            | 892            | 1 114          |                |                       |                       | 1%            | 1%         | 1%         | 1%         | 1%         |                | 3%                    |
| General secondary education         | 3 510               | 8 310         | 13 579         | 13 558         | 14 389         |                |                       |                       | 16%           | 17%        | 16%        | 15%        | 13%        |                | 11%                   |
| Technical and vocational education  | 2 234               | 4 507         | 7 679          | 10 258         | 13 582         |                |                       |                       | 10%           | 9%         | 9%         | 12%        | 12%        |                | 14%                   |
| Higher education                    | 5 220               | 7 748         | 13 490         | 13 915         | 15 711         |                |                       |                       | 23%           | 16%        | 16%        | 16%        | 14%        |                | 14%                   |
| <b>investment expenditure</b>       | n.a.                | 13 285        | 46 874         | 56 435         | 60 664         | 99 691         | 48 109                | 47 008                | n.a.          | <b>21%</b> | <b>36%</b> | <b>39%</b> | <b>36%</b> | <b>29%</b>     | <b>25%</b>            |
| National budget (incl ANICT and LA) |                     | 2 768         | 4 685          | 8 759          | 9 071          | 27 820         | 12 300                | 5 832                 |               | 21%        | 10%        | 16%        | 15%        | 26%            | 12%                   |
| SBS                                 |                     |               |                |                | 19 944         | 21 600         | 30 092                | 28 713                |               |            |            |            | 33%        | 63%            | 61%                   |
| Other External financing            |                     | 10 517        | 42 189         | 47 676         | 31 649         | 50 271         | 5 717                 | 12 463                |               | 79%        | 90%        | 84%        | 52%        | 12%            | 27%                   |
| <b>Total</b>                        | n.a.                | <b>62 526</b> | <b>129 496</b> | <b>145 634</b> | <b>170 851</b> | <b>219 615</b> | <b>164 874</b>        | <b>185 970</b>        |               |            |            |            |            |                |                       |

Note (1): Recurrent expenditure is actuals and investment expenditure is available (of which FCFA 47,545 was executed).

Note (2): Data for 2008 were provided to donors upon request. They include FCFA 5,4 billion education expenditure undertaken by other ministries (Justice, agriculture, Employment, etc.).

Note (3): The breakdown applies to an amount of FCFA 135,575,701 which does not include some expenditure undertaken by other ministries; hence the amounts are not reported in the 2008 column of amounts.

**Trends in Service delivery, education, Mali 1996-2007/08.**

|  | 1996  | 99/2000 | 2000/01             | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07       | 2007/08 |
|--|-------|---------|---------------------|---------|---------|---------|---------|---------|---------------|---------|
| classroom construction                                     |       |         | 2810 (6000 planned) |         |         |         |         |         |               |         |
| GER (1st cycle)  |       |         |                     |         |         |         |         |         |               |         |
| all  | 43,0% | 56,6%   |                     | 64,3%   | 67,0%   | 70,5%   | 74,0%   | 75,0%   | 75,6%         | 78,2%   |
| girls  | 34,0% | 46,0%   |                     | 53,7%   | 56,4%   | 59,9%   | 63,4%   | 67,0%   | 68,7%         | 71,1%   |
| boys   |       |         |                     | 75,3%   | 77,9%   | 81,3%   | 85,0%   | 81,5%   | 82,8%         | 85,6%   |
| Completion rate class 6                                    |       |         |                     |         |         |         |         |         |               |         |
| all  |       |         |                     |         |         | 41,6%   | 43,2%   | 48,5%   | 53,2%         | 53,3%   |
| girls  |       |         |                     |         |         |         |         | 38,4%   | 42,9%         | 44,1%   |
| boys   |       |         |                     |         |         |         |         | 58,7%   | 63,9%         | 62,7%   |
| pupils obtaining average marks in reading class 2          |       |         |                     |         |         |         | 51,0%   |         |               | 49,6%   |
| pupils obtaining average marks in maths class 2            |       |         |                     |         |         |         | 48,0%   |         |               | 41,8%   |
| pupils obtaining average marks in reading class 5          |       |         |                     |         |         |         | 43,0%   |         |               |         |
| pupils obtaining average marks in maths class 5            |       |         |                     |         |         |         | 42,0%   |         |               |         |
| Repetition rate 1st cycle:                                 |       |         |                     |         |         |         |         |         |               |         |
| all  |       | 22,0%   | 17,6%               | 19,5%   | 19,8%   | 19,0%   | 18,6%   | 17,0%   | 15,0%         | 14,2%   |
| girls  |       |         |                     | 20,0%   | 20,0%   | 19,3%   | 18,9%   | 17,3%   | 15,5%         | 14,4%   |
| boys   |       |         |                     | 19,2%   | 19,6%   | 18,7%   | 18,4%   | 16,7%   | 15,2%         | 14,0%   |
| Ratio school books French, 1st cycle                       | 1/3   |         |                     | 1/3     |         |         |         |         |               |         |
| Ratio school books maths, 1st cycle                        |       |         |                     | 1/2     |         |         |         |         |               |         |
| Ratio school books 2nd cycle                               |       |         |                     |         |         | 2,5     | 2,5     | 2,9     | 3,1           | 3,94    |
| Ratio pupils/teachers, 1st cycle                           | 78    |         |                     | 73      |         | 57      | 54      | 53      |               | 65      |
| Nb of additional communautey teachers trained              |       |         |                     |         |         |         | 200     |         |               | 2050    |
| Percent teachers having recieved initial 6 months training |       |         |                     |         |         | 28,0%   | 35,0%   | 36,7%   | 40,0%         | 40,9%   |
| Transition rate basic/general secondary                    |       |         |                     |         |         | 40,2%   | 32,7%   | 30,7%   | 40,2%         | 37,3%   |
| GER 2nd cycle  |       |         |                     |         |         |         |         |         |               |         |
| all  |       |         |                     |         |         |         | 38,0%   | 41,5%   |               |         |
| girls  |       |         |                     |         |         |         | 28,5%   | 31,1%   |               |         |
| GER secondary  |       |         |                     |         |         |         | 30,0%   | 32,0%   |               |         |
| GER higher   |       |         |                     |         |         |         | 4,6%    | 5,1%    |               |         |
| Literacy rate > 15 years old                               |       |         |                     |         | 22,9%   | 24,0%   | 25,1%   | 26,3%   |               |         |
| Literacy rate women  |       |         |                     | 15,9%   | 16,7%   | 17,6%   | 18,5%   | 15,9%   |               |         |
| Education share in budget                                  |       |         |                     | 11,8%   | 14,1%   | 15,4%   | 15,1%   | 17,0%   |               |         |
| Education share in recurrent budget                        |       |         |                     | 29,2%   | 30,7%   | 30,0%   | 30,3%   | 30,1%   |               |         |
| Vocational training  |       |         |                     |         |         |         |         |         |               |         |
| number of schooled and non schooled youngsters trained     |       |         |                     |         |         |         |         | 790     | 2636          | 3234    |
| number of centres equipped                                 |       |         |                     |         |         |         |         | 3       | (100 planned) |         |
| number of trained CED finalists                            |       |         |                     |         |         |         |         | 2938    | (53% planned) |         |
| numbre of young non schooled trained                       |       |         |                     |         |         |         |         | 2929    | (11% planned) |         |
|  |       |         |                     |         |         |         |         | 3408    | (15% planned) |         |

## Annex 3 – Country and Sector Aid Data

### a) Country Aid Data

| <b>Aide extérieure (mrd. FCFA)</b>                                      | <i>Moyenne</i>   | 2002         | 2003         | 2004         | 2005         | 2006           | <i>Moyenne</i>   | <i>Moyenne</i>   |
|---|------------------|--------------|--------------|--------------|--------------|----------------|------------------|------------------|
|   | <i>1997-2001</i> |              |              |              |              |                | <i>2002-2006</i> | <i>2007-2011</i> |
| <b>Total Aide extérieure financière requise (brut)</b>                  | <b>192,5</b>     | <b>215,9</b> | <b>240,0</b> | <b>214,8</b> | <b>270,5</b> | <b>1.462,8</b> | <b>480,8</b>     | <b>397,4</b>     |
| Total des Dons (BdP, hors Ass. technique et aide en nature)             | 91,8             | 85,8         | 112,4        | 103,3        | 147,6        | 1.291,8        | 348,2            | 173,7            |
| Dons en capital liés aux projets  | 68,9             | 69,3         | 60,7         | 70,0         | 102,6        | 126,8          | 85,9             | 110,9            |
| Dons budgétaires globaux  | 22,9             | 16,6         | 51,7         | 33,3         | 45,0         | 35,8           | 36,5             | 25,2             |
| Appui budgétaire sectoriel  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 44,0           | 8,8              | 37,7             |
| Restructuration dette IADM  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 1.085,2        | 217,0            | 0,0              |
| Total des tirages sur emprunts extérieurs                               | 92,5             | 102,6        | 97,5         | 82,8         | 122,9        | 150,9          | 111,3            | 212,6            |
| Budgétaires   | 10,9             | 31,5         | 34,9         | 0,0          | 19,3         | 40,1           | 25,2             | 30,0             |
| Prêts-projets   | 81,6             | 71,1         | 62,6         | 82,8         | 103,6        | 110,8          | 86,2             | 182,6            |
| Remboursements dus sur dette publique                                   | 33,2             | 41,6         | 36,8         | 37,0         | 39,5         | 1055,2         | 242,0            | 36,8             |
| Régulation dette/PPTE   | 8,2              | 27,5         | 30,1         | 28,7         | 0,0          | 20,1           | 21,3             | 11,1             |
| <b>Total Aide extérieure financière (hors intérêts) (net)</b>           | <b>151,1</b>     | <b>146,8</b> | <b>173,1</b> | <b>149,1</b> | <b>231,0</b> | <b>387,5</b>   | <b>217,5</b>     | <b>349,4</b>     |
| Intérêts sur la dette extérieure publique                               | 13,6             | 16,8         | 15,9         | 16,1         | 17,0         | 11,6           | 15,5             | 10,4             |
| <b>Total Aide extérieure financière (net)</b>                           | <b>164,7</b>     | <b>163,6</b> | <b>189,0</b> | <b>165,2</b> | <b>247,9</b> | <b>399,1</b>   | <b>233,0</b>     | <b>359,9</b>     |
| <b>Aide à rechercher: gap de financement du Budget</b>                  | <b>0,0</b>       | <b>0,0</b>   | <b>0,0</b>   | <b>0,0</b>   | <b>0,0</b>   | <b>0,0</b>     | <b>0,0</b>       | <b>12,7</b>      |
|   | <i>Moyenne</i>   |              |              |              |              |                | <i>Moyenne</i>   | <i>Moyenne</i>   |
| <b>Aide extérieure (millions \$ E.U.)</b>                               | <i>1997-2001</i> | 2002         | 2003         | 2004         | 2005         | 2006           | <i>2002-2006</i> | <i>2007-2011</i> |
| <b>Total Aide extérieure financière requise (brut)</b>                  | <b>296,8</b>     | <b>310,8</b> | <b>413,9</b> | <b>407,2</b> | <b>513,3</b> | <b>2801,6</b>  | <b>889,3</b>     | <b>787,0</b>     |
| Total des Dons (BdP, hors Ass. technique et aide en nature)             | 142,2            | 123,5        | 193,8        | 195,8        | 280,0        | 2474,1         | 653,5            | 343,9            |
| Dons en capital liés aux projets  | 107,1            | 99,7         | 104,7        | 132,7        | 194,6        | 242,8          | 154,9            | 219,6            |
| Dons budgétaires globaux  | 35,1             | 23,9         | 89,2         | 63,1         | 85,4         | 68,6           | 66,0             | 49,8             |
| Appui budgétaire sectoriel  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 84,3           | 16,9             | 74,5             |
| Restructuration dette IADM  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 2078,4         | 415,7            | 0,0              |
| Total des tirages sur emprunts extérieurs                               | 142,4            | 147,7        | 168,1        | 156,9        | 233,2        | 289,0          | 199,0            | 421,1            |
| Budgétaires   | 16,8             | 45,3         | 60,2         | 0,0          | 36,6         | 76,8           | 43,8             | 59,4             |
| Prêts-projets   | 125,6            | 102,3        | 107,9        | 156,9        | 196,6        | 212,2          | 155,2            | 361,7            |
| Remboursements dus sur dette publique                                   | 51,6             | 59,9         | 63,5         | 70,1         | 75,0         | 2020,9         | 457,9            | 72,9             |
| Régulation dette/PPTE   | 12,3             | 39,6         | 52,0         | 54,4         | 0,0          | 38,5           | 36,9             | 22,0             |
| <b>Total Aide extérieure financière (hors intérêts) (net)</b>           | <b>232,9</b>     | <b>211,3</b> | <b>298,5</b> | <b>282,6</b> | <b>438,3</b> | <b>742,1</b>   | <b>394,6</b>     | <b>692,1</b>     |
| Intérêts sur la dette extérieure publique                               | 21,1             | 24,2         | 27,4         | 30,5         | 32,2         | 22,2           | 27,3             | 20,7             |
| <b>Total Aide extérieure financière (net)</b>                           | <b>254,0</b>     | <b>235,5</b> | <b>325,9</b> | <b>313,1</b> | <b>470,5</b> | <b>764,4</b>   | <b>421,9</b>     | <b>712,8</b>     |
| <b>Aide à rechercher: gap de financement du Budget</b>                  | <b>-0,1</b>      | <b>0,0</b>   | <b>-0,1</b>  | <b>0,0</b>   | <b>0,1</b>   | <b>0,0</b>     | <b>0,0</b>       | <b>25,2</b>      |
|   | <i>Moyenne</i>   |              |              |              |              |                | <i>Moyenne</i>   | <i>Moyenne</i>   |
| <b>Aide extérieure (millions EURO)</b>                                  | <i>1997-2001</i> | 2002         | 2003         | 2004         | 2005         | 2006           | <i>2002-2006</i> | <i>2007-2011</i> |
| <b>Total Aide extérieure financière requise (brut)</b>                  | <b>339,6</b>     | <b>329,2</b> | <b>365,9</b> | <b>327,5</b> | <b>412,3</b> | <b>2230,0</b>  | <b>733,0</b>     | <b>605,8</b>     |
| Total des Dons (BdP, hors Ass. technique et aide en nature)             | 163,5            | 130,9        | 171,4        | 157,5        | 224,9        | 1969,3         | 530,8            | 264,8            |
| Dons en capital liés aux projets  | 123,2            | 105,6        | 92,5         | 106,7        | 156,3        | 193,3          | 130,9            | 169,0            |
| Dons budgétaires globaux  | 40,3             | 25,3         | 78,8         | 50,8         | 68,6         | 54,6           | 55,6             | 38,4             |
| Appui budgétaire sectoriel  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 67,1           | 13,4             | 57,4             |
| Restructuration dette IADM  | 0,0              | 0,0          | 0,0          | 0,0          | 0,0          | 1654,4         | 330,9            | 0,0              |
| Total des tirages sur emprunts extérieurs                               | 161,3            | 156,4        | 148,6        | 126,2        | 187,4        | 230,0          | 169,7            | 324,0            |
| Budgétaires   | 19,1             | 48,0         | 53,2         | 0,0          | 29,4         | 61,1           | 38,4             | 45,7             |
| Prêts-projets   | 142,2            | 108,4        | 95,4         | 126,2        | 157,9        | 168,9          | 131,4            | 278,3            |
| Remboursements dus sur dette publique                                   | 60,3             | 63,4         | 56,1         | 56,4         | 60,2         | 1608,6         | 369,0            | 56,1             |
| Régulation dette/PPTE   | 14,7             | 41,9         | 45,9         | 43,8         | 0,0          | 30,6           | 32,5             | 17,0             |
| <b>Total Aide extérieure financière (hors intérêts) (net)</b>           | <b>264,5</b>     | <b>223,9</b> | <b>263,9</b> | <b>227,3</b> | <b>352,1</b> | <b>590,7</b>   | <b>331,6</b>     | <b>532,7</b>     |
| Intérêts sur la dette extérieure publique                               | 24,3             | 25,6         | 24,2         | 24,5         | 25,9         | 17,7           | 23,6             | 15,9             |
| <b>Total Aide extérieure financière (net)</b>                           | <b>288,8</b>     | <b>249,5</b> | <b>288,1</b> | <b>251,9</b> | <b>378,0</b> | <b>608,4</b>   | <b>355,2</b>     | <b>548,6</b>     |
| <b>Aide à rechercher: gap de financement du Budget</b>                  | <b>-0,1</b>      | <b>0,0</b>   | <b>-0,1</b>  | <b>0,0</b>   | <b>0,1</b>   | <b>0,0</b>     | <b>0,0</b>       | <b>19,3</b>      |
| <b>Aide extérieure financière (brut) en % du PIB</b>                    | <b>10,5%</b>     | <b>9,8%</b>  | <b>9,8%</b>  | <b>8,2%</b>  | <b>9,3%</b>  | <b>47,5%</b>   | <b>16,9%</b>     | <b>10,5%</b>     |
| <b>Aide extérieure financière (net) en % du PIB</b>                     | <b>9,0%</b>      | <b>7,4%</b>  | <b>7,7%</b>  | <b>6,3%</b>  | <b>8,6%</b>  | <b>13,0%</b>   | <b>8,6%</b>      | <b>9,5%</b>      |
| <b>Aide extérieure (brut) Euro par tête de la population</b>            | <b>34,2</b>      | <b>30,4</b>  | <b>32,9</b>  | <b>28,7</b>  | <b>35,3</b>  | <b>186,8</b>   | <b>62,8</b>      | <b>47,3</b>      |
| <b>Aide extérieure (net) Euro par tête de la population</b>             | <b>26,6</b>      | <b>20,7</b>  | <b>23,7</b>  | <b>19,9</b>  | <b>30,2</b>  | <b>49,5</b>    | <b>28,8</b>      | <b>41,6</b>      |
| <b>Aide extérieure financ. (brut) \$ E.U. par tête de la population</b> | <b>29,7</b>      | <b>28,7</b>  | <b>37,3</b>  | <b>35,7</b>  | <b>44,0</b>  | <b>234,7</b>   | <b>76,1</b>      | <b>61,5</b>      |
| <b>Aide extérieure financ. (net) \$ E.U. par tête de la population</b>  | <b>25,4</b>      | <b>21,8</b>  | <b>29,3</b>  | <b>27,4</b>  | <b>40,3</b>  | <b>64,0</b>    | <b>36,6</b>      | <b>55,7</b>      |

Source: DNP, modèle MME-DNPD

Source: CSLP : Rapport 2006 de mise en œuvre (juin 2007)

## b) Aid to the Sector

Active donors in education include: International Development Agency's (IDA), Netherlands (also representing Sweden and Norway), Canada, Belgium, France (AFD), USAID, UNICEF, Switzerland, Belgium, UNDP, Japan, Germany (GtZ), the Inter-American Development Bank (IDB), the AfDB, FAO, OPEP funds,... Under the SWAP, most donors support the PRODEC and the PISE, use the same monitoring indicators and undertake joint monitoring and supervision missions of PISE implementation. Donor funding has been as follows in the sector since 2000:

| in FCFA billions            | 2000 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008<br>plan'd |
|-----------------------------|------|------|------|------|------|------|------|----------------|
| National Budget ressources  | 52   | 51   | 76   | 87   | 98   | 119  | 129  | 145            |
| Donors                      | 11   | 40   | 44   | 41   | 48   | 52   | 36   | 41             |
| of which SBS                |      |      |      |      |      | 20   | 30   | 29             |
| Total                       | 63   | 91   | 120  | 128  | 146  | 171  | 165  | 186            |
| donor funding as % of total | 17%  | 44%  | 36%  | 32%  | 33%  | 30%  | 22%  | 22%            |

Source: RSFT 2007 (provisional), Revues annuelles, AWP, data communicated to donors upon request

## Annex 4 – Inventory of Sector Budget Support

### a) Details of Inputs by Type of SBS

*This table provides a detailed description of SBS inputs provided in the country.*

| <b>SBS Input</b>  | <b>SBS Type 1</b>  |
|---|--|
| <b>(i) SBS Programmes and their Objective</b>   |  |
| Programmes Included (state donor and dates)   | SBS to PISE II (2006-2008):<br>Netherlands, Sweden and Norway (01/07/2006)<br>France (29/03/2007)<br>Belgium (07/06/2007)<br>Canada (28/03/2008)   |
| What Were the Objectives of SBS Operations and how has this evolved over time?  | The SBS objective is to support the implementation of the PISE II, the three year investment programme of the education sector (2006-2008 extended to 2009) which operationalises the sector's ten year policy programme (PRODEC). This follows from a first phase PISE I (2001-2005) also supported by donors through projects and/or programmes in a sector wide approach. Currently preparation of PISE III which will cover 2010-2012 and will again receive support through a SWAP, including SBS (preparation to follow preparation of PISE III – reflexions currently ongoing), projects and programmes. SBS seen by some as a stepping stone to GBS (Sweden opts for GBS in 2009).               |
| <b>(ii) Level of Funding and Arrangements for Predictability</b>  |  |
| Trends in the size of SBS agreements over time. (relate to table in part b of the inventory)  | Amounts of SBS increase in absolute terms and relative to donor support in the sector by the gradual joining of SBS members: 2006 € 33 m; 2007 € 44.2 m; 2008: € 46.2 m.<br><br>Relative to total donor support in education:<br><br>2006: 39%; 2007: 84%; 2008 unknown.   |
| Mechanism and timing communication of amounts for the next financial year and the medium term and their reliability in practice. (relate to table in part c of the inventory) | Yearly amounts foreseen in (bilateral) agreements which cover two or three years; yearly confirmation of disbursement intention by letter to Budget Director before budget preparation (end of April). Actual confirmation planned following sector reviews in November N-1 for release of 1 <sup>st</sup> tranche in 1 <sup>st</sup> quarter of N and in April N for release of 2 <sup>nd</sup> tranche in 3 <sup>rd</sup> quarter N. In practice delays of several months:<br><br><ul style="list-style-type: none"> <li>2007: 64% of disbursements in 2<sup>nd</sup> quarter and 36% in last quarter (2<sup>nd</sup> and fixed tranches). Mainly due to late signing of French and Belgian</li> </ul> |

| <b>SBS Input</b>  | <b>SBS Type 1</b>  |
|---|--|
|   | <p>agreements.</p> <ul style="list-style-type: none"> <li>• 2008: 58% disbursed in 2<sup>nd</sup> quarter (1<sup>st</sup> tranches) and 42% in last quarter (2<sup>nd</sup> tranches)</li> </ul>   |
| No. and timing of tranches within the financial year and their predictability in practice.                                | One or two yearly tranches. Planned sector reviews do not in practice provide sufficiently valid justification for disbursement so actual verification of conditionalities is undertaken with some months delay. Predictability of amounts remains good despite low achievements (disbursements have never been reduced).  |
| <b>(iii) Earmarking, Additionality and Disbursement Channels</b>  |  |
| Overall level of discretion/degree of earmarking of SBS (i.e. location on y axis of spectrum of SBS)                      | Theoretically earmarked to PISE II (the investment programme); actually earmarked in the budget to two specific chapters (investment and operating costs of investment) and in practice totally earmarked in terms of activities in the Action Plans of implementing agencies.   |
| Route of channelling funds to treasury and thereafter to sector institutions (describe diagram in section b of inventory) | SBS funds go to Treasury; from there to ministries of education and to regional budgets. Budget execution: done through DAF at ministry level; at regional level through DRB but for school construction through ANICT.  |
| Requirements for additionality of funds to sector budgets / programmes within the sector, if any.                         | Indicator nb 5: Verification of additionality on the basis of coherence between budget and the agreed sector MTEF (which includes SBS)   |
| Specific arrangements for earmarking of funds to specific programmes in the budget and during budget execution.           | SBS to PISE II which is the investment programme; within this earmarking to specific activities and thus to specific budget items (although flexible procedures would allow transfers to other expenditure this is not done so in practice).   |
| <b>(iv) Conditionality and Dialogue</b>   |  |
| Overall Focus of Dialogue and Conditionality (location on x axis of spectrum of SBS)                                      | The focus of dialogue is in different fora: sector reviews provide forum for sector wide policy dialogue and discussion of technical and managerial questions (through sector reviews), SBS reviews discuss conditionalities but may pick up on issues from sector reviews to add into the policy/technical dialogue on conditionalities ('recommendations'). Dialogue thus spans from technical to policy in both fora but reportedly SBS forum has a better political hearing. |
| Nature of Underlying MoU/Agreement (this may be agreement specific or joint)  | Education SBS operates within a specific sectoral budget support agreement which also obeys the principles laid out in the General framework agreement for budget supports. In addition each SBS donor has a bilateral financing agreement with the Government for its SBS laying down the particulars of its BS.  |
| Nature and types of condition relating to the sector  | Theoretically common SBS matrix of indicators applies:   |

| <b>SBS Input</b>   | <b>SBS Type 1</b>  |
|--|--|
|  | <ul style="list-style-type: none"> <li>- 6 sector indicators (3 input related to budget share and amounts; 3 related to the production of documents – PER, PA and audit);</li> <li>- 10 output/result indicators within primary education</li> <li>- 1 output indicator in professional training</li> </ul> <p>In practice the review of conditionalities (the matrix) also includes review of fulfilment of recommendations from previous review (may pertain to adhoc matters picked up from the sector review)</p>  |
| Conditions outside the sector  | <p>Common SBS matrix of indicators 3 macro-economic indicators: IMF 'on-track'; positive PRSP (N-1) review; positive review of action plan for public finance improvement and modernisation (N-1).</p> <p>In practice, some review 'recommendations' are also interpreted as disbursement conditions by MoF/MoE</p>  |
| The nature of Performance indicators monitored, and the source of performance indicators                       | <ul style="list-style-type: none"> <li>- 3 input PI related to budget share and amounts; sourced from budget and MTEF</li> <li>- 3 output PI related to the production of documents (PER, PA and audit); from the sector and MOF</li> <li>- 10 output/result indicators within primary education sourced from the sector: 1 from PASEC (project), 3 from PER, 5 from MPE/CPS RESEN simulation model, 1 from internal reporting</li> <li>- 1 output indicator in professional training from the ministry sourced from RESEN simulation model</li> </ul>         |
| Accountability requirements for SBS programmes   | Based on extensive audits of ABS (reportedly also of NB but no evidence) on ToR drawn up by DP executed by private auditors and countersigned by national audit office (the latter procedure being highly contested).  |
| Existence of any performance assessment framework or equivalent, and description of its structure and content. | <p>SBS matrix:</p> <ul style="list-style-type: none"> <li>- 3 macro triggers and 6 sector triggers (apply to all tranches)</li> <li>- 11 performance indicators (some or all apply to 2<sup>nd</sup> tranche depending on DP)</li> </ul>   |
| Process for reviewing adherence to conditions  | Review of macro-economic conditions at mixed Government/DP commission level. Review of sector conditions at two yearly meetings of SBS committee: in November N review of triggers (disbursement in 1 <sup>st</sup> quarter N+1) and in June N review of performance indicators (disbursement 2 <sup>nd</sup> tranche in third quarter N).   |
| Linking of conditions to the triggering of release of funds  | <p>In practice SBS DPs demand proper justification of values of indicators and final statistical data before release of funds. Hence, much delay is experienced. However major delays seem to be linked to production of specific documents (PER, sector reviews...).</p> <p>Additionally, past recommendations are interpreted by Government as 'supplementary conditionalities'.</p> <p>The methods of judgement of tranche release are DP specific: AFD considers that 60% satisfaction level for PI justifies tranche release. Others have no specific</p> |



| <b>SBS Input</b>  | <b>SBS Type 1</b>   |
|---|---|
|   | <p>thresholds of satisfaction. Assessment and 'satisfaction' rules are not clear (2007: only 45% of triggers were met and money was disbursed).</p> <p>All tranche amounts are fixed.</p>   |
| Mechanisms/Fora for dialogue with respect to SBS  | SBS dialogue parallel process to sector dialogue with SBS donors participating in both. SBS dialogue twice/year process (+ 5/6 preparatory meetings) led by the Education Secretary General whereas sector dialogue led by Technical Advisor to the Minister on monthly basis and 5 technical commissions.  |
| <b>(v) Links to TA and Capacity Building</b>  |   |
| Overall focus of TA/Capacity Building Linked to SBS   | None. There are TA/CB projects to improve overall management of the sector but not specifically linked to SBS.  |
| Is the provision of technical assistance and capacity building delivered as an explicit part of the SBS programme? If yes, describe.  | None.   |
| Is the provision of TA/Capacity building in other programmes/provided by other donors explicitly linked to the provision of SBS?  | No although France could be considered to have SBS linked to training as the AFD's three education sector interventions come under one single financing agreement (and include training). Interestingly USAID is announcing in its next programme some specific TA links to enable Ministry to better fulfil SBS conditionalities. (Note that USAID is not a SBS donor and that it will not be so in the foreseeable future).   |
| Are there TA/Capacity Building conditions built into the SBS programme? If yes, describe.   | No.   |
| <b>(vi) Coordination with other SBS programmes and other aid modalities</b><br><i>e.g. common calendar, joint missions, common set of indicators, pooling of funds, delegated cooperation or silent partnership, Joint diagnostic and performance reviews</i> |   |
| What provisions are there for coordinating the provision of SBS and its associated dialogue and conditionality amongst DPs providing SBS?   | There is one specific agreement to which all DP doing SBS adhere; they also sign the overall BS agreement which covers both GBS and SBS. The Education SBS is thus a joint undertaking with 4 donors of which one represents two others (Norway is represented by Sweden, Sweden is in silent partnership with NL for SBS education so NL actually represents SW and Norway in education). The SBS Monitoring, reviews etc are realised jointly between the 4 DPs and Government. |
| What provisions are there for coordinating the provision of SBS inputs with General Budget Support?   | None. In fact SBS is seen as something totally different from GBS with totally different purposes.  |
| What provisions are there for coordinating the provision of SBS with project and other forms of aid to the sector?  | There is a Sector Wide Approach which predates SBS: in place since PISE I (2001) it coordinates activities of most (if not all) DPs for all aid modalities.   |
| <b>(vii) SBS as a transition mechanism</b>  |   |

| <b>SBS Input</b>  | <b>SBS Type 1</b>  |
|---|--|
| Have donors providing project/basket funding shifted their support to SBS? What was the justification for doing so? | Yes but only a partial shift for some (Canada, France) who also maintain project support. The move is made within the general context of Mali calling for BS as a preferred aid modality.  |
| Have donors shifted from the provision of SBS to general budget support? What was the justification for doing so?   | Sweden will do so from 2009 onwards: SBS temporary phase towards implementation of Paris Declaration principles; also some small problems noted with SBS. Belgium also sees SBS as stepping stone to GBS.  |
| <b>(viii) Influence of HQ requirements on the design of SBS instruments</b>   |  |
| Degree to which the design of SBS has been influenced by donor HQ requirements                                      | NL: Doesn't seem to have influenced.<br>Sweden: BS strongly favoured by HQ. Choice of SBS easier in beginning as it does not require preconditions and cannot be stopped.<br>Norway: delegated to Sweden in education.<br>France: Decision AFD to combine SBS with project and TA support to education.<br>Belgium: Previously co-financed WB programme but financing and procedural problems. Decision on SBS taken by HQ in the wave of BS & dossier prepared by HQ. One FT fits within possibilities of commitment.<br>Canada: seems to be no HQ pressure: ACDI passed to SBS as a result of Paris declaration and round table conference calling for BS (2004). Highly present in sector with projects and direct support to PISE. |

### b) Financial Contributions against Budget over Time (Euro millions)

This table below sets out SBS disbursements against the amount budgeted for in the national budget and the total committed in the BS agreement.

| Programme Name           | Donor   | Start date | Loan/ Grant          | Earm-arking | Total Agreement | 2006 | 2007 | 2008 |
|--------------------------|---------|------------|----------------------|-------------|-----------------|------|------|------|
| ABS Education<br>PISE II | France  | 29/03/2007 | Grant                | Yes         | 6,0             |      | 3,0  | 3,0  |
|                          | SW/NW   | 01/07/2006 | Grant                | Yes         | 33,0            | 11,1 | 10,7 | 6,4  |
|                          | NL      | 01/07/2006 | Grant                | Yes         | 69,0            | 22,0 | 22,0 | 25,0 |
|                          | Belgium | 07/06/2007 | Grant                | Yes         | 8,0             |      | 4,0  | 4,0  |
|                          | Canada  | 28/03/2008 | Grant                | Yes         | 12,0            |      | 4,6  | 7,7  |
|                          |         |            | Total Euros millions |             | 127,9           | 33,0 | 44,2 | 46,2 |

### c) Details of Conditions relating to Sector Budget Support Over Time

This table sets out the specific conditions (e.g. policy actions, performance targets) associated with SBS agreed each year, mapped onto the four themes in the assessment framework.

| Timing   | Policy, planning and budgeting   | Procurement, Expenditure, Accounting and Audit  | Institutions, service delivery systems, and capacity;   | Accountability | Due Process and other Conditions                    |
|--|--|---|---|----------------|---|
| 2006-2008<br>Same indicators for each of the three years | IMF on track status<br>Share of recurrent budget education in total recurrent budget<br>Budget conforms to MTEF and proves additionality of SBS<br>Intrasectoral budget allocation conforms to MTEF<br>PER PISE II for N-1 | Favourable audit of PISE II N-1 and implementation of recommendations of audit N-2<br>Execution rate N-1<br>% of resources transferred to deconcentrated level in N-1<br>% of resources transferred to LA | % of 2 <sup>nd</sup> and 5 <sup>th</sup> year (basic 1) pupils having obtained pass on reading and maths skills<br>% of resources transferred to deconcentrated level in N-1<br>% of resources transferred to LA<br>Access rate basic 1 by sex and region |                | Positive review of PRSP<br>Positive review of PAGAM |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  | validated including availability of indicators and statistical book<br>AWP N+1 validated |  | Completion rate in 6 <sup>th</sup> year for N by sex and region<br>Transition rate from basic 1 to basic 2<br>% repeats in basic 1<br>School book/pupil in basic 2<br>% teachers having received initial 6 months training<br>Nb of pupils and non pupils formed (vocational training) |  |  |
|--|--|--|--|--|--|

Note (1): SBS 2006-2008: same conditions apply to three years

#### d) Details of TA and Capacity Building linked to the Provision of Sector Budget Support

This table sets out the details of any TA and Capacity building provided to the sector which is linked to the provision of SBS, mapped onto the four themes of the assessment framework.

| <b>Timing</b> | <b>Policy, planning and budgeting</b> | <b>Procurement, Expenditure, Accounting and Audit</b> | <b>Institutions, service delivery systems, and capacity;</b>   | <b>Accountability</b> | <b>Other</b> |
|---------------|---------------------------------------|---|--|-----------------------|--------------|
|               | None                                  | None  | A large share of SBS funding is being allocated to institutional development activities. This includes teacher training, decentralised education management. | None                  | None         |

## Annex 5 – Institutions visited and Individuals Met

|                              |  |
|------------------------------|--|
| Mr DOUILLET Vincent          | AFD  |
| Mr BAETEN Sven               | CTB  |
| Mr BENGHA Amadou             | ACDI   |
| Mr DIAKITE Soumaila          | ACDI   |
| Mr HUGUENIN BERT<br>AG ERLAF | Coopération Néerlandaise<br>ANICT                                    |
| Mr SANOGO Ibrahima           | Chef DAF/ MESSRS   |
| Mr NIAMBELE Ichaka           | Adjoint CPS Education  |
| Mr MAIGA Bonaventure         | Conseiller Technique MEBALN  |
| Mr BOUARE Nafougou           | Division Finances DAF MEBALN   |
| Mr TEMOUROV Moukim           | Banque mondiale  |
| Mr TOURE Abdoulaye           | Directeur Général du Budget MF                                       |
| Mr KEITA Boniface            | DAE Ségou  |
| Mr COULIBALY Moussa          | Directeur Adjoint Direction Régionale du Budget Ségou                |
| Mr DIAKITE Souleymane        | Fondé de pouvoir Direction Régionale du Trésor Ségou                 |
| Mr DIARRA Fama               | Chef de division CT. DRT Ségou                                       |
| Mr KONE Salia                | Chef division Dépenses – visas DRT Ségou                             |
| Mr COULIBALY                 | DCAP Markala   |
| Mr Beziz                     | Union Européenne   |
| Mr ONGOIBA                   | Direction Nationale du Trésor, Bamako                                |
| Mme DIARRA                   | Direction Nationale du Trésor, Bamako                                |
| Mr Djire                     | Chef DAF/ MEFP   |
| Mr Kone                      | Adjoint DAF / MEFP   |
| Mr Diarra Abou               | CADD MEBALN  |
| Mr Traoré Fily               | Cellule d'appui à la Déconcentration Décentralisation de l'éducation |
| Mme Keita Adama Sania        | Cellule d'appui à la Déconcentration Décentralisation de l'éducation |
| BA Yacouba                   | Chef DAF MEBALN  |
| Mme KEITA Fatoumata          | Directrice Nationale de la Formation Professionnelle                 |
| Mme HUGHES Susanna           | Ambassade de la Suède  |
| Mme NATACHA                  | USAID  |

## **Annex 6 – Mali’s education sector policy, strategy, institutions and monitoring arrangements**

### **6.1 La politique de l’éducation au Mali : Le Programme Décennal de Développement de l’Education (PRODEC)**

Pour apporter des solutions viables aux nombreux problèmes et faiblesses auxquels était confronté son système éducatif, le Gouvernement du Mali décide en 1996 de le refonder en mettant en place un programme pluriannuel, dénommé Programme Décennal de Développement de l’Education (PRODEC). Le PRODEC fut élaboré avec l’appui de tous les partenaires techniques et financiers de l’éducation au Mali et son cadre politique fut adopté en mai 1998 par le conseil des ministres pour la période 1998 – 2008. La loi d’orientation de l’éducation au Mali fut adoptée en décembre 1999 (Loi n°99 – 046 du 28 décembre 1999).

#### **1. Missions, Finalités et objectifs du PRODEC**

Les orientations de la politique éducative du Mali précisent une réforme profonde de ses programmes en privilégiant l’approche curriculaire et l’utilisation des langues nationales.

L’axe référentiel du Programme Décennal de Développement de l’Education : « un village, une école et / ou un centre d’éducation pour le développement » indique l’ambition du Mali pour une scolarisation universelle et la consolidation de la politique de décentralisation. Il s’agit de réussir l’édification d’une école démocratique dans un contexte décentralisé où le rôle et la place des communautés et des collectivités décentralisées seront déterminants dans la réalisation d’un changement profond, visant la refondation du système d’éducation. L’effort sera porté sur l’amélioration de la qualité de l’enseignement et l’augmentation de la capacité d’accueil. Les questions d’éducation des filles, de santé et d’hygiène scolaire seront intégrées dans toutes les interventions du programme.

Le PRODEC se fixe comme objectif d’atteindre un taux brut de scolarisation de 95% au premier cycle de l’enseignement fondamental à l’horizon 2010 et repose sur deux options fondamentales qui sont :

- l’adaptation du système par sa rénovation et son adéquation avec le contexte de démocratisation et de décentralisation dans un cadre de partenariat véritable ;
- la correction des dysfonctionnements du secteur en trouvant des solutions aux insuffisances, en préservant les acquis positifs et en veillant à la pérennité du programme.

#### **2. Axes prioritaires**

Les deux options fondamentales du PRODEC s’articulent autour de onze (11) axes prioritaires qui sont :

1. une éducation de base de qualité pour tous
2. un enseignement professionnel adapté aux besoins de l’économie
3. un enseignement secondaire général et technique rénové et performant
4. un enseignement supérieur de qualité répondant à des besoins prioritaires et aux coûts maîtrisés
5. une utilisation des langues maternelles dans l’enseignement formel concomitamment avec le français
6. une politique opérationnelle du livre et du matériel didactique
7. une politique soutenue de formation des enseignants
8. un partenariat véritable autour de l’école

9. une restructuration et un ajustement institutionnel nécessaires à la refondation du système éducatif
10. une politique de communication centrée sur le dialogue et la concertation avec tous les partenaires
11. une politique de financement du système éducatif soutenue, équilibrée, rationnelle et s'inscrivant dans la décentralisation.

Le Programme Décennal de Développement de l'Éducation prend en charge les enfants, les adolescents, en cours d'éducation et de formation, et les adultes analphabètes. Les filles, les femmes et les jeunes handicapés bénéficient d'une attention particulière.

Les bénéficiaires indirects sont les entreprises, utilisatrices de main d'œuvre qualifiée et les structures chargées de l'exécution à travers l'appui en équipements et la formation des cadres.

### **3. Les sous-programmes majeurs**

Le PRODEC comporte sept sous-programmes opérationnels :

- L'éducation préscolaire,
- L'enseignement fondamental,
- L'enseignement normal,
- L'enseignement secondaire général,
- L'enseignement technique et professionnel,
- L'enseignement supérieur.

### **4. Les structures d'encadrement**

**Les écoles** sont les lieux privilégiés de formation continue des enseignants et remplissent quatre rôles: administratif, pédagogique, social et de communicateur.

**Les Centres d'Animation Pédagogique (CAP)** sont des structures d'encadrement rapprochées des maîtres et ont un rôle primordial à jouer dans la formation des maîtres (organisation des stages et séminaires pour les Conseillers pédagogiques, les maîtres en service et les Directeurs d'école, participation à ces stages, à l'encadrement et à l'animation des élèves-maîtres ; participer à l'identification des besoins en matière de formation des enseignants, des directeurs d'écoles et des conseillers pédagogiques ; concevoir et élaborer des modules en rapport avec les besoins identifiés puis les animer ; procéder à l'évaluation des maîtres ; participer à l'organisation des examens scolaires ; participer à la mobilisation des populations autour des objectifs de scolarisation ; veiller au respect de la carte scolaire).

## **6.2 Stratégies du secteur éducatif au Mali : les PISE**

### **1. Priorités stratégiques des PISE**

La mise en œuvre du PRODEC s'effectue à travers les Programmes d'Investissement pour le Secteur de l'Éducation (PISE) successifs. PISE I (2001-2005) correspond à la première tranche quinquennale du PRODEC et traduit la volonté du Gouvernement d'apporter des réponses rapides aux problèmes de l'éducation qui affectent les maliens. Il a été suivi du PISE II (seconde phase de trois ans de 2006 – 2008 mais rallongé à 2009 pour cause de démarrage tardif en 2006) qui sera suivi d'une dernière phase de deux ans (2010-2011).

La 1<sup>ère</sup> phase du PISE a été exécutée durant la période 2001-2004 (avec une prorogation d'un an jusqu'en fin décembre 2005). Elle a porté sur quatre composantes : (i) composante Accès ; (ii) composante Qualité ; (iii) composante Gestion Décentralisée du Système et, (iv) Gestion – Planification et Finances et les Questions Thématiques Transversales.

Des indicateurs clés de performance ont été développés de commun accord entre le Gouvernement du Mali et les PTF pour chaque composante. Durant cette phase, le système éducatif du Mali a fait des progrès très substantiels en termes de couverture de la population d'âge scolaire : le taux brut de scolarisation au premier cycle de l'enseignement fondamental est passé de 26,5 % en 1990 à 75% en 2006. La part de l'éducation dans le budget de l'État est passée de 26,60% en 2001 à 30,06% en 2004. Sur la période 2001-2004, 2 812 salles de classes, 4 Instituts de formation des maîtres et 9 Centres d'animation pédagogique (CAP) ont été construits.

La 2<sup>ème</sup> phase (2006-2009) est en cours ; elle cherche à corriger les insuffisances de la première phase et à mettre en place une politique éducative propice à la pérennisation d'un système éducatif de qualité. Sa mise en œuvre accorde une attention particulière à la réduction des disparités régionales ; à la prise en charge des questions de VIH/SIDA et de genre, à la déconcentration des activités éducatives ; à la gestion décentralisée de l'éducation à travers le transfert des ressources permettant aux collectivités territoriales d'exercer en toute responsabilité les compétences qui leur sont dévolues par la loi ; à la reconnaissance et application de la complémentarité des rôles des différents partenaires qui ont été définis pendant le forum national sur l'école (30 octobre – 2 novembre 2008).

Le PISE II comprend 4 composantes et deux thèmes transversaux :

- Composante I : Développement d'une éducation de Base de qualité ;
- Composante II : Enseignement Secondaire Général (ESG), Enseignement Technique et Professionnel (ETP), Apprentissage ;
- Composante III : Enseignement supérieur ;
- Composante IV : Mise en place d'une gestion / déconcentration / décentralisation / planification transparente et participative de l'éducation ;
- Thèmes transversaux : Genre et HIV/SIDA

Pour les deux phases du PISE, le PRODEC a bénéficié de l'appui technique et financier de plusieurs PTF. Ces appuis se font sous forme de projets, d'appui budgétaire sectoriel ou d'appui budgétaire général dont les objectifs s'intègrent tous parfaitement dans ceux du PRODEC et contribuent à leur réalisation.

## **2. Les structures Institutionnelles du PISE**

Le PISE est géré et exécuté dans un cadre partenarial réunissant tous les partenaires de l'école malienne : Ministère de l'Education de Base, de l'Alphabétisation et des Langues Nationales (MEBALN), Ministère des Enseignements Secondaire, Supérieur et de la Recherche Scientifique (MESSRS), Ministère de l'Emploi et de la Formation Professionnelle, Ministère des Finances, Ministère de l'Administration Territoriale et des Collectivités Décentralisées, Partenaires Techniques et Financiers (PTF), Collectivités Territoriales. Trois ministères et leurs services centraux et déconcentrés sont principalement concernés par l'exécution des activités du PISE ; ce sont : Ministère de l'Education de Base, de l'Alphabétisation et des Langues Nationales (MEBALN), Ministère des Enseignements Secondaire, Supérieur et de la Recherche Scientifique (MESSRS), Ministère de l'Emploi et de la Formation Professionnelle (MEFP).

Le manuel de procédure du PISE décrit la composition et les rôles de toutes les institutions impliquées dans l'exécution et la gestion du PISE



## 2.1. Organes de concertation du PISE

Pour la mise en œuvre du PISE, une concertation est établie entre le Gouvernement et les partenaires de l'école à tous les niveaux de la pyramide scolaire à travers les organes suivants :

- au niveau régional par les Comités Régionaux de concertation (CreC)
- au niveau cercle par les comités de cercle de concertation (CceC)
- au niveau communal par les comités communaux de concertation (CcoC)

## 2.2. Comité de pilotage du PISE

Un Comité de Pilotage est créé par décision du Ministre de l'Education de l'Education de Base. Il est présidé par le Secrétaire général du dit Ministère et comprend les membres suivants :

- Président : le secrétaire général
- Vice président : le Conseiller Technique Chargé de programme
- Le secrétariat du comité est assuré par la CPS

Les membres sont les directeurs des services centraux suivants :

- Cellule de Planification et de Statistiques (CPS)
- Direction Administrative et Financière (DAF) du MEBALN,
- Direction Administrative et Financière (DAF) du MESSRS
- Direction Administrative et Financière (DAF) du MEFP)
- Direction Nationale de l'Education de Base (DNEB)
- Direction Nationale de l'Enseignement Secondaire Général (DNESG)
- Direction Nationale de l'Enseignement Technique et Professionnel (DNETP)
- Direction Nationale de l'Enseignement Supérieur et de la Recherche Scientifique (DNESRS)
- Centre National des Ressources pour l'Education Non Formelle (CNR –ENF)
- Centre National d'Education (CNE)
- Le Rectorat de l'Université de BAMAKO
- La Cellule d'Appui à la Déconcentration/Décentralisation de l'Education

## 2.3. Cadre partenarial

Il existe également un cadre partenarial qui définit les modalités de coordination, de concertation et de collaboration entre les ministères chargés de l'éducation et les PTF. Ce cadre n'a pas de valeur juridique mais constitue cependant un engagement moral, technique et financier des signataires. Il est évolutif et sert de cadre de référence pour les futurs accords bilatéraux entre le Gouvernement du Mali et les différents partenaires.

## 2.4. Commissions thématiques

Des commissions thématiques ont été créées pour mener la réflexion sur les problèmes et grandes orientations du système éducatif : planification, gestion financière, décentralisation / déconcentration, cohérence entre aspects techniques et financiers des plans d'action opérationnels. Elles se réunissent à chaque fois que c'est nécessaire et sont composées par les cadres du département et les partenaires techniques et financiers intervenant dans le secteur de l'éducation.

Il existe cinq (5) commissions thématiques comportant souvent des sous commissions. Les commissions thématiques sont :

- Education de base présidée par le DNEB
- Enseignement secondaire général, présidée par le DNESG

- Enseignement technique et formation professionnelle présidée par le DNETP et comprenant la DNFP
- Enseignement supérieur et recherche scientifique présidée par le DNESRS
- Gestion, Planification Décentralisation/Déconcentration, présidé par le directeur de la CPS

### 3. Structures d'exécution du PISE

La gestion et l'exécution courantes des volets du PISE sont assurées par les structures pérennes des deux ministères chargés de l'Education (MEBALN et MESSRS) et d'autres départements ministériels tels que le Ministère de l'Emploi et de la Formation Professionnelle, le Ministère des Finances et le Ministère de l'Administration du Territoire. Des structures de gestion de contrats de génie civil telles que l'AGETIPE, les ONG, les Bureaux d'Etudes privés et les communautés locales participent également à l'exécution du PISE.

Les différentes structures d'exécution du PISE sont réparties en deux catégories aux différents niveaux (central, régional, local et communal) : structures d'exécution physique (les services centraux tels que les directions nationales des ordres d'enseignement, et, au niveau local, les Académies, les CAP et les directeurs d'école assistés par les APEL) et structures d'exécution financière (les DAF pour les structures centrales et les DRB/DRT et présidents des Assemblées Régionales ou des Conseils de Cercle et les Maires au niveau local).

Deux agences participent à l'exécution du PISE à savoir:

- L'Agence Nationale d'Investissement des Collectivités Territoriales (ANICT) qui gère les subventions affectées à la réalisation des investissements locaux entrepris sous maîtrise d'ouvrage des collectivités territoriales. Depuis 2007, elle est également chargée du transfert des ressources aux collectivités territoriales aux fins de l'exécution de la construction et équipement de salles de classe au niveau de l'enseignement fondamental de premier et de second cycle, y compris la fourniture du mobilier, l'adduction d'eau, et la construction de latrines en vertu de la convention conclue avec le ministère de l'éducation.
- Le Fonds d'Appui à la formation Professionnelle et à l'Apprentissage (FAFPA)  
Il est chargé de l'exécution des programmes d'apprentissage dans les principaux domaines d'emploi des jeunes.

Les différentes structures institutionnelles du PISE présentées ci-dessus ont l'autorité et les attributions nécessaires pour exécuter les activités du PISE et par voie de conséquence la stratégie du PRODEC. Les structures centrales disposent de ressources humaines, matérielles et financières suffisantes pour exécuter correctement les missions qui leur sont confiées. Mais ce sont les structures déconcentrées et décentralisées qui manquent de ressources humaines qualifiées suffisantes.

## 6.3 Dispositif de suivi dans le secteur de l'éducation au Mali

### 1. Structures de suivi du niveau central

La mise en œuvre du PISE est effectuée par trois ministères : MEBALN, MESSRS et MEFP.

- La coordination et la planification opérationnelle du PISE sont assurées par le Cabinet du MEBALN. Il est appuyé par la CPS qui est chargé du suivi de la mise en œuvre globale du Programme.
- La CPS, en collaboration avec les Services Centraux des deux ministères (MEBALN, MESSRS) et la Direction Nationale de la Formation Professionnelles (DNFP) et les PTF effectuent les activités périodiques de suivi général du Programme
- Chaque service central des deux ministères et la DNFP assurent le suivi de ses activités et celles de ses niveaux déconcentrés.

### 2. Structures de suivi régulier des niveaux déconcentrés

- L'Académie d'Enseignement (AE) fait le suivi de ses activités et de celles des Centres d'Animation Pédagogiques (CAP).
- Le CAP assure le suivi de ses activités et de celles des écoles de sa circonscription
- Le Directeur d'école assure le suivi des activités des enseignants de son école

### 3. Structures de suivi régulier des niveaux décentralisés

- Au niveau régional, l'Assemblée régionale assure (souvent en collaboration avec l'AE) le suivi des activités des institutions scolaires relevant de ses compétences
- Au niveau cercle, le Conseil de cercle (souvent avec le CAP) effectue de son côté le suivi des activités des institutions scolaires relevant de ses compétences.
- Au niveau commune, le Maire (souvent en collaboration avec les Directeurs d'écoles) fait le suivi des institutions scolaires relevant de ses compétences.
- Au niveau communauté, le Comité de Gestion Scolaire (CGS) assure le suivi des activités de son école.

### 4. Activités de suivi participatif périodique du niveau central

Ces activités nécessitent la participation des Services Centraux des trois ministères et des partenaires techniques et financiers. Elles sont :

- Missions conjointes de suivi, deux fois dans l'année, regroupant les Services Centraux des trois ministères et tous les PTF
- Revues sectorielles, deux fois dans l'année, regroupant les Services Centraux des trois ministères et tous les PTF
- Analyses conjointes des PTF ABS sur les conditions de décaissement, deux fois dans l'année (on y procède au suivi des indicateurs déclencheurs et au suivi des recommandations)
- Revue à mi-parcours avec un PTF particulier (exemple : cas de la Banque Mondiale en 2003 sur l'exécution du Fast Track et du don Banque Mondiale)
- Evaluation à mi-parcours avec les Services Centraux des trois ministères et tous les PTF
- Audits avec les Services Centraux des trois ministères et tous les PTF

- Evaluation finale, regroupant les Services Centraux des trois ministères et tous les PTF