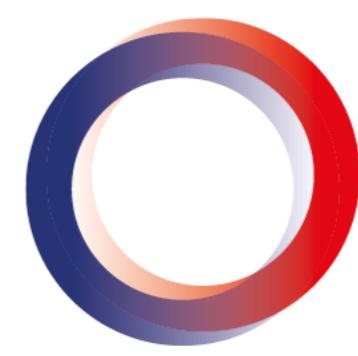




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ALIGNED POOLED FUNDS FOR EDUCATION IN AFRICA: PRINCIPLES, IMPLEMENTATION AND COUNTRY CASE STUDIES



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Summary

Aligned pooled funds for education (APFE) represent an innovative and coordinated financing approach to improve the effectiveness of education systems in contexts where international aid is fragmented. They enable the **pooling of resources** from multiple development partners and are aligned with **national structures and procedures**. This study reviews the implementation of APFEs in five African countries: Burkina Faso, Burundi, Guinea, Madagascar, and Niger.

The **objectives** of APFEs are mirrored in their **key characteristics**:

- **Pooled resources:** Funds from international partners are included in a single budget frame avoiding fragmentation and duplication. They are placed on a single account, often managed by the recipient country's national treasury, and finance an educational program pre-agreed by all stakeholders.
- **Alignment with national priorities:** Unlike project-based aid, APFEs are integrated into national policies and procedures, strengthening local management capacity and guaranteeing the use of funds according to the country's priorities. Resources are managed through national (budgetary, accounting, and financial) procedures, strengthening local capacities and avoiding the need for parallel management structures.
- **Traceability:** A sound mechanism ensures that the funds are earmarked for the education sector and not commingled with other government resources. This enables total transparency and reduces fiduciary risk.

The main **benefits** of APFEs are:

- ▶ **Reduced aid fragmentation:** Project-based donor financing is the main form of international aid in many countries, resulting in duplication and inconsistencies in implementation. APFEs enable **resource coordination** and more coherent implementation of national education programs.
- ▶ **Local capacity development:** By aligning aid with **national structures**, APFEs contribute to the **capacity development** of ministries of education and decentralized services. Recipient countries can then more effectively manage resources and improve their autonomy.
- ▶ **Supporting institutional reforms:** APFEs provide effective support for reforms such as the **deconcentration** and **decentralization** of education services. By **transferring more responsibility to local governments**, school management, infrastructure planning, and the distribution of resources locally are improved.
- ▶ **Supporting national education priorities:** APFEs serve to finance priorities identified in education sector plans, including teacher training, improved infrastructure, provision of textbooks, and equitable access to education for marginalized communities.

Despite their advantages, **several challenges** must be considered when setting up and managing APFEs, particularly:

- **Limited capacities of national institutions:** However, entrusting them with resource management is precisely how their capacities are strengthened. APFEs include **technical support** to address the gaps and ensure the progressive transfer of expertise.
- **Fiduciary risk:** The management of public funds may entail a risk of misuse of resources. To overcome this, APFEs establish **sound oversight** mechanisms, including regular internal and external audits, clear expenditure management based on national rules laid out in a manual of procedures, and specialized technical assistance.
- **Coordination and dialogue:** Effective coordination between financial partners and national authorities is also important for the success of APFEs. A **technical committee** is usually set up to manage the operational aspects and facilitate stakeholder dialogue.

Establishing an APFE follows a well-structured process in several **steps**:

1. **Opportunity assessment:** This step aims to determine whether the national context is favorable for setting up an APFE and to generate a consensus on the decision to create a fund.
2. **In-depth diagnosis:** The diagnosis comprises a detailed analysis of the country's key education system functions and an evaluation of operational and fiduciary risks. It involves: (i) analyzing the essential educational functions such as planning, budgeting, execution of activities, technical and financial reporting, and information systems; (ii) evaluating institutional decentralization and deconcentration reforms that are key for the education sector; (iii) inspecting the national public financial management system, including procurement; (iv) digitalizing the Planning, Programming, Budgeting, and Monitoring and Evaluation chain.
3. **Developing the fund:** At this stage, the fund's operating procedures and technical support for local capacity building are defined. Key actions include: (i) selecting the budgetary, accounting, and financial instrument; (ii) defining operating procedures to optimize the productivity of educational structures; (iii) ensuring technical support for the application of national procedures; (iv) setting up operational and fiduciary risk management measures.
4. **Launching the fund:** This step consists of implementing budgetary and financial mechanisms, opening the necessary accounts and launching activity implementation. It may take up to two years to reach a steady pace of execution. A high-level technical monitoring committee of national executives from the ministries of finance and education is needed to supervise the launch. Technical support and guidance are also essential at this point in the process.
5. **Up to speed:** At this stage, the APFE's three key pillars are fully operational: (i) Planning, (ii) Management and procurement, and (iii) Reporting. Concrete results include the timely definition of action plans and budgets under finance law, activities duly carried out by the competent national institutions, procurement, and the timely production of technical and financial reports. Although some obstacles may still arise, this stage shows that, with technical support, national institutions have acquired adequate capacity to run the fund effectively.

Aligned pooled funds for education (APFE) emerge as an effective way of maximizing the impact of international aid in developing countries while strengthening local capacity and fostering institutional reforms. APFEs ensure greater alignment with national priorities and contribute to **the lasting improvement of education systems** through coordinated and transparent resource management. Investing in this approach is an opportunity for decision-makers and international partners to maximize the impact of international aid and promote the lasting transformation of education systems.

Key words

Alignment, Aid-on-budget, Pooled resources, Aid effectiveness, Local capacity development, Traceability of resources, Institutional reforms

Geography

Africa, Burkina Faso, Burundi, Guinea, Madagascar, Niger

Disclaimer

The analyses and conclusions in this document are those of the authors. They do not necessarily reflect the official views of the French development agency (AFD).

TABLE OF CONTENTS

ABBREVIATIONS	9
KEY CONCEPTS	15
Aid effectiveness	16
Alignment	16
Level of alignment	16
Integrated approach	17
Fungibility of financial resources: global budget support or aid-on-budget/program-based budget financing	17
Special Appropriations Budget (BAS) and Special Treasury Appropriations Account (CAST)	18
Aligned pooled fund (APFE) operational manual	18
Fiduciary risk	20
OPERATIONAL STEPS	23
STEP 1 - OPPORTUNITY ASSESSMENT	26
1.1. Positioning and dialogue with partners and national stakeholders	26
1.1.1. Sector-wide coordination and aid modality	26
1.1.2. Dialogue with national stakeholders	26
1.1.3. Information and follow-up of the study in education sector coordination groups, decision point	26
1.2. Partners prepared to pool their resources	27
1.3. Situations prompting the creation of a fund	27
1.4. Opportunity study	28
1.5. Obstacles and solutions to the creation of an APFE	29
1.6. Awareness-raising and communication with national decision-makers and technicians	30
1.7. Decision point	30
STEP 2 - IN-DEPTH DIAGNOSIS	31
2.1. Positioning and dialogue with partners and national stakeholders	31
2.2. Review of aid modalities	31
2.3. Inventory of aid fragmentation and its effects on the development of education system capacity	32
2.4. Analysis of potential aligned aid modalities in the country context	33
2.5. Analysis of the implementation of ongoing structural and institutional reforms in, and relating to, the education sector	34
2.6. Methodological approach	35
2.7. Analysis of the national public financial management (PFM) system, including procurement	36
2.8. Operational and fiduciary risks	37
2.8.1. Operational underperformance risks	37
2.8.2. Fiduciary risks	37

STEP 3 - DEVELOPING THE FUND	39
3.1. Phase 1: Choice of the budgetary, accounting, and financial instrument	39
3.1.1. Budgetary component	40
3.1.2. Financial component	40
3.1.3. Special cases	41
3.1.4. Results of this step	41
3.2. Phase 2: Definition of operating procedures	41
3.3. Phase 3: Definition of technical support	42
3.3.1. Generic technical support for each pillar	43
3.3.1.1. Management of financial resources, budget execution	44
3.3.1.2. Procurement	44
3.3.1.3. Planning and reporting	45
3.3.2. Other (non-generic) technical support	45
3.3.2.1. Deconcentration and decentralization	45
3.3.2.2. Support for the system's educational functions	46
3.3.2.3. Mobilizing technical support	46
3.4. Phase 4: Definition of operational and fiduciary risk management measures	47
3.4.1. Fiduciary risk management levers	47
3.4.1.1. Introducing risk mitigation measures	47
3.4.1.2. Strengthening controls along the expenditure chain	47
3.4.1.3. Mobilizing government internal oversight bodies	48
3.4.1.4. External audit	48
3.5. Dialogue and regulation of the APFE	48
3.6. Developing the fund's operational manual	49
STEP 4 - LAUNCHING THE APFE	50
4.1. Positioning and dialogue with partners and the national authorities	50
4.2. Establishing the budgetary and financial mechanism	50
4.3. Technical support	50
4.4. Dialogue frameworks	51
4.5. Monitoring and regulation of technical support	51
4.6. Start-up inertia	52
4.7. Mobilization of internal and external audits	52
STEP 5 - UP TO SPEED	53
5.1. Positioning and dialogue with national stakeholders	53
5.2. Technical and financial framework letter for the following budget year	54
5.3. Planning of activities and budget programming	54
5.4. Cancellation and carryover of budget lines	55
5.5. Activity and budget execution	56
5.6. Periodic financial reports	56
5.7. Semiannual and end-of-year technical and financial reporting	56
5.8. Internal and external audits	57

COMPARISON OF ALIGNED POOLED FUNDS FOR EDUCATION (APFEs)

58

1. Coordination of the education sector	60
2. Support for deconcentration and decentralization	61
3. Operational planning	62
4. Technical and financial reporting	64
5. Budgetary, accounting, and financial mechanisms	66

6. Specific arrangements regarding national procedures	68
7. APFE financial audits	69
8. Technical support	70

COUNTRY CASE STUDIES 73

APFE - BURKINA FASO 74

1. RATIONALE FOR ESTABLISHING THE POOLED FUND	76
2. DEVELOPING AND OPERATIONALIZING THE FUND	76
2.1. Operational and fiduciary risk analysis	76
2.2. Capacity gap analysis	78
2.3. Risk mitigation measures	78
3. TECHNICAL CHARACTERISTICS OF THE FUND	79
3.1. Operating procedures	79
Planning alignment	
Reporting alignment	
Procurement alignment	
3.2. Budget configuration	79
3.3. Financial and cash flow aspects	80
4. LEVERAGE EFFECTS OF THE FUND	81
4.1. Coordination and sector dialogue	81
4.2. Support for cross-cutting government reforms	81
5. CHALLENGES	83
5.1. Start-up phase	83
5.2. Full implementation phase	83

APFE - BURUNDI 84

1. RATIONALE FOR ESTABLISHING THE POOLED FUND	86
2. DEVELOPING AND OPERATIONALIZING THE FUND	87
2.1. Operational and fiduciary risk analysis	87
2.2. Capacity gap analysis	88
2.3. Risk mitigation measures	89
3. TECHNICAL CHARACTERISTICS OF THE FUND	90
3.1. Operating procedures	90
Planning alignment	
Reporting alignment	
Procurement alignment	
3.2. Budget configuration	90
3.3. Financial and cash flow aspects	91
4. LEVERAGE EFFECTS OF THE FUND	92
4.1. Example of an APFE response to the expansion of national education systems	92
4.2. Support for cross-cutting government reforms	92
4.3. Trends in commitment and execution rates	93
5. CHALLENGES	94
5.1. Start-up phase	94
5.2. Full implementation phase	95

APFE - GUINEA**96**

1. RATIONALE FOR ESTABLISHING THE POOLED FUND	98
2. DEVELOPING AND OPERATIONALIZING THE FUND	98
2.1. Operational and fiduciary risk analysis	98
2.2. Capacity gap analysis	99
2.3. Risk mitigation measures	100
3. TECHNICAL CHARACTERISTICS OF THE FUND	101
3.1. Operating procedures	101
Planning alignment	
Reporting alignment	
Procurement alignment	
3.2. Budget configuration	101
3.3. Financial and cash flow aspects	101
4. LEVERAGE EFFECTS OF THE FUND	103
4.1. Example of an APFE response to the expansion of national education systems	103
4.2. Support for cross-cutting government reforms	103
4.3. Trends in commitment and execution rates	103
5. CHALLENGES	104
5.1. Start-up phase	104

APFE - MADAGASCAR**105**

1. RATIONALE FOR ESTABLISHING THE POOLED FUND	107
2. DEVELOPING AND OPERATIONALIZING THE FUND	108
2.1. Operational and fiduciary risk analysis	108
2.2. Capacity gap analysis	109
2.3. Risk mitigation measures	109
3. TECHNICAL CHARACTERISTICS OF THE FUND	110
3.1. Operating procedures	110
Planning alignment	
Reporting alignment	
Procurement alignment	
3.2. Budget configuration	111
3.3. Financial and cash flow aspects	111
4. LEVERAGE EFFECTS OF THE FUND	113
4.1. Example of an APFE response to the expansion of national education systems	113
4.2. Support for cross-cutting government reforms	114
4.3. Trends in commitment and execution rates	114
5. CHALLENGES	115
5.1. Start-up phase	115

APFE - NIGER**116**

1. RATIONALE FOR ESTABLISHING THE POOLED FUND	118
2. DEVELOPING AND OPERATIONALIZING THE FUND	119
2.1. Operational and fiduciary risk analysis	119
2.2. Capacity gap analysis	120
2.3. Risk mitigation measures	121

3. TECHNICAL CHARACTERISTICS OF THE FUND	121
3.1. Operating procedures	121
Planning alignment	
Reporting alignment	
Procurement alignment	
3.2. Budget configuration	122
3.3. Financial aspects and Treasury	123
4. LEVERAGE EFFECTS OF THE FUND	124
4.1. Example of an APFE response to the expansion of national education systems	124
4.2. Support for cross-cutting government reforms	125
4.3. Trends in commitment and execution rates	126
5. CHALLENGES	127
5.1. Start-up phase	127
5.2. Full implementation phase	128
APPENDIX 1 : Glossary	129
APPENDIX 2 : Template for Terms of Reference template for an opportunity study on the evolution of aid modalities / the establishment of a pooled funding mechanism	131
APPENDIX 3 : Template for Terms of Reference for a feasibility study for the establishment of an aligned pooled fund for education (APFE)	134

Abbreviations

AFD	French Development Agency (Agence française de développement)
APFE	Aligned Pooled Fund for Education
BAS	Special Appropriations Budget (Budget d'affectation spéciale)
BCEAO	Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest)
BTC	Belgian Technical Cooperation
C2D	Debt reduction and development contract
CAST	Special Treasury Appropriations Account (Compte d'affectation spéciale au Trésor)
CEMAC	Economic and Monetary Community of Central Africa (Communauté Économique des États de l'Afrique de l'Ouest)
CPIA	Country Policy and Institutional Assessment
DAF	Directorate of Financial Affairs (Direction des affaires financières)
DFID	UK Department for International Development
DNCMP	National Directorate for Public Procurement Oversight (Direction nationale de contrôle des marchés publics)
DPE	Prefectural Directorate of Education (Direction préfectorale de l'Éducation)
DREN	Regional Directorate of National Education (Direction régionale de l'Éducation nationale)
ECOWAS	Economic Community of West African States
ESP	Education Sector Plan
FTE	Fiscal Transparency Evaluation
GDP	Gross domestic product
GPE	Global Partnership for Education
HDI	Human Development Index
IA-CM	Internal Audit Capability Model
I&D	Institutions et Développement
IDA	International Development Association
IGF	Inspectorate General of Finance (Inspection Générale des Finances)
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
LEG	Local Education Group
LFI	Initial Finance Law (Loi de finances initiale)
LFR	Amended Finance Law (Loi de finances rectificative)
MAPS	Methodology for Assessing Procurement Systems
MEN	Ministry of National Education (Ministère de l'Éducation nationale)

NGO	Non-governmental organization
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFE	Pooled Fund for Education
PFM	Public financial management
PIMA	Public Investment Management Assessment
PPBME	Planning, programming, budgeting, and monitoring & evaluation
PULSE	Public Sector Accounting Assessment
SG	Secretariat General
TA	Technical assistant
TOR	Terms of reference
TSA	Treasury Single Account
TVET	Technical and vocational education and training
WAEMU	West African Economic and Monetary Union (UEMOA - Union économique et monétaire ouest-africaine)

Burkina Faso:

ASCE-LC	Higher Authority for State Control and the Fight against Corruption (Autorité Supérieur de Contrôle d'État et de Lutte contre la Corruption)
BEDP	Strategic Development Plan for Basic Education
CEB	Basic Education District (Circonscription de l'éducation de base)
DRE	Regional Directorate for Education (Direction régionale de l'éducation)
ENEP	Primary school teacher training institution (École nationale des enseignants du primaire)
EPN	National Public Institution (Établissement public national)
ESP	Education and Training Sector Plan
FONAENF	Fund for Literacy and Non-formal Education (Fonds pour l'alphabétisation et l'éducation non formelle)
FSDEB	Basic Education Development Support Fund (Fonds de soutien pour le développement de l'éducation de base)
MENA	Ministry of National Education and Literacy (Ministère de l'Éducation nationale et de l'Alphabétisation)
MENA/PLN	Ministry of National Education, Literacy and Promotion of National Languages (Ministère de l'Éducation nationale, de l'Alphabétisation et de la Promotion des Langues Nationales)
MINEFID	Ministry of Economy, Finance and Development (Ministère de l'Économie, des Finances et du Développement)
PDDEB	Ten-year Program for the development of basic education (Programme décennal pour le développement de l'éducation de base)

Burundi:

ARMP	Public procurement regulation authority (Autorité de régulation des marchés publics)
BISEM	School Infrastructure, Equipment and Maintenance Bureau (Bureau des Infrastructures scolaires, des équipements et de la maintenance)
BRB	Bank of the Republic of Burundi
CED	Expenditure commitment controller (Contrôleur des engagements des dépenses)
CELAB	Burundi Language Center (Centre de l'enseignement des langues au Burundi)
CEM	Vocational training center (Centre d'enseignement des métiers)
DCE	Municipal Education Directorate (Direction communale de l'éducation)
ESDP	Education and Training Sector Development Plan
ICE	Municipal Inspectorate of Education (Inspection communale d'éducation)
IPE	Provincial Inspectorate of Education (Inspection provinciale d'éducation)
RGGBP	General regulations for the management of public budgets (Règlement général de la gestion des budgets)
SIGEFI	Integrated information system for public finance management (Système informatique intégré de gestion des finances publiques)

Guinea:

ACCT	Central Treasury Accounting Agency (Agence comptable centrale du Trésor)
ANAFIC	National Agency for the Financing of Local Authorities (Agence nationale de financement des collectivités)
BCRG	Central Bank of the Republic of Guinea (Banque Centrale de la République de Guinée)
DSEE	Local delegation for primary education (Direction sous-préfectorale de l'enseignement secondaire)
FoCEB	Pooled Fund for Basic Education (Fonds commun pour l'éducation de base)
IRE	Regional Education Inspectorate (Inspection Régionale de l'Éducation)
MEPU-A	Ministry of Pre-University Education and Literacy (Ministère de l'Enseignement pré-universitaire et de l'alphabétisation)
MESRSI	Ministry of Higher Education, Scientific Research and Innovation (Ministère de l'Enseignement supérieur, de la recherche scientifique et de l'innovation)
METFPE	Ministry of Technical Education, Vocational Training and Employment (Ministère de l'Enseignement technique, de la formation professionnelle et de l'emploi)
ProDEG	Ten-Year Education Program (Programme décennal de l'éducation)
SNIES	National Department of School Infrastructure and Equipment (Service national des infrastructures et équipements scolaires)
STCP	Technical Coordination and Steering Secretariat (Secrétariat technique de coordination et de pilotage)

Madagascar:

BFM	Central Bank of Madagascar
CELCO	Education Sector Plan Coordination Unit (Cellule de coordination du plan sectoriel de l'éducation)
CISCO	School District (Circonscription scolaire)
DBIFA	Directorate of the Financial Investigation and Audit Unit (Direction de la Brigade d'investigation financière et de l'audit)
DREFTP	Regional Directorate for Technical Education and Vocational Training (Direction Régionale de l'enseignement technique et de la formation professionnelle)
INFP	National Institute for Teacher Training (Institut National de Formation Pédagogique)
CRINFP	INFP Regional Branch (Centre Régional de l'Institut National de Formation Pédagogique)
GTEFP	Expanded technical working group on public finance (Groupe technique élargi sur les finances publiques)
METFP	Ministry of Technical Education and Vocational Training (Ministère de l'Enseignement technique et de la formation professionnelle)
MESuPRES	Ministry of Higher Education and Scientific Research (Ministère de l'éducation supérieure et de la Recherche Scientifique)
PCOP	Chart of accounts for public transactions (Plan comptable des opérations publiques)
PIE	Interim Education Program (Programme intérimaire de l'Éducation)
Régie FCE	APFE imprest account
RGA	General Treasury of Antananarivo (Recette Générale d'Antananarivo)
SIIGFP	Integrated Information System for Public Finance Management (Système Intégré Informatisé de la Gestion des Finances Publiques)
SPECL	Electronic payment system for fuel and lubricant expenses (Système de Paiement Électronique des dépenses en carburant et lubrifiant)
TME	Ministerial Treasurer for Education (Trésorier ministériel de l'enseignement)
ZAP	Pedagogical administration zone (Zone d'administration pédagogique)

Niger:

ACCT	Central Treasury Accountant (Agent comptable central du Trésor)
ANFICT	National Agency for the Financing of Local Authorities (Agence nationale de financement des investissements des collectivités territoriales)
ARCOP	Public Procurement Regulation Authority (Autorité de régulation de la commande publique)
CAMOS	Unit supporting the Implementation and Monitoring of the Education and Training Sector Plan (Cellule d'appui à la mise en œuvre et au suivi du plan sectoriel pour l'éducation et la formation)
CGDES	Primary School Management Committee (Comité de gestion des établissements scolaires - primaire)
COGES	Secondary School Management Committee (Comité de gestion des établissement scolaires - secondaire)
DDEN	Département Directorate of National Education (Direction départementale de l'éducation nationale)
DGCMP	General Directorate for Public Procurement Control (Direction Générale du contrôle des marchés publics)
DGTCP	General Directorate of the Treasury and Public Accounting (Direction Générale du Trésor et de la comptabilité publique)
DRFM	Directorate of Material and Financial Resources (Direction des ressources matérielles et financières)
ENI	Teacher Training Institution (Ecole Normale d'Instituteurs)
FAFPA	Vocational Training and Apprenticeship Support Fund (Fonds d'appui à la formation professionnelle et à l'apprentissage)
LOLF	Organic Law regarding finance laws Loi organique relative aux lois de finances
PAEQ	Quality Education Support Project (Projet d'appui à une éducation de qualité)
SIGFIP	Integrated Information System for Public Finance Management (Système informatique intégré de gestion des finances publiques)
SIGMAP	Computerized Public Procurement Information and Management System (Système d'information et de gestion électronique des marchés publics)
URSE	Regional Unit for Monitoring and Evaluation (Unité régionale de suivi et d'évaluation)

Introduction

This review of aligned pooled funds for education (APFE) was conducted by the French development agency (AFD) in collaboration with the consultancy firm, Institutions et Développement (I&D). For the past 15 years, AFD and I&D have worked to promote the pooling of partner resources and the adoption of aligned aid modalities in support of education systems, as approaches and mechanisms that enhance aid effectiveness. This document presents the comparative experiences of five pooled funds, established at different times, in Burkina Faso, Burundi, Guinea, Madagascar, and Niger. It serves as a conceptual guide to aligned aid modalities, clarifying distinctions between budget support and aid-on-budget or program-based budget financing. However, the document's primary purpose is to offer a practical and operational guide that outlines the process and steps involved in the design and implementation of aligned pooled funds for education. The comparison of these instruments sheds light on success factors as well as the reasons for the difficulties encountered. It also demonstrates the powerful leverage effects of aligning development assistance with national structures and procedures, which bears no comparison to the project approach. Alignment contributes to: (i) strengthening national structures and procedures, (ii) enhancing national ownership and accountability, (iii) rapidly increasing institutional and financial capacity to implement educational policies; (iv) improving aid coordination around priority educational goals, and (v) ensuring the sustainability of changes and improvements.

The first part of the document introduces the key concepts related to APFEs, explaining their role and their alignment with national structures. It underscores the importance of pooling resources among financial partners to strengthen the effectiveness of aid to education and to support national reforms. The second part presents the operationalization process of APFEs, from the opportunity assessment through to effective implementation. The third part offers a comparative analysis of the aligned pooled funds for education in Burkina Faso, Burundi, Guinea, Madagascar, and Niger. Finally, country case studies provide a detailed presentation of the approach and of the specific characteristics of the APFEs in each of the five countries studied.

KEY CONCEPTS



Aid effectiveness	16
Alignment	16
Level of alignment	16
Integrated approach	17
Fungibility of financial resources: global budget aid or aid-on-budget/program-based budget financing	17
Special Appropriations Budget (BAS) and Special Treasury Appropriations Account (CAST)	18
Aligned pooled fund operational manual	18
Fiduciary risk	20

This section aims to clarify the different concepts essential to understanding aligned pooled funds for education (APFE), and especially aligned aid modalities, which are not project-based or budget support (fungible with the national budget). What distinguishes these funds from other forms of support is the **pooling of resources from external partners into a single funding mechanism dedicated to a specific sector and for which mobilization and implementation modalities rely on national structures and procedures**. The specificity of APFEs lies less in the pooling of resources than in the budgetary, accounting, and financial characteristics of the instruments created. The concepts presented here will enable a better understanding of these.

Aid effectiveness

In this document, aid effectiveness is understood as the link between how aid is delivered and the results it produces - in other words, identifying which types of aid work best (Barker, 2011; Bourguignon and Sundberg, 2007). The effectiveness of a particular aid modality can thus be evaluated in relation to its impact in three areas: (i) the complementarity of resources within a single program or plan, (ii) the effects of additionality or rather of displacement or substitution, (iii) the ripple effects that influence the effectiveness of aid in general (transformative effects).

Alignment

Understanding the concept of alignment is essential for the establishment of an APFE. Alignment is usually defined as the alignment of partners' support with national education and training policies, strategies, and plans. This amounts to funding the objectives, activities, and strategies set out in national documents, regardless of aid modality. As such, alignment is a statement of principle aimed at highlighting the contribution of the envisaged funding to the implementation of national strategies and actions, with no reference to aid modality, implementation stakeholders, or the procedures and processes for the execution of funding.

For the establishment of APFEs, alignment is understood as above, but also as **the use of national procedures for the implementation of activities and resources, and of national institutions with respect to their specific responsibilities in conducting public policy**. In the wake of the Paris Declaration, the Accra Agenda for Action, and the Busan declaration, alignment makes national structures responsible for designing, carrying out, and managing development actions supported by partners' resources. The partner country's principles, rules, processes, tools, and human resources are used to this end. Alignment will be undermined if a management structure is established to replace national institutions in key functions such as the elaboration of an action plan, expenditure execution, and procurement.

Level of alignment

All external support funding a sector policy can be aligned with that policy, but in reality, the level of alignment varies. It is often low when only concerning national strategies and objectives. The project is, by nature, not aligned with national structures and procedures. Often consisting of a management or coordination unit, it is poorly integrated since it replaces national institutions. **The level of alignment is considered high when relying on the partner country's structures and procedures and low when only concerning policies and strategies.**

Integrated approach

The development and operation of APFEs involves the integration of **i) alignment, ii) risk analysis and iii) consideration of national capacities in view of the level of risk observed**. These are the three components that define the characteristics of an APFE. They are connected, interdependent, and act together as cursors:

- i. Alignment with national institutions and procedures,
- ii. Analysis of operational and fiduciary risks related to the functions fulfilled by national institutions and to the use of national procedures in mobilizing external resources,
- iii. Strengthening of the processes and rules for managing fiduciary and operational risks and enhancing the implementation capacities of national institutions on the one hand, and provision of technical assistance to apply the fund's rules and processes and strengthen human resources on the other.

The alignment with national institutions and procedures is based on the conviction that it is the role of national stakeholders to carry out activities and expenditures supported by external partners. Line ministries composed of central administration, their deconcentrated regional and subregional services, public establishments under their supervision and related services, are all able to implement activities and financing. Their number and their personnel offer opportunities for nationwide action, which is not possible for a management unit.

Once external financing from a development partner is liable to be implemented through national institutions and procedures in accordance with the principle of alignment, the partner initiates an analysis of the resulting fiduciary and operational risks. Depending on the results of the analysis, the risks identified can be addressed appropriately, in consultation with the national stakeholder, to ensure the effective implementation of financing.

The fiduciary and operational risks identified during the establishment and operation of APFEs can be addressed by strengthening the processes and rules of application, which are sometimes flawed or even nonexistent. These need to be developed, applied and improved upon for an aligned financing mechanism to operate correctly.

Technical assistance is based on the conviction that the application of processes, when new, and procedures should be supported and facilitated through guidance, and the transfer of knowledge and expertise. These activities contribute to capacity building for the implementation of public policies and sector plans by national institutions.

Fungibility of financial resources: global budget support or aid-on-budget/program-based budget financing

It is essential to understand the concept of fungibility to develop and operate an aligned aid modality. Here, fungibility refers to public financial management. The concept covers:

- Fungibility of budget appropriations
- Fungibility of cash and liquidities, and monetary fungibility

For the record, **appropriations** included in the finance law are legal authorizations to spend public money. They enable authorizing officers to mobilize financial resources to conduct activities and achieve public policy goals. The government **account(s)** refers to the account(s) in which financial resources or monetary liquid assets are available to finance the activities essential for public policy implementation.

Fungibility of appropriations, applied to external financing, means that partners' resources are not "visible" or identifiable in the national budget, either through an encrypted code or a named budget line. **Cash fungibility** means that financial resources from partners do not use a separate account from government monetary resources but are commingled with these.

When there is total fungibility of appropriations and cash, the corresponding aid modality is called “budget support”. In the absence of fungibility, i.e. when funds from external partners are identifiable in the budget and separated from the government account, but funding implementation relies on national structures and procedures, the aid modality can be referred to as “aid-on-budget” or “program-based budget financing”.

APFEs all fall under **aid-on-budget/program-based budget financing** since their appropriations can be identified in the finance law and financial resources are deposited into dedicated liquidity or monetary (bank) accounts that only receive resources from partners who contribute to the fund, or from the government (possible reimbursements). In the case of APFEs, these resources are earmarked for the implementation of educational policies and education sector plans.

While APFE resources cannot be commingled with government budgetary resources and liquid assets, the resources from partners contributing to APFEs are commingled and fungible with each other, in terms of appropriations and cash. Nothing differentiates them from each other in the fund’s budget lines and in the monetary accounts used for the activities conducted with these resources. The funds would not be “pooled” funds if fungibility was reduced or nonexistent.

Special Appropriations Budget and Special Treasury Appropriations Account (BAS & CAST)

Special appropriations budget and special treasury appropriations account (BAS & CAST) are two denominations for a single reality: the earmarking of revenue for specific expenditure. External expenditure can be earmarked for education through this mechanism. The link created voluntarily between funding from partners, budget, and treasury, is authorized by public finance organic laws in many countries. This budgetary and accounting mechanism allows for the distinction of appropriations in the finance law by recording them in a budget alongside the general budget. It also enables the creation and management of a cash distinction by allowing the treasury to open a dedicated account to receive and ring-fence the funds.

BAS and CAST are governed by their own budgetary balance, i.e. expenditure must be equal to projected revenue.

APFE operational manual

The operational manual fulfils several distinct objectives that are essential for the effective operation of aid-on-budget underpinning APFEs:

- Setting out the fund’s general operating principles,
- Restating national budgetary, accounting, and financial execution rules, and any arrangements made for the creation of the fund,
- Restating national procurement rules and possible adjustments,
- Laying down the operating procedures for development actions, based on identified support priorities.

General principles of the fund. This section is an introduction to the operational manual, setting out the fund’s basic operating rules. At the minimum, the following are restated: (i) the principle of alignment, (ii) the use of national institutions and procedures, (iii) the finance law cycle and regulation, (iv) planning and reporting requirements, (v) a description of the budget mechanism selected for distinguishing APFE resources from domestic budget resources, (vi) the accounting framework or monetary flow pattern, at central, deconcentrated, or decentralized level, (vii) the intended leveraging effects, (viii) internal and external oversight obligations, including the participation of authorized national institutions, and (ix) the role of operating procedures.

National budgetary, accounting, and financial execution rules. They are described in the national texts organizing the partner country's public financial management, which falls under public finance organic law and the laws and implementation decrees that cover government budget nomenclature, execution of expenditure, and accounting framework. The texts are usually inspired or guided by Community law, such as that of WAEMU/UEMOA (West African Economic and Monetary Union), ECOWAS (Economic Community of West African States), or CEMAC (Economic and Monetary Community of Central Africa).

Even so, despite the existence of this legal corpus for public financial management, it has often been decided, when developing APFEs, to present these provisions in the form of procedures, i.e. of tasks, of stakeholders in charge of their completion, and in a logical, technical, and chronological succession. This formalization of procedures arising from legal texts was rarely available in partner countries. Managers knew the texts to varying degrees but did not always interpret them in the same way, and their application could vary. In the most extreme cases, managers were unaware of all or part of the procedure and applied different rules from one administrative and accounting entry to another.

National public procurement rules. Just as for expenditure, an operational manual for an APFE may include a section dedicated to procurement procedures with reference to the public procurement code, particularly in contexts where no such structuring work had been carried out and when the interpretation of the public procurement code is subject to consecutive variations, due to a lack of qualified staff as in the previous point, and accepted practices that are not in line with the spirit and the letter of procurement laws and regulations.

Operating procedures. These procedures are methods or processes. They set out work sequences divided into successive tasks or activities, per actor, and at a defined pace, to produce a service or a report, exercise a competency or a function, or fulfil a mission. The processes are selected and defined after examination of the key functions of education and whether these are actually exercised. The functions concern two main areas:

- i. The implementation of the sector-wide approach, which presupposes (i) exhaustive, consolidated planning and reporting for the sub-sectors making up the education system, (ii) the availability of data on domestic and external financing for all aid modalities combined, aligned or project-based support.
- ii. The exercise of key strategic and operational expertise, which is essential to improving performance, by the ministries in charge of education and training, at central and deconcentrated levels, and in their relations with local authorities when educational responsibilities have been transferred by decree.

Operating procedures are defined as a response to weaknesses affecting key functions of the education sector and the ministries, **identified during a diagnosis** conducted at the time of developing the fund, and before drawing up the operational manual.

The diagnosis can identify two types of failings:

- **Absence of formalized processes to perform important functions such as planning and reporting.** Even so, practices are in place. Personnel are aware of them. They are internalized in the different structures, and repeated year after year. Some of them are satisfactory, some imperfect. Examining these practices will be an opportunity for debate in order to determine a procedure accepted by all and contribute to improving the exercise of the relevant function.
- **Absence of a process as the function not fulfilled.** Two examples illustrate this: i) annual budget allocation methodology of deconcentrated services and operational priorities, ii) effective transfer of skills and resources to local education authorities. In both cases, and in the countries concerned by the APFEs, these practices did not exist, nor did the processes.

A procedural approach to capacities is required to define or formalize operational procedures. This is based on the principle that, beyond human resources and tools, production requires a method, tasks carried out in a pre-set logical order, their distribution per structure and personnel, their coordination and timing. Until these operational procedures are defined, there is no point in training personnel without understanding the tasks they should accomplish, or in introducing tools without being aware of the basic data to be collected and processed.

Strengthening capacities without understanding the processes involved is a very common approach, which gives poor results. This observation largely explains why, despite significant extensive long-term support to education sector planning, a comprehensive annual action plan of all interventions and sector-wide execution reports are still lacking in many countries.

To summarize, an operational manual is primarily a response to the following points:

- The variability in management practices and in the application of national budgetary, accounting, financial, and procurement procedures arising from a poor understanding of the rules, a lack of qualified personnel, ill-adapted tools, and corruption.
- The lack of capacity to carry out the key strategic and operational functions required to ensure the smooth running of the education system and improve its performance.

Operational risks. In the case of APFEs, operational risk can be defined as the non-completion of activities figuring in the sector plan or action plan, specifically the activities financed by the fund. The reasons for underperformance affecting the disbursement rate of funding are generally the following:

- Too many activities attributed to a single structure (a directorate, a central or deconcentrated service), which lacks the human resources needed to prepare, develop and conduct them. Aside from any other capacity criterion, the centralization of activities, even at regional level, is the main cause of the underperformance of APFEs and of action plan implementation.
- While operational roles are generally well defined and distributed among the structures making up the education system, some of these perform activities that fall within the remit of other structures, in addition to their own functions. Once again, this is due to concentrating too many activities within a single organization that lacks the capacity to complete them.
- Purchases or acquisitions needed to carry out the activities were not made on time. The delay relates to procurement and expenditure execution procedures. Beneficiary departments are slow to produce procurement documents, particularly technical specifications of needs. Procurement departments are sometimes lacking in competent resources. Operational risks largely arise from the centralized organization of the ministries in charge of education and training.

Fiduciary risk

An analysis of fiduciary risk is conducted at the time of developing APFEs. It is based on the principle that (i) irregularities in the application of expenditure execution and procurement procedures will occur when national stakeholders manage pooled fund resources, (ii) these irregularities can be anticipated, and their number and volume limited with well-targeted measures and actions.

Fiduciary risks arise from expenditure and management actions. The main fiduciary risks may be as follows:

Related to processes

- Resources are earmarked for a destination other than that envisaged in the planning documents.
- Procedures, as currently applied, do not ensure a fair price for the activity.
- Willful misconduct or intentional irregularities divert resources from their direct or indirect intended purposes.
- Processes do not enable proper traceability of funds; the connection between effective expenditure and operations cannot be established or documented.

Related to current expenditure

- Payments are made without adequate justification.
- Irregular payments, not following the set procedures.
- Unfounded payment, related to activities that have not taken place.
- Incomplete justification for a planned and authorized activity.
- Improper use of goods and services such as vehicles, telephone, and fuel, etc.

Related to procurement and more broadly to public procurement

- Imperfect subsidy procedures resulting in additional costs or high prices for services provided.
- Non-compliance with procurement procedures (choice of procedure, compliance with set rules and steps) resulting in additional costs, limited efficiency and effectiveness of expenditure, needs partially met or unmet: biased tendering, earmarked tendering (pre-awarded contracts, kickbacks, and incompetent service providers, etc.)

Reducing fiduciary risks. Once analyzed, fiduciary risks must be contained to allow for expenditure and procurement following procedures, and implemented by national institutions, to be acceptable according to international management, audit and best practice standards. Reduction does not mean elimination. Irregularities will still be observed for very different reasons, but it is crucial to contain them in number, diversity, and, above all, in financial volume.

To achieve this, several levers must be activated simultaneously: **(i) stronger internal control, (ii) deterrence through strong external oversight** (carried out by an entity independent of the ministry being audited), **(iii) adjustments to national procedures to add layers of control over and above those already in place, (iv) measures to reinforce enforcement of procedures, (v) technical assistance in the form of guidance and training**, to support all categories of personnel in financial administrations and procurement entities in carrying out their duties.

Strengthening national expenditure and procurement oversight. National oversight bodies are in place in countries where APFEs have been established. They usually benefit from competent human resources, but these are limited in number. They have only limited budgetary and material resources. Tighter national control of expenditure and procurement can be introduced by mobilizing these structures for periodical routine tasks to oversee the funds. The national nature of the control structures gives them a high degree of legitimacy. Collaboration between development partners and these structures can be a long-term, win-win partnership.

Strengthening or developing tools to improve the collection of data and information on operations, expenditure and procurement. One of the risks rarely mentioned in analysis reports but which is the cause of a deterioration in the relationship of trust between partners and national stakeholders, is the severing of the link between activity and expenditure, i.e. the loss of operational data enabling the completion of an activity to be linked to an expenditure recorded in the integrated management system. This critical point ties in with the issue of technical and financial reporting. Tools need to be developed to reduce the risk of ineligible expenditure and enable workflow activity to be recorded and linked to expenditure. The data, once captured, will then be used to report to partners on the activities that have been completed and financed.

Developing processes and rules to ensure the accountability of personnel in charge of fund management and introducing adjustments to national procedures as necessary. This is delicate as it reduces the level of alignment with national procedures. It should only be used as a last resort when measures already taken in the areas mentioned previously are considered insufficient to reduce the risks. Adjustments to national procedures can be of three types:

- Non-application of a national rule deemed too permissive,
- Modification of part of a national rule (a threshold, for example) to adapt it and make it more favorable to risk reduction,
- Introduction of a new rule to be added to the other national rules to reinforce control.

Mobilizing external audits. External auditing, especially when organized outside the APFE (e.g. by one of the fund's partners), has several benefits, not least of which its impact on the quality of expenditures and procurement, and the development of public financial management in partner countries:

- It acts as a deterrent when adequate information is circulated in advance to all ministries and their departments, public bodies, affiliated services, local authorities, and agencies to be audited.
- It requires the preparation of annual financial reports and accounting reconciliations to verify the data collected.

- The audit process and its results fuel a dialogue between partners and national stakeholders, i.e. line ministries and ministries of finance, concerning the management of APFE resources and contracts, and ongoing reforms in that area, expenditure chain performance, procurement, and the internal control system.
- The obligation to implement the audit recommendations often leads to improved management of the fund's resources and, more broadly, to enhanced public financial management.

However, these leverage effects lose momentum when audits are of poor quality.

OPERATIONAL STEPS



STEP 1: Opportunity assessment	26
STEP 2: In-depth diagnosis	31
STEP 3: Developing the aligned pooled fund for education (APFE)	39
STEP 4: Launching the aligned pooled fund for education (APFE)	50
STEP 5: Up to speed	53

This section aims to describe the processes and relevant operations to be conducted for the development and use of an aligned pooled fund for education (APFE). These markers will remain relevant in different contexts and could be applied to aligned financing modalities in other social, or productive, sectors.

The three main specificities of APFEs, as implemented in Burkina Faso, Burundi, Guinea, Madagascar, and Niger, are:

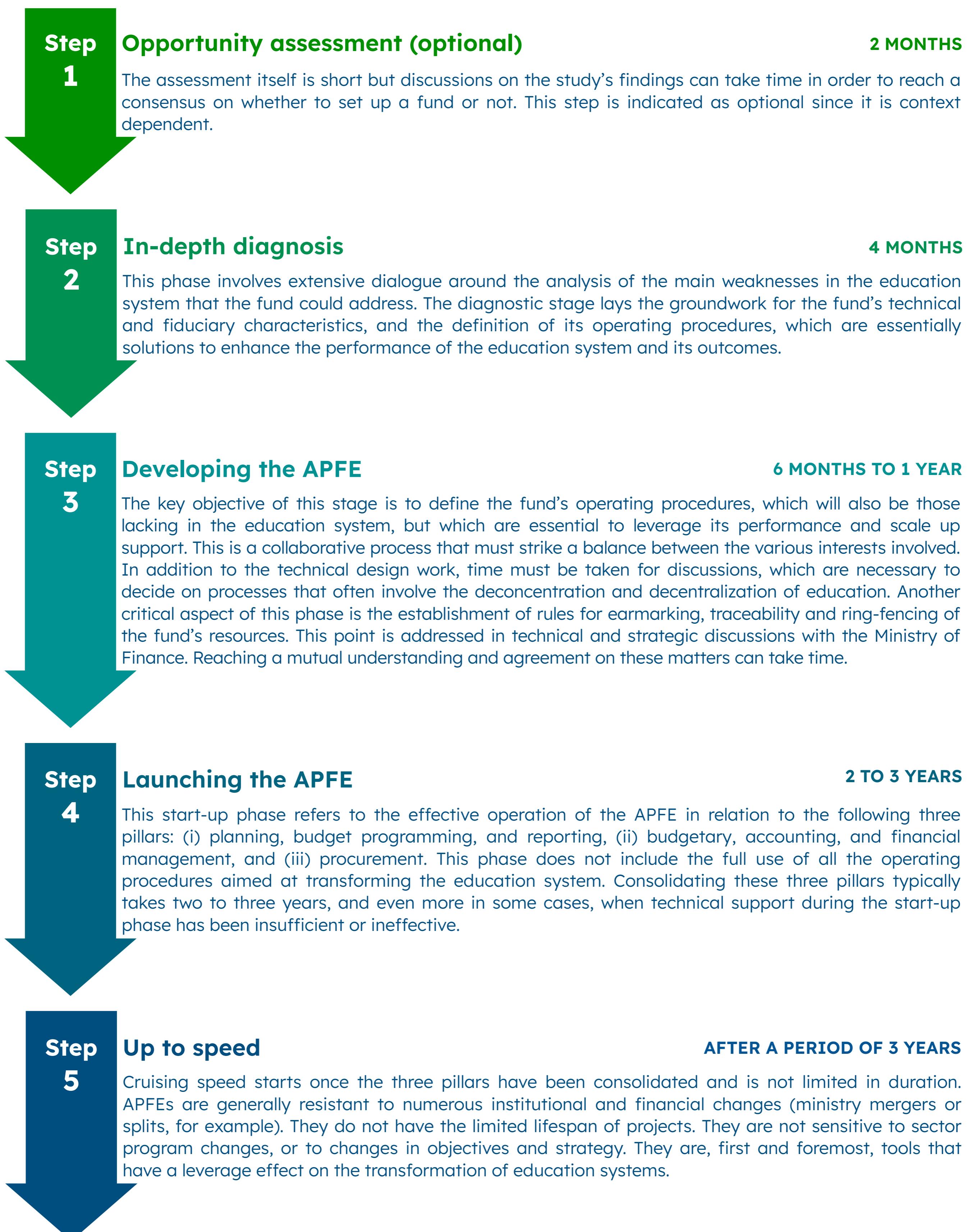
- **the pooling of resources earmarked by partners for the education and training sector.** Partners agree to place their contributions into a single account where they become fungible. Once transferred to a bank account (often managed by the Treasury of the partner country), these resources are used, without distinction, to finance the activities of an education program previously agreed by all stakeholders.
- **the budgetary, accounting, and financial mechanism that uses the partner country's national structures and procedures.** APFEs operate on the principle of alignment as outlined in the Paris Declaration.
- **the fund's resources are not commingled with the domestic budget and resources.** APFEs ensure that financing is earmarked for the education sector and for priority activities set out in an action plan validated by the fund's partners. In AFD's doctrine, APFEs are a variation, among several, of program-based budget financing. Global Partnership for Education (GPE) refers to them as "aid-on-budget". They are differentiated from sector budget support which does not benefit from the same earmarking and resource traceability mechanisms.

These specific features of APFEs are the result of a form of "leverage engineering" for the transformation of education systems, combined with the convergence of a critical mass of earmarked financing delivered through an aid modality aligned with national structures and procedures.

This section describes the different steps starting from the initial reflection through to the development and management of an APFE:

- Step 1** **The opportunity assessment** aims to determine if it is appropriate to create a pooled fund and if the general conditions for its implementation are met.
- Step 2** **The in-depth diagnosis** conducted when setting up an APFE will determine the main deficiencies to be addressed in the education system, the levers the fund could activate to transform the education system, and the measures to be taken to mitigate operational and fiduciary risks.
- Step 3** **Developing the APFE.** This step will determine the operational, budgetary, and financial aspects, but also identify the needs for technical support and projected operational and fiduciary risk management measures.
- Step 4** **Launching the APFE.** This is characterized by the application of all the provisions (rules, procedures, organization, measures, operating procedures, etc.) agreed upon by the stakeholders to operate the fund and activate its leverage on the education system.
- Step 5** **Up to speed.** External financing is executed in accordance with the agreed provisions of the fund, national stakeholders accomplish the activities, consume the resources and regulate the operation of the fund in cooperation with their partners.

Outlined below is an estimation of the time needed to complete the different steps described in this document for the creation and launch of an APFE. The greater the involvement of the partner country in the creation of the fund, the more smoothly and timely each step and related tasks will unfold. When discussions arise, as they often do, the time required for dialogue and for reaching a shared understanding of the instrument's relevance and advantages tends to make the development phase longer and generally delays decision-making. The timeline estimates indicated below should therefore be considered as averages.



Step
1

Opportunity assessment

This step will strive to answer two questions relating to the characteristics of APFEs mentioned in the introduction:

- Are there multiple partners ready and willing to pool their resources in order to finance a sector-wide development program in the partner country, whether the program already exists or not, is to be designed, revised, or updated?
- Does the political, sectoral, institutional, and financial environment, as well as the ongoing support from development partners, offer opportunities for alignment with national structures and procedures?

1.1. Positioning and dialogue with partners and national stakeholders

1.1.1. Sector-wide coordination and aid modality

Introducing the concept of a **pooled fund** and an **aligned aid modality** is a subject for the **education sector group** and/or the **entities in charge of coordinating** support to the education system. It would be paradoxical to create and facilitate external support coordination committees, whose main objective is to limit the negative effects of fragmented project aid, without discussing the options for limiting duplication and the “archipelago” effect of such a non-aligned approach. Pooling resources and **alignment with national procedures and institutions should therefore be on the agenda of all authorities and all meetings aimed at coordinating partner intervention**. Development partners can drive the ambition of reducing aid fragmentation by promoting an APFE. This objective can be clearly registered on the agendas and in the minutes of education sector coordination groups.

1.1.2. Dialogue with national stakeholders

Despite persistent evidence that the project-based approach subordinates national institutions to processes and “rules of the game” defined outside the partner country, it is essential to **engage with national decision-makers before the development of a pooled fund to raise awareness of, and promote, aligned aid modalities**. Convincing national decision-makers of the relevance and value of these modalities is one of the objectives of the high-level dialogue that development agencies can lead in order to enhance aid effectiveness to social sectors such as education. Once a mutual understanding has been reached and an agreement secured on the path toward alignment, the preparatory steps for an APFE can go ahead. The key messages are: (i) the sector has the capacity to implement activities supported by external funding, (ii) **national institutions are to be responsible for managing the funding and accountable for its use**, (iii) sector progress can only be achieved when external support is brought to scale and national institutions are “in the driver’s seat”.

1.1.3. Information and follow-up of the study in education sector coordination groups, decision point

Sharing the terms of reference of the opportunity assessment, collectively following up on the study, and sharing its results and recommendations, enables development partners, as well as national decision-makers, to embark on the path toward the development of a pooled fund benefiting from an aligned aid modality. For all that, **the decision to create the fund must be taken at a high level (line Minister, Prime Minister, Minister of Finance) on the national side, and by the Agency head and head office level for the development partners**.

1.2. Partners prepared to pool their resources

Many agencies are in favor of pooling their resources in a common fund to support the education sector. These include the European Union, and the Luxembourgish, French, Swiss, Belgian, Norwegian, Danish, Dutch, Canadian, and Spanish cooperation agencies, as well as KfW, GPE, and UNICEF. Nothing in their strategic framework prevents them from participating in these initiatives, except perhaps in the case of some agencies whose sole mandate is to provide technical support, not program financing. However, not all of them take the initiative to create a fund or wish to take leadership in this area, often due to internal human resource constraints. The creation of a fund requires a committed lead partner, one who is convinced of the value of such a fund and who will mobilize its (human, financial and technical) resources to achieve the set goal. AFD has played this role in the creation of most of the existing APFEs. Education sector coordination and dialogue platforms are the appropriate spaces to share this initiative with other partners and national stakeholders. **Agreeing on a preliminary study to assess the opportunities and potential difficulties of creating a fund is an effective way to promote this instrument.**

1.3. Situations prompting the creation of a fund

Indicators that may encourage partners to pool resources are:

- **Fragmented aid**, which cannot be properly aligned behind educational policy and sector plan priorities, and which strips the national stakeholder of its operational responsibilities.
- **Multiple education support projects, with different approaches and processes, timid financing, overly territorial** (targeting regions and localities), and an “archipelago” effect of aid that generates inequalities instead of rectifying them, together with low rates of execution.
- **Education structures benefiting from little or no external financing** but whose missions are essential for education system performance (schools, autonomous public institutions, and deconcentrated services). This deficit can be explained by the high number of these education structures, financial circuits that are too onerous to put in place in a project framework, and high transaction costs, etc.
- **Difficulties in coordinating external support to the education sector** resulting in the Ministry of Education being unaware of ongoing support, the same operation being financed several times, or tension between current expenditures generated by multiple projects and the evolution of the global education budget.
- **Local project experiences** that are difficult to scale up due to the actual costs of the approaches and methods implemented; costs that are difficult, or impossible, to cover with domestic resources.
- **Limited long-term impact of project-based** aid, due to a lack of handover and continuity (little internalization of project approaches and processes within national structures, loss of human resources, failure to capitalize on and learn from results, and repetition of the same practices).
- **National institutional reforms** aimed at improving the performance of the education sector, but which are **at a standstill** due to insufficient funding and, in some cases, a lack of political will. This often concerns broad decentralization processes (both territorial and functional), the sub-regional deconcentration of government technical services, and support for school-based social partners such as management committees and associations. These actors can contribute significantly to the proper functioning of the education system and after-school services as a whole, which are key to reducing household opportunity costs and improving school enrollment.

- National systems continue to show **weaknesses** despite numerous capacity development projects, particularly in **essential functions such as planning, budget programming, execution, reporting, and monitoring and evaluation**. Even the use of the national budgeting tool is often poorly mastered, leaving key strategic decisions for the education sector in the hands of better-trained finance technicians. A status quo in these areas limits the impact of project actions and the effectiveness of aid.
- **A desire among national actors to see external support aligned** with the country's own structures and procedures, not only to strengthen them and make alignment a practical reality, but also to break with the loss of sovereignty resulting from the sustained institutional subordination to external rules, processes, and project teams.



Tip : To gain a more comprehensive picture of support to the sector, it could be helpful to suggest that the lead donor carry out a **mapping of financial and technical support**, including support provided by NGOs. This can be done either internally or with external support, based on information provided directly by the sector's development partners. It can also be shared with the Local Education Group (LEG).

1.4. Opportunity study

The opportunity study should be incorporated into the identification phase. The study will be short, approximately 40 person-days. The aim is to assess whether pooling resources in a mechanism aligned with national structures and procedures would offer leverage to address deficits that have not been resolved through other modalities, or for which progress is too slow in view of the challenges facing the education sector (school enrollment, equity, quality, management, and support for reforms). The study may also analyze which development partners are favorable to the creation of a pooled financing mechanism.

The study primarily serves as a means to examine the "favorable" signs mentioned earlier and to foster dialogue on subjects that are often absent from discussions following project implementation. It is therefore important to involve the stakeholders listed below in all stages of the study (drafting of the TOR, kickoff meetings, collection of quantitative and qualitative data, and presentation of preliminary, and final, findings):

- the Ministry of Finance and Budget
- the Ministry or Ministries responsible for education, vocational training, and tertiary education
- the Ministry or Ministries responsible for government reform, including decentralization
- development partners

Upon completion, the study should demonstrate from a technical standpoint how pooling resources in a common fund aligned with national structures and procedures can serve as a driver of change in the education sector, and which gaps can be filled, with a focus on the following areas:

- the planning, programming, budgeting, and monitoring & evaluation (PPBME) chain
- institutional reforms underway and to be intensified in the education sector
- budgetary, accounting, and financial management, as well as procurement
- coordination of education sector policies and actions
- strengthening of functional relations between the Ministry or Ministries responsible for education and the Ministry of Finance

It is acknowledged that any improvement in these areas contributes to the enhancement of education system performance.



Tip : At this stage, the opportunity study can be included in, or completed by, an analysis of public financial management reforms.

1.5. Obstacles and solutions to the creation of an APFE

During the identification phase, several obstacles may arise that could point decisions in the wrong direction.

OBSTACLE 1: The capacities of national institutions are deemed insufficient to manage an APFE

This risk is either a pretext or a misconception. It is put forward by numerous actors to avoid aligning with national procedures and institutions. **However, it is precisely because national institution capacities are weak that they must be fully mobilized and developed from within.** Studies have demonstrated the leverage effect of aligned aid modalities on the implementation of reforms enabling national institutions to strengthen their capacity to implement public policies. Continuing to set up project structures will only weaken them further by: (i) siphoning off available human resources in the sector to work on or implement projects, for short or longer periods, (ii) creating competency conflicts due to overlapping responsibilities between project structures and national institutions, (iii) consuming capacities for the definition and use of short-lived project processes, which are often many and varied, their sole justification being to differentiate one project from another.



Tip : The opportunity study can include an analysis of the institutional capacities and key functions to be strengthened, as a basis for future technical assistance.

OBSTACLE 2: Fiduciary risks are too high to entrust the management of external financing to the national authorities under an aligned financing mechanism

Alignment with national systems certainly means embracing all their dysfunctions. But **fiduciary risks also exist within project structures.** Principles in this respect can be drawn from the World Bank's CPIA¹ and the European PEFA². Within CPIA frameworks, certain aspects of the PPBME are ranked, as in PEFA. For example, a threshold score could be used to determine eligibility for an aligned modality such as a pooled fund. Similarly, PEFA benchmarks could inform decisions on the preparation of a fund.

Fiduciary risk is always a central concern when developing an APFE and the use of government management rules, tools, functions and staff, acts as leverage to improve the entire management system.

In a severely degraded political and social context, marked by major social unrest or institutional collapse, and often correlated with very low CPIA and PEFA scores, it will be difficult to establish an APFE.



Tip : The opportunity study is an opportunity to engage with national authorities on check points to be strengthened or put in place. This discussion should include the Ministry of Finance to identify potential areas for support along the expenditure chain and/or to strengthen the expenditure chain on specific, often overlooked points (fraud detection, corruption and/or collusion, etc.).

OBSTACLE 3: Only one development partner is interested in establishing an APFE

A fund can be set up without being “common” or pooled among multiple partners from the start. A single partner can establish such a mechanism with their own funding. The fund may later become pooled if a second partner is interested in the modality. This is the medium-term scenario for Côte d'Ivoire's 3rd Debt Reduction and Development Contract (C2D) program-based budget financing in the education sector.

¹ Country Policy and Institutional Assessment (CPIA) is an annual diagnostic tool intended for sub-Saharan African countries eligible for International Development Association (IDA) financing. Over a one-year period, the CPIA assesses the quality of national political and institutional structures, and their capacity to support sustainable growth and reduce poverty. Countries are rated on a scale from 1 (lowest) to 6 (highest) across 16 indicators grouped into four categories: economic management; structural policies; policies to combat social exclusion and promote equity; public sector management and institutions.

² Public Expenditure and Financial Accountability (PEFA) is a tool used to assess public financial management (PFM). A PEFA assessment provides a detailed, systematic, and factual analysis of PFM performance at a given point in time.

Once launched, the fund can accept contributions from other partners without changes to the established budgetary and financial mechanism. Some funds have been very successful years after their creation, attracting eight to ten partners (as in Burkina Faso and Niger, for example). Rates of execution typically make them attractive and entry costs are very low (see section below). Their success also depends on strong national ownership at the highest level. When they are sector-wide and involve several ministries, the engagement of the Prime Minister and their office is often a decisive factor for their development.

1.6. Awareness-raising and communication with national decision-makers and technicians

This is essential as national stakeholders are often not well-informed of the range of aligned aid modalities available, and of those liable to best address their needs and support education policy implementation. They are often only aware of project-based and fungible budget support. As a result, **pooled funds with their specific characteristics of earmarked appropriations, pooled resources, and alignment with national structures and procedures, have been overlooked in many countries as a possible modality of external aid.** Moreover, project staff, who are in constant contact with national institutions, exert pressure to maintain non-aligned mechanisms from which they benefit. This dynamic must be included in the dialogue to be built with national stakeholders, since the omnipresence of projects and their lobbying for renewal disrupt negotiations and hamper the recognition of aligned approaches.

1.7. Decision point

Once the study and the dissemination of the variety of aid modalities have been completed, a point may be reached to decide on the implementation of an APFE. The first condition is to have an agreement and the support of national leaders or, better still, the firm conviction that alignment is a satisfactory response in light of the following:

- Potential leverage effects on the development of education sector institutions, capacities, and processes.
- Difficulties generated by project-based aid, particularly in terms of coordination, fragmented territorial development, and ad hoc processes that are difficult to scale up, etc.
- Subordination of national institutions and staff to external rules, competing with national rules, resulting in a heavier workload for public servants in what is already a constrained and capacity-limited environment.



What is not recommended: Involving staff recruited from the private sector to manage projects, in decision-making meetings for the creation of APFEs. First of all, a project manager does not have the legitimacy to weigh in on such a decision. In addition, their own interests could lead them to oppose the creation of such a fund.

Step
2

In-depth diagnosis

The in-depth diagnosis is an extension of the opportunity study in the case of a positive decision. It provides a more detailed analysis of the national context that will have responsibility for managing the fund and assuming all the roles and responsibilities related to its operation. This takes 100 person-days to complete. The overall objective of the analysis is to design an APFE mechanism to receive resources from all partners wishing to contribute, using national structures, institutions, and procedures for all aspects of the fund's operations, from planning through to evaluation and accountability.

Practical illustration. In Guinea, a study on the effectiveness and modalities of aid: a diagnosis and opportunities for strengthened alignment and proposals for change for the FoCEB (Pooled Fund for Basic Education implemented in project modality), was conducted in 2017, in the context of preparing Guinea's Ten-Year Education Program (ProDEG) and of new funding (notably from GPE) to support the program. The study examined to what extent the FoCEB "project" could move toward greater alignment with national systems to improve support for education. The specific objectives of the study were to analyze: (i) the sector policy framework, and (ii) the conditions and constraints for greater alignment of a joint financing mechanism with national structures, including proposals and scenarios. The study was carried out before the feasibility study on the development of the fund, the detailed risk analysis, and the identification of technical support.



Important distinction: A project-based pooled fund is not an aligned budgetary and financial instrument. It is a "jointly financed project".



2.1. Positioning and dialogue with partners and national stakeholders

On initiating this step, the suitability of creating a fund will in principle already have been confirmed in the previous step. Otherwise, there would be no reason to conduct an in-depth diagnosis. National decision-makers have given the "green light" to continue with the analysis process. As for Step 1, the education sector group and the coordination entity for education sector support will be involved in preparing and conducting the study, and in sharing its findings and recommendations. Development partners will give their opinions on the in-depth diagnosis and the proposed options for improving aid effectiveness.

If necessary, ad hoc meetings can be organized. These discussions should lead to a decision point for both the partners and the national authorities. It is important to identify early on which partners wish to engage in this dynamic, and then to include them in high-level discussions (line ministry, Ministry of Finance, and the Prime Minister).

2.2. Review of aid modalities

The second step has the following objectives, and will go into more detail regarding some of the observations made in the opportunity study:

- **Taking stock of aligned aid modalities** already present in the partner country, regardless of the sector concerned, including the advantages or difficulties encountered, the intended leverage effects, and the results achieved.
- **Producing an inventory of the fragmentation of aid and the difficulties** created for the allocation of external and domestic resources to the education sector plan's priorities, especially for the reduction in social and territorial disparities in access to, and quality of, education.

- **Analyzing** the national budget and the allocation of domestic resources to the education sector.
- **Analyzing the ongoing structural and institutional reforms** in the education sector, the external support provided for these transformations, progress made, and the challenges encountered.
- **Analyzing the national public financial management system**, including procurement, the trends in its development, and its strengths and weaknesses.
- **Analyzing the planning, and technical and financial reporting procedures** of central and deconcentrated services, and the effectiveness of coordination and sector dialogue.
- **Taking stock of the digitalization of the planning, programming, budgeting, and monitoring & evaluation (PPBME) chain**, existing tools, and their strengths and weaknesses.

2.3. Inventory of aid fragmentation and its effects on the development education system capacity

This type of analysis is rarely conducted. Yet it is essential in order to avoid eclipsing the negative effects of the widespread application of a “project-based approach and tools” to support major social sectors such as education. To be relevant and serve as a foundation for the design of an APFE, the analysis must focus on the processes developed by projects and their lifespan. The term “process” here encompasses all the approaches, stages and operations that, defined and used within a project framework, substitute for the key functions of the education system. Each project develops its specific approaches or processes, highlighting their difference compared to other projects, with each one thinking that theirs is the most relevant development contribution. The lifespan of these processes is the same as that of the project itself. They are redefined at the end of each project and often abandoned when the new project’s goals differ from those of the previous project.

The following is a non-exhaustive list of the main education system functions or operating procedures to be developed by the administration:

- Annual and multiyear planning and budget programming
- Resource allocation criteria and modalities (particularly to deconcentrated structures)
- Where necessary, specific support to the most fragile communities, who are partly excluded from the education and training system
- Financing of schools and training establishments
- Financing of school feeding programs
- Financing of the construction, rehabilitation and equipment of schools
- Financing of school textbooks and supplies
- Financing of practical training supplies for schools and training centers
- Large-scale initial teacher training
- Large-scale in-service training for teachers and trainers
- Human resources management (including pay)
- Pedagogical support for teachers and administrative supervision of schools
- Pedagogical and administrative inspection
- Evaluation of instruction and learning
- Basic education system data collection and interpretation for managing the system
- Technical and financial reporting
- Monitoring & evaluation and analysis of performance

The above is not exhaustive but indicates the main functions the education system should fulfil, program, finance, execute, and assess in order to operate. The analysis will look at the processes defined and put in place by projects during their implementation period, as well as the future of these processes and their scaling-up. The aim is above all to examine how project processes either substitute for national processes, block the development of national processes by their very presence, or fail to address national shortcomings.

This requires a national review of methods, not a systematic criticism of “projects”, but an attempt to detect which processes are lacking for the development of the education system, i.e. those not created within public institutions but exclusively developed and applied by donor-funded projects. Once identified, the processes that are lacking will become the main levers of pooled funds for the transformation of the education system.



Practical illustration. In Senegal, multiple “projects” have subsidized school management committees (SMCs) over a 30-year period. Some have stopped doing so. Many different approaches have been tested in geographically limited areas that never covered the whole country. Many SMC financing mechanisms ended with the projects themselves. In all cases, despite the dozens of project-implemented approaches, none were embedded within the Ministry of Education. In 2023, the country had no strategy or national procedures in place to subsidize SMCs. This gap can be explained by the competition that arises between projects and national institutions, but also by the fact that external funding for SMCs does not pass through the budget of the Ministry of Education.



Important to note: The choice of words is essential to avoid overly criticizing project processes that are not sustainable. It is important to stick to tangible facts: operating models tested by projects and those still lacking within the administration on the key functions of the education system. A constructive approach would be to draw lessons from project experiences in order to define operating procedures or processes that are lacking and that can be implemented with support from the fund, while ensuring the involvement of the Ministry of Finance.

2.4. Analysis of potential aligned aid modalities in the country context

This must be done upstream from the definition of an aligned modality. Although already dated, the Paris Declaration was innovative, perhaps too much so, since it has remained largely unimplemented over the past 20 years. **The declaration defines alignment not only as the consideration of partner countries' policies and strategies, but more importantly as the use of national structures, institutions, and procedures.** The analysis of existing aligned modalities to be conducted in this diagnostic phase will take into account this definition and not its narrower interpretation limited to national policies and strategies. The analysis will focus on the aligned mechanisms that have been defined and are operational in the partner country, as well as the constraints faced by partners. Public policy budget support may be included, even though the **fungibility** of appropriations and liquidity does not oblige the recipient to earmark resources for the sector being supported (no addtionality).

Priority will be given to aligned aid modalities that enable the earmarking of resources to the targeted sector and the ring-fencing of liquidity. In public financial management systems, there are not many options that allow resources to be earmarked for expenditure jointly agreed upon by the parties. The most common configurations are as follows:

- **A special appropriations budget (BAS) or a special Treasury appropriations account (CAST).** This functions as a budget alongside the general budget, prepared in accordance with the current program budget nomenclature, in terms of revenue and expenditure. This budget must be passed as a balanced budget, where revenue is equal to expenditure for the budget year. The BAS or CAST can be funded by contributions from the general budget, but within a ceiling often fixed at 10% of total budget, as defined by organic laws.
- **The Assistance Fund (fonds de concours)** typically takes the form of one or two budget lines that consolidate appropriations not classified under budget nomenclature. The purpose of expenditure must be detailed in a dedicated ad hoc document. These funds often correspond to investments (major projects), transfers to implement specific large-scale actions, or the reduction of long-term shortfalls (funds for school infrastructure, for example).

- **The addition of budget lines allocated to external funds, integrated into the general budget but traceable**, either by a specific coding system distinguishing them from other resources, by suffixing or prefixing, or by simple naming (e.g. APFE). This budgetary option is not described in organic public finance laws, but partner countries have in the past often used this technique, which resembles a BAS or a CAST.

2.5. Analysis of the implementation of ongoing structural and institutional reforms in, and relating to, the education sector

This analysis focuses primarily on **decentralization** in the broad sense of the term (territorial, functional, and outsourcing of missions of general public interest to private actors), as well as **deconcentration**. Its purpose is to assess the current state of ongoing reforms. **Decentralization can be functional** when central education system missions such as training design, learning assessment, or in-service teacher training are removed from traditional administration and entrusted to an entity with budgetary and operational autonomy. The degree of functional decentralization (public entities, agencies, offices, funds, entrusted with educational missions) in a given sector is a key performance variable. The more advanced the functional decentralization, the greater the sector's capacity and flexibility to achieve results. Conversely, the more centralized a sector is within a vertically structured administration, the fewer results it tends to produce.

Territorial decentralization in education, which is underway in many developing countries, involves transferring educational competencies from central government to local governments, often municipalities and regional councils. The responsibilities transferred are always significant: school operations management with delegation to management committees; school construction and equipment; day-to-day operations; sometimes school feeding programs; and more rarely, as in Guinea or Mali, teacher recruitment and management. Despite longstanding laws (20 years in Mali, 10 years in Senegal), the decentralization process is progressing slowly, hindered by the lack of both external and internal financing, which remains concentrated within administrations that lack the capacity to absorb it effectively. The capacity deficit is primarily a result of centralized organization and ceilings on public employment and payroll, which prevent, in many cases, an increase in staff numbers to expand activities. In many countries, procedures and processes needed to finance competencies transferred to the municipalities simply do not exist.

Yet this form of decentralization is essential for the development of education, even if it faces significant resistance and political decisions are often not followed by concrete action. **Who is better placed than a municipality, working with local stakeholders, to manage school operations, school meal services, or extracurricular activities (such as social and sports activities)?** Decentralization is crucial to expanding the education system's operational capacity, especially for classroom construction, provision of table-benches, and latrine facilities. A centralized procedural administration has never been able to build the number of classrooms needed for education development within the required timeframes. In many countries, the network of municipalities represents an underutilized source of significant implementation capacity.

Functional decentralization, that is, the granting of autonomy over some key missions to public institutions, agencies, or offices, is rarely analyzed. Yet it is just as important as territorial decentralization since the more decentralized a sector the more likely it is to be effective. A mapping of these structures should be carried out to assess the sector's development potential and to identify the difficulties they face in terms of management and the organization of their missions and tasks.

Their financing from the general budget and the project budget should be analyzed and cross-referenced with the objectives these structures fulfill and the routine activities, in the positive sense, they are expected to carry out.

The analysis of functional decentralization may also reveal that it is insufficient to ensure the development of the education system, and that this deficit is a “glass ceiling,” in the same way as the limited capacity of central services. This situation is not uncommon in partner countries, but it is often overlooked. It rarely becomes a point of discussion when education system performance is addressed.

Deconcentration is the second axis of government reform that must be examined in order to identify sources of untapped capacity and potential levers to improve education sector performance. However, several realities should guide such an analysis:

- The employment and payroll ceilings mentioned above also apply to deconcentrated structures. Additional staff will not be assigned in the coming years. The existing staff's workload will therefore be a "glass ceiling". If their budget were to be doubled or tripled, the risk of budget non-execution and uncompleted activities would be high.
- Structures benefiting from staff but lacking operational budgets should be prioritized for external financing, which will facilitate and complete domestic allocations.
- Given these constraints, demanding more activities from deconcentrated structures requires the digitalization of key technical, managerial, and pedagogical functions. This will be a source of increased productivity.
- Deconcentrated services closest to school, and the most numerous ones, should be prioritized, as the costs of pedagogical support and administrative supervision for schools and teachers are relatively low.

The analysis of institutional reforms will demonstrate the changes to be supported technically and financially in order to increase the education system's capacity to deliver results. It will also anticipate the processes needed to bring about these changes (procedures for transferring resources to autonomous entities, subsidy and contract mechanisms, regulation principles and rules, and production methods).

Practical illustration. In Madagascar, the National Teacher Training Institute known as Institut National de Formation Pédagogique (INFP) was established as a public administrative institution with budgetary autonomy. Its primary mission is to provide initial and in-service teacher training. INFP is deconcentrated through regional branches known as Centre Régional de l'Institut National de Formation Pédagogique (CRINFP). These centers are endowed with a sufficient number of trainers. However, upon setting up the APFE, the INFP had not defined any financing rules for the CRINFPs. They received a symbolic annual operating allocation of €5,000 from the national budget and were only authorized to spend small amounts to carry out their activities. As a result, the large number of trainers in the CRINFPs were underutilized. With the definition of a financing mechanism in the pooled fund's operational manual setting the terms for delegating resources to the CRINFPs, the Ministry of Finance was able to initiate a reform. The reform has authorized CRINFPs to become dedicated budget chapters within the national budget and receive and manage resources directly.



2.6. Methodological approach

The methodology is based on:

- ▶ A knowledge of aid modalities in all their diversity, and the capacity to analyze development projects, including their strengths and weaknesses in terms of the support they provide to the education sector and the workload they place on the PPBME chain of the ministries in charge of education.
- ▶ A thorough documented study of cross-cutting reforms affecting the organization, capacities, rules, education sector institutions, or more generally the performance of national stakeholders in implementing the sector program.
- ▶ Focus groups on the following priority themes: existing aid modalities, their specificities, strengths and weaknesses; institutional reforms concerning decentralization in both its territorial and functional dimensions, deconcentration, and the outsourcing of public service missions to the private sector (delegation, concessions, partnerships); education sector mandates and their implementation; key operating procedures, their existence, strengths and weaknesses; financial instruments, their functions and roles in sector development; and operational deficits.
- ▶ Individual interviews, particularly with decision-makers in the line ministries, and key officials from the Ministry of Finance in four critical areas: budgeting, public accounting, treasury, and ex-ante/ex-post budgetary and financial control.

Workshops are not recommended at this stage.



What should be avoided.

- Overlooking institutional reforms, which offer potential for expanding operational capacity.
- Adding layers of external financing to structures whose mandates remain centralized in the broad sense, where budget allocations are executed directly without transfers to partners, and where rates of execution are low. Without major institutional reform, it will not be possible to improve the performance of these structures due to the fact that their staff cannot double their outputs simply because the budget has doubled.

2.7. Analysis of the national public financial management (PFM) system, including procurement

The analysis of the partner country's public financial management includes both the financial institutions and their deconcentrated units (e.g. regional and local finance departments, and procurement structures), and budget management and procurement services embedded within the education ministries. **The three objectives of this analysis are to assess: (i) the strengths and weaknesses along the expenditure chain and within the procurement system, (ii) the capacity of the integrated PFM system to report on budget execution, and (iii) the territorial coverage of these mechanisms or, in other words, the degree of deconcentration of budgetary services, treasury accounting networks, and public procurement controls.** APFEs can use these existing channels down to their most localized levels, provided these exist.

More precisely, the analysis will cover:

- The regulatory PFM framework and the organization of government budgetary, accounting, and financial services, including the national procurement mechanism.
- The performance of the management system based on the following reports: (i) PEFA and CPIA, (ii) Public Investment Management Assessment (PIMA), (iii) Methodology for Assessing Procurement Systems (MAPS), (iv) Internal Audit Capability Model (IA-CM), (v) Fiscal Transparency Evaluations (FTE), (vi) Public Expenditure Tracking Surveys (PETS), and (vii) Public Sector Accounting Assessment (PULSE), etc.
- Ongoing public financial management reforms, structural, institutional, instrumental (digitalization, nomenclature), and procedural (programming, expenditure execution, and procurement rules), as well as the human, technical, and financial support available for their implementation.
- The degree of implementation of the reforms, and the medium- and long-term prospects for change (improvement).
- Education sector budget management, both for programming and execution.
- Government treasury management and, where applicable, implementation of the Treasury Single Account (TSA).
- Support provided by development partners to public financial management reforms, and the impact of this support on the education sector.
- The framework for dialogue around public financial management.

These analyses will clarify the progress and constraints of public financial management and indicate whether the management conditions are improving, stagnating, or deteriorating, based on facts, documentation, and interview data.

2.8. Operational and fiduciary risks

When considering the creation of an APFE, it is essential to conduct an early-stage risk assessment. The aim is not to challenge the creation of the fund, but rather to integrate these risks into its design.

- **Operational underperformance risk** refers to the non-completion of actions required for the implementation of the sector program supported by the fund.
- **Fiduciary risk** refers to irregularities in spending or procurement, as well as the misuse of resources for activities that are not eligible under the fund, thus limiting the ultimate benefits for intended recipients.

2.8.1. Operational underperformance risks

The risk of operational underperformance is linked to the education system's capacity to plan, develop and carry out the activities in the action plan. The main implementation capacity parameters are:

Rules governing the activities of institutions (institutionalization) and their application.

Procedures or processes that enable a mission to be carried out and to produce the expected outputs (e.g. teacher training, classroom construction, provision of equipment, workshops, monitoring and supervision missions, etc.).

Tools, the existence of tools and whether they are suited for the missions and tasks to be carried out, monitored, and evaluated.

Organization of educational structures making up the system and their connections with the wider environment.

Available human resources, both in terms of quantity (workload) and quality (skills required to carry out the activities).

To identify these risks, it is therefore necessary to examine each capacity parameter and identify the gaps. These gaps must then be analyzed in terms of their impact on the education system's outputs and performance.

The analysis of operational risks will guide the development of the fund, as some of these capacity gaps can be reduced through an approach to education system processes and organization known as “operating procedures”, to be defined or clarified in the APFE operational manual. Other gaps will be addressed through technical support and assistance.

2.8.2. Fiduciary risks

The main fiduciary risks that may arise are:

Flawed budget programming where funds are either omitted or incorrectly allocated according to public budgeting rules (e.g. errors in budget chapter classification, misclassification of economic categories, particularly for investment and transfers, or failure to register budget lines, etc.).

Intentional non-compliance with expenditure and procurement rules and procedures for personal or group gain (collusion), with the aim of diverting pooled fund resources.

Irregularities in the application of procedures, stemming from a lack of human resources, a poor understanding or misinterpretation of public procedures, or the persistence of irregular but institutionalized practices that are common knowledge but not corrected.

Incomplete deconcentration and decentralization of the government's budgetary and financial services in the country's regions and localities. This is a common situation, leading to widely accepted irregular management practices. Such gaps hinder the transfer of external funding to deconcentrated services and local governments.

These risks are generally triggered or exacerbated when government internal control systems are weak or inoperative, and when personnel are underqualified and overwhelmed (lacking the capacity to handle the volume of cases). PEFA and CPIA documents are important references for assessing these risks, though they often do not go into such “detail”. More detailed interviews are needed to understand the full extent of the gaps and the prevalence of irregularities and non-compliant practices throughout the public expenditure chain and national procurement system.

As for the risks of operational underperformance, fiduciary risks are mitigated through the following approaches:

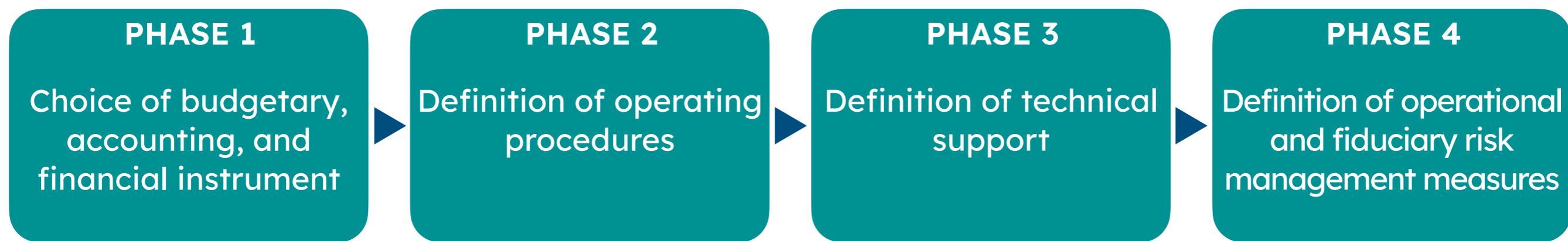
- Regulatory and procedural arrangements defined in financing agreements and the fund’s operational manual,
- Introduction or strengthening of management tools,
- Improvement in production processes to enhance effectiveness and transparency,
- Capacity building actions,
- Tailored technical support, depending on the level of risk,
- Periodic controls.

Risks are addressed during the development of the fund.

Once the diagnostic study is completed, the data and information needed to develop the fund are available.

Step
3

Developing the fund



As for the previous steps, the terms of reference, the results of the development step, and its options and recommendations must be shared within the sector group and all education support coordination entities. From a technical standpoint, the primary focus will be on the operating procedures that are lacking in the sector, and technical directions and options for defining them, drawing on the extensive experience gained from projects, their approaches and results.

A specific dialogue must be established with the Ministry of Finance through dedicated working sessions. The key topics to be addressed include:

- ▶ **Allocation of resources and budgetary options** (special appropriations budget and account, integration of budget lines in the general budget, tagging of budget lines, integration in the program-based budget nomenclature — program, action, and activity, etc.).
- ▶ **Payment traceability for each accounting entry.**
- ▶ **Ring-fencing of fund liquidity in dedicated bank accounts, monetary flow pattern, currency exchange, depreciation, and valuation issues.**
- ▶ **Fiduciary risks and their mitigation.**

As far as possible, these issues should also be the subject of dialogue among development partners in order to incorporate the constraints, approaches, principles, doctrines, and standards of each agency, as well as their comprehension of resource earmarking and fiduciary risks.

3.1. Phase 1: Choice of the budgetary, accounting, and financial instrument

It is imperative to begin with the design or selection of the budgetary, accounting, and financial instrument. The mechanism selected will guide the remaining work and influence all other aspects of the APFE, including:

- Actors responsible for managing and executing the fund,
- Planning and reporting tools,
- Accounting framework (monetary or liquidity account),
- Risks and their mitigation,
- Capacity building and technical support,
- Controls, including audits,
- Steering bodies,
- Monitoring and dialogue mechanisms around fund performance, among APFE partners.

3.1.1. Budgetary component

This component aims to determine how funding will be recorded in the finance law, ensuring that APFE appropriations are clearly distinguished from other budgetary appropriations. Without this distinction, it would no longer be a pooled fund but rather a form of education sector budget support. The key concepts here relate to the earmarking of resources for the education sector, which partly contrasts with the principle of **fungibility**.

There are three main budgetary options for earmarking, and thereby distinguishing, funds in the finance law. These are generally set out in public finance organic laws. They have already been mentioned in this report but, for reference, they are as follows:

- **Option 1: Special appropriations budget or special Treasury appropriations account (BAS & CAST).** This budget is alongside the general budget. This option has been used in Burkina Faso, Burundi, Guinea, and Madagascar. A BAS or a CAST can only be managed by one ministry so, in a sector-wide approach, one must be opened for each ministry responsible for education.
- **Option 2: Integration of budget lines into the general budget.** This option is not formally codified in public finance organic laws but is often used by budget authorities, as it is generally preferred to creating BAS & CAST. A clear, visible, and error-free distinction of appropriations must be ensured to avoid confusion during budget execution and the misallocation of activities to domestic budget lines. This approach was favored by the Ministry of Finance in Niger when the second pooled fund was created. It is also used for all C2D program-based budget financing in Côte d'Ivoire. Although these are not pooled funds; they could become so without altering the budgetary and accounting mechanism, simply by cash contributions.
- **Option 3: Assistance funds (fonds de concours).** Assistance funds also enable resources and appropriations to be earmarked for specific investment projects. Budget and Treasury experts may be in favor of this option. However, it has not been adopted for APFEs to date for the following reasons:
 - Insufficient specialization of budget lines, which implies the development of additional tools for programming operations and budgets on an ad hoc basis, similar to what development projects do. These tools are too cumbersome to manage for them to be credible as an aligned aid modality.
 - The established practice of using assistance funds for major, often repetitive and relatively undiversified, investments, and not for a wide range of diversified current or capital expenditures.

The choice of modality must therefore first be discussed with the government's budget authorities to determine how the funds will be earmarked and distinguished from other appropriations in the finance law and during budget execution. This discussion may include education sector personnel, but no option can be selected or implemented without the involvement of officials from the ministry in charge of the budget, including the IT department, and representatives from the Ministry of Finance, at every stage of fund design. Several meetings are sometimes needed to agree on the most suitable modality or instrument. However, it is recommended to avoid any further work on the development of other pooled fund mechanisms until this key modality is agreed upon.

3.1.2. Financial component

Budget appropriations are merely legal authorizations to spend public money. **The monetary dimension of pooled fund financing, or fund liquidity**, must also be carefully designed, particularly with respect to the **monetary flow pattern**, even when the designated bank is the Treasury or another government-owned bank.

The earmarking of resources requires financing to be ring-fenced, i.e. protected from being diverted from its original purpose to other unrelated sectors or activities. In principle, this means that these liquidities cannot be deposited on an operating bank account used by the government to pay for its expenditure indiscriminately.

There is only one way to achieve this. Specific bank accounts must be opened to ensure resource availability and prevent any misuse.

Once the principle of ring-fencing resources is acknowledged, several monetary flow patterns can be envisaged. There are multiple variants depending also on the organization of each country's central bank and their currency. An initial account is opened with the central bank, either in foreign currency or in local currency, to hold the funds contributed by APFE partners. This account is managed by one partner designated by the others, who authorizes transfers to a second account in local currency. This account is used for making payments for all APFE expenditure. It is the main account and is managed by public accountants responsible for the expenditure of public structures executing APFE resources and the Treasury.

Depending on the financial organization of the Treasury and the places where APFE resources are executed, it is always necessary to open bank accounts or sub-accounts of previously opened APFE accounts, in the different regions and their territorial subdivisions, often the départements and districts, but also at the level of local authorities and public institutions benefiting from budgetary and financial autonomy. In cases where the Treasury's public bank is not present in a locality, the account is opened in a commercial bank partnering with the Treasury.

3.1.3. Special cases

While it is essential to ring-fence resources in dedicated bank accounts, adjustments are sometimes required to limit the number of accounts to be monitored and controlled since creating hundreds of accounts may demand tools and monitoring capacities that are difficult to develop. These adjustments may include for example:

- Pre-financing by the government of deconcentrated expenditure on a reasonable scale (not causing additional strain on cash flow for the country)
- Direct public execution of some expenditure with government pre-financing
- Payment of APFE expenditure via the Treasury Single Account (TSA) with prior balancing of the APFE liquidity account

These adjustments are discussed among development partners and with the Ministry of Finance at this stage of the pooled fund's creation.

3.1.4. Results of this step

At the end of this initial phase of fund development, the following points must be clarified before moving on:

- How the fund's appropriations will be distinguished and recorded in the finance law, and in which budget, using the full national budget nomenclature in force, i.e. by specifying appropriations by sector, department, chapter, article, paragraph, budget line, program, action, and activity.
- How the partners' contributions will be ring-fenced, which accounts will be opened, who will manage them and be authorized to make payments, who will replenish them at each territorial level, and who will produce the bank statements and account extracts on an agreed periodic basis.

3.2. Phase 2: Definition of operating procedures

This step is central to developing the fund. Sidestepping it would undermine the APFE's main leverage effects for the transformation of the education system. It builds on the in-depth diagnosis conducted previously. The main operational shortcomings of the education system were identified at that time, and the APFE aims to address the problems highlighted. As analyzed in the diagnosis, these shortcomings are generally organizational, institutional, or related to instruments or to human resources.

Excessive centralization is consistently the root cause of the difficulties of education systems to achieve desired outcomes (this is often true of health systems too). Educational results are not produced at central levels, but rather in schools, training centers, and initial and in-service teacher training institutions, as well as by those in charge of school management, such as local authorities and associations.

The approach adopted in all APFEs already established is one of enhancing sector program implementation capacity through processes or procedures combined with support for the deconcentration and decentralization of the education systems. This means that when production procedures, or processes to fulfil the essential functions of the education system, are lacking, such as large-scale teacher training, subsidies to schools, or school feeding programs, the creation of an APFE is an opportunity to develop or strengthen these and integrate them into an operational manual, making them mandatory for the use of pooled fund resources.

The focus on processes formalized in an operational manual offers the advantage of engaging in dialogue with national stakeholders on the mechanisms that are lacking in order for the education system to operate more effectively. These mechanisms are often developed and used in a project framework but are not internalized and scaled up within national structures. Once the gaps in procedures are recognized, and the relevance of creating or strengthening the procedures is accepted by country stakeholders, the necessary work to develop them must be carried out in cooperation with staff from the ministries responsible for education and, often, the ministry of finance.

The principal operating procedures consistently developed when establishing an APFE include at least:

- Planning and sector reporting by central and deconcentrated structures,
- Financing of deconcentrated services,
- Grants to school management committees and/or training centers and/or universities, as appropriate,
- Transfer of contracting authority (maîtrise d'ouvrage) to local authorities, where applicable,
- Grants to public administrative bodies (établissement public à caractère administratif - EPA) for the implementation of activities defined upstream,
- Contractual arrangements for objectives and financing (a cross-cutting approach for allocations and grants to educational structures).

Once implemented, these operating procedures provide education ministries with additional implementation capacity. They ensure high rates of execution and, more importantly, they enable funding on a national scale for the structures best positioned to deliver educational outcomes.



What should be avoided. Defining operating procedures that are overly complex and create a workload in excess of the capacity of the personnel responsible for their implementation. For example, when drafting the list of documents required to initiate an activity, if an operational manual stipulates that each activity must be accompanied by both a concept note and an activity sheet, it is almost certain that such a requirement will be difficult to meet. It is preferable to adopt a lighter format.

3.3. Phase 3: Definition of technical support

The magnitude of technical support is determined by the following factors already studied:

- Analysis of the capacity of national structures, procedures and processes to implement the education sector program,
- Analysis of production processes to fulfil the education system's core functions and activities,
- Analysis of operational underperformance and fiduciary risks,
- Definition of operating procedures in the fund's operational manual and of the selected budgetary, accounting, and financial arrangements.

Technical support should be defined in two clearly distinct stages.

THE FIRST STAGE is devoted to identifying what technical support is essential for the APFE to operate effectively.

The support focuses on the three key pillars of APFEs

1

RESOURCE MANAGEMENT

- Expenditure execution
- Accounting
- Budgetary, accounting, and financial reporting

2

PLANNING AND REPORTING

activities completed

3

PROCUREMENT

THE SECOND STAGE is devoted to identifying specific technical support measures. These depend on cross-cutting reforms underway, such as deconcentration and decentralization. They also concern the exercise of educational competencies, such as school mapping, strategies for the enrollment of girls, initial and in-service teacher training, and curriculum reforms, etc.

Dysfunctions in these areas can be tolerated temporarily while corrective measures are implemented. The intensity of technical support depends on the severity of the gaps to be addressed. As a general principle, temporary over-sizing of technical support should be favored over under-sizing.



Tip : When launching the APFE, and to avoid any delays in operationalizing the multiyear Technical Assistance mechanism, it may be useful to arrange for the temporary and direct provision of support by one of the fund's partners.

3.3.1. Generic technical support for each pillar

The launch of an APFE is generally accompanied by a capacity building plan specifying the need for technical support in the different areas in order to address capacity gaps and mitigate the fiduciary and operational risks identified previously. Technical support also aims to strengthen the capacities of the various central, deconcentrated and decentralized services so that they can effectively implement the reforms outlined in the education sector program.

Technical assistance plays a guiding role, with the goal of transferring the necessary expertise to officials working in central and deconcentrated government administration to enable them execute financing and produce the key documents needed for the effective operation of the education and training sector (planning; technical, budgetary, and financial reporting; tender documents, and procurement management, etc.). Technical assistance does not act as a substitute (even though substitution is sometimes necessary to launch the fund) but rather supports government administrations in the development of (i) tools tailored to the context and needs of the administrations, and (ii) regular on-site training and workshops based on learning by doing. It is positioned directly within central and deconcentrated public administrations.

3.3.1.1. Management of financial resources, budget execution

The main shortcomings of this pillar are of various kinds:

- Integrated management software systems provide information on the consumption of budget lines but are not interfaced with the payment stage. In practical terms, a director of administration and finance who commits the budget may have access on their terminal to the status of each budget line but will not be informed of the actual payment of approved disbursements. As a result, the information available is budgetary but not accounting or financial. This situation is gradually improving in many countries with the introduction of new integrated management software.
- A loss of budgetary data and above all of accounting and financial data. Reconciliation becomes impossible and external audits are no longer able to certify financial statements.
- Significant difficulties for the national side in producing consolidated, comprehensive, and reliable financial reports within the agreed deadlines.

Depending on the state of domestic resource management, accounting support is necessary to address deficits and reliably organize, or temporarily take over, the collection of basic data on payments and liquidity account movements, perform accounting reconciliation, ensure the collection of supporting documents for expenditures and their archiving, and produce financial reports on time. The scope of support depends on personnel capacity and performance, and national management tools. In fragile countries such as Burundi and Niger, dual accounting systems have been put in place out of concern that only budgetary data would be available. A combination of high-level international and national accounting expertise is advisable. In all cases, if the risks warrant it, substantial accounting expertise should be mobilized as soon as the APFE is launched. These types of support are relatively inexpensive compared to the financial stakes of the APFE.



What should be avoided. Overestimating the management capacities, and more particularly the reporting capacities, of the accounting officers responsible for executing payments on the APFE and hesitating to deploy substantial technical support for these members of staff from the outset. Depending on the results achieved, the support can be adjusted over time, scaled up or down, or redirected to new thematic areas that emerge as the sector program progresses and new implementation constraints arise.

3.3.1.2. Procurement

Procurement capacities within education sector structures, whether central, deconcentrated, or decentralized, are generally weak and poorly developed, since most investments are implemented through project management units that do not make use of the national system.



Practical illustration. When the second APFE was developed in Niger, the Public Procurement Directorate of the Ministry of National Education (MEN) had only two staff members: the director and an assistant who was on medical leave. In contrast, the Public Procurement Directorate of the Ministry of Education in Burkina Faso had 65 staff members, as it had been in charge of procurement under the APFE since its creation in 2005. When the majority of procurement processes are carried out through project units, procurement directorates tend to remain underdeveloped.

Human resources are insufficient once an APFE is launched and procurement volumes increase. An APFE must always benefit from strong procurement support at the central level and also within deconcentrated services, public institutions, and local governments. A single expert cannot address all the existing gaps. An entire team will be necessary. The complexity of procurement operations may require the deployment of specific expertise in areas such as framework agreements, infrastructure, and school textbooks, etc. This support can be provided through a combination of full-time and intermittent expertise. Procurement support already serves as an initial response to the operational and fiduciary risks identified in the earlier stages of fund design.

Before launching the APFE, it is also important to agree on the standard procurement documents to be used, depending on the nature and value of the contracts. The simplest and most consistent method for an aligned aid modality is to use standard national documents, with minor adjustments as needed to comply with international best practices. When certain standard documents do not exist (framework agreements or requests for quotations, for example), it is advisable to define them before launching the APFE.

3.3.1.3. Planning and reporting

This type of support is always essential, as planning practices are often fragile. More importantly, public education and training institutions are unaccustomed to planning and programming their budgets, or to collecting technical data from the execution of activities and appropriations. In all cases, even aligning the preparation of action plans and budgets with the national budget cycle is already a challenge that can take considerable time to overcome.

These shortcomings stem largely from the structure of public budgets in developing countries, which allow for very limited flexibility once salary and current expenditures have been executed. In other words, budgets are carried over as “voted services,” since the activities they fund are routine and necessary for the basic functioning of the system. The potential for system development therefore lies in external financing, which, prior to the creation of the APFE, is often not programmed by activity or assigned to specific budget lines. Moreover, support for budget programming becomes even more relevant when unspent funds from the previous year need to be carried forward, an area where practices are either non-existent or lack consistency and reliability.

Planning and programming are also critical for deconcentrated services and public institutions with budgetary autonomy. Often, as for central services, these entities do not plan their budget activities since resources are limited and uncertain due to budgetary regulations, and so the same routine activities that are necessary and agreed, are repeated year after year. Strengthening the budgets of these structures raises questions on their capacity to define relevant activities and to program budget appropriations according to the finance law. Within the framework of APFEs, allocations are made to decentralized services, implying the development of an action plan for each beneficiary. To facilitate planning and establish good practices, it is recommended to define, with the central level, a minimum activity package for decentralized services. The purpose of the minimum activity package is to standardize the services delivered to schools and focus on the core mandates of decentralized services that can positively impact learning quality, equity, and education system governance. These typically include administrative and financial monitoring of schools, pedagogical supervision and support, teacher and school leader training, and collection of statistical data.

Reporting often suffers from the same weaknesses as planning and programming: lack of practice, low levels of activity, the concentration of activities in projects for which reporting is handled by project management units, and the use of incompatible analytical classifications. Ministry staff who have not previously worked with a pooled fund often have no experience with reporting. Worse still, tools are generally either non-existent, inadequate, or unsuitable. As with planning, these challenges are compounded in decentralized services, which are overlooked by central administrations for most of the year, rarely held accountable, and only called upon for urgent matters or personnel management tasks.

3.3.2. Other (non-generic) technical support

3.3.2.1. Deconcentration and decentralization

Aside from the three pillars of the APFE, other forms of technical support may be considered depending on the operating procedures set out in the operational manual and the technical challenges for setting them up. Given the stakes associated with transforming education systems, these forms of technical support are generally relevant for:

- Supporting regional, and especially sub-regional, deconcentration of education. Few countries have fully functional education services in the départements or districts, subdivisions of the regional level. Yet these structures are closest to the schools, staffed, but rarely provided with budgetary resources or logistics. They mainly carry out administrative functions at the request of higher authorities, while their pedagogical support and in-service teacher training roles are often idle. The needs for technical support for deconcentrated services may vary and support pooled across several geographic areas, depending on the country's territorial divisions. It is however important to remember that a significant share of APFE resources is usually transferred to deconcentrated services, implying the provision of specific financial and technical support.
- Supporting the decentralization of education. This remains largely uncharted territory, with a wide gap between the legal and regulatory provisions for responsibilities in education and their actual transfer to local authorities, with support from the government and development partners. The absence of external resources allocated to decentralization is one of the main barriers to this reform. APFEs can act as a lever for this transformation, which is essential for the development of education. National stakeholders often have limited knowledge of the changes, approaches, and tools to be implemented for effective transformation, including the transfer to local governments of at least the management of classroom construction, latrines, and equipment, and potentially the transfer of grants to school management committees for school operations and the financing of school feeding programs.

3.3.2.2. Support for the system's educational functions

It can be tempting to develop support beyond the pillars and the institutional and instrumental reforms to improve the education system's performance in a mechanical way. However, such support should remain secondary at the outset of the APFE, i.e. not a priority for the first three to five years, until the necessary processes are in place and beginning to yield results due to the simple fact that (i) the staff in post and the structures making up the education system are better able to carry out their responsibilities, (ii) activities are planned and budgets programmed, and (iii) operations are implemented and results reported. What is the point of training better pedagogical advisors if they do not have the resources to travel to schools and train teachers? Yet this is precisely what has been done for the past 30 years; staff continue to receive training even though they do not even have a motorcycle or fuel to get to schools.

3.3.2.3. Mobilizing technical support

Given its strategic function and necessary mobilization, it is preferable for technical support to be managed directly by a partner, meaning under direct contracting authority, with resources drawn from the pooled fund and executed according to the procedures of the partner responsible for this task. Direct contracting authority allows for the contract to be managed with the provider, the ability to regulate technical support if difficulties arise, and to make changes if the expertise proves unsatisfactory or fails to deliver the expected results.

It is also important to allocate an "unearmarked" budget envelope under the control of the service provider, to allow for rapid support in addressing challenges that were not anticipated when the APFE was developed.



Important note. Technical assistance that is mobilized late, lacks competence, or provides poor or ill-suited advice, leads to dysfunctional funds with low execution rates and slow progress in delivering positive impacts in the education sector.



What should be avoided. Charging the cost of technical assistance to the APFE, as the procurement process can take time. There is a high risk of technical assistance not being in place when the fund is launched. Moreover, the adjustment of technical support is not always a function carried out by the national contracting authority.

3.4. Phase 4 : Definition of operational and fiduciary risk management measures

3.4.1. Fiduciary risk management levers

Technical support is one of the parameters of operational and fiduciary risk management, particularly related to the three pillars of the APFE.

In addition to the actions carried out, variable in scope and adjusted based on the risks identified, other levers can be activated to reduce risks. The main ones include:

- Adding a rule or task in the fund's operational manual** to strengthen controls, without modifying the national procedures for expenditure execution and procurement.
- Strengthening national expenditure control functions**, their actors, and their qualifications (such as directors of administration and finance for the budgetary or administrative phase of expenditure, accounting posts for payments, budget control, etc.).
- Mobilizing the government's internal control bodies** (such as the Inspectorate General, the Inspectorate General for Finance, and the financial investigation unit, etc.) while ensuring that the corresponding resources for their mobilization are charged to the APFE. These resources may be allocated through the structure responsible for sector coordination within a line ministry, the Prime Minister's Office, or the Ministry of Finance.
- Mobilizing external audits** either through a private firm or by engaging the Court of Auditors or its equivalent (external audit function). In the latter case, it is important to ensure that the Court agrees to carry out this work annually, which is not always possible.

3.4.1.1. Introducing risk mitigation measures

This includes no-objection notices. These are issued for the annual action plan and budget, often in relation to transfers to entities with financial and administrative autonomy (public administrative bodies - EPA, agencies, and funds, etc.), as well as to performance contracts associated with these resources. They also apply to procurement processes and serve as *ex ante* controls. They have been adopted by several APFEs, though with varying thresholds, sometimes very high, sometimes very low. Their impact on procurement outcomes is not always consistent. Even once a notice is issued, numerous irregularities may still occur, reducing the expected benefits of this control mechanism. The primary challenge lies in implementing the controls without hindering fund execution. This requires a sufficient number of personnel, which is often not the case. An excessive number of no-objection notices generally slows down AFPE execution.

3.4.1.2. Strengthening controls along the expenditure chain

This is partly ensured through the mobilization of accounting expertise capable of tracking each expenditure file, with the aim of (i) ensuring proper file preparation, (ii) checking for completeness and archiving, and overall (iii) collecting and safeguarding basic expenditure data.

Particular attention can be given to budgetary control functions at the commitment and payment authorization stages. In some countries, these controls may be weak or almost non-existent, despite existing regulations and generally reassuring statements from the Ministry of Finance. The presence of technical assistance is a credible option to raise the standards for the quality of expenditure files. Such support should build on the findings of external audits regarding management shortcomings. Support to the public accountant can also yield positive results, as can support for budgetary control. This can block irregular files, regardless of the reasons behind the deficiencies.

3.4.1.3. Mobilizing government internal oversight bodies

In francophone countries, the Inspectorate General for Finance (IGF) is responsible for conducting internal audits of public institutions. Its involvement in the fiduciary operations of the APFE is an approach that has proven effective, although with some limitations. The principle is to mobilize the IGF, bearing the costs through the APFE, to carry out one or more oversight missions during the budget year in order to identify any management shortcomings, and issue recommendations with an obligation to implement them. These missions throughout the year serve as preparation for the external audit.



Practical illustration. In Madagascar, the Directorate of the Financial Investigation Unit is responsible for auditing the accounting phase of expenditure. It carries out missions during the budget year in a sample of public structures benefiting from APFE resources. The reports are of good quality, and shortcomings are pointed out. Recommendations are implemented with the support of technical assistance.

3.4.1.4. External audit

Provided that technical support is in place along with risk mitigation measures, external audit is the most powerful lever for managing risks in the medium and long term, reducing them, and driving improvements in national public financial management. Its funding and implementation must be under the responsibility of one of the fund's partners (mandated by the others). This lever is effective if the audits are of good quality and are conducted by specialists in public financial management. An impartial external perspective leads to dialogue on management between APFE partners and national sectoral and financial institutions. It helps to highlight shortcomings and facilitates constructive discussion around the implementation of audit recommendations.



Important note. The strategy for mitigating operational and fiduciary risks is to position various components as moveable cursors: technical support, strengthening of the expenditure chain, additional measures involving both internal and external audit. Some of these components may be scaled down, others scaled up, but each must be considered in relation to the others. For instance, in the absence of no-objection notices from partners, external audit and capacity building measures will be higher, and so on for each component.

3.5. Dialogue and regulation of the APFE

The coordination of the APFE is initially integrated into education sector coordination bodies, such as the local education sector group and any existing thematic commissions or sector committees.

A more specific technical committee must be established, limited to the partners contributing to the APFE, high-level representatives of line ministries, and the Ministry of Finance. When relevant, technical assistants may attend these meetings, depending on the agenda, and by mutual agreement with the national authorities. This committee is responsible for deciding on all measures aimed at improving the APFE or correcting any dysfunctions, as appropriate. The number of participants should be kept low to facilitate discussion and decision-making. Meetings should be held quarterly, and the presence of the Ministry of Finance is mandatory.

3.6. Developing the fund's operational manual

The operational manual is developed once the earlier steps of the fund's design have made good progress. As a corpus of binding measures and rules applicable to all categories of stakeholders involved in the operation of the APFE, including the fund's partners, the manual serves to remind, set and mandate:

- The provisions, rules, and measures to ensure the fund's resources are ring-fenced, earmarked, and traced for the benefit of the education sector.
- Operational and fiduciary risk mitigation measures.
- National procedures for budget execution and procurement. The aim is not to reproduce national procedures in full or introduce new ones, but rather to describe the various steps and associated tasks. This clarification is often necessary, as national procedures are rarely described in detail. Staff do not always perceive them as a series of successive steps with a coherent logic. Practices, though widely accepted, are sometimes irregular and poorly regulated. A greater formalization of these procedures has the advantage of providing clear, shared references during external audits, and avoiding reliance on interpretations of the legislative and regulatory texts underpinning these procedures.
- Operating procedures or processes that will serve as the key levers for transforming the education system, increasing its capacities for planning and implementing the education sector program and strengthening the overall performance of the education system.
- Coordination mechanisms for the fund's actions and regulation of its operation, including, where applicable, coordination of APFE partners.

The operational manual is thus an essential tool, not only for the implementation of the pooled fund, but also for achieving the intended leverage effects for the transformation of the education system.

4.1. Positioning and dialogue with partners and the national authorities

Launching the fund requires the prior or concomitant creation **of the fund's technical monitoring committee** as mentioned previously, with the essential participation of decision-makers from line ministries and the Ministry of Finance. Meetings will take place frequently in the initial months, prompted by difficulties that are bound to arise. The committee will address issues that have not been solved by the technical support provided upon launching the fund.

It is also essential for communication to be open and fluid between the lead donor representing the partners contributing to the fund and (i) line ministry decision-makers, (ii) national education support coordination bodies, and (iii) the Ministry of Finance through its budget and public accounting departments.

Experience shows that the engagement of Ministry of Finance officials depends on the relationship of trust developed over time between the lead partner (their personnel, agency head) and staff from the Ministry of Finance (national directors, director generals, secretary general). They should enjoy a good relationship, marked by active listening and dialogue. This simplifies what are usually formal interactions and enables the fast resolution of technical issues. A less institutionalized dialogue is essential for the proper functioning of the APFE.

Technical assistants also develop more informal relationships, as all their fund management support tasks lead to close, frequent contact with technicians working on the budget, finance, accounting, and budget control.

4.2. Establishing the budgetary and financial mechanism

Launching an APFE represents a great deal of work for the national authorities, and particularly for the Ministry of Finance initially, with the issuance of all the regulatory decisions and instructions for the creation of the budgetary, accounting, and financial mechanism that will ensure the appropriation, ring-fencing and traceability of resources. This job is often not very visible to partners, who are only informed of possible bottlenecks or delays. It is however essential and includes the following:

- The opening of bank accounts with the central bank and the Treasury, in foreign currency and/or local currency.
- The issuance of instructions to relevant public accountants and financial controllers.
- The clarification of budgetary and financial specifications (BAS or CAST, or budget line in the general budget).
- Any necessary modifications to integrated public financial management software.
- The preparation of financing agreements with the Inspectorate General of Finance (IGF) and, where applicable, the Court of Auditors.

4.3. Technical support

Technical support must be mobilized to assist the launch of the APFE. It is not advisable to launch the fund without technical assistance, as all previously identified risks are likely to materialize. Mobilizing technical support means having experts in the planned roles and positions, with the required skills (expertise), and sufficient awareness of their role and positioning to provide suitable guidance. Initially, it may be appropriate to mobilize a core team of technical assistants for essential functions such as financial management, procurement, and planning and reporting. After a few months, technical support can then be expanded to cover other functions or missions within the education system.



Tip: When the sums available for the preparatory work are sufficient (e.g. in the case of specific preparation funds), the service contract signed to carry out the opportunity study may include a component dedicated to the mobilization of start-up technical assistance.

4.4. Dialogue frameworks

These must be set up prior to, or upon launching, the APFE. In general, education sector coordination entities already exist. They enable development partners, including those contributing to the APFE, to have a continuing dialogue on educational policy, sector plan implementation, education sector reforms, and education system indicators. This is the framework for discussing the fund's contributions to the implementation of the education sector plan. Efforts are made to ensure complementarity between the fund's financing and its activities, depending on those planned through projects and the general budget. Key thematic approaches, such as teacher training, school grants, and priorities for classroom construction, are also shared and, as far as possible, aligned in these entities.

A technical monitoring committee restricted to APFE stakeholders must be established and convened as soon as the fund is launched to address all technical matters related to its implementation. This committee is essential for the regulation of the fund's operation, that is to say for decision-making to correct the gaps between what is expected of the fund and its effective operation. The technical committee settles all day-to-day operational issues related to the APFE.

4.5. Monitoring and regulation of technical support

This is monitored by the partner in charge of technical support. It aims to ensure that start-up support is effectively directed towards the three pillars and the mitigation of the main risks identified, which at the time of the fund's launch are as follows:

- **Planning and programming of the APFE not aligned with the preparation of the finance law.** This may stem from the technical and financial framework being defined too late, sometimes even after the finance law has been passed (the worst-case scenario). In such cases, the budget is not included in the initial finance law (LFI) or is included but insufficiently related to the activities outlined in the action plan.
- **The loss of basic technical and financial data generated through the implementation of the fund's activities, including procurement.** This can include an absence of records for activities carried out and payments made, missing bank account statements, lost expenditure and procurement files, which are not, or wrongly, archived in each entity executing the fund's resources.

The monitoring and adjustment of technical support must be done through regular, frequent meetings bringing together national stakeholders (representatives from the line ministries and the Ministry of Finance), the service provider, the support team experts, and the partner in charge of contract management. Observations shared at this time will lead to regulatory measures to be implemented by the technical support team and, where applicable, the national authorities. The partner can decide to monitor the experts more closely and convene as many meetings as needed with them and the service provider.

4.6. Start-up inertia

The APFE start-up phase lasts from one to three years for the three pillars. Beyond that time, if the planning, programming, execution, and reporting procedures are not effective or have made insufficient progress for the APFE to operate correctly, it means that technical support was underestimated and has not performed effectively or sufficiently well to assist the fund's launch. Underperformance in technical support results from experts lacking the required skills or being unqualified, guidance that is not adapted to the implementation of an aligned aid modality, or a misunderstanding of the role and positioning of technical assistance, which ideally lies midway between substitution and guidance upon launching the fund.

If the implementation of operating procedures in areas such as deconcentration and decentralization is included, the start-up phase may extend to five years. In principle, this period covers the relatively routine application of all the operating procedures outlined in the operational manual, which serve as the fund's main levers for transforming the education system. These procedures may evolve throughout the fund's lifespan, but they must nonetheless be functional.

4.7. Mobilization of internal and external audits

The start-up phase is used to formalize arrangements with the government oversight body responsible for “internal audit” or internal control. A financing agreement is sometimes required to set the terms of reference and support the missions conducted by the public auditors. These should begin during the fund's first year of operation.

Mobilizing the external audit should also be envisaged from the very launch of the APFE. It is recommended that one of the fund's partners sign a multiyear contract. In fact, external auditors, often from the private sector, may need a period of familiarization with the fund's operations, which follow public financial management rules. Changing audit firms every year can be time-consuming and inefficient.



Practical illustration. See start-up difficulties in the Country Case Studies section.

Step
5

Up to speed

The APFE functions around the following essential operations:

- Positioning and dialogue with partners and national stakeholders,
- The technical and financial framework letter for the following budget year,
- Planning of activities and budget programming,
- Passage of the finance law,
- Launch of activities and budget execution,
- Periodic financial reporting,
- Semiannual technical and financial reporting,
- Technical and financial reporting at the end of the budget year.

5.1. Positioning and dialogue with national stakeholders

Sector dialogue and the coordination of the fund with other external support and the general budget, are managed within the education sector group and the sector coordination framework, as for the previous steps. Thematic sub-groups may exist in areas such as quality, access, and management or governance of the education system. They facilitate discussions on partners' approaches and actions and advise technical choices in these areas that will guide APFE support or influence its positioning to ensure complementarity with project-based interventions and those programmed under the government budget.

APFE operations are generally monitored as follows:

- Everyday difficulties are resolved with the help of technical support and the working relationships between the technical assistants and line ministry and Ministry of Finance technicians. The lead APFE partner may be called upon to participate in working meetings on strategic topics, or convene meetings as needed to resolve bottlenecks.
- Issues that cannot be resolved on a day-to-day basis are escalated to the APFE technical monitoring committee, responsible for regulation. This committee can meet quarterly and hold ad hoc sessions in case of urgent matters.

Alongside these formal meetings, guided by the procedures set out in the operational manual, the partners as a group, or the lead partner alone, conduct meetings with high-level decision-makers, such as the Secretaries-General of the ministries, including the Ministry of Finance, and Chiefs of Staff. The lead partner may communicate with the Ministries (Secretary General or Minister) to remind them of important deadlines, support the organization of joint events, or raise concerns apt to jeopardize the proper operation of the APFE.

Meetings between APFE partners are also necessary when:

- Important decisions need to be taken that affect the fund's operation, its activities and expenditures, intervention strategies, fiduciary risks, or overall performance.
- A critical event has occurred, and a solution must be found.
- Preparations are ongoing for joint sector and fund reviews, internal and external audits, specific evaluations or studies concerning institutional reforms or investments.
- Financial decisions (disbursements, requests from national stakeholders to cover certain expenses, and reimbursement of ineligible expenditures, etc.).

In most cases, these meetings aim to establish a shared and, if possible, consensual position before engaging in dialogue with the national stakeholder.

5.2. Technical and financial framework letter for the following budget year

The fund's technical and financial framework letter is prepared by the fund's partners. It may be part of a dialogue with national stakeholders. This letter sets out the key priorities for the following year in terms of budget, education policy, and operational planning. It is aligned with the priorities outlined in the sector plans and, in cases where financing is channeled through the APFE, it may also reflect the objectives of program documents (e.g. GPE). This letter marks the starting point of the APFE's planning process, as it indicates budget envelopes per ministry and sectoral and operational guidance. The framework letter must be submitted to the national authorities by April 1st of the ongoing year for the following year.

Given that the APFE's budget programming must generally be presented to the Ministry of Finance by July of the same year for inclusion in the draft finance law to be submitted to Parliament, this leaves around three months for line ministries to prepare their action plan and program their budget.

Any delay in transmitting the framework letter will delay the planning process and may result in the APFE's appropriations not being included in the finance law. The period of three months should include: (i) arbitrations to be made by the ministries, (ii) budget discussions with the development partners regarding the proposed activities, including any modifications following those discussions, and (iii) the time needed for partners to issue a no-objection notice to the action plan.

Special attention must be paid to the preparation of the framework letter by anticipating the time required for dialogue among the partners and, where necessary, with national stakeholders.

The basic principles include:

- **Sending the framework letter as early as possible so that line ministries have enough time to prepare their action plan and partners have time to engage in dialogue on the relevance of proposed activities.**
- **Ensuring the framework letter is strategic and focused on clear priorities to avoid dispersing activities and including non-priority items.**
- **Stating the budget breakdown among the different sub-sectors and central, deconcentrated, and, more broadly, decentralized levels (public institutions and local authorities, school social partners targeted by grants).**



Tip: See examples of framework letters under Madagascar or Niger.

5.3. Planning of activities and budget programming

This begins upon receipt of the framework letter and continues until the finance law is passed by parliament. Final adjustments may intervene during the parliamentary budget discussion. The process is iterative since the action plan prepared by the line ministry or ministries is shared with the fund's partners who organize budget discussion sessions and make observations, enabling ministries to adjust their action plan before submitting it to the lead partner of the fund for a no-objection notice.

This dialogue between the fund's partners and national stakeholders is crucial, as it enhances their mutual understanding of expectations and ensures the framework letter aligns with sectoral and budgetary guidelines. It also aims to build consensus on the proposed activities, their cost, content, and relevance to achieving sector objectives. The action plan is translated into budget lines once the activities have been validated by the fund's partners. If the action plan is validated after the finance law is voted, numerous deficiencies are bound to arise, and the budget year will be spent resolving regulatory problems resulting from the delay.

The budget lines are then entered into the government's budget and accounting software and integrated into the draft finance law, in accordance with the chosen budgetary option. This step, like the one before, must comply with the deadlines set by the finance law; otherwise, the budget will not be recorded or may not align with the validated action plan.

To enable APFE financing to serve as effective leverage and ensure additionality, the submitted action plans must also include activities funded through the national budget and with other external resources, whether or not they are included in the finance law. This step is not easy to carry out. On the one hand, amounts allocated through the national budget are sometimes communicated and secured late. On the other hand, few partners outside the APFE break down their support according to the government's budget nomenclature, or even that of the national action plan. Yet obtaining this information in a timely manner is essential in order to analyze planning, avoid duplication, and assess the government's co-financing commitments.

5.4. Cancellation and carryover of budget lines

The cancellation and carryover of budget lines is a complex matter. All the funds include regulatory arrangements outlined in the fund's operational manual to facilitate the carryover of budget lines rather than their cancellation. This enables:

- a structure that has not used up all its budget lines during the current year to retain them, along with the related activities, for the following year.
- carryovers to be made without the budgetary ceiling set by the organic laws (capped at 10% of the total amount of the budget line).
- the carryover of budget lines other than investments (set by the organic laws).

These arrangements generate a recurring stock of budget lines to be carried over each year creating the following difficulties:

- Their early evaluation, before the initial finance law, is difficult and often impossible until the closure data for the previous year are available.
- Their inclusion in the revised finance law means that these appropriations can only be committed, at best, halfway through the new budget year.
- Authorizing carryovers beyond the organic law limits rewards the underperformance of education structures, which retain appropriations despite being unable to execute them. This gradually creates a budgetary bubble over the years within each directorate or service, hindering the absorption of resources and reducing the APFE's rate of execution.

It is therefore essential to comply with the organic laws concerning public finance laws and their regulations:

- Limiting the carryover of appropriations to investment expenditure where contracts have been signed and committed.
- Capping these carryovers per program and budget lines.
- Reprogramming cancelled appropriations towards other programs and actions within the program-based budget.



Practical illustration. On launching APFEs, the finance law cycle was sometimes overlooked, as too much time was spent either by line ministries preparing the action plans and making the necessary trade-offs to comply with the framework letter, or by fund partners drafting the framework letter, making their observations on the action plans, and then issuing their no-objection notice. There were numerous dysfunctions, and ad hoc measures had to be taken, causing repeated delays in activity implementation and negatively impacting the rates of commitment and execution. Here, the budgetary instrument itself is not called into question, rather the failure of actors to comply with budget programming rules.



What should be avoided. Sending a framework letter after the deadline, in other words not leaving enough time for national stakeholders to develop their action plan and program their budget for inclusion in the finance law. A concise framework letter is preferable to one that is sent too late.

5.5. Activity and budget execution

This stage falls under the full responsibility of national institutions and their personnel. National execution follows the circuit and rules of the public expenditure chain. It gives rise to little comment. Partners observe the implementation of the action plan. On a case-by-case basis, they may decide to provide technical input in priority areas. Ad hoc expertise may be mobilized, regardless of the source of financing. Meetings for sharing and harmonizing practices can be organized within thematic working groups, as part of sector coordination dedicated to the quality of education, access, and the enrollment of girls, etc.

Partners tend to make greater contributions to major institutional reforms or large-scale reforms such as in-service teacher training or curriculum reforms. This involves substantial financial transfers nationwide, particularly for capital expenditures such as classroom construction or the payment of per diems. The budget year is punctuated by these subjects and their progress, with often many technical meetings around the application of the operating procedures outlined in the fund's operational manual.

Procurement preparation, launch, award, and execution is also an area of concern and close monitoring, especially when no-objection notices are required at different stages of the procurement process. Well-designed technical support allows partners to be informed of the progress of procurement files and any obstacles encountered. Issuing no-objection notices entails almost constant coordination among procurement directorates, technical assistants, and the partner in charge of the no-objection notices.

5.6. Periodic financial reports

Financial reports are usually produced quarterly. Their aim is to provide information concerning:

- The execution of appropriations by budget line and chapter, program, action, and activity. Commitment rates are a key indicator of the capacity of ministries (both at central and deconcentrated levels) to prepare their activities and procurement operations.
- Actual expenditures that affect cash balances. Transfers are usually made at the beginning of the year with the first expenditures as well as the allocation of appropriations to deconcentrated services. These operations are decisive for the system's ability to implement the program of activities, especially as the budgetary timeframe is not aligned with the school year, adding an additional layer of complexity.
- Accounting reconciliations to ensure sound financial management and to detect and correct any anomalies.

These reports are often prepared, in partial or total substitution for the government, by technical assistance teams during the first years of fund implementation. They must include all bank statements related to the fund, regardless of how many accounts there are, as well as reconciliations between these statements and the payment authorizations.

5.7. Semiannual and end-of-year technical and financial reporting

Technical and financial reporting for APFEs generally takes the form of:

- **a report midway through the calendar year with semiannual reporting covering only the fund's activities and resources.** This choice reflects the difficulty of producing a full-fledged sector report mid-year in national contexts where the directorates in charge of planning often operate with limited human resources and outdated tools. It is important that the semiannual report be made available in a timely manner to help identify difficulties and enable the implementation of appropriate solutions. A report with deliberately limited content is therefore preferable to one that would be complex and time-consuming to prepare, which would (i) prevent it from being available before October or November of the current year, and (ii) absorb the working time of the teams who would be busier reporting rather than implementing activities.

- **a sector report at the end of the budget year**, which presents all the activities carried out in the education and training sector using general budget resources, the APFE, and projects executed in management units.

Producing these reports requires a system for collecting basic, technical, and financial data from all entities responsible for activities and budgets. These include all deconcentrated services, all local governments, and public administrative bodies (EPA) with budgetary and sometimes financial autonomy. Technical support is often required to organize and develop the necessary tools, and to encourage, or even enforce, the collection of such data so that they are retained and submitted when needed. This is a substantial undertaking and should be digitalized at the launch of the fund.

5.8. Internal and external audits

Internal control by the Inspectorate General of Finance takes place during the budget year. This mission and the delivery of the report provide an opportunity for dialogue on the shortcomings identified, the proposed corrective actions, and the adjustment of technical support to help implement the recommendations and improve management practices.

Dialogue on external audits, before implementing them and deciding on their scope, should begin as soon as the APFE is launched. This has both a preventive and a learning function when conducted well. It also enables the follow-up of the implementation of the previous audit's recommendations. The external audit report, delivered as early as possible the following year, serves as a catalyst for discussions on public financial management, changes in practice, compliance with procedures, irregularities (which inevitably occur), and all related measures to improve fund management and, by extension, practices within the general budget. These include:

- The positioning and calibration of technical support,
- The development or strengthening of management tools,
- Control mechanisms on the expenditure chain and the procurement system,
- Long-term capacity building for staff (in-service training plan),
- Linkage to ongoing public financial management reforms, such as program-based budgeting, the Treasury Single Account (TSA), and reforms related to the Treasury bank, and so on.

 **Tip:** Developing a detailed implementation plan of external audit recommendations makes it possible to (i) structure the dialogue within the pooled fund's technical monitoring committee, (ii) go into detail on proposed measures and activities, (iii) define, where appropriate, output and impact indicators, (iv) clearly assign responsibility and deadlines for each activity, and (v) map out the technical support to accompany the process.

COMPARISON OF ALIGNED POOLED FUNDS FOR EDUCATION

Burkina Faso - Burundi - Guinea - Madagascar - Niger



1. Coordination of the education sector **60**
2. Support for deconcentration and decentralization **61**
3. Planning **62**
4. Technical and financial reporting **64**
5. Budgetary, accounting, and financial mechanisms **66**
6. Arrangements specific to national procedures **68**
7. APFE financial audits **69**
8. Technical support **70**

PERIOD	SUB-SECTORS	CUMULATIVE AMOUNT OF PARTNERS' CONTRIBUTIONS	PARTNERS
BURKINA FASO			
2005 - ongoing	Preschool, primary and secondary education, Technical training	184,29 million euros ¹	AFD, Canada, Denmark, GPE, Switzerland, UNICEF
BURUNDI			
2008 - 2015	Preschool, primary and secondary education, Technical and vocational training, Tertiary education	61,63 million euros	AFD, Belgium, DFID, GPE, Luxembourg, Norway, UNICEF
GUINEA			
2020 - ongoing	Preschool, primary and secondary education, Technical and vocational training, Tertiary education	38,60 million euros	AFD, GPE, UNICEF
MADAGASCAR			
2019 - ongoing	Preschool, primary and secondary education, Technical and vocational training, Tertiary education	15,90 million euros	AFD, EU, UNICEF
NIGER			
2018 ² - ongoing	Preschool, primary and secondary education, Technical and vocational training, Tertiary education - Non-formal education	132,73 million euros	AFD, Canada, EU, GPE, Luxembourg cooperation, Norway, Swiss cooperation, UNICEF

¹ It was not possible to trace all financing mobilized by partners since its creation and until today. The amount indicated covers the funds mobilized for the period 2017-2021

² An initial aligned fund existed from 2005 to 2011

1. Coordination of the education sector

The aligned modality of an Aligned Pooled Fund for Education (APFE) gives rise to high expectations regarding strengthened dialogue focused on education system policies and results, and better sector coordination of aid. These expectations are linked to the positioning of APFEs vis-a-vis the government budget and off-budget projects, in order to foster complementarity and additionality of financing. In this respect, APFEs may act as a catalyst for sector coordination, especially as they can finance all education system sub-sectors (from preschool to university) and all functional entities on the government budget.

Coordination mechanisms or structures vary across countries, depending on the institutional configuration of the education sector. The challenges of coordination are not the same when there is a single ministry in charge of education and training as opposed to five ministries.

Several scenarios are observed in the countries reviewed, as illustrated in the table below:

Country	Ministries	Sector coordination structure	Technical assistance
Burundi	3	Directorate of Planning, Ministry of Education (MEN)	YES through a full-time APFE technical assistant
Burkina Faso	3	Permanent secretariat of the PDSEB, attached to the Ministry in charge of Education (MENAPLN). The Secretariat has dedicated staff.	YES A dedicated person ³ provides support and daily follow-up for coordination and consultation efforts.
Guinea	3	Technical Secretariat for the Coordination and Steering of the PRODEG (ST-CP ProDEG) attached to the interministerial coordination and steering committee. The committee presidency rotates annually between the three ministries. The Secretariat has dedicated staff.	YES intermittently through an APFE technical assistant
Madagascar	3	Coordination unit (CELCO) attached to the ministries in charge of education and training. CELCO does not have dedicated staff except for the coordinator.	NO No dedicated technical assistant but APFE technical assistants support CELCO
Niger	5	Support Unit for the Implementation and Monitoring of the Sector Program (CAMOS) attached to the Prime Minister's office. CAMOS has dedicated staff.	YES through APFE technical assistants

³ Financed by development partners

The effectiveness of sector coordination depends on several often-interrelated factors that can vary significantly from one country to another. These include:

- **The organization of coordination structures and how acceptable they are to all subsectors,**
- **The human, financial, and material resources allocated to them,**
- **The development of sector tools such as action plans and annual reports.**

Regarding the organization of coordination structures, the absence of dedicated staff, as is the case in Madagascar, undermines the functioning of CELCO preventing it from fulfilling its coordination functions, especially for the consolidation of sector documents. In Guinea, although the Secretariat has six members, all the work essentially falls to three individuals. If coordination structures are expected to consolidate the action plans and reports for the sector, it is critical that all ministries responsible for education and training use the same nomenclature and structure for action plans and that the content of annual reports is consistent.

Sector coordination support from APFE technical assistants focuses primarily on the development of planning tools, insofar as a comprehensive annual action plan covering all funding sources and activities is key to a more structured approach to aid.

Upon establishing an APFE, it is recommended to strengthen the sector coordination and steering system by creating an “APFE Technical Committee” responsible for regulation of the fund’s operations and regular monitoring of the technical and financial implementation of the APFE. The committee typically brings together the ministries in charge of education, the Ministry of Finance, APFE partners⁴, the sector coordination entity, and APFE technical assistants. Burkina Faso is the only country that has not set up an APFE Committee.

2. Support for deconcentration and decentralization

All APFEs strive to leverage education systems by supporting deconcentration and decentralization, in order to be as close as possible to schools, where educational outcomes actually occur. The educational responsibilities of deconcentrated education services are progressing in all countries, although not at the same pace, with an emphasis on applying the principle of subsidiarity. However, the deconcentration of financial services is not always successful in executing expenditures at the local level in line with national procedures. Although the fund in Madagascar is the most recent one, it has the most advanced mechanism in terms of financial and operational deconcentration, with 80% of BAS/APFE resources transferred to deconcentrated services. Hundreds of education entities have been able to execute resources and carry out activities using APFE funding. This objective has also been achieved in Burkina Faso, 18 years after establishing the APFE, with the installation of expenditure management units in basic education districts (CEB / sub-provincial level). In Madagascar, the Ministry of Finance supported the transformation of the National Teacher Training Institute (INFP) regional centers (CRINFP) into entities authorized to execute budgets. This has resulted in the genuine deconcentration of the INFP for the first time since its creation, contributing to a significant increase in its operational capacity.

Overall, APFEs provide funding to deconcentrated and decentralized entities that do not have access to external financing, even though they are equipped with infrastructure and human resources through the general budget. However, the government’s operating budget is not sufficient to provide these entities with the means to function and fulfil their mandates. Beyond the question of resources, sub-regional education services and municipalities are often distant from government financial services, making execution of their budgets and day-to-day expenditures difficult. **The decision to fund all these structures through the APFE has prompted Ministries of Education and Finance to find practical and realistic solutions, new channels, and new procedures for granting and executing resources for these administrative territories and local governments. Regulatory decisions have been taken to include these arrangements in the national public financial framework. These lasting transformations also enable the execution of general budget appropriations, and not just APFE resources.**

⁴ Other development partners involved in the sector but not contributing to the APFE can participate in the APFE Committee.

The second lever activated by APFEs concerns school grants to primary schools, lower secondary schools, and vocational training institutions. With the exception of Burkina Faso, where the Ministry of National Education opted not to implement the grant system, the other funds have, at varying paces, set up a national grant mechanism for school management committees. However, this mechanism was not deployed across all schools nationwide from the start.

The third leverage relates to the decentralization of the contracting authority for classroom construction and equipment with technical assistance. These procedures have been applied, or are currently being implemented, in Niger, Burundi, and Guinea. Burkina Faso did not wish to apply the procedure outlined in the operational manual, and APFE financing was not decentralized. In Madagascar, responsibilities for education have not yet been transferred to the municipalities. Another lever consists in the transfer of resources to public institutions or organizations that have management autonomy, supported by performance-based contracts. This approach has already been implemented in Niger, Madagascar, and Burundi, enabling these institutions to receive more resources to carry out activities contributing to improvements in the education system. In Niger, for example, the eleven teacher training institutes (école normale d'instituteurs – ENI) received resources from the APFE in addition to government resources, to cover operating expenses, improve initial teacher training through closer monitoring of student teachers during their practical training, and allow for the acquisition of teaching and learning materials.

Performance-based contracts commit stakeholders to the achievement of specific results.



3. Operational planning

The activities financed by the APFE must be integrated into education sector planning. The annual action plans of the ministries in charge of education and training are supposed to consolidate resources from (i) the government budget, (ii) the APFE, and (iii) other development partners.

The principle of annual planning that includes all sources of funding enables more effective results-based sector management and ensures aid complementarity. Only through this approach can external funding truly align with sector policies and foster meaningful dialogue on educational priorities. However, this practice is often absent prior to the establishment of a pooled fund, with planning processes specific to each partner, conducted in silos, using action plan structures and nomenclature that are not aligned with domestic financing.

APFEs exert leverage on operational planning by introducing and formalizing planning processes, templates, and tools, and by supporting their implementation through the deployment of technical assistance. Annual APFE planning is conducted at the same time as that of the government budget, as the planning and budget programming cycle must align with the national budget cycle to be included in the finance law. This scheduling constraint also serves to structure planning practices and strengthen dialogue with national stakeholders.

Prior to the start of the planning process, APFE partners send a framework letter to the ministries of education and training setting out the amounts and the educational priorities for the coming year. The framework letter should be transmitted in May or June of the current year for the following year. This is critical, as it (i) triggers the planning process, (ii) defines educational priorities and the breakdown across sub-sectors, including at times between central and deconcentrated levels, and (iii) strengthens dialogue with the ministries. Delays in submitting the letter, as in Guinea and Madagascar, result in setbacks throughout the planning process, with a high risk of missing the inclusion of APFE appropriations in the finance law and negative impacts on execution. APFE contributing partners must set up a more rigorous mechanism to ensure compliance with the line ministries' calendar. Moreover, sharing the draft framework letter with line ministries before its finalization is not always constructive, as this may (i) delay its finalization and official transmission, (ii) limit the intended framework, and (iii) create frustrations among national stakeholders if their observations are not taken into account.

In countries where funds have been established, the concomitance of planning with the government budget cycle has only been partially achieved. At best, action plans and technical reports have been produced that integrate activities funded by the general budget, the APFE, and some (not all) projects.

Country	Development of planning tools with APFE support	Compliance with the budget programming cycle	Action plan with all funding sources	Development of action plans for deconcentrated services
Burundi	YES The APFE supported the development of analytical planning, but this was abandoned after the coup attempt and the stopping of the APFE	YES	YES Development of data collection tools with partners	YES The APFE helped structure the planning of deconcentrated services through the allocation of resources
Burkina Faso	YES For the basic education sub-sector where the APFE is involved	YES But the calendar is very tight on the CAST and programming is sometimes shared too late (November) with partners, which does not always allow for their observations to be taken into account in the finance law	YES The basic education sub-sector action plan includes government budget and APFE financing	NO but deconcentrated services have budget lines on the CAST
Guinea	YES a planning template common to the 3 ministries has been put in place	PARTIALLY Some years, delays have been observed in submitting the framework letter, in producing action plans, and their validation by development partners	PARTIALLY The sector action plan including all funding sources is generally available in the 1st quarter of the ongoing year, with difficulties in providing information on government budget and partner financing	YES The APFE has helped structure planning at the deconcentrated level. Starting this year, for the Ministry of Education, planning starts simultaneously at central and deconcentrated levels

Country	Development of planning tools with APFE support	Compliance with the budget programming cycle	Action plan with all funding sources	Development of action plans for deconcentrated services
Madagascar	PARTIALLY Ministries do not use the same planning structure. Progress has been registered over a 3-year period in the development of planning tools aimed toward a single nomenclature. The development of planning software should facilitate the consistency of planning tools	PARTIALLY There are difficulties in complying with the deadlines for submitting the partners' APFE framework letter and validation of action plans. Inclusion in the finance law is effective but at odds with the validation of action plans, creating execution difficulties	PARTIALLY	YES The APFE has helped structure the planning of deconcentrated services through the allocation of resources
Niger	YES The APFE has helped structure the annual planning process and supported the reform of program-based budgets	YES	YES	YES Planning extends to regional directorates but not yet to services in the départements

4. Technical and financial reporting

The production of technical and financial reports is mandatory for all entities benefiting from APFE resources. A key principle of an APFE is to account for the use of funds, which strengthens both accountability and governance. There are several levels of technical and financial reporting. The rules and frequency of reporting are specified in the APFE operational manual.

Annual reporting on APFE execution is integrated into the technical and financial reporting of the education sector plan. It is not uncommon for the annual report template to be improved upon with the presence of an APFE, in order to ensure the availability of all financial information, including on the government budget, and that the report fully mirrors the planning process.

This report normally covers all operations and financing carried out in the education sector during the previous year. It requires the collection of technical and financial data resulting from the implementation of the sector plan from the following entities:

- ▶ Ministries in charge of education and training,
- ▶ Deconcentrated education services, which must prepare their own technical and financial implementation reports,
- ▶ The Ministry of Finance, for data on financial execution. These data are drawn from the integrated public financial management system,
- ▶ Partners' projects
- ▶ Autonomous public institutions, which prepare their own technical and financial reports.

Specific reports on APFE resources are also required. These include (i) the semiannual technical and financial reports from central and deconcentrated education services and autonomous public institutions, and (ii) monthly or quarterly reports on the budgetary and accounting status of APFE implementation at central and deconcentrated levels.

Regular financial reporting, which tracks the budgetary and accounting status of APFE financing, is essential to monitor expenditure execution and anticipate implementation challenges and fiduciary risks. A balance must be found between (i) the workload generated by regular financial reporting, (ii) the level of disaggregation and detail required, and (iii) the need for rigorous monitoring. In all countries reviewed, financial reporting benefits initially from technical assistance.

The establishment of a technical and financial reporting system may take more or less time depending on the tools already in place and the capacity of the ministries of education to organize the collection, processing, and analysis of information. Several types of difficulties may arise, and the multiplication of APFE implementation sites results in greater complexity. For example, in Guinea, the computerized expenditure chain has not yet been deployed at deconcentrated level, which makes it impossible to extract data on commitments, approvals, and payments, thus leading to significant difficulties in accessing information in real time. Technical support is deployed in general, including at deconcentrated level, to assist ministries in fulfilling this reporting obligation.

Country	Comprehensive annual technical and financial reporting with all funding sources	Frequency of financial reporting	Comprehensive technical and financial reporting by deconcentrated services
Burundi	<p>YES</p> <p>The Ministry's practice did not include reporting on the execution of operations financed on the general budget. The APFE has made it possible to establish data collection tools, and simulate regular data collection and processing for the preparation of technical and financial reports.</p>	MONTHLY	YES
Burkina Faso	<p>YES</p> <p>Comprehensive good-quality reporting</p>	<p>SIMPLIFIED MONTHLY and DETAILED QUARTERLY</p> <p>Also taking into account deconcentrated services</p>	<p>YES</p> <p>Deconcentrated services produce reports, but their consolidation is difficult at central level</p>
Guinea	<p>PARTIALLY</p> <p>Ministries produce annual reports, but late, and with great difficulty in collecting technical and financial data for all funding sources.</p> <p>Annual performance reports are produced over one year late.</p>	QUARTERLY	<p>NO</p> <p>Collection of basic data from the completion of activities and appropriations consumed for these is not yet well-organized, systematic, comprehensive, and reliable. Budget data from delegations of appropriations are not all transmitted to central administration. When they are, the data are not used.</p>

Country	Comprehensive annual technical and financial reporting with all funding sources	Frequency of financial reporting	Comprehensive technical and financial reporting by deconcentrated services
Madagascar	PARTIALLY Ministries produce annual reports but with great difficulties in collecting technical and financial data	QUARTERLY	YES All the deconcentrated services produce an annual and a semiannual technical and financial report. Difficulty in consolidation of data due to the very high number of structures and the quantity of sometimes heterogenous information to be processed
Niger	YES Significant efforts have been made to produce comprehensive information	MONTHLY	YES Deconcentrated services produce reports

Concerning APFEs, significant progress has been made in technical reporting, but there is still considerable room for improvement to provide a clearer picture of implementation.

5. Budgetary, accounting, and financial mechanisms

APFEs are supported by special appropriation accounts or budgets, as provided for and authorized in the public finance organic laws of each country (see table below). These are separate budgets, clearly distinct from the general budget, similar to supplementary budgets. They are prepared and voted on according to the national budget cycle. Legislative provisions authorize and regulate, through the BAS/CAST/CAS⁵, an exception to the budgetary principle of non-allocation of resources to a specific expenditure, or non-compensation of expenditure by specific revenue. This technique is the only aligned modality to provide a reasonable assurance that the resources intended for the education sector are indeed allocated to it. When not fully used by year end, they can be carried over to the following year. The specificity of Niger's APFE does not undermine the principle of earmarking resources for education and their ring-fencing as appropriations and cash. However, the method used to distinguish APFE appropriations in the finance laws is different since, instead of constituting a separate revenue and expenditure budget, the APFE budget lines are incorporated in the general budget. The same method was adopted to distinguish the budget lines of the third C2D program in Côte d'Ivoire.

APFE treasury or cash resources are always held in a primary account known as the "**Pivot account**", usually opened at the Central Bank of the recipient country. In Burkina Faso and Niger, the pivot account is held at the Central Bank of West African States (BCEAO). Only APFE partners are authorized to contribute to this account where external funding in foreign and local currency is commingled. In Guinea and Madagascar, two Pivot accounts have been opened, one in foreign currency and one in local currency, for partners contributing in the latter. Pivot accounts then supply one or several dedicated operational accounts, opened in the name of the treasury, either with the central banks or commercial banks in areas where the central bank has no presence. Partners' resources are fungible in these accounts.

⁵ BAS: Special appropriations budget / CAS: Special appropriations account / CAST: Special Treasury appropriations account

Country	Organic law	APFE financial instrument	Circuit of payments from the Pivot account
Burundi	Organic law 1/35 of 4/12/2008 was replaced by the law 1/20 of 20/06/2022	Special appropriations budget (BAS)	The Pivot account funded a sub-account of a government operational account, also held at the Central bank. These resources were therefore fungible in that account. The Ministry of Finance had committed to making them available at any time. All expenditures were paid from this sub-account.
Burkina Faso	Organic law 073-2015/CNT of 06/11/2015	Special Treasury appropriations account (CAST)	The Pivot account fuels a dedicated account held in the Treasury's books, which pays APFE expenditure at the central level and fuels dedicated regional accounts for expenditure by deconcentrated services. Expenditure by Basic Education Districts (Circonscription de l'éducation de base - CEB) is executed through the provincial education directorates, pending the creation of imprest units (régies d'avance)
Guinea	Organic law 2012-12-LORF of February 2013	Special appropriations budget (BAS). Each ministry has its BAS	The Pivot account channels funds into a main operating account dedicated to the APFE's BAS and to sub-accounts of this account wherever needed. Public institutions and local authorities have dedicated accounts opened with the Central Bank of the Republic of Guinea.
Madagascar	Organic law 2004-007 of 26/07/2004	Special appropriations account (CAS). Each ministry has its CAS.	The two accounts feed into a dedicated APFE account in ariary opened in the name of the treasury at the Central Bank of Madagascar, as well as regional APFE imprest (régie d'avances) accounts to cover expenditures paid through the APFE's renewable imprest systems, and dedicated accounts for all public institutions with budgetary autonomy. Cash accounts have also been opened to cover imprest expenditures of the 28 regional centers of the National Teacher Training institute (INFP)
Niger	Organic law 2012-09 of 26/03/2012	Budget lines distinct from other domestic budget lines are created and integrated in the general budget. They are marked in two ways: with the label "APFE" and a numerical code indicating the source of funding (02 for external, as opposed to 01 for domestic funding).	The Pivot account then feeds into ring-fenced accounts opened in the name of the Treasury at the BCEAO. There are 10 such accounts, one for the central level of expenditure in Niamey, 8 regional accounts, one per region, and one ring-fenced account managed by the National agency for the financing of local government investments (ANFICT). The other public administrative bodies (EPA) have deposit accounts.

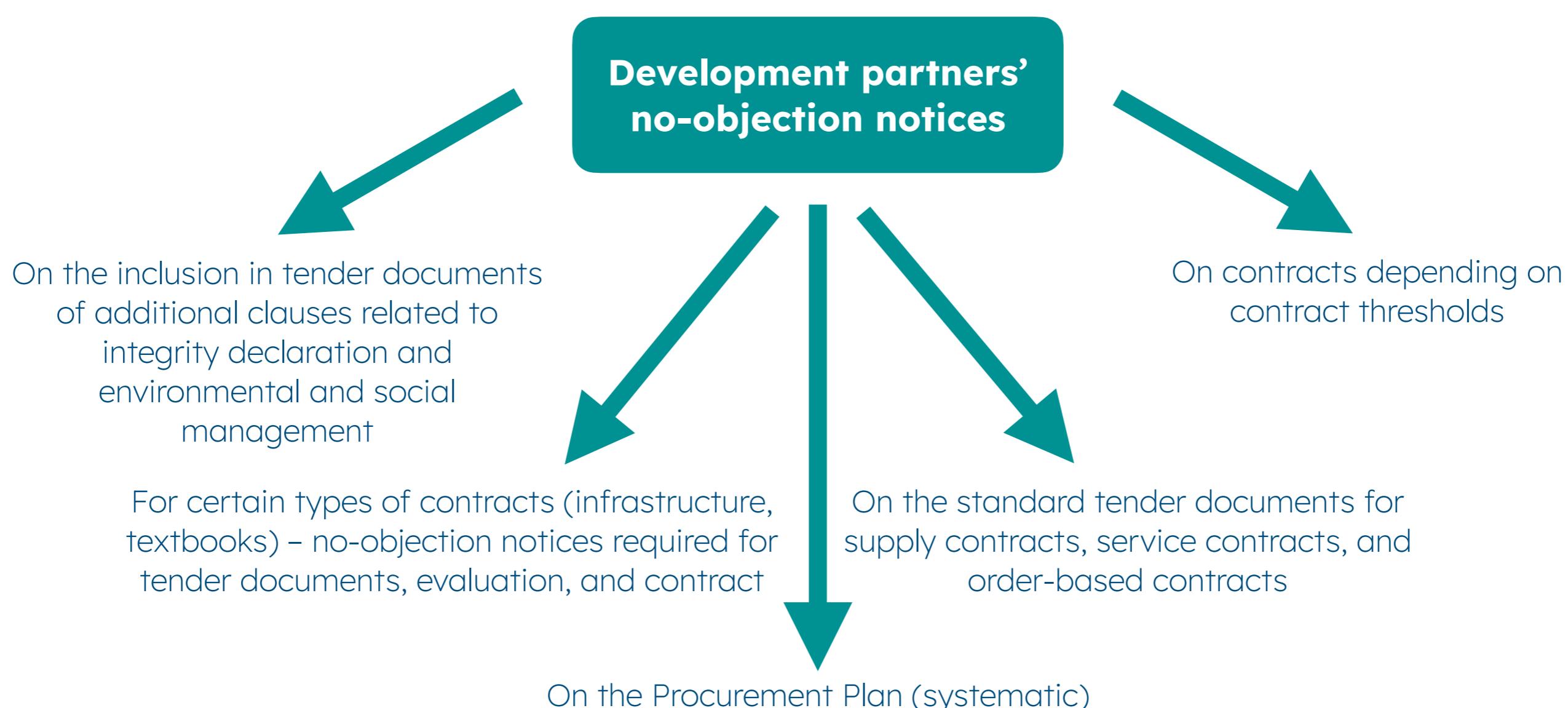
6. Specific arrangements regarding national procedures

APFEs are aligned with national expenditure execution procedures and procurement rules in the public procurement codes of the recipient countries. Procurement is conducted through the various national commissions of the line ministries and public institutions.

► Public procurement exemptions

Additional exemption measures may be put in place for APFE partners during certain procurement processes to ensure they are smooth and to mitigate risks. The extent of these controls will fluctuate from one fund to another, depending on thresholds (low or high), the nature of the contracts (services, goods, works) and the number of no-objection notices for each process (contract file, procedures, evaluation, and award, etc.). These exemptions are set out in the APFE operational manual and in the memorandum of understanding or of joint financing. **The right balance must be found by partners** to avoid delaying procurement procedures. In Madagascar for example, no-objection notices are required at every stage of procurement and can be counterproductive by creating APFE execution bottlenecks due to delays on the part of the partner responsible for issuing the no-objection notices. In Guinea, obtaining a no-objection notice can take several months, thus delaying APFE execution.

Procurement exemptions can take several forms as illustrated in the diagram below.



Development partners are often reluctant to reduce the number of no-objection notices as they constitute a risk mitigation measure. However, this practice is questionable in an aligned approach and when technical assistants and audits are in place. While it may be understandable to include exemptions from national procedures at the launch of an APFE, maintaining them over time could undermine the fund's effectiveness and sustainability. In Côte d'Ivoire, for example, it was decided from the outset that no-objection notices would not be needed on the 3rd Debt Reduction and Development Contract (C2D) program-based budget financing.

► Accounting exemptions

In terms of accounting, APFEs are managed using the national accounting system. APFE budget lines are integrated into the computerized public expenditure circuit. Depending on the country, the authorizing officer⁶ for the APFE is either the Minister of Finance (Niger) or the line ministries (Burundi, Burkina Faso, Guinea, and Madagascar). The authorizing officer and their delegates are the only officials entitled to authorize expenditure for the government and the APFE. Treasury public accountants are responsible for the payment and execution of APFE expenditures.

⁶ The authorizing officer is responsible for committing, validating and authorizing expenditures.

Considering the fiduciary risks and shortcomings identified when setting up the APFE, **additional accounting oversight was introduced in Niger and Burundi using accounting management software** (Tompro). This dual accounting system is applied at the authorization stage, after verification by the government's financial controller, and after payments have been made. The financial reports are produced with the data recorded in this software.

► **Budget management exemptions**

All APFEs adjust programming and budget management to offer more flexibility than allowed by national regulations. These adjustments include:

- The opening and non-regulation of appropriations: As APFEs do not have cash flow constraints, appropriations can theoretically start from January 1st., and budget lines are not subject to regulation or freezing.
- Flexible budget closing dates.
- Carryover of appropriations from one year to the next.
- Movements and transfers of appropriations over the course of the year without ceilings, but following a procedure set out in the operational manual.

► **Planning exemptions**

Regarding planning, APFE partners exercise *ex ante* control over the annual action plans for all funds by issuing a no-objection notice on the proposed activities. This no-objection notice fosters dialogue with national authorities and ensures that the proposed activities are consistent with the framework letter. When dialogue is weak, there is a risk of delays in activity validation and/or objections to certain activities.

7. APFE financial audits

In the context of APFEs, there are three types of financial and accounting audits⁷:

- **External financial and accounting audits.** These are annual, independent audits, commissioned by one of the APFE partners. They are mandatory and are specified in the APFE's memorandum of understanding or joint financing. Generally, APFE partners make their contributions conditional on the results of the annual external audit.
- **Internal financial and accounting audits.** These are typically carried out by national oversight bodies such as inspectorates of finance or national audit offices. Their work may be budgeted through the APFE annual action plans or partnership agreements. Involving national oversight structures in the auditing of APFEs is important, as it strengthens national ownership and builds local capacity.
 - **In Burundi**, the Inspection Générale de l'État (IGE) was engaged through a partnership agreement.
 - **In Niger**, internal audits are carried out annually by the Inspection Générale des Finances.
 - **In Madagascar**, internal audits are conducted by the Directorate of the Financial Investigation and Audit unit (DBIFA), with funding from the APFE.
 - **In Guinea**, the Inspection Générale des Finances (IGF) was expected to perform internal audits, but this was not done.
- **Advisory financial and accounting audits.** When APFEs are established and fiduciary risks assessed, advisory audit expertise may be recommended to manage those risks and support ministries in preparing for external audits. The advisory function focuses on capacity transfer and support to improve day-to-day APFE management (e.g. archiving supporting documents, monitoring implementation of annual external audit recommendations, and reviewing procurement procedures and evaluation reports, etc.). However, this expertise is not always mobilized. Only Burundi and Niger were able to engage an advisory audit firm using funding from one of the APFE partners. The fact that advisory audits are financed by one of the APFE's partners can be a barrier. They deserve to be better integrated into the APFE's overall capacity building plan.

⁷ A financial and accounting audit is a review of an entity's financial statements. Its purpose is to verify the accuracy of the accounts, their regularity, compliance, and ability to present a true and fair view of the entity's financial position and accounting practices.

8. Technical support

The deployment of technical assistance is a response to the capacity gaps and operational and fiduciary risks identified when establishing the APFEs. The functions supported are generally identified in cooperation with the national authorities at the time of the feasibility study; this was the case in Burundi, Niger, Guinea, and Madagascar.

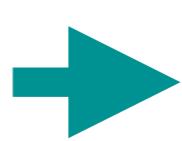
The expertise deployed includes full-time resident technical assistants and experts who intervene intermittently with several missions throughout the year. Expertise can be either international or national, depending on the needs. It is positioned within national (central, deconcentrated, and decentralized) administrations for which they are accountable. The monitoring and coordination of experts is conducted jointly by the national authorities and APFE partners to ensure a genuine transfer of expertise.

The supported functions are detailed below.

► Head of mission

The head of mission coordinates all the experts and drives a quality-oriented approach that ensures the team of experts' work is adjusted in line with the development of national capacities and changing priorities. The head of mission plays a role in supporting change, particularly through the mobilization of all the stakeholders involved in the APFE.

Head of mission / supervision



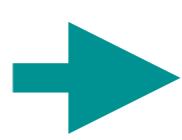
- ▶ Burundi (intermittent – international)
- ▶ Guinea (intermittent then resident – international)
- ▶ Madagascar (resident – international) +1 supervision (resident - international)
- ▶ Niger (intermittent – international)

► Technical assistants connected to operating procedures

Support for planning and reporting aims to (i) develop activity planning and monitoring tools (at central and deconcentrated levels), (ii) develop tools for data collection on activity implementation (central and deconcentrated), (iii) strengthen ministerial capacity to identify the most relevant activities in line with the framework letters, (iv) deliver training sessions to facilitate the understanding and use of the tools, and (v) raise the awareness of stakeholders on the need to fully understand the operational manual, and to comply with the rules and deadlines.

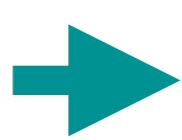
Support for sector coordination aims to create momentum by raising awareness, informing, and explaining to all stakeholders the principles and operation of the APFE, to ensure compliance with all procedures and the correct implementation of activities in line with sector objectives.

Planning and reporting



- ▶ Burundi (cf. education expert)
- ▶ Guinea (intermittent – international)
- ▶ Madagascar (intermittent – international)
- ▶ Niger (resident – international)

Sector coordination



- ▶ Burundi (cf. education expert)
- ▶ Burkina Faso (national resident until 2019)
- ▶ Guinea (intermittent – international)
- ▶ Madagascar (resident – national)

Education and training expertise positioned at Secretariat General level



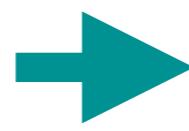
- ▶ Burundi (resident – international) + support for sector coordination and planning
- ▶ Guinea (3 residents – international)

Observations: When providing support to operating procedures, functions may sometimes be combined, as for Burundi.

► **Technical assistants connected to financial procedures**

This concerns support for (i) the preparation of financial reports and accounting reconciliations (at central, deconcentrated, municipal, and public administrative body-EPA levels), (ii) the implementation of financial and accounting procedures set out in the APFE operational manual, (iii) the archiving of supporting documents, and (iv) the organisation of monitoring of APFE execution management.

Financial and accounting management



- ▶ Burkina Faso (resident then intermittent – international)
- ▶ Burundi* (2 residents - national)
- ▶ Guinea (resident - national) + 4 national residents in different regions
- ▶ Madagascar (resident – international)
- ▶ Niger* (2 residents – international, one of whom in a TVET autonomous public institution) + 5 national residents in different regions

* In Niger and Burundi, a dual accounting system has been set up using Tompro software

Observations: In Guinea, a resident international technical assistant was scheduled to support financial management, but the position was not filled.

► **Technical support at procurement level**

This concerns support for (i) the preparation of procurement plans and the monitoring of contracts, (ii) preparation of tender documents, (iii) training of technical department staff in drafting specifications and terms of reference in areas where capacity gaps are most significant (textbooks and teaching materials, infrastructure, order-based contracts and framework contracts).

Procurement



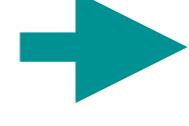
- ▶ Burundi (1 resident – international)
- ▶ Guinea (3 residents – international)
- ▶ Madagascar (1 resident – international + 1 resident – national)
- ▶ Niger (4 residents – national – for the different regions)

► **Technical support for decentralization / local project contracting authority**

Support for decentralization aims to assist in defining and implementing mechanisms for the transfer of resources and responsibilities for education to the Municipalities.

Support to infrastructure aims to (i) support the organization of contracting authority assistance for construction contracts, (ii) support the technical oversight of contractors' services, (iii) monitor compliance with the construction schedule, and (iv) support the integration of environmental standards.

Decentralization



- ▶ Burundi (1 resident – international)
- ▶ Niger (1 resident – international)

Infrastructure

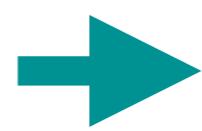


- ▶ Burundi (1 resident – international)
- ▶ Burkina Faso (1 resident – international)
- ▶ Niger (1 resident – international)

► **Support for deconcentration**

This refers to technical assistants based in deconcentrated services whose roles may vary depending on the needs and the country. In general, they provide support for (i) technical and financial planning and reporting, (ii) the implementation of activities, and (iii) the monitoring, and financial and accounting management of APFE resources.

Deconcentration



- ▶ Guinea (cf. financial and accounting management)
- ▶ Madagascar (7 residents – national)
- ▶ Niger (cf. procurement, and financial and accounting management)

Technical assistance arrangements vary depending on the capacity gaps identified when setting up aid-on-budget (ring-fenced budget support). They often need to be adjusted over time as the context and capacity building needs evolve. While the expectation is for technical assistance to be gradually scaled down as it achieves its mission of transferring expertise, both exogenous and endogenous factors can delay the transfer process. The time required to support change and establish practices that will act as leverage on the system depends partly on (i) the capacity gaps observed, (ii) the ability of administrations to integrate change, and (iii) the turnover of personnel in the administrations, leading to an endless repetition of the transfer of expertise.

There are also endogenous factors within the technical assistance arrangements that may hinder the transfer of skills. For example, the individual competencies and relational skills of each technical assistant are important factors that can contribute to either the success or failure of the transfer. In Guinea, for instance, the technical assistance team faced significant turnover, with at least seven resignations among nine international technical assistants over a two-and-a-half-year period. The coordination of technical assistants is a point requiring particular attention. National stakeholders must be fully engaged, not only in defining the expected capacity building outcomes, but also in expressing any dissatisfaction with the support provided. It is essential that the service provider and partners remain open to feedback and committed to seeking joint solutions.

The size and composition of technical assistance at the outset should also be carefully considered. One option would be to begin with a core group of technical assistants focused on key areas such as planning and reporting, financial and accounting management, and procurement, and then expand rapidly to other areas one year later, once the principles of the APFE are truly understood and embedded in the administration's operations.

COUNTRY CASE STUDIES



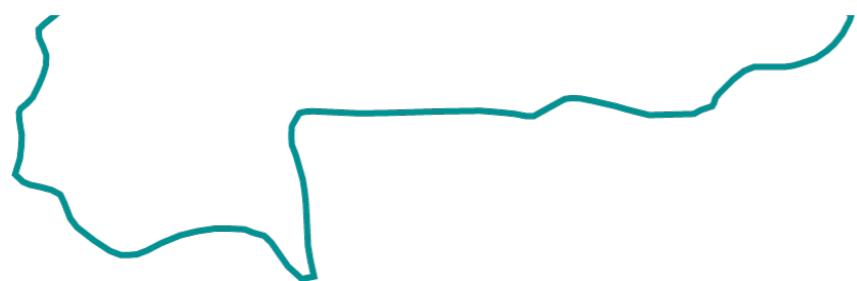
BURKINA FASO	74
BURUNDI	84
GUINEA	96
MADAGASCAR	105
NIGER	116

APFE BURKINA FASO



1. Rationale for establishing the pooled fund 76
2. Developing and operationalizing the fund 76
3. Technical characteristics of the fund 79
4. Leverage effects of the fund 81
5. Challenges 83

AFPE BURKINA FASO



GDP per capita: USD 832.9 (2023)
HDI: ranks 184 globally (2021)
Population: 22,489 million (2023)
Budget deficit: 6.7% of GDP (2023)
Inflation: 14.3% (2022)
Expenditure on education: 5.3% of GDP (2022)

EDUCATION DATA

	Primary	Lower secondary
Enrollments	3,174,946	948,892
Classrooms	65,452	26,396
Gross intake rate	95.2%	42.5%
Completion rate	62.0%	33.1%

Source: Statistical yearbooks, 2021

SUB-SECTORS

Preschool, primary and secondary education
 Technical education

INTERVENTIONS

Central services, deconcentrated services, local authorities

KEY DATES



PARTNERS (2024)

French Development Agency (AFD), Canada, Global Partnership for Education (GPE),
 Luxembourg, Switzerland, UNICEF

FUNDS MOBILIZED (2017 - 2021)

€184.29 million¹

MAIN MEASURES IMPLEMENTED

NO-OBJECTION NOTICES FROM PARTNERS

Annual action plan and program, Procurement plan (from 2008)

TECHNICAL ASSISTANCE MECHANISM

Adapted over time:

- 1 full-time TA (technical assistant) from 2005 to 2008
- 3 TAs from 2017 to 2018, including one short-term TA to review the CAST/FSDEB management guide, and design and formalize procedural requirements
- 1 intermittent chartered accounting firm – at central level

¹ It was not possible to trace all funding contributed by partners since the creation of the APFE.

1. **Rationale for establishing the pooled fund**

The Aligned Pooled Fund for Education (APFE) in Burkina Faso, known as the Basic Education Development Support Fund (FSDEB), was created in 2005 to strengthen a sector-wide programmatic approach in the education sector and to address the Paris Declaration on aid effectiveness. The FSDEB is managed through a Special Treasury Appropriations Account (CAST), which has supported the implementation of successive sector plans:

- Ten-year Program for the development of basic education (PDDEB), 2001-2010
- Strategic Development Program for Basic Education (BEDP), 2012-2021
- Education and Training Sector Plan (ESP), 2017-2030
- Strategic Development Plan for Basic Education (BEDP), 2022-2026

The CAST/FSDEB was designed in line with the principles of the Paris Declaration, which were new at the time for international aid – especially concerning the alignment with national procedures and the harmonization of support from multiple partners in the education sector. The new operating model replaced the “Education Projects Bureau”, which had been responsible previously for implementing and coordinating projects funded by partners.

When it was established, the CAST/FSDEB received support from the French Development Agency (AFD), Canada, Denmark, Global Partnership for Education, Switzerland, UNICEF, and the Netherlands until 2011. The Netherlands' withdrawal was not due to CAST operating modalities or FSDEB performance.

In accordance with the provisions of the Joint Financing Agreement, the CAST finances activities under the exclusive authority of the Ministry of National Education and Literacy (MENA), including non-formal education, primary, lower and upper secondary education, as well as technical and vocational education.

2. **Developing and operationalizing the fund**

A management guide was developed in 2006 when setting up the CAST/FSDEB. It refers to existing Government financial regulations and General Public Procurement Regulations but does not provide a detailed description of operational, administrative, financial, and accounting procedures.

2.1. **Operational and fiduciary risk analysis**

The establishment of the CAST/FSDEB in 2005 did not include an analysis of associated fiduciary and operational risks. As a result, no specific joint actions were made for risk mitigation.

In 2007, the evaluation of CAST/FSDEB management by Belgian technical cooperation highlighted a high degree of risk in the use of external funds by deconcentrated services. Resources were being executed in the different regions and provinces without any financial control or intervention by public accountants under the authority of the Ministry of Economy, Finance and Development (MINEFID). Supporting documents for expenditures were only reviewed retrospectively by the CAST/FSDEB manager in the capital. Despite the findings of the evaluation, no specific fiduciary risk management measures were implemented and the same practices continued.

Moreover, the findings from the audits conducted between 2013 and 2016 brought to light management irregularities and weak controls at the central and deconcentrated levels of CAST resource execution. Significant amounts of expenditure could not be certified as legitimate and were reimbursed by the Burkinabé government.

It was only in 2017 that an analysis of fiduciary risks was carried out upstream from a request for GPE financing. Following this analysis, mitigation measures were put forward and validated by all stakeholders.

Risks related to budget planning and programming

- ▶ CAST/FSDEB budget programming does not take into account the priority objectives and actions for the development of the education system.
- ▶ The relevance of the selected activities and the allocation of resources are not properly assessed ex ante.
- ▶ CAST/FSDEB resources are principally allocated to central directorates, which act in place of the education system's deconcentrated services and decentralized actors.

Risks related to activity implementation and delivery of educational services

- ▶ Late release of CAST/FSDEB budget allocations and freezing of appropriations even though cash is available on the account.
- ▶ Transfers are not made and resources are not made available in the system at the desired pace and CAST/FSDEB financing does not reach the deconcentrated and decentralized services (Basic Education Districts, regional and provincial directorates, and local authorities).

Fiduciary risks

Central level	Deconcentrated level	Decentralized level
<ul style="list-style-type: none"> ▶ CAST/FSDEB expenditures are executed without full supporting documents. ▶ Activity reports are not produced and so cannot confirm the implementation of activities and the proper use of funds. 	<ul style="list-style-type: none"> ▶ MENA does not use the delegation of appropriations to finance regional and provincial education services. 	<ul style="list-style-type: none"> ▶ Municipalities use CAST resources to cover expenditures not included in the financing agreement signed with MENA. ▶ Municipalities' expenditures are not sufficiently justified to be eligible.

Risks related to procurement

- ▶ Contracts are fragmented, and acquisitions are not conducted with the best cost-quality balance.
- ▶ The awarding of delegated contracting authority is insufficiently monitored and supervised.
- ▶ National rules designed to optimize procurement processes are not applied.
- ▶ Oversight of contracts is not adequate to limit irregularities.

Risks related to financial oversight

- ▶ Overall, financial control is too weak to enforce and ensure compliance with the public management procedures of the CAST by the central administration. The repeated and abusive use of the so-called "simplified" procedure contributes to the lack of effective control.
- ▶ Routine expenditures with disbursement of funds are only subject to financial control at the budget commitment stage.
- ▶ The absence of payment control persists, undermining the accountability of personnel responsible for CAST expenditures.
- ▶ When expenditures are processed in accordance with the normal procedure, financial control tolerates irregularities leading to inequitable expenditures.

External and internal audits

- ▶ Internal control by national oversight bodies is not effective.
- ▶ External audits conducted by accounting firms are of moderate or low quality. Their recommendations do not lead to improvements in the management of CAST resources.
- ▶ External audit reports are not disseminated to education system stakeholders or to the public. Those responsible for executing CAST expenditures do not feel sufficiently accountable for their management practices, whether to the government, members of parliament, or civil society.

2.2. Capacity gap analysis

No capacity analysis was conducted when the CAST/FSDEB was established in 2005. A full-time technical assistant was assigned to the permanent secretariat of the BEDP until 2008, funded by the French Development Agency (AFD). Following a series of unfavorable audits, it was only from 2017 onward that some partners began considering the provision of technical support. Starting in 2017, AFD deployed the following expertise:

- An international public finance management expert to monitor and support the budgetary, accounting, and financial management of the CAST.
- An infrastructure expert to provide institutional support for the monitoring of construction contracts. This expert was deployed as part of a pilot project outside the APFE framework, aimed in particular at decentralizing classroom construction and transferring resources to the Permanent Fund for Local Government Development.
- Short-term expertise to review the CAST/FSDEB management guide and, in particular, to design and formalize national planning and expenditure execution procedures, which had previously not existed in written form.

Canada's cooperation agency also provided technical assistance on:

- financial management
- curriculum reform

After the departure of the public finance management expert, who had been seconded full-time for 18 months to the financial affairs directorate of the Ministry of National Education, AFD arranged for an accounting firm to continue strengthening the accounting and financial management of the CAST/FSDEB. Their missions were carried out intermittently in Burkina Faso, mainly in the capital.

2.3. Risk mitigation measures

An operational manual was developed in 2017 to formalize the public expenditure execution processes and introduce ex ante controls (no-objection notices) on the following:

- The annual action plan and budget programming
- The procurement plan
- The systematic preparation of a framework letter by the Fund's development partners before the planning cycle, in order to guide planning and resources toward priority activities²
- The review of CAST/FSDEB planning and resource management procedures at deconcentrated level to strengthen expenditure control (delegation of appropriations and special imprests). The CAST imprest administrator must report to a public accountant. Each time the advance is renewed, the administrator must justify the use of the funds entrusted to them
- The obligation for the Ministry of Finance to mobilize the Higher Authority for State Control and the Fight against Corruption (ASCE-LC) twice a year for the internal control of the CAST
- The introduction of advisory audits during budget execution to improve financial management and prepare for external control audits; these advisory audits are commissioned by an FSDEB partner
- An external audit at the end of the budget year, organized by one of the FSDEB partners, with disbursements conditional on the conclusions of the external audit.

² Discussions took place recently to reverse this process, i.e. the Ministry of National Education submits a framework letter which is then validated by partners.

3. Technical characteristics of the fund

3.1. Operating procedures

Planning alignment.

Since the adoption of program budget nomenclature in 2017, members of parliament have had a clearer presentation of the budgetary efforts made through external funding to support the implementation of the education and training sector plan (ESP). The Ministry of Education prepares the multiyear expenditure programming document as well as the annual performance plan. Both are included in the finance law. These new tools, introduced as part of the public financial management reform within the West African Economic and Monetary Union (UEMOA), provide Parliament with greater transparency and more detailed information on the content and implementation of education policy.

Reporting alignment.

At the end of the budget year, the government reports on the implementation of the education sector action plan, which includes activities financed through the general budget, the CAST/FSDEB, and those implemented by project management units. Budgetary, accounting, and financial reporting is carried out by the same structures and with the same tools as those for general budget reporting. This includes: (i) the Administrative and Financial Directorate of the MENA for the budget situation, (ii) the Public Treasury for payments, and (iii) the Treasury's Central Accounting Agency for cash flow movements and liquidity account management.

However, to mitigate fiduciary risks, simplified monthly financial monitoring reports and more detailed quarterly financial monitoring reports on the CAST/FSDEB are mandatory. According to the operational manual:

- i. The monthly report covers the national budgetary and accounting situation of CAST/FSDEB execution. It does not include operations carried out by regional and provincial services, basic education districts (CEB), autonomous agencies, public administrative bodies (EPA) under the authority of the Ministry of National Education, and local governments, which report separately according to rules defined in the respective financing agreements.
- ii. The quarterly report also includes the implementation status of the CAST/FSDEB at the disposal of Regional and Provincial Directorates.

Procurement alignment.

When the CAST/FSDEB was created in 2005, procurement procedures were fully aligned, and there was no ex-ante control until 2008. By 2008, partners decided they wished to issue no-objection notices on the procurement plan.

3.2. Budget configuration

The CAST/FSDEB is aligned with the budgetary principles and rules of Burkina Faso. It is included in the document containing the finance law, which is approved by the government and submitted to Parliament for a vote. The execution of the CAST/FSDEB, which is a budget with both revenue and expenditure appropriations alongside the general budget (similar to an annexed budget), follows the same budget management rules as the general budget, particularly in terms of appropriation entries, transfers, carryovers, and cancellations during the year and at year end.

CAST/FSDEB appropriations are recorded in the public expenditure information system.

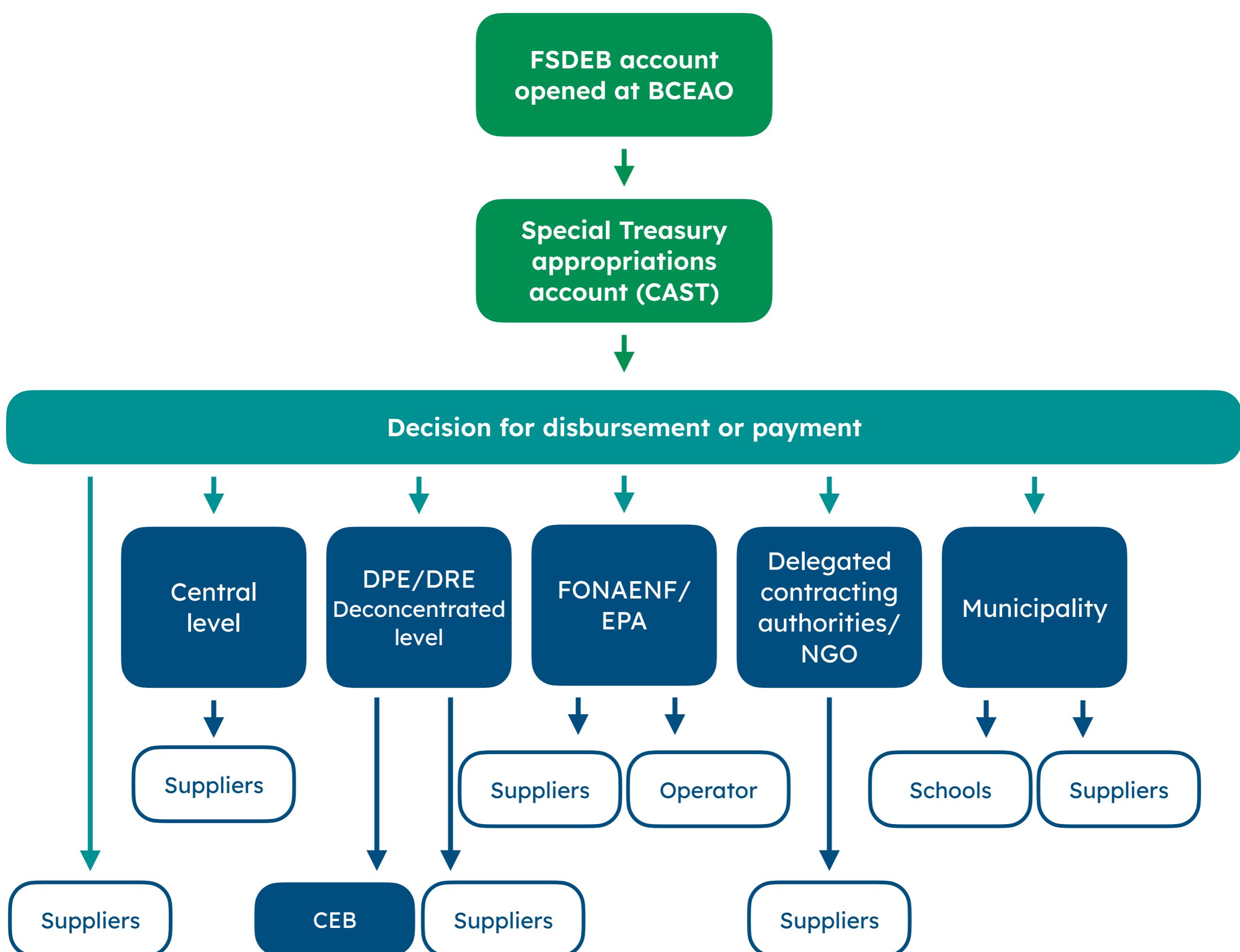
3.3. Financial and cash flow aspects

The resources of the CAST/FSDEB are held in a dedicated account at the BCEAO, as well as in dedicated accounts opened with the Treasury wherever necessary. The paymaster general at the Ministry of Finance transfers funds from the BCEAO account to the accounts of beneficiaries (imprests, deposit accounts, delegated contracting authorities (MOD), EPAs, NGOs, municipalities, and suppliers).

Expenditures in the regions and provinces are subject to procedural exemptions established by the government. CAST/FSDEB accounts are opened at the level of deconcentrated services and function as special imprest accounts. Dedicated accounts are also opened for all public entities with financial autonomy, such as the national primary school teacher training institutions (ENEP) and the National Fund for Literacy and non-formal education (FONAENF).

As with the general budget, the Minister of Education is the authorizing officer for expenditures. The Public Treasury performs accounting functions, while the Treasury's central accounting agency manages the Fund's cash flow.

FSDEB ACCOUNT FLOW CHART



FSDEB management. There is no dedicated monitoring committee for the CAST/FSDEB. Since its creation, the dialogue between the government and development partners has been conducted through the education and training sector dialogue framework, which brings together all education sector partners. Subordinate to that, a partnership framework has been established to facilitate dialogue between the government and basic education partners. It is open to all stakeholders in the education sector, including civil society. Partnership meetings are held monthly. They serve as a platform for information sharing and deliberation on initiatives aimed at improving ESP implementation, and for reviewing the physical and financial execution of activities. The partnership framework is presided by the Secretary General of the Ministry of National Education, Literacy and Promotion of National Languages (SG/MENA/PLN) and the lead partner. The lead partner is usually selected from among the development partners contributing to the CAST/FSDEB, as they are responsible for leading the dialogue on its implementation.

The role of FSDEB partners. Partners contributing to the FSDEB have been – and still are – particularly proactive in the dialogue with the MENA; they participate in the partnership framework and in thematic groups³ in which strategical and technical decisions are prepared. They comment on and contribute to improving all documents such as sector plans, strategies, annual action plans, and technical and financial monitoring reports.

4. Leverage effects of the fund

4.1. Coordination and sector dialogue

The creation of the CAST/FSDEB enabled the establishment of sector dialogue around action plans, technical and financial monitoring reports, and key issues affecting the sector, although this does not include tertiary education or vocational training, which fall under other ministries not in the APFE. The fact that six partners contribute to the CAST/FSDEB helps energize dialogue around sector plan implementation capacities and educational outcomes.

The revision of the CAST/FSDEB management guide provided an opportunity for dialogue on the following topics: (i) compliance with public financial management rules, (ii) implementation of delegated appropriations from the CAST/FSDEB to the regions and provinces, (iii) establishment of special imprest accounts in the basic education districts (CEBs), (iv) accounting reconciliations between payments and liquidity accounts, (v) reimbursement of ineligible and incomplete expenditures, as well as the management of appropriation carryovers, and (vi) monitoring of the implementation of audit recommendations.

4.2. Support for cross-cutting government reforms

Program-based budgets. Program-based budgeting was introduced as early as 2017 for the CAST/FSDEB in line with ESP nomenclature and the three-year action plans. The pooled fund is treated as a program in the finance law, with its breakdown into actions aligned with the education programs in the general budget. As provided for in the reform, the authorization of expenditures from the CAST/FSDEB falls under the responsibility of the Minister of Education (decentralization of payment authorization). The CAST/FSDEB is included in the multiyear expenditure programming documents, and in the annual performance plans and reports. The provisions of the joint financing protocol, along with the recommendations from external audits, promote better compliance with expenditure execution rules.

The leverage effects of the CAST/FSDEB on deconcentration and decentralization were slow to materialize. It was only with the revised procedures (2017) that the fund began to strengthen the roles of regional, provincial, and municipal education services (CEBs), in addition to those financed through the government budget.

³ Thematic groups are tasked with ensuring more in-depth discussions on key policy concerns and informing the deliberations of the partnership framework. They meet once a month and regularly produce specific reports on the themes covered. There are five thematic groups: (i) access to basic education, (ii) quality of basic education, (iii) development of non-formal education, (iv) management of basic education, and (v) financial management and resource allocation.

Deconcentration. The 2017 programming of ESP activities took place on the basis of a general principle of deconcentration. The CAST/FSDEB supported this reform by revising its operational manual and developing processes not only for planning but, more importantly, for the execution of education expenditures. Adjustments were agreed upon between the government and FSDEB partners to enable budgets to be set up in deconcentrated structures, despite the absence of budgetary and financial control services. The introduction of delegated appropriations and special advance payment regimes in regional and provincial services offers significant opportunities to strengthen pedagogical support for teachers. CEB appropriations are recorded under the chapters of the provincial directorates. In the revised 2023 action plan, 71% of CAST/FSDEB resources were allocated to deconcentrated services.

Decentralization. Despite procedures set out in the 2017 manual, the MENA did not wish to transfer responsibility for classroom construction to the municipalities using CAST/FSDEB resources. The decentralization process in Burkina Faso began in 2014 with the signing of decrees governing the transfer of responsibilities and resources to the different regions and municipalities. Municipalities are responsible for the construction, acquisition, and management of schools from preschool through to secondary education. Under the FSDEB, it was only in 2020 that resources from the general budget were transferred to municipalities for school construction. According to the 2020 BEDP report, it appears that municipal contracting is more effective than direct or delegated contracting from the very first year of programming and implementation of school infrastructure (0% implementation for delegated contracting vs. 33% for municipalities, with a 55% completion rate for latrine construction). This performance is maintained in the second year, with a highly satisfactory completion rate of 85% for the municipalities. In practical terms, this means that municipalities take no more than 12 to 18 months on average to build the classrooms entrusted to them, and they do so without any contracting assistance. However, despite these encouraging results, there has been no move to expand financial transfers to municipalities from the CAST; one of the key challenges is accountability.

Trends in commitment and execution rates. Over the 2017-2022 period, CAST/FSDEB execution rates based on approved expenditures fluctuated between a low of 58.6% and a high of 86%, with an average of 71.4%.

FSDEB resources – Burkina Faso (in euros)

Partners	2017	2018	2019	2020	2021
AFD	0	0	1,800,168	1,999,848	2,499,809
Canada	6,554,378	8,194,497	9,831,568	6,554,378	6,594,010
Switzerland	803,292	1,713,284	1,707,187	2,652,237	1,806,265
UNICEF	381,069	429,845	381,069	381,069	410,03
GPE	6,401,951	6,406,524	3,699,413	7,243,350	4,411,249
GPE Covid				3,981,404	5,709,931
Luxembourg		2,999,771	8,016,157	5,499,581	7,098,544
Carryover	18,896,426	7,558,875	2,571,450	10,915,327	19,311,028
Repayments	7,645,759	1,111,196			158,525
TOTAL	40,682,875	28,413,993	28,007,012	39,227,193	47,999,390
FSDEB share in BEDP financing	6.91%	4.88%	3.52%	5.15%	5.36%

Source: Annual BEDP implementation monitoring reports
NB. It was not possible to trace all CAST/FSDEB funding since the launch

The overall trend in CAST/FSDEB resources showed a downward trajectory over the 2017-2019 period. This situation is explained by the continuous decrease in the carryover amount in the account, reflecting an improvement in the fund's absorption capacity.

Trends in commitment and execution rates

	2017	2018	2019	2020	2021	2022
Commitment rate ⁴				70%	89.5%	
Execution rate (approved/verified)	84.5%	86.0%	80.1%	58.6%	59.4%	59.9%

Source: Annual action plans and miscellaneous documents

The fall in CAST/FSDEB performance in 2020 is partly explained by the effects of the public health and security crisis, which delayed the implementation of activities. Underutilization of investment appropriations hampers the implementation of the CAST/FSDEB.

5. Challenges

5.1. Start-up phase

The CAST/FSDEB has not benefited from large-scale technical support. Only one technical assistant was assigned to the Permanent Secretariat of the BEDP at the outset. From the beginning, the operation of the CAST/FSDEB relied on the central, and then the deconcentrated, education structures, as well as the Ministry of Finance for financial control, public accountants, and account managers. The principle of the Fund was to build on existing implementation capacities and fully utilize the structures of the Ministry of National Education and Literacy. Management difficulties persisted, with audits highlighting numerous shortcomings in administrative, financial, and accounting management, as well as in procurement procedures.

The annual planning cycle has been a source of difficulties, which have caused delays and hindered the execution of operations. The CAST budget preparation is out of phase with the yearly preparation of the education sector annual action plan. In principle, the annual action plan precedes the registration of the budget and its approval in the finance law. The CAST is a budgetary translation of the annual action plan. In practice, however, the budget is always finalized before the action plan, which creates multiple difficulties for activity implementation. The initial CAST voted in the finance law is therefore approximate and has to be corrected several times throughout the year to enable execution of the annual action plan.

Until 2017, the absence of a technical framework guiding the development of action plans prevented prioritization of CAST/FSDEB activities (at both central and decentralized levels) and hindered dialogue between the MENA and partners upstream from the planning process. Financial reporting was nonexistent. Only the budget situation was communicated to the Fund's partners.

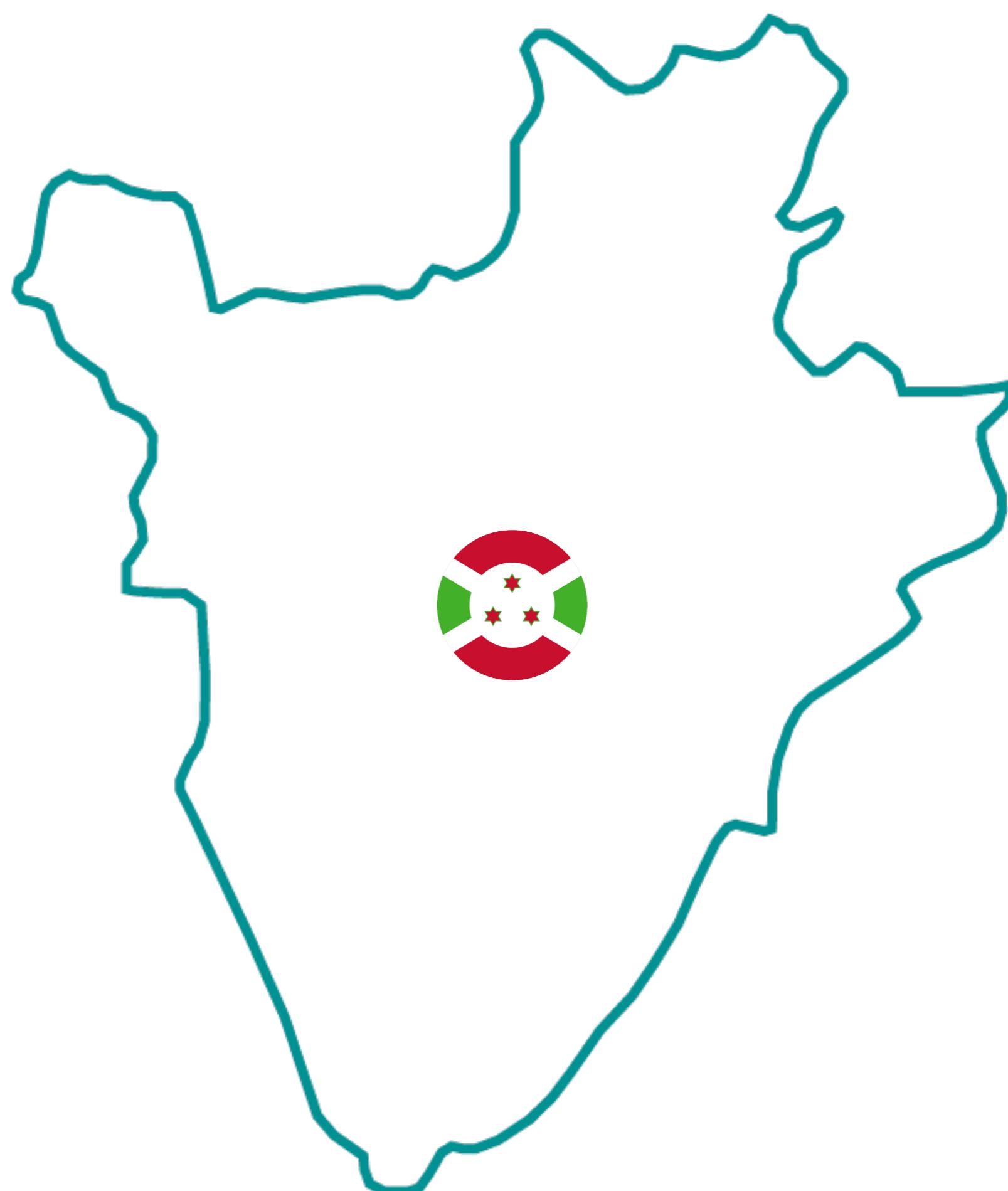
Financial audits. The deployment of auditors was not always sufficiently anticipated for the final report to be available in reasonable time and enable (i) the drawing up of a roadmap based on the auditors' recommendations, and (ii) timely partner disbursements.

5.2. Full implementation phase

Budget line carryovers. Unlike the general budget, the CAST/FSDEB allows the carryover of the account balance to the following budget year. This practice is difficult to manage and tends to cause delays in the preparation of the action plans.

⁴ Some information on commitment rates is lacking.

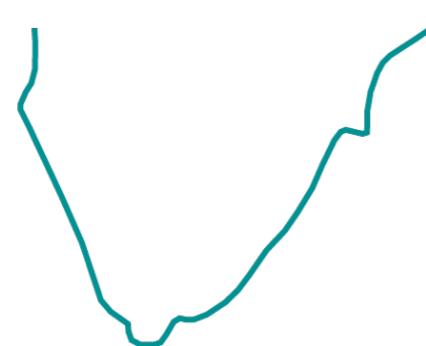
APFE BURUNDI



1. Rationale for establishing the pooled fund **86**
2. Developing and operationalizing the fund **87**
3. Technical characteristics of the fund **90**
4. Leverage effects of the fund **92**
5. Challenges **94**



APFE BURUNDI



GDP per capita: USD 309.1 (2022)
HDI: 0.426 (ranks 187 globally) (2021)
Population: 12.55 million (2022)
Budget deficit: 15.7% of GDP (2022)
Inflation: 18.9% (2022)
Expenditure on education: 4.9% of GDP (2021)

EDUCATION DATA (2020)

	Primary	Lower secondary
Enrollments	2,598,774	252,831
Classrooms	35,745	7,388
Gross intake rate	123%	23%
Completion rate	55.8%	34%

Source: Statistical yearbook

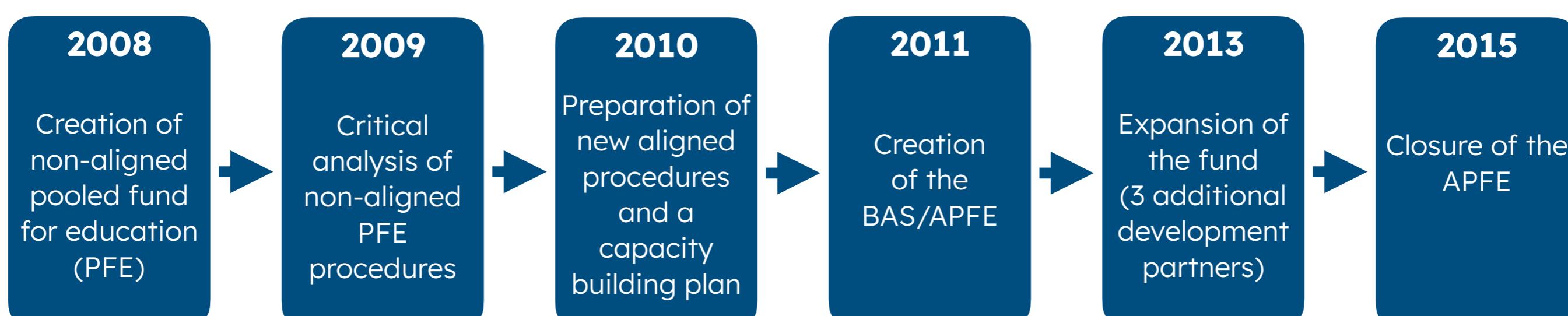
SUB-SECTORS

Preschool, primary and secondary education
 Technical and vocational education and training
 Tertiary education

INTERVENTIONS

Central services, deconcentrated services, primary and secondary schools,
 vocational training centers, local authorities

KEY DATES



PARTNERS

Belgian cooperation, British cooperation, French Development Agency (AFD),
 Luxembourg at the beginning, then Norway, UNICEF and Global Partnership for Education (GPE)

FUNDS MOBILIZED (from creation to closure)

€61.630 million (2008-2014)

MAIN MEASURES IMPLEMENTED

NO-OBJECTION NOTICES FROM PARTNERS

No-objection notices on infrastructure contracts excluding municipal contracting authority, contracting authority delegation agreements, textbooks, international expertise

TECHNICAL ASSISTANCE MECHANISM

7 technical assistants including 2 intermittent

ACCOUNTING SYSTEM

Dual accounting system set up with Tompro software

1. Rationale for establishing the pooled fund

In April 2008, four development partners (UK Department for International Development (DFID), Belgian Technical Cooperation (BTC), French Development Agency (AFD), and Luxembourg Development Cooperation) decided to pool their funding to create a Pooled Fund for Education (PFE) to support the implementation of the Education and Training Sector Development Plan (ESDP). An initial amount of €10 million was allocated to the PFE. Specific PFE procedures were adopted, and funding was managed by the project management unit established under the World Bank's education project. It was therefore a project with pooled resources rather than aid-on-budget aligned with national procedures and structures.

Given the very low execution rate of the 2009 annual action plan¹, and in light of recent reforms in Burundi (switch to annual programming, adoption of the Burundian Public Procurement Code, and the division of the education sector among three ministries), the PFE's development partners agreed with the national authorities on the need to carry out a study to revise the operational manual. This was intended to support a reflection on (i) the stronger involvement of technical departments in the programming and implementation of PFE-funded activities, and (ii) the use of national public expenditure execution procedures.

This BTC-funded study was initiated in September 2009. It started with an analysis of the fund's operational procedures in force at the time. The main findings of this diagnostic assessment led to the following recommendations:

- Planning, monitoring, and technical and financial reporting for the PFE should be handled by the ministries responsible for the education and training sector
- National public expenditure execution procedures should be used.

In addition, the study highlighted the challenges for a project-type structure to implement a sectoral financing instrument, as well as the insufficient involvement of the ministries responsible for education and training in the use of this instrument.

As of 2011, the new APFE was operational and aligned with national structures and procedures. The APFE was supported by a special appropriations budget (BAS) included as an annex to the finance law. The fund's resources, which had previously been managed by the project unit, were now managed by the ministries responsible for education and training, in accordance with national public expenditure execution rules. Very soon, in 2013, three additional development partners joined the BAS/APFE (Norwegian Cooperation, UNICEF, and GPE); technical and financial implementation reports were produced, and financial audits were satisfactory.

Following a major political crisis that shook the country in 2015, the BAS/APFE continued to operate in a limited capacity that year, ensuring the continuation of investments (school textbooks and classroom equipment). A framework of prudential measures was put in place, but in October 2015, the European Union requested the initiation of the consultation procedure provided for under Article 96 of the Cotonou Agreement in the event of non-compliance with human rights, democratic principles, and the rule of law. Belgium aligned itself with the appropriate measures adopted by the European Union and, at the end of 2015, formally relinquished its mandate as partner agency (supervising entity) for GPE funds in Burundi, as well as its role as lead coordinator of the BAS/APFE's development partners. The BAS/APFE was closed, and the remaining GPE funds were managed by UNICEF.

Since then, external financing has been managed through project-based modalities, with relatively low execution rates. For example, the Twige Neza project (€46.9 million over five years), funded by GPE and AFD, has a commitment rate of 70.3% and an execution rate of 34.4% after a period of three years.

¹ Annual planning for 2009 concerned €6.4 million for an execution rate of 3.6%.

2. Developing and operationalizing the fund

2.1. Operational and fiduciary risk analysis

The study² launched by Belgian Technical Cooperation in 2011 analyzed the shortcomings of the procedures used for the initial PFE, which closely resembled a “project”, in order to develop new procedures aligned with national management rules. The findings are presented below:

Budget planning and programming

Planning took place on a half-yearly basis, and there were no tools available to plan and consolidate total funding from all sources. PFE financing was not coordinated with the general budget and was not clearly aligned with national objectives and expected ESDP outcomes.

Activity implementation and delivery of educational services

Activity implementation was primarily the responsibility of the project management unit, and although the ministries were involved, they felt disconnected from PFE management. No resources were allocated to provincial directorates, education inspectorates, or schools. As a result, the fund did not contribute to the pedagogical and administrative support provided by decentralized services, even though it is the operational hubs that deliver results in terms of improving the quality of learning.

Oversight

Technical activity sheets were prepared for each activity by the project management unit. This constituted a form of *ex ante* control. Each PFE partner was responsible for issuing no-objection notices on procurement processes, depending on the category of activity. These *ex ante* controls slowed down activity implementation without necessarily reducing fiduciary risk.

Financial execution procedures

The fund’s administrative and financial procedures were not defined at the outset, which resulted in:

- ▶ Hampering the implementation of activities and the execution of routine expenditures at both central and deconcentrated levels, more especially for training and pedagogical supervision, which are essential for improving the quality of education.
- ▶ Limiting the overall results of the Education and Training Sector Development Plan (ESDP); without the consumption of allocated resources, it is difficult to make progress in areas such as access to education and learning outcomes.
- ▶ Insufficient involvement of the ministries responsible for education in the implementation of the sector plan.

The national, deconcentrated and decentralized organization of the expenditure chain was also analyzed, including *ex ante* control mechanisms, commitment, validation, authorization, and payment stages, the distribution of responsibilities and financial control (*ex ante* and *ex post*), the role of stakeholders in financial execution, and the role of institutions and major financial bodies. The main criticisms raised in the public financial management assessment in Burundi concerned the insufficient separation of responsibilities between:

- Budget managers and budgetary control,
- Budgetary oversight by the services of the authorizing officer and the authorizing officer-treasurer of Burundi (OTBU), who also acts as authorizing officer by delegation,
- The OTBU, who is accountable for expenditure, even though actual responsibility for expenditure lies with the budget directorate, which also issues the payment order,
- The State cashier, who processes payments, although this function should normally fall under the responsibility of the OTBU,
- The absence of formal rules governing expenditure validation and the verification of services rendered (no manual or list of supporting documents by type of commitment),
- The lack of reliable tools to control suppliers and pricing.

² Study conducted by I&D

The review of BAS/PFE procedures aimed to address these shortcomings. This meant developing procedures aligned with national public expenditure mechanisms at central, deconcentrated, and decentralized levels, so that all public entities could implement activities aimed at improving the education system. This was a necessary condition for strengthening national systems, increasing the absorption of external resources, and achieving better results within shorter timeframes.

2.2. Capacity gap analysis

In parallel with the revision of procedures, a capacity building plan was developed to support the launch of the BAS/APFE. The main actions outlined in the plan aimed to support:

- The rollout of management tools
- The preparation of BAS/APFE monitoring tools
- The financial execution of the BAS/APFE
- The definition of the school grant mechanism
- Public procurement
- Regular technical and financial monitoring of the BAS/APFE

The objective of the capacity building plan was therefore to structure practices and develop tools along with the national stakeholders in order to enhance ownership of operations and expected outcomes for the sector.

Technical support for the implementation of the BAS/APFE began in 2011 with the deployment of experts in administrative and financial management, planning, and technical and financial reporting. Particular emphasis was placed on strengthening accounting and financial management capacities. The team consisted of six individuals, including two providing intermittent support. As part of this support, the processes and practices to be developed within the administration were thoroughly detailed and discussed with the beneficiaries.

Areas identified	Proposed modality	Administration
Support for procurement		
Support for planning, and more precisely for: <ul style="list-style-type: none"> ▶ Definition of planning tools ▶ Organization of workflow to meet budget ▶ programming cycle deadlines ▶ Technical and financial framework ▶ Budget programming 	1 intermittent international TA	Planning Directorate
Support for BAS/APFE financial and accounting management		
Support in the administrative phases of expenditure (commitment, verification, authorization, and payment of APFE expenditures): <ul style="list-style-type: none"> ▶ Organization of work within the Financial Affairs Directorate (DAF) ▶ Monitoring of analytical, budgetary, and accounting entries in the Tompro software ▶ Support to the public accountant ▶ Support for monthly financial reporting ▶ Monitoring of accounting and bank reconciliations ▶ Monitoring of direct expenditures and delegated appropriations 	2 full-time national accounting assistants	Financial Affairs Directorate

Areas identified	Proposed modality	Administration
Support for planning		
Support for planning, and more precisely for:	1 intermittent international TA	Planning unit
<ul style="list-style-type: none"> ▶ Definition of planning tools ▶ Organization of workflow to meet budget programming cycle deadlines ▶ Technical and financial framework ▶ Budget programming 		
Support for sector coordination, education expert		
Support for coordination and execution of BAS/APFE	1 full-time international TA	Permanent Secretary
Support for decentralization		
Support to municipal contracting authority	1 full-time international TA	BISEM (from 2012)
Support for BAS/APFE management – Team leader		
Support for production of annual report and technical and financial monitoring	1 intermittent international TA	Permanent Secretary

AFD and Belgian Cooperation shared the costs related to technical assistance in accordance with their respective procedures. Steps were taken by BAS/APFE partners and the Ministry to establish a technical assistance contract based on purchase orders, to be financed by the BAS/APFE and managed by the MEN according to its needs. This arrangement would have allowed for the easy deployment of ad hoc technical expertise on specific issues (such as textbook supply chain, curriculum reform, etc.). Although this initiative did not come to fruition due to the 2015 political crisis, it is worth mentioning as a potentially valuable modality.

Support also covered the provision of office equipment, archiving of accounting records and supporting documents for BAS/APFE expenditures, and tools for organizing the workflow and monitoring the financial department.

2.3. Risk mitigation measures

The proposed risk mitigation measures were a response to the shortcomings identified in the initial PFE operational manual and along the national expenditure chain. They consisted in:

1. The ring-fencing of APFE funding and traceability of expenditure.
2. Dual budgetary and general accounting, linked to analytical accounting.
3. A more robust operational manual in terms of responsibilities, accounting tools, and accountability, with:
 - Clear assignment of responsibility to stakeholders and departments for commitments and expenditures
 - A system of traceability and budgetary accounting, with entries in the finance law, and use of the national budgetary accounting system: the Integrated information system for public finance management (SIGEFI)
 - Clear reporting formats, with monthly, semi-annual, and annual financial monitoring reports and systematic accounting reconciliations
 - Assistance for the commitment, verification, and authorization of expenditures
4. Ex ante control with no-objection notices on two types of expenditures bearing particular fiduciary risks: training activities (per diem) and textbook procurement
5. External audits financed by APFE partners
6. A capacity building plan, including the deployment of technical assistants for key functions (financial and accounting management, procurement, planning and reporting)
7. Annual programming guidance by APFE partners
8. The BAS project to be approved by the APFE's Consultation and Coordination Committee before being formally integrated into the draft finance law.

3. Technical characteristics of the fund

3.1. Operating procedures

Planning alignment.

When the BAS/APFE was launched, no action plan, tools, or formal rules and procedures were in place for programming the education sector's resources and activities each year, whether from domestic or external funding. The question of alignment was therefore not an issue. An operational manual was drawn up to help structure new actions and formalize existing national practices and procedures.

The BAS/APFE gradually introduced sectoral analytical planning, indicating the activities financed by the government budget, the APFE, and other partners where information was available.

Reporting alignment.

The Ministry did not have a policy of reporting on the execution of operations financed on the general budget. Through the BAS/APFE, data collection tools were implemented, and regular data collection and processing simulated for the preparation of technical and financial reports. Starting in 2011, annual reports informed of operations implemented in the education sector, regardless of the source of funding.

Procurement alignment.

On establishing the BAS/APFE, the procurement procedure adopted was the one set out in the public procurement code in force in Burundi since 2008. This code complies with international standards designed to ensure fair competition and transparency at each stage of the process. The creation of the National Directorate for Public Procurement Oversight (DNCMP) and the Public Procurement Regulation Authority (ARMP) marked the institutional and operational culmination of this reform, improving both *ex ante* procurement control and system regulation.

Development partners requested a no-objection notice for certain types of contracts: textbooks, infrastructure, international expertise, and standard financing agreements entered into by line ministries with third parties, including delegated contracting agreements. Standard tender documents to be used by municipalities were also submitted and approved in advance by the BAS/APFE partners.

3.2. Budget configuration

APFE resources and expenditure were recorded in an annex to the finance law. They were managed through a Special Appropriations Budget (BAS). Three BASs were created: one for each ministry responsible for education and training.

The BAS/APFE budget lines were entered into the SIGEFI, covering the different stages from commitment through to payment. With this system, accounts could be managed and statements issued whenever required, thus enabling real-time tracking of appropriation and resource consumption.

The authorization of expenditures under the BAS/APFE was entrusted to the Ministry responsible for education (as secondary authorizing officer) and training, under the supervision of the Ministry of Finance. The secondary authorizing officer for the BAS was designated by the finance law; this officer could delegate their powers to secondary authorizing officers by delegation.

As per the General regulations for the management of public budgets (RGGBP), an expenditure commitment controller (CED) was assigned to each ministry holding a special appropriations budget. Their role was to carry out prior expenditure control (compliance control). The accounting phase of the expenditure fell under the responsibility of the Ministry of Finance for payments, and the State cashier for disbursements.

Budgetary accounting for the APFE was handled by both (i) the accountant of the financial department at the ministry holding the BAS, and (ii) the expenditure commitment controller. This dual arrangement meant that at each stage of the expenditure process, there was an additional ‘loop’ between the commitment controller and the ministry’s financial department in order to record the expenditure.

At the provincial level, appropriations allocated to deconcentrated education services were executed through a delegation modality, known in Burundi as “subdelegation of appropriations.” The transfer of funds was authorized by the Ministry of Finance at the request of the line ministry. Deconcentrated services executed expenditures based on two signatures, by the department head and the department’s accounting officer.

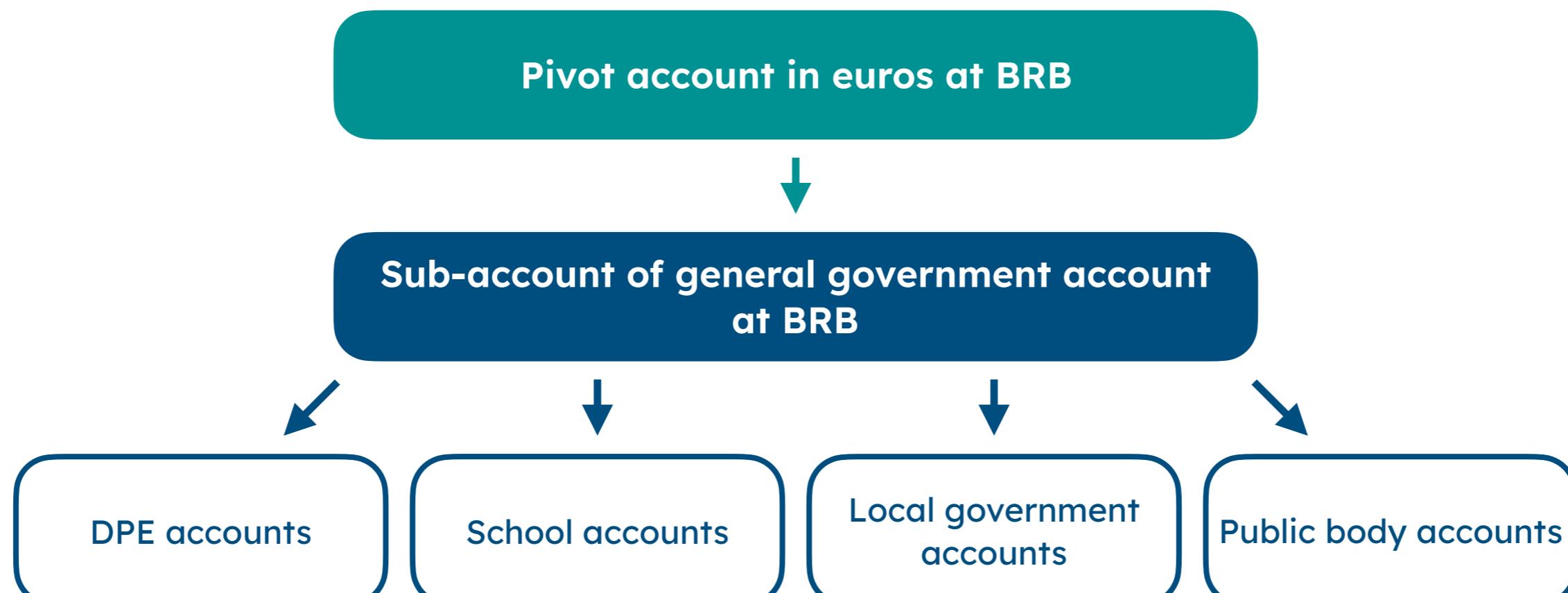
3.3. Financial and cash flow aspects

Financial contributions from APFE partners were paid into a pivot account in euros at the Bank of the Republic of Burundi (BRB). This account could not be rebalanced in favor of other Treasury accounts or sub-accounts. Partner disbursements were governed by bilateral agreements signed with the Government. The pivot account was used exclusively to fund the BAS/APFE sub-account.

BAS/APFE resources were held in a sub-account of the government’s general account at the BRB. This sub-account was funded by the authorizing officer-treasurer of Burundi, at the request of the lead APFE development partner. Expenditures under the APFE were paid from the BAS/APFE sub-account.

APFE resources were ring-fenced two-fold from general budget resources: (i) appropriations were held in a special appropriations budget (BAS), and (ii) for revenue, APFE cash resources corresponding to those appropriations were held in a dedicated account opened at the BRB.

BAS/APFE ACCOUNT FLOW CHART



BAS/APFE management. The BAS/APFE was managed through two specific entities:

- The APFE consultation and coordination committee, which met twice a year to adopt the annual action plan, validate the BAS/APFE, and address any major issues relating to its implementation (changes to procedures, implementation of audits and recommendations, etc.). It was chaired by the Minister of Education.
- The APFE commission, which met monthly and included technical staff from the ministries responsible for Education and Training, the Ministry of Finance, and development partners.

Role of development partners. The APFE’s development partners were responsible for ensuring sound technical and financial management, and compliance with BAS/APFE procedures. They also ensured the predictability of their contributions to the BAS/APFE. To facilitate the management of financial support by the relevant ministries, they appointed a lead partner to represent them. The lead partner was mandated to issue no-objection notices for contracts awarded by the ministries responsible for education, in accordance with the provisions of the operational manual. Belgian Technical Cooperation served as the lead APFE development partner from 2008 to 2015.

4. Leverage effects of the fund

4.1. Example of an APFE response to the expansion of national education systems

The promotion of sector planning reflecting the strategic priorities of the ESDP and integrating all sources of funding in a coherent and complementary manner, enabled the sector-wide traceability of resources. The APFE played a decisive role in fostering a programmatic approach through productive work dynamics and the development of tools for planning (action plans) and reporting (technical and financial monitoring reports). These tools form a core component of the ESDP's monitoring and steering policy, aimed at ensuring both the coherence of external and domestic financing and their alignment with educational objectives.

Classroom construction. Between 2011 and 2014, approximately 1,000 classrooms were built for primary and lower secondary education using both delegated and municipal contracting authority modalities. In 2013, the Ministry of Education signed agreements with 20 municipalities for the construction and equipping of 195 classrooms, and in 2014, the number of agreements increased to 51 for the construction of 549 classrooms. The expansion in school capacity obtained through significant investment in school infrastructure, was a notable achievement faced with the growing demands following the introduction of new reforms related to primary schooling.

The gradual reduction in repetition rates. Between 2012 and 2015, repetition rates in primary education fell from 29.4% to 23.1%. This reduction is undoubtedly the result, among other measures, of a substantial increase in resources allocated to deconcentrated services via the APFE, enabling them to carry out their supervisory and pedagogical support functions for teachers.

School grants. The APFE operational manual included a provision for allocating grants to schools and this mechanism enabled the BAS/APFE to provide annual grants to all schools in Burundi at a rate of BIF 800³ per student. Approximately 2 million students across a total of 2,617 schools benefited from this grant.

Grants to vocational training centers. The BAS/APFE awarded grants to 35 vocational training centers (centres d'enseignement des métiers - CEM) enabling them to purchase consumables and small items used for training and certification assessments, with the aim of improving the quality of vocational training. According to CEM technical and financial reports, these grants are of critical importance in improving the quality of training, increasing the number of enrollments, and reducing dropout rates.

4.2. Support for cross-cutting government reforms

Deconcentration. The development of the BAS/APFE was based on the implications of the national public finance reform program, for which the Ministry of Education served as a pilot ministry, and more particularly for the deconcentration of the expenditure chain, the modernization of procurement procedures, and the creation of dedicated units within the ministry⁴.

The BAS/APFE placed a strong emphasis on institutional development and capacity building for deconcentrated services. Through the operational manual, binding rules for deconcentrated services were implemented to cover the following key operations:

- Deconcentrated planning
- Implementation of operations
- Execution and management of expenditures
- Technical and financial reporting

In addition to the operational manual, the Directorate General for Administration and the Inspectorate General of Education regularly issued notes to guide the work of deconcentrated services, the allocation of resources, and the implementation of operations. These covered both the general budget and BAS/APFE appropriations.

³ In January 2012, €1 = BIF 1699

⁴ APFE evaluation – APFE 2013-2015 – Burundi, ADE – January 2017

Procurement. There was close cooperation between technical support and the services responsible for public procurement (PRMP, UGPM, ARMP) to draft standard national documents, incorporating clauses on environmental and social standards. These documents have had a positive impact on the development of the national procurement system.

Public financial management. At the time of designing the BAS/APFE, the operational manual introduced certain exemptions to the national public financial management rules, since alignment with some existing practices, such as the accumulation of functions along the expenditure chain, did not appear compatible with international standards for public entity management. In coordination with the Ministry of Finance, the BAS/APFE anticipated reforms to the general regulations on public budget management. Though not intentional, the BAS/APFE effectively served as a pilot project for the national authorities. It doubtlessly enabled the Ministry of Finance to gain a better understanding of the decentralized expenditure chain and facilitated the approval of the new regulations.

The BAS/APFE also contributed to the operationalization of the General Directorate of Finance and the Budget Directorate within the ministries responsible for education and training and strengthened their administrative and financial steering capacities.

Decentralization. The APFE benefited from the momentum of decentralization reforms following the Government's adoption of a national decentralization policy framework, the operationalization of municipal autonomy, and the promotion of a new governance model for school construction using municipal contracting authorities. As part of Burundi's decentralization policy, the law on municipal autonomy has been in effect since 2012. The BAS/APFE played a major role in developing municipal contracting authority, with support from a technical assistant based at the School Infrastructure, Equipment and Maintenance Bureau (BISEM). The procedure for the transfer of resources to local authorities is only authorized if the municipality is supported by an entity providing assistance to the contracting authority⁵. This falls under the responsibility of the Ministry of National Education and is the subject of a procedure codified in the BAS/APFE operational manual.

Basic education and curriculum reform. The APFE contributed to the reform of basic education (extending the basic education cycle to nine years) as well as to curriculum reform, by fostering constructive dialogue with the MEN. This enabled the BAS/APFE to finance the Ministry's support needs in developing pedagogical content for Years 7, 8, and 9 through the CIEP. Approximately 18 textbooks were developed with support from the BAS/APFE.

4.3. Trends in commitment and execution rates

The APFE gained momentum between 2013 and 2015, with additional financial contributions from UNICEF (US\$600,000), Global Partnership for Education (US\$52.9 million), and Norway (€30 million). Annual planning under the APFE grew from €5 million in 2012 to €17 million in 2013. The share of BAS/APFE annual allocations compared to the national education budget (excluding salaries) increased steadily, rising from 12% in 2012 to nearly 86% in 2014 following the arrival of GPE funds.

BAS/APFE commitment and execution rates

	2011	2012	2013	2014
Commitment rate	93.8%	84.9%	83.5%	82.7%
Execution rate	30.9%	72.0%	41.6%	53.4%

Source: BAS/APFE annual technical and financial monitoring reports, Burundi

⁵ The municipality acts as contracting authority for infrastructure projects, under the guidance and with the resources from the Ministry of National Education. In this capacity, it is responsible for preparing and awarding contracts, monitoring implementation, and approving work upon completion. In addition to support from the contracting assistance entity, the municipality can recruit a project supervisor (maître d'oeuvre) to provide advisory support during the preparation phase, adapt the standard tender documents, manage the procurement process, and supervise the works. The relationship between the Ministry and the municipality is governed by a financing agreement, which sets out the obligations of each party. This is only possible if the municipality is accompanied by a contracting assistance entity. As the contracting authority, the municipality is responsible for awarding contracts. The National Directorate for Public Procurement Oversight (DNCMP) carries out prior control of contracts, in line with applicable thresholds, unless a special exemption has been granted.

For the years 2013 and 2014, the difference between the commitment rate and the execution rate is explained by the committed contracts not cleared at year end. These amounts are largely made up of the delegated contracting authority and municipal contracting authority agreements.

Amounts paid into the pivot account by APFE partners from 2008 to 2014

Partners	Initial contribution in euros	Cumulative amount in euros
AFD	11,600,000	11,600,000
Belgium	N/A	12,300,000
GPE	52,900,000	20,840,383
DFID	N/A	4,733,763
Luxembourg	1,000,000	1,000,000
Norway	N/A	10,708,074
UNICEF	N/A	448,270
TOTAL		61,630,490

Source: BAS/APFE annual technical and financial monitoring reports

The APFE encompasses all three education sub-sectors.

Following the political crisis of 2015, Norway cancelled its contributions to Burundi, while Belgium and UNICEF postponed their financial contributions to the APFE in 2015 and 2016. AFD funding, under the bilateral AFD/Burundi agreement, was fully disbursed in 2015.

Audits. The external audits conducted for 2013 and 2014 were consistently positive. The percentage of expenditures flagged with reservations was very low (an average of 0.25% of total audited expenditures, with audit sampling covering at least 80% of expenditures incurred). In addition to these audits, a specific audit of decentralized entities (municipalities and schools) and deconcentrated services was carried out for the 2014 fiscal year. The rate of non-compliant expenditure was found to be below 2%.

5. Challenges

5.1. Start-up phase

The initial difficulties in launching the BAS/APFE were not particularly significant, and there was strong political support with a genuine willingness to develop the education system. The central directorates “played the game” of increased responsibility, and responsibilities were effectively delegated from the central level to the deconcentrated services, with communications and field visits by central services. The appropriation delegation procedure helped intensify relationships and led to the development of planning tools, even though the standardization of activities (a minimum package of activities⁶) did not take hold.

Several other factors hindered the procurement process, notably:

- The lack of permanent staff and equipment at the procurement office,
- The limited and permanent composition of the procurement acceptance committee,
- The rejection of many tender documents by the DNCMP due to the choice of qualification and experience criteria that were incompatible with the characteristics of the contracts.

5.2. Full implementation phase

In the medium and long term, strengthening the management of deconcentrated education services requires the deconcentration of financial services under the supervision of the Ministry of Finance and the following key measures:

- Deconcentration of the national budget by province (provincial budget authorization),
- Establishment of a secondary budget authorizing officer in each province, as well as a financial controller and a paymaster,
- Designation of deconcentrated service directorates to manage appropriations,
- Information to provincial services for access to the SIGEFI.

In-service teacher training. In 2013, the Burundian government confirmed the launch of the Basic Education Reform, despite being unable to urgently finance new textbooks. That was why the ministry and APFE partners agreed to support the training of 5,644 future teachers for Year 7 of basic education, which was being introduced for the first time. The organization of this training revealed several failings, highlighting the need for greater support to the ministry in this area. This observation contributed to the revision of the APFE operational manual in 2014, allowing for increased financial resources to be made available to deconcentrated services for monitoring the training provided locally. In 2014, in-service training reached 15,387 teachers, mainly in the 4th cycle of fundamental education (Years 7, 8, and 9). The experience with in-service training underscored the limited capacity of decentralized services to effectively carry out internal control processes (payments based on attendance, identity checks), and reporting.

The education system is marked by significant institutional conflicts and overlapping mandates between departments, as well as outdated organizational frameworks that no longer correspond to the sector's core functions. Hierarchical lines of authority are weak, poorly operational, and in need of revision. None of the key parameters of institutional development (tools, rules of the game, organizational frameworks, job profiles, and HR) had been thoroughly reviewed for many years. As a result, capacity building activities were conducted on an ad hoc basis, with no clear logic other than to rapidly mitigate the most significant deficits hampering BAS/APFE execution.

⁶ To address planning and implementation challenges in the deconcentrated services, it had been agreed to establish, by category of service, a minimum package of activities and thus a single, shared action plan for the DPE, IPE, DCE, and ICE.

APFE GUINEA



1. Rationale for establishing the pooled fund 98
2. Developing and operationalizing the fund 98
3. Technical characteristics of the fund 101
4. Leverage effects of the fund 103
5. Challenges 104



GDP per capita: USD 1,138 (2022)
HDI: 0.465 (ranks 182 globally) (2021)
Population: 14.372 million (2023)
Budget deficit: 0.7% of GDP (2022)
Inflation: 10.5% (2022)
Expenditure on education: 2.2% of GDP (2020)

EDUCATION DATA

	Primary (2021)	Lower secondary (2019)
Enrollments	2,072,250	694,282
Classrooms	48,591	17,714
Gross intake rate	112.3%	45.9%
Completion rate	68.2%	76.7%

Source: Statistical yearbooks

SUB-SECTORS

Preschool, primary and secondary education
 Technical and vocational education and training
 Tertiary education

INTERVENTIONS

Central services, deconcentrated services, local authorities, primary and lower secondary schools

KEY DATES



PARTNERS (2024)

French Development Agency (AFD), Global Partnership for Education (GPE), UNICEF

FUNDS MOBILIZED (2018 - 2023)

€38.6 million

MAIN MEASURES IMPLEMENTED

NO-OBJECTION NOTICES FROM PARTNERS

Annual budgeted action plan, procurement plan, standard procurement documents, contract process phases for certain contracts depending on type and thresholds

TECHNICAL ASSISTANCE MECHANISM

12 technical assistants, including 4 in the different regions

1. **Rationale for establishing the pooled fund**

A pooled fund for basic education (FoCEB) was established within the Ministry of Pre-University Education and Literacy (MEPU-A) to support the implementation of the interim education sector plan. The fund was capitalized with US\$51.8 million from the Global Partnership for Education (GPE), under the supervision of the World Bank, UNICEF, and the French Development Agency (AFD). The fund began operations at the end of 2015 and was terminated in 2019, coinciding with the formulation of a new education sector plan for 2020–2029, known as Guinea's Ten-year Education Program (PRoDEG).

Upon termination of the interim plan and the FoCEB, the Guinean government and its development partners raised the question of the future prospects for the pooled fund with the aim of analyzing the conditions of more effective aid. In this context, a study was launched in 2017¹ to help the Guinean government identify opportunities for establishing an aid modality more closely aligned with national procedures. This study revealed the following:

- The complementarity between FoCEB financing and domestic resources was only partial. This positioning had been assessed *ex ante* during project design, based on the interim education sector plan, but as implementation progressed, the initial coherence proved difficult to maintain.
- FoCEB operated as a stand-alone project with its own planning, reporting, and financial and accounting management procedures; national capacities were not strengthened, and institutional, organizational, and procedural reforms in the education sector were not meaningfully supported (program-based budgeting, deconcentration, decentralization, public financial management).
- FoCEB did not strengthen the education system's implementation capacities, which yield results, such as (i) large-scale teacher training, (ii) support to decentralized services for pedagogical supervision of teachers, and (iii) support to school operations.
- FoCEB's territorial coverage was not commensurate with the scale of the objectives and the gaps to be bridged.

In light of these findings, the study on "aid effectiveness and modalities: diagnosis and opportunities for enhanced alignment and proposals for changes to the FoCEB" put forward three scenarios with varying degrees of alignment with national budgetary, accounting, and financial management procedures, management and disbursement arrangements, institutions, and procurement procedures. The choice made was to create a special appropriations budget (BAS), which is an annex to the public finance law. Compared to standard budget support, this option was designed to address the weaknesses in Guinea's public financial management identified in the PEFA, particularly issues related to budget execution, revenue shortfalls, and inadequate treasury management (such as freezing and cancellation of appropriations, reallocations, and carryover constraints), as well as weak internal and external controls.

2. **Developing and operationalizing the fund**

2.1. **Operational and fiduciary risk analysis**

A risk mapping exercise was conducted in 2019² as part of setting up the APFE. The operational and fiduciary risks identified during this mission are summarized below.

Risks related to budget planning and programming

- ▶ The medium-term expenditure framework does not serve as a bridge between sector strategies and the budget. Resources from the national budget, the APFE, and external financing are not programmed coherently in relation to the activities contributing to the implementation of the sector plan.
- ▶ Appropriations voted in the finance law do not reflect sector plan priorities.
- ▶ The annual budgeted action plans are not consolidated at sector level, which has negative impacts on the quality of technical and financial reporting as well as on execution visibility.

¹ Aid effectiveness and modalities: diagnosis and opportunities for enhanced alignment and proposals for changes to the FoCEB, 2017, I&D.

² Technical assistance mission for the preparation of a special appropriations budget for the Guinean education sector, 2019. I&D.

Risks related to activity implementation and production of educational services

- ▶ Scheduled activities are not carried out.
- ▶ Funds made available at the deconcentrated level are misappropriated.

Fiduciary risks		
Central level	Deconcentrated level	School construction / via the National agency for the financing of local authorities (ANAFIC)
<ul style="list-style-type: none"> ▶ Programmed activities are not positioned as complementary to the national budget and project resources (risk of duplication). 	<ul style="list-style-type: none"> ▶ A portion of the resources is siphoned off by actors involved in the expenditure chain. ▶ Accounting and financial data on BAS/APFE execution in the regions are submitted late and do not provide a comprehensive and reliable picture of budget execution. ▶ Budget, accounting, and financial reports are not produced within the required timeframes. 	<ul style="list-style-type: none"> ▶ Poor quality of tender documents and sluggish procedure. ▶ Tendering procedures are not followed, and competitive tendering is weak or non-existent. ▶ Overpricing of products and services procured with BAS/APFE resources. ▶ Breakdown in the ring-fencing of resources along the chain of intermediaries and end-users (ANAFIC – municipalities).

Risks related to procurement

- ▶ The procurement process drags on, leading to late commitment of appropriations voted in the finance law (low execution rate).
- ▶ Failures by the most vulnerable companies result in contract cancellations and the loss of already committed funds.

Risks related to financial oversight

- ▶ Financial execution data, whether from budgetary or general accounting systems, are not subject to independent verification. Their accuracy cannot be guaranteed.

2.2. Capacity gap analysis

The establishment of the special appropriations budget was accompanied by short- and medium-term measures aimed at addressing the capacity gaps identified in the areas of planning, technical and financial reporting, financial and accounting management, procurement, decentralization and deconcentration, as well as sector coordination and steering. A significant volume of technical expertise had been identified for the effective launch of the BAS/APFE, including a total of 14 technical assistants assigned to the three ministries in charge of education and training and to regional services.

Launching the mechanism was challenging, with five technical assistants resigning within the first six months, and there were difficulties in coordinating and managing the technical support.

Areas identified	Proposed modality	Administration
Support for CAST/APFE operations		
Planning and reporting	1 intermittent international TA	Planning Bureau
MEPU-A: Operationalization of APFE, planning and reporting	1 full-time international TA	General Secretariat of MEPU-A
Ministry of technical education and vocational training (METFPE): Operationalization of APFE, planning and reporting	1 full-time international TA	General Secretariat of METFPE
Ministry of Higher Education, Scientific Research and Innovation (MESRSI): Operationalization of APFE, planning and reporting	1 full-time international TA	General Secretariat of MESRSI

Areas identified	Proposed modality	Administration
Support for CAST/APFE financial and accounting management		
Financial and accounting management at central level	1 full-time international TA (unfilled position)	Directorate of Financial Affairs for the three ministries
Financial and accounting management at central level	1 full-time national TA	Directorate of Financial Affairs for the three ministries
Support for regional accounting management	4 full-time national TAs	Regional Treasuries
Support for procurement		
Procurement	1 full-time international TA	National Directorate for Public Procurement Oversight (DNCMP)
Procurement	1 full-time international TA	Public procurement management units/persons responsible for public procurement for the three ministries
Support for CAST/APFE coordination		
Head of mission	1 full-time international TA	Technical coordination and steering secretariat (STCP)-PRoDEG
Support for sector coordination	1 intermittent international TA	STCP-PRoDEG

2.3. Risk mitigation measures

The following measures were identified to mitigate risks:

1. Traceability of expenditures and ring-fencing of resources in dedicated accounts, including at regional and prefectural treasury level
2. Planning tools to be developed for both central and deconcentrated levels
3. Introduction of ex ante control measures such as no-objection notices for procurement, standard contract documents, and specific contracts based on thresholds defined in the fund's operational manual
4. Monthly financial reports to detail (i) the budgetary and accounting situation at both central and regional levels, and (ii) accounting reconciliations and bank statements for dedicated accounts
5. Development of an annual pre-qualification system for companies
6. Adoption of a performance registry for companies to facilitate the creation of shortlists and consolidate the evaluation for bid submissions or pre-qualification files
7. Ex post controls through annual external audits of APFE expenditures and accounts
8. A no-objection notice on the annual work plan.

The technical assistance mechanism in the key areas of planning, procurement, and financial and accounting management also contributes to risk mitigation. The same applies to the APFE operational manual, which sets out all of these provisions, as well as the rules for planning, reporting, and financial and budgetary management, highlighting the responsibilities of each stakeholder. A clear description of roles and responsibilities helps strengthen accountability, which is essential for achieving results.

3. Technical characteristics of the fund

3.1. Operating procedures

Planning alignment.

Planning tools have gradually improved, and APFE activities are now planned within the PRoDEG framework (alignment), with activities classified by PRoDEG sub-program and by economic category of expenditure. However, the planning process is lengthy, and the budget programming cycle is not followed.

Reporting alignment.

Technical and financial reporting is subject to significant delays and difficulties, despite being a requirement set out in the APFE operational manual. Budgetary and financial reporting from the regions is not effective.

Procurement alignment.

Procurement follows the principles and rules of the Public Procurement Code of the Republic of Guinea. BAS/APFE partners issue no-objection notices on procurement plans and contracts, according to the thresholds specified in the operational manual. It is worth noting that, when the BAS/APFE was created, the public procurement code was undergoing revision, guided by two key principles:

- i. Assigning greater responsibility to line ministries for managing public procurement, through the creation of public procurement management units
- ii. Streamlining the chain of actors by eliminating the roles of National Directorate for Public Procurement (DNCMP) and Administration and Oversight of Major Projects, with the aim of establishing a new national Directorate for public procurement oversight.

3.2. Budget configuration

Once the activities of the annual action plan have been approved, each Ministry prepares its budget for inclusion in the finance law. For the BAS/APFE, this involves breaking down the costs of the planned activities in the “BAS/APFE” budget lines, according to their economic classification (operating costs excluding salaries, transfers, investment). This must be conducted in accordance with the government’s budget programming cycle. The BAS functions as a separate budget alongside the general budget. The APFE budget lines are integrated into the government’s computerized public expenditure system.

The Ministers responsible for education serve as the principal authorizing officers for each BAS making up the pooled fund. In the regions and prefectures, the secondary authorizing officer is either the Governor or the Prefect. For public administrative bodies (EPAs), the Director General of the institution assumes this role, while in municipalities, it is the mayor who serves as the secondary authorizing officer.

The per diem regime applied to the BAS/APFE follows the national system. It is appended to the operational manual.

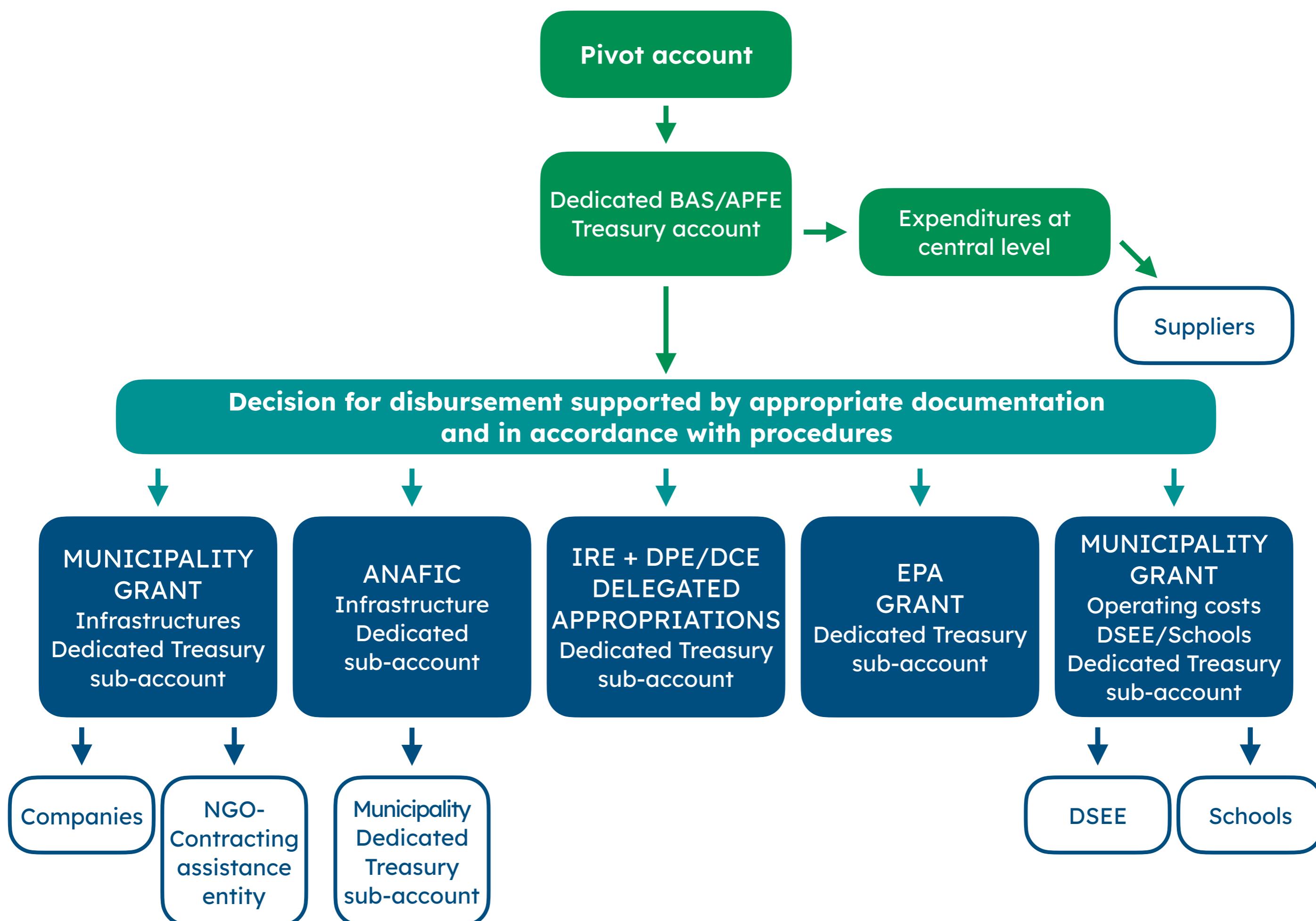
3.3. Financial and cash flow aspects

For budget traceability purposes and in compliance with the rules governing authorizing officers, the decision was made to create three separate BAS/APFE structures, one for each of the line ministries receiving funds.

BAS/APFE resources are held in an “APFE pivot account” opened at the Central Bank of the Republic of Guinea (BCRG) directly endowed by the APFE partners. This “APFE pivot account” fuels a Treasury account entitled “main BAS/APFE account”, which is also held at the BCRG. This account, in turn, channels funds to a network of Treasury sub-accounts dedicated to financing the scheduled activities.

These BAS/APFE sub-accounts were opened in the regional and prefectural Treasuries (to receive delegated appropriations for the Regional Education Inspectorates (IRE) and Prefectural Education Directorates (DPE) - Municipal Education Directorates (DCE) in Conakry, grants for the EPAs) and, at municipal level (to receive grants to finance school construction and cover operating costs for Local Delegations for Primary Education (DSEE) and schools). The General Treasury Pay Office or, in some cases, the Central Treasury Accounting Agency (ACCT) transfers funds from the “main BAS/APFE account” to secondary accounts or directly to specific final beneficiaries (such as suppliers at central level or partner NGOs). At the regional, prefectural, or municipal level, payments are made by the corresponding regional, prefectural, or municipal treasurers, accordingly.

APFE ACCOUNT FLOW CHART



APFE management. The APFE Monitoring Committee serves as a dedicated dialogue platform for the APFE, bringing together the line ministries, finance ministries, ANAFIC, and APFE partners. It meets on a monthly basis and is chaired by the Ministry of Budget and co-chaired by the BAS/APFE's lead partner. In practice, Monitoring Committee meetings take place monthly at technical level and every two months with full quorum.

Role of partners. AFD has acted as lead partner since the launch (issuing no-objection notices and handling correspondence), directly engages the external audit firm (in its capacity as partner agent), and provides technical assistance (from its own resources).

4. Leverage effects of the fund

4.1. Example of an APFE response to the expansion of national education systems

In a challenging national context, the fund has had moderate leverage effects on the deconcentration of funding to the Regional Education Inspectorates (IRE) and Prefectural Education Directorates (DPE). This represents modest progress compared to the expectations set out in the operational manual. In terms of planning and reporting, there has been genuine but limited progress. After four years of operation, the definition of activities still does not align with the government's budget preparation cycle. Carry-forwards are managed late. Budgets are finalized outside the time limit, and exceptional mechanisms have had to be established to incorporate them into budgets already being executed. Reporting is challenging, especially in deconcentrated structures that have neither tools nor established practices and have little sense of accountability for the task. Execution of expenditure at the regional level remains irregular.

More positively, the decentralization of education is now a reality, with the first transfers of resources to the country's municipalities for the construction and equipment of classrooms. This is sufficiently rare in the subregion to be underlined as a significant step forward for the education system. The engagement of ANAFIC and local authorities represents an opportunity for the sector, enabling a rapid increase in investment capacity, especially in a context where the underperformance of the National Department of School Infrastructure and Equipment (SNIES), under the MEPU-A, has hindered the APFE's effectiveness due to low responsiveness regarding procurement and physical implementation.

4.2. Support for cross-cutting government reforms

The APFE's contribution to cross-cutting government reforms remains very limited, as its operations have faced numerous obstacles in recent years. Major issues still need to be addressed to make progress, through the application of national procedures in areas such as budget programming, reporting, procurement, and budget management, as well as the deconcentration of budget appropriations down to DSEE levels and of grants to school development committees, which is not yet effective.

4.3. Trends in commitment and execution rates

When the APFE was launched, the resources pledged/planned (excluding technical assistance and audit) for 2020 to 2024 by the fund's three current partners amounted to €54.4 million.

**APFE resources disbursed by partners and paid into the operating account
(in millions of euros)**

Payment	2020	2021	2022	2023	Total paid
Pivot account	3.3	11.8	14.4	9.1	38.6
Operating accounts	0	3.3	11.8	14.5	29.6

Source: Supervision aide-mémoire AFD – December 2022

APFE Execution rates – 2022 (in billions of Guinean francs)

	LF 2022	Amount committed	In %	Amount paid	In %
MEPU-A	221,836,527,379	19,954,533,585	8%	3,108,000,000	15%
METFPE	75,038,840,000	3,851,943,047	5%	3,065,373,047	79%
MESRSI	30,439,460,000	6,083,758,726	19%	3,254,585,235	53%
ANAFIC		42,992,780,000			

Source: Supervision aide-mémoire AFD – December 2022

5. Challenges

5.1. Start-up phase

Planning. Sectoral and BAS planning are conducted late and do not follow the national budget programming cycle. Moreover, numerous debates around the planning process have created uncertainty and confusion about the correct approach to follow. The steps outlined in the operational manual are not being followed, and a new procedure has been put forward, even though it is contrary to the principle of alignment and results-based planning and may further delay implementation. This reflects a limited understanding of the intended leverage effects on the sector and a lack of coordination between the various ministerial departments, and deconcentrated services.

Carryover of appropriations. With reference to the operational manual, unspent appropriations in the current year may be carried over to the following year by ministerial decree. Difficulties have arisen on this point, resulting in delays in the release and execution of appropriations (due to late entry into the expenditure chain).

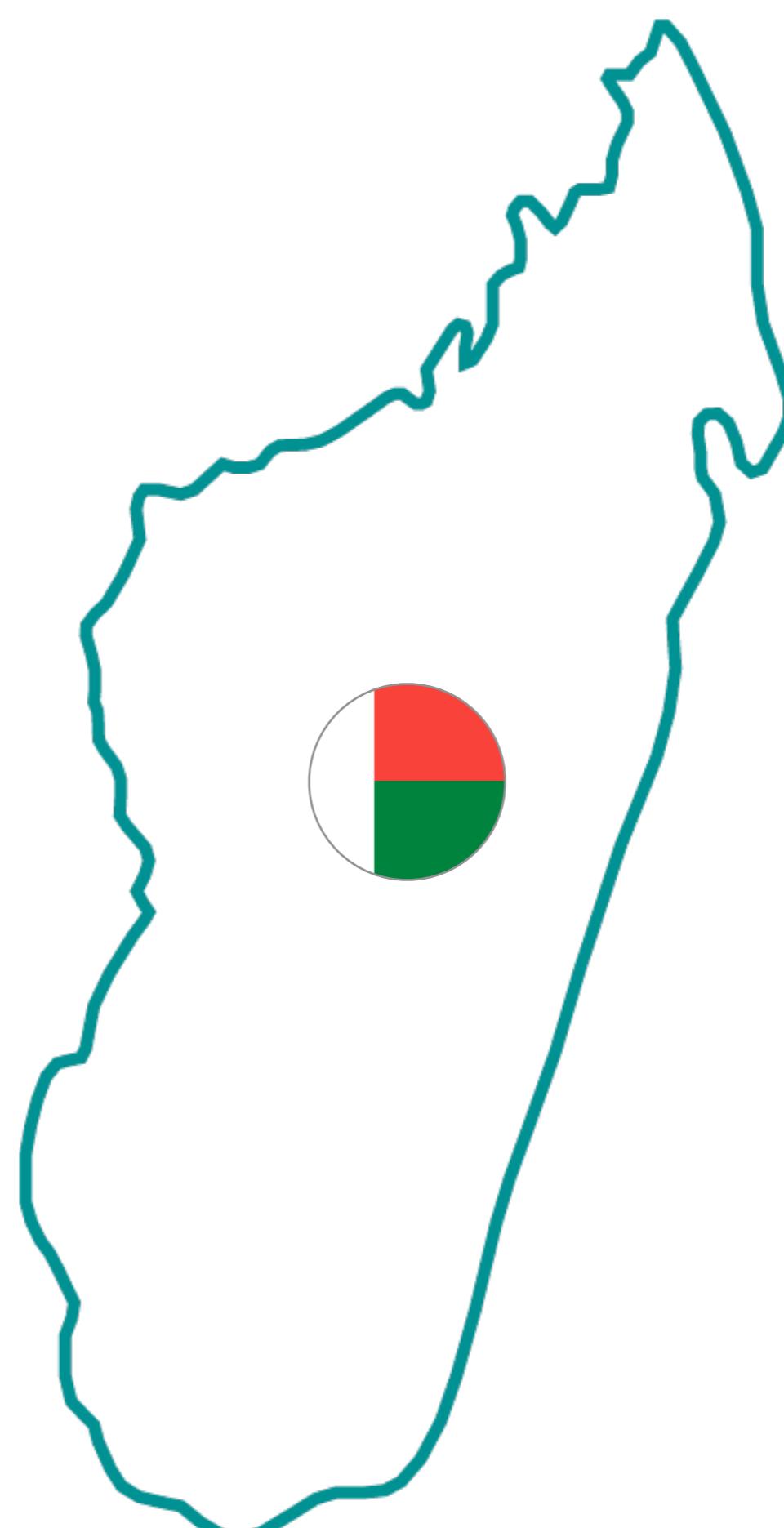
Non-existent technical and financial reporting. External audits highlight several APFE management issues, with (i) inadequate collection of data from budget, accounting, and financial execution of the fund at regional and prefectural levels, as well as from public institutions, (ii) a lack of reconciliations to control financial and operational data on implemented activities, (iii) a flawed internal control system. These issues make it impossible to produce comprehensive and reliable budget and financial reports. Yet technical and financial reporting is a requirement of both the operational manual and the joint financing agreement. This irregularity creates major fiduciary risks and may jeopardize the sustainability of the APFE.

Lack of information on the execution of appropriations at deconcentrated level. Central services and partners are not informed of how appropriations are executed in deconcentrated structures, or of the activities carried out with these resources. Since the creation of the fund, insufficient attention has been paid to establishing a routine process for collecting basic data and ensuring its regular (monthly) transmission up the hierarchical chain.

Ineffective deployment of technical assistance. The technical assistance mechanism faced numerous challenges, including a wave of resignations during the APFE's first year of implementation. The position of international technical assistant for financial and accounting management is a key position but it has remained vacant. The expected roles of technical assistance in strengthening the individual and collective capacities of APFE stakeholders, in supporting APFE execution monitoring and accompanying a change in practices have been inefficient. The difficulties encountered reveal weak ownership of, and non-compliance with, operating and implementation procedures, whereas technical assistants should be their guarantors and strengthen operational manual training.

Audits. The APFE external audit for 2020 and 2021 revealed a lack of transparency in resource management, with a high percentage of irregular expenditures (14% for MEPU-A, 61% for METFPE, and 68% for MESRSI) and ineligible expenditures (15% for MEPU-A, 21% for METFPE, and 0.11% for MESRSI).

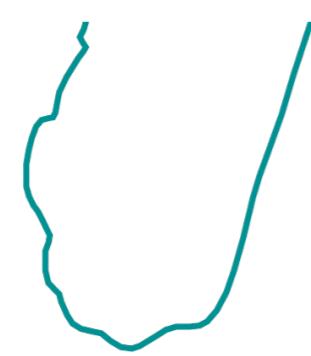
APFE MADAGASCAR



1. Rationale for establishing the pooled fund 107
2. Developing and operationalizing the fund 108
3. Technical characteristics of the fund 110
4. Leverage effects of the fund 113
5. Challenges 115



APFE MADAGASCAR



GDP per capita: USD 539 (2023)

HDI: 0.501 (ranks 173 globally) (2021)

Population: 28.812 million (2023)

Budget deficit: 6% of GDP,

90% externally financed (2023)

Inflation: 8.6% (2022)

Expenditure on education: 3.1% of GDP (2020)

EDUCATION DATA

	Primary (2021)	Lower secondary (2019)
Enrollments	4,774,795	1,140,226
Classrooms	114,313	31,174
Gross intake rate	149%	51%
Completion rate	51%	34%

Source: Physical and financial execution report 2021

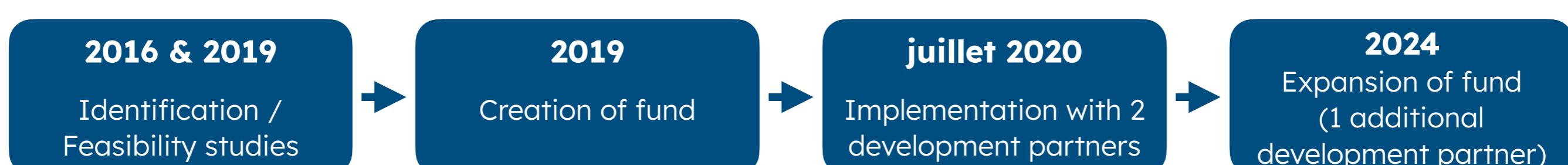
SUB-SECTORS

Preschool, primary and secondary education
Technical and vocational education and training
Tertiary education

INTERVENTIONS

Central services, deconcentrated services, primary and secondary schools, technical and vocational education institutions, National institute for teacher training and its regional training centers (INFP/CRINFP)

KEY DATES



PARTNERS (2024)

French Development Agency (AFD), UNICEF - European Union (2024)

FUNDS MOBILIZED (2018-2023)

€15.9 million

MAIN MEASURES IMPLEMENTED

NO-OBJECTION NOTICES FROM PARTNERS

Annual budgeted action plan, procurement plan, standard procurement documents, certain contracts depending on type and thresholds

TECHNICAL ASSISTANCE MECHANISM

14 technical assistants (TA), including 7 in the different regions

1. Rationale for establishing the pooled fund

The assessment of the implementation of the Interim Education Program 2013–2015 (PIE), conducted in 2016, and the education sector diagnosis highlighted stagnation in several indicators, including repetition, dropout rates, and the number of out-of-school or unenrolled children. Learning outcomes at the primary level have steadily declined over the past ten years. Yet, several development partners have been active in the education sector, and numerous activities related to access, quality, and institutional strengthening have been planned and implemented through a variety of projects funded by the European Union (PASSOBA), the World Bank/GPE (PAUET, PAEB), the French Development Agency (AQUEM), and others. The limited results achieved raise questions about the effectiveness of aid and the transformation of resources into outcomes. The multiplicity of support, each partner using its own procedures, may have had counterproductive effects, limiting both resource absorption and impact.

The underperformance of the education system raises concerns about (i) the capacity of sectoral institutions to reform in line with broader public sector reform, particularly for deconcentration and functional and territorial decentralisation processes aimed at improving public service delivery, and (ii) the ability to develop more effective tools and make better use of available human resources. These changes are difficult to achieve with fragmented external support that is poorly integrated into national systems.

In light of the limitations of the project-based approach and the challenges of aid coordination, the Malagasy government sought to explore the possibility of external funding execution using a more aligned approach. An initial feasibility study for the establishment of a pooled fund was conducted in 2016, but the Ministry of Education opted to maintain a project-based approach. In 2019, a new feasibility study led to the creation of the Aligned Pooled Fund for Education (APFE). The Ministry of Finance then proposed the creation of a Special Appropriations Account (CAS) dedicated to the education sector. This proposal was approved by the line ministries and supported by development partners¹. As a result, the 2019 revised finance law (Articles 21 and 22) established two CAS mechanisms: (i) “Partner support for the implementation of the higher education sector plan” and (ii) “Partner support for the implementation of the sector plan for basic education and technical and vocational education”.

At the time of the 2019 APFE feasibility study, four partners (AFD, the EU, Norway, and UNICEF) had expressed strong interest in contributing to the fund. However, due to the COVID-19 pandemic and changes in leadership within development agencies, the APFE was eventually launched with contributions from only AFD and UNICEF. The European Union should join the APFE in 2024 with a contribution of €1 million. The APFE covers all levels of the education system.

Madagascar APFE resources (in euros)

	2021	2022	2023	Total
AFD	4,300,000	4,500,000	6,800,000	15,600,000
UNICEF	300,000	0	0	300,000
Total	4,600,000	4,500,000	6,800,000	15,900,000

Source: APFE partner's guidance note

¹ Here, « partner » designates the donors interested in having all or part of their funding transit through the APFE.

2. Developing and operationalizing the fund

2.1. Operational and fiduciary risk analysis

The feasibility study for establishing the Aligned Pooled Fund for Education included an analysis of fiduciary risks. These are summarized below:

Risks related to planning	
Central services	Deconcentrated services
<ul style="list-style-type: none"> ▶ The preparation of the annual work plan is not aligned with the budget cycle. ▶ APFE resources are not adequately positioned to complement general budget and project resources. ▶ Budgeting of activities is lacking in realism. 	<ul style="list-style-type: none"> ▶ The planning cycle is not clearly defined and activities programmed do not adequately address the key shortcomings of the education system. ▶ Planning delays the finalization of the annual action plan. ▶ Deconcentrated services do not have access to information on activities financed by projects and other partners.
Risks related to activity implementation and production of educational services	
<ul style="list-style-type: none"> ▶ APFE operations are carried out late, limiting both resource absorption and the achievement of educational outcomes. ▶ Activities financed through APFE resources are not always timely in addressing key educational challenges. ▶ APFE-funded activities sometimes overlap or compete with those financed by other partners. 	
Risks related to budgetary, accounting, and financial management	
<ul style="list-style-type: none"> ▶ Oversight of the financing and execution of APFE resources at the school level is insufficient to ensure proper use of funds. ▶ Budgetary, accounting, and financial reports are not produced within the required timeframes. ▶ The accounting and financial data on APFE execution at regional level are submitted late and do not provide a complete or reliable picture of how funds are being used in the regions and districts. ▶ Account reconciliations are either not performed regularly or cannot be performed because expenditure procedures are not being followed. ▶ APFE cash resources are being used for purposes other than APFE expenditure. 	
Risks related to procurement	
<ul style="list-style-type: none"> ▶ Procurement plans are not prepared within the required timeframe. ▶ Procedures are not followed, and competitive bidding is not effectively applied. ▶ Contracts are split into smaller lots, resulting in higher procurement costs for acquisitions financed through the APFE. ▶ The quality of tender documents is inadequate. ▶ Procurement oversight by the financial controller delays procurement processes and hampers APFE budget commitments. Oversight by the national procurement commission does not mitigate the risk of irregularities in competitive bidding processes. ▶ Procurement management units take too long to evaluate bids and draw up reports. 	
Risks related to financial oversight	
<ul style="list-style-type: none"> ▶ The level of APFE expenditure control (compliance with procedures and justification of expenditures) is too weak to ensure the regular execution of all spending by central and decentralized services, as well as by autonomous entities under the supervision of the education ministries. ▶ Ex post control is insufficient to prevent irregular expenditure. ▶ External audits of the APFE are not systematic and do not help prevent management irregularities. 	

2.2. Capacity gap analysis

A capacity building plan was prepared as part of setting up the APFE, providing for a team of 14 technical assistants (TA). This arrangement addresses the risks and capacity gaps identified in the cross-cutting areas of budgetary, financial, and accounting management, as well as planning and budget programming. The technical assistants do not act as substitutes but rather in a supporting capacity, through the development of specific tools, the organization of “on-site” training and workshops based on a “learning by doing” approach. They are embedded within the administrations of the ministries responsible for education and training.

Areas identified	Proposed modality	Administration
Support for CAST (Special Treasury appropriations account)/APFE operations		
Planning and reporting	1 intermittent international TA	Planning Directorate
Support for deconcentration	7 full-time national experts (1 for 3 regions on average)	Regional directorates of national education
External supervision of CAST/APFE	1 intermittent international TA	General Secretariat
Support for CAST/APFE financial and accounting management		
Justification of expenditure, financial management + budgetary, accounting, and financial reporting	1 full-time international TA	Directorate of Financial Affairs of the line ministries + Directorate of public accounting of the Ministry of finance
Support for procurement		
Procurement	1 full-time international TA A full-time national TA	Procurement management unit of the line ministry
Support for CAST/APFE coordination		
Head of mission	1 full-time international TA	General Secretariat
Support for sector coordination with APFE partners	1 national TA	Lead partner

At the launch of the APFE, the technical assistance arrangement was initially set up for a three-year period and was later extended as a transitional support measure until September 2024. A consulting firm was contracted by UNICEF to deploy this expertise.

The arrangement was slightly adjusted after two and a half years, with the recruitment of two additional technical assistants in procurement to replace the international technical assistant.

2.3. Risk mitigation measures

There are several types of risk mitigation measures:

1. Traceability of expenditures and ring-fencing of resources in dedicated accounts
2. Multiple ex ante controls are outlined in the operational manual, primarily concerning procurement, with no-objection notices for (i) the procurement plan and (ii) certain contracts depending on the type and threshold (e.g. no-objection notice on bidding documents, including technical specifications, evaluations and contract awards, and terms of reference)
3. Quarterly reporting on the budgetary, financial, and accounting status of APFE implementation allows for monitoring of disbursements and reconciliation with the bank statements for the dedicated APFE accounts
4. Ex post controls, through annual audits conducted by an independent external auditor contracted by one of the APFE partners
5. A no-objection notice on the annual work plan.

The APFE operational manual sets out all these provisions, as well as the rules for planning, reporting, and budgetary, financial, and accounting management, emphasizing the responsibilities of each stakeholder. A clear description of roles and responsibilities thus helps strengthen accountability, which is essential for achieving results. Expenditure execution procedures are those already used in Madagascar, although these are not formally documented.

The deployment of a substantial team of technical assistants in key areas, both at central and regional levels, also addresses the operational and fiduciary risks identified in the feasibility study conducted prior to the establishment of the APFE.

3. Technical characteristics of the fund

3.1. Operating procedures

Planning alignment.

At the launch of the APFE, the ministries responsible for education and training did not have genuine action plans in place:

- The Ministry of National Education (MEN) had a non-budgeted annual action plan, which consisted of listing hundreds of activities disconnected from the intended outcomes. Moreover, nomenclatures between the program-based budgets and the structure of the action plan did not correspond, making budget appropriation difficult.
- The situation was the same for the other two ministries, although their action plans did follow the program-based budget classifications.
- The action plans of the deconcentrated services of the MEN and the METFP (Ministry of Technical Education and Vocational Training) were developed at central level, with no connection to specific local needs.

In such a context, alignment was not feasible. The key challenge, therefore, was to develop planning tools and practices within the three ministries to produce budgeted action plans that included activities financed by both the government budget and the APFE.

Reporting alignment.

In parallel with the planning situation, monitoring & evaluation, and technical and financial reporting were underdeveloped in the line ministries, and joint sector reviews had not been organized for several years. As a result, it was difficult to measure the implementation of the education sector plan. In the APFE framework, tools to facilitate technical reporting on the government budget (reporting templates and data collection tools) had to be developed in order to report on activities implemented within the education sector plan.

Specific APFE budgetary and accounting reports are produced quarterly. These reports provide information on expenditures made, based on data drawn from the Integrated information system for public finance management (SIIGFP), since APFE resources and spending are recorded in the SIIGFP under commitment, payment order, validation, and payment. The quarterly report provides the following information:

- The status of authorized payment orders to be paid by bank transfer or in cash
- The status of payment orders made following the advance payment procedure
- The status of reimbursements of funds advanced by the Treasury current account
- Statements for the dedicated APFE account
- Imprest administrators' deposit account statements
- Reconciliations between the accounting records of the secondary authorizing officer and the designated public accountant (information on commitments, validation, and authorized payment orders).

Procurement alignment.

Procurement procedures under the APFE follow Madagascar's national regulations. They are governed by the 2017 Public Procurement Code of Madagascar and comply with international procurement standards.

Exemptions mainly concern no-objection notices issued by partners on certain contracts, depending on the threshold and the area concerned. In addition, each procurement contract funded through the APFE must include a signed declaration of integrity from the bidders and, where applicable, environmental and social clauses. Partners also issue no-objection notices for:

- The standard procurement documents to be used
- The procurement plans and any revised versions throughout the year.

3.2. Budget configuration

APFE resources and expenditures are included in an annex to the finance law. Once the APFE annual work plan has been approved by the development partners contributing to the fund, the line ministries prepare their budget framework (transcribing activities into budget lines according to the economic classification of expenditures – PCOP account (chart of accounts for public transactions) - and by functional entity in the national budget). The budget framework is then submitted to the Director of Public Accounting for inclusion in the draft finance act and shared with the partners for information. This process must follow the national budget programming cycle, culminating in the adoption of the government budget voted by Parliament.

APFE accounting is managed through the national accounting system. The APFE budget lines are integrated into the SIIGFP using a specific identification code (02).

The APFE is executed by authorizing officers by delegation (line ministers) and secondary authorizing officers (Regional Directorates of National Education - DREN, school districts - CISCO, heads of technical and vocational education institutions). The secondary authorizing officers² are responsible for the administrative phase of expenditure (commitment, verification, and authorization). Exceptional procedures include the use of advance funds and delegated appropriations.

The Treasury services, and more particularly the designated public accountants, accounting officers, and, in some cases, imprest administrators, are responsible for the accounting phase of expenditure (payment). Financial oversight is carried out at the commitment stage by the financial controller.

The per diems applied under the APFE are those defined in the “harmonized compensation scale” developed in 2018 by education sector development partners.

3.3. Financial and cash flow aspects

The APFE has two accounts opened at the Central Bank of Madagascar (BFM). One is a foreign currency account, referred to as the “pivot account”, and the other is in Ariary, known as the “dedicated APFE account”, held in the name of the Ministerial Treasurer for Education (TME). The latter serves as the public accountant responsible for the APFE’s financial accounts. Each of the APFE’s partners transfers their contribution to the pivot account in accordance with the provisions of the financing agreements signed with the Government of the Republic of Madagascar. The general principles applied to these two accounts are as follows. Under no circumstances may these accounts:

- Receive other domestic or external funds from partners not contributing to the APFE
- Be used to endow other government accounts
- Be used to pay for expenditures unrelated to the APFE
- Be used to pay for expenditures not included in the annual work plan of the ministries responsible for education and training.

Transfers from the pivot account to the dedicated account may only be made by the TME. To this end, line ministries must submit a request for a no-objection notice to the APFE’s partners for the release of funds.

² Administrative and financial department / accounting and financial services.

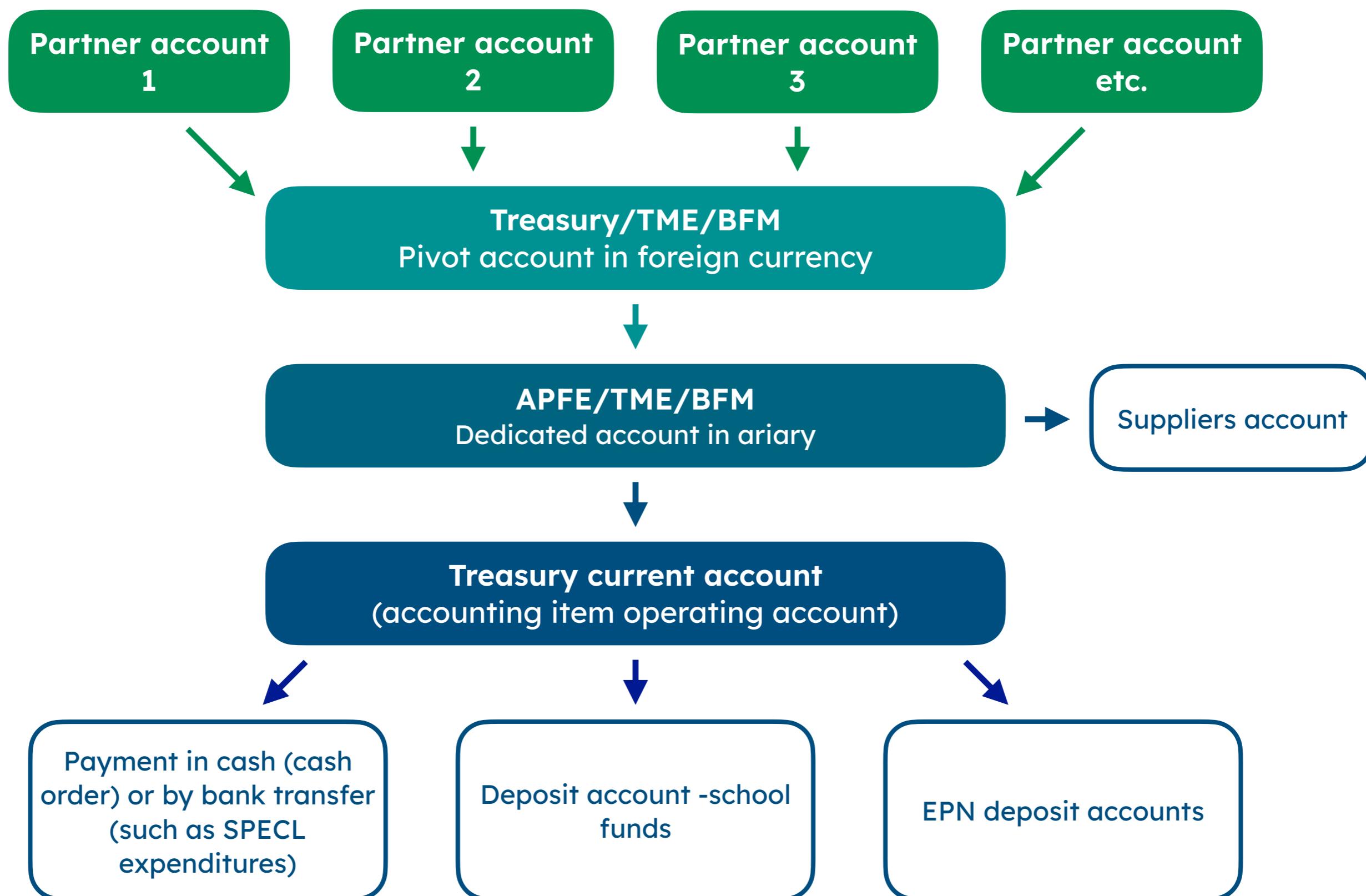
The dedicated APFE account in Ariary covers all normal APFE expenditures, either through cash orders or imprest accounts. The terms and conditions governing this process are set out in the APFE operational manual. Due to the single treasury principle and public accounting rules, transfer expenditures, by cash orders and renewable imprest accounts, are paid by the government's current account. This account is pre-funded with the amounts corresponding to the authorized expenditures by the dedicated APFE account via a transfer from the TME.

In each regional capital, a deposit account known as the "APFE imprest account" (Régie FCE) has been opened. This account is intended to receive funds from the "APFE account" via the government's current account. The "APFE imprest account" is used to cover expenditures paid through the APFE's renewable imprest advances.

For public institutions receiving APFE funding, the TME handles the transfer of funds following the payment order from the secondary authorizing officer. The transfer is made to the government's current account, and simultaneously, an equivalent amount is transferred from the government's current account to the public institution's deposit account. The public institution holds a deposit account at the General Treasury of Antananarivo (RGA), which is used exclusively to receive and manage APFE funds.

Deposit accounts for renewable imprest accounts may also be opened in the books of the General Treasuries and Principal Treasuries.

ACCOUNT FLOW CHART



APFE management. An APFE monitoring committee was established to strengthen dialogue between the national stakeholders (line ministries and Ministry of Finance) and APFE partners, with a view to monitoring the technical and financial implementation and regulating the operation of the APFE. The monitoring committee meets every two months and is chaired by the Secretary General of the Ministry of Finance.

Role of partners. AFD has served as lead partner for the APFE since its launch issuing no-objection notices and facilitating dialogue with the line ministries and the Ministry of Finance. UNICEF manages the technical assistance mechanism (TA follow-up and quality control of TA deliverables).

4. Leverage effects of the fund

As explained in section 5 below, APFE execution began in July 2022 delayed by a series of blockages on the part of the Ministry of Finance. It is therefore difficult to measure the leverage effects after only a year and a half of implementation. However, some elements are particularly promising.

4.1. Example of an APFE response to the expansion of national education systems

Funding to deconcentrated services. Through the national expenditure chain, APFE resources have been allocated to all deconcentrated services of the Ministry of National Education (MEN) nationwide: 22 Regional Directorates of National Education (DREN), 114 school districts (CISCO), and 1,840 pedagogical administration zones (ZAP). This territorial coverage is a major asset for improving the performance of the education system. For the first time, deconcentrated services are developing their own action plans based on local needs and taking into account (i) the resources allocated to them by economic classification of expenditure, and (ii) the educational priorities set by the central level, which take into account:

- Administrative and financial monitoring of schools
- Pedagogical supervision and support, and training for teachers/trainers and school principals
- Monitoring of school allocations (table-benches, school grants).

Moreover, deconcentrated services face different realities and educational challenges. To enable the most equitable allocation of resources possible, a distribution key was defined with the central services, based on several variables (e.g. size of the area, number of schools / services to be supervised, average learning scores).

No education sector project in the past thirty years has been able to fund all of these entities across the entire country.

Acquisition of table-benches by deconcentrated services. The acquisition of over 28,000 table-benches was planned nationwide in the action plans for the past three years (2021, 2022 and 2023). Procurement of these items is carried out by the deconcentrated education services with support from APFE technical assistance.

Resources allocated to technical and vocational training institutions. One of the METFP's strategies is to develop apprenticeships for basic trades / vocational qualifications. The APFE has supported this strategy by helping structure the identification of training needs in each institution and by focusing its funding on ten trades identified by the ministry (data entry operator, poultry farmer, pastry chef, vegetable grower, mason, building electrician, tailor, brickmaker, welder, and solar photovoltaic installer). For each trade, the METFP has defined the required raw materials and small tools, along with unit costs for groups of 10 or 20 learners, depending on the trade. The resources to be allocated to each technical and vocational school were defined accordingly. In 2023, around 150 technical and vocational training institutions received APFE funding to implement short-term training programs in the above-mentioned trades. These allocations are expected to be renewed in 2024.

Dialogue between education sector ministries and Ministry of Finance. On launching the APFE, the level of dialogue between the ministries responsible for education and training and the Ministry of Finance was poor. In response to the obstacles encountered in initiating the implementation of the APFE, it was decided to create an Expanded technical working group on public finance (GTEFP), made up of technical staff from (i) the Public Accounting Directorate, (ii) the General Budget Directorate, (iii) the Ministerial Treasurer for Education, the Financial Affairs Directorates of the three line ministries, and the APFE public finance technical assistant. The GTEFP facilitated implementation and the budgetary, accounting, and financial monitoring of the APFE, and strengthened dialogue among actors along the expenditure chain. The GTEFP also led the revision of the APFE operational manual and meets as often as required, based on consultation between the APFE technical assistant and the Ministry of Finance.

4.2. Support for cross-cutting government reforms

Deconcentration. The 2022 and 2023 guidance notes from development partners directed 80% of APFE resources to deconcentrated services for each Ministry responsible for education and training. The APFE's partners thus strongly support the deconcentration of appropriations and place particular importance on the distribution of activities between central and deconcentrated services.

Procurement. The technical assistance team worked in coordination with the public procurement authorities (Persons responsible for public procurement, Procurement management unit, Public procurement regulation authority) to develop draft national standard tender documents that incorporate clauses on environmental and social standards. These documents have had a positive impact on the development of the national procurement system.

Creation of Regional Centers of the National institute for teacher training (CRINFP) as a functional entity in the government budget. The National institute for teacher training (INFP) is mandated to provide initial and in-service training, both face-to-face and remote, for teaching staff, pedagogical support/inspection staff, and MEN administrative staff. The INFP has 25 regional centers (CRINFP), which offer strong potential for delivering a wide range of continuing training programs tailored to specific needs. However, an institutional audit of the INFP/CRINFP conducted in 2017 revealed that these deconcentrated structures received virtually no resources to carry out their missions or maintain their facilities and equipment. They were not functional entities in the government budget, meaning that everything was centralized at INFP headquarters and that the centers had no operational autonomy. Strengthening the operational implementation capacity of the CRINFPs has been a priority since the creation of the APFE. One of the key advances made possible by the APFE is that the CRINFPs have now become functional entities in the government budget. Each CRINFP now has its own budget, for which it is responsible in terms of both planning and execution.

4.3. Trends in commitment and execution rates

Execution of the APFE began in July 2022 with the circular issued by the Ministry of Finance. The rates presented below therefore correspond to six months of implementation in 2022.

APFE execution rates – 2022 (in arriary)

	LFR* 2022	Amount committed	Amount authorized	Amount paid	Rate committed	Rate paid
Ministry of National Education (MEN)						
Central	13,808,933,000	1,965,566,981	1,573,531,245	858,318,768	14.2%	43.7%
Deconcentrated	11,840,691,000	6,588,826,955	5,593,923,403	1,612,199,600	55.6%	24.5%
Transfer**	6,964,970,000	5,692,154,000	5,692,154,000	5,692,154,000	81.7%	100.0%
Total	32,614,594,000	14,246,547,936	12,859,608,648	8,162,672,368	43.7%	57.3%
Ministry of technical and vocational education and training (METFP)						
Central	5,542,849,000	649,544,270	582,421,949	294,827,600	11.7%	45.4%
DREFTP	289,800,000	185,946,632	185,936,632	1,812,808	64.2%	1.0%
TVET institute	1,867,720,000	1,248,585,993	1,138,609,520	1,214,840	66.9%	0.1%
Total	7,700,369,000	2,084,076,895	1,906,968,101	297,855,248	27.1%	14.3%
Ministry of higher education and scientific research (MESuPRES)						
Central	4,250,040,000	429,498,514	429,498,514	267,208,700	10.1%	62.2%

Source: AFD supervision aide-memoire

*LFR Amended finance law

**Transfers concern the grants to schools and to the National Institute for teacher training

APFE partner disbursements – from January 2021 to 31 December 2023 (in euros)

Partners	Contribution	Disbursement	%
AFD	15,600,000	8,752,098	56%
UNICEF	279,000	279,000	100%
Total	15,879,000	9,031,098	57%

Source: APFE execution monitoring reports

5. Challenges

5.1. Start-up phase

Slow APFE configuration by the Ministry of Finance. APFE budget execution began a year and a half after the deployment of the technical assistants, due to the very late signing (on 29 July 2022) of the Ministry of Finance's instruction to the designated public accountants (TME and TG/TP), enabling payment of APFE-related expenditures. This instruction sets out in detail the accounting and financial management procedures for the APFE, as well as how operations should be recorded. In parallel with the preparation of this instruction and given the Ministry of Finance's role in the execution of the APFE, it was decided to allocate resources to the Ministry via the CAS/APFE. However, as the Ministry of Finance did not wish to have its own CAS, it draws on the MEN's CAS and its appropriations are recorded under the MEN's Financial Affairs Directorate (DAF).

Budget programming. Budget programming was disorganized during the first fiscal years, with budget programming completed before APFE partners had approved the action plans, resulting in significant difficulties at the time of implementation. Several factors contributed to this situation:

- The partners' guidance note was communicated very late³, often leaving ministries very little time to prepare and adjust their plans
- No-objection notices for the ministries' action plans⁴ were issued with substantial delays, most of the time after the finance law had been passed. This created major difficulties in tracking APFE budget execution (appropriations were recorded although the activity had not been approved)
- In 2022, the MEN was unable to include its appropriations in the initial finance law, as the authorities were unable to reach agreement on the activities proposed by the various directorates
- In 2022, the METFP included the 2022 appropriations, but failed to re-enter the 2021 appropriations that had been cancelled.

Consolidation of documents. The work of the education sector plan coordination unit (CELCO) is constrained by: (i) weak institutional anchoring, as CELCO is not a functional entity under the government budget and therefore cannot hold or manage its own budget; the resources it receives from the APFE are attached to the MEN's General Secretariat, (ii) the absence of dedicated staff⁵, and (iii) limited recognition of its role by line ministries and a general lack of political will to strengthen sector coordination. As a result, it is difficult to consolidate planning, and the preparation of annual technical and financial implementation reports is arduous.

Budget line carryovers. Since 2021, the line ministries have been developing APFE action plans based on new appropriations. Unused appropriations (and therefore activities not implemented) from the previous year are carried over to the current year. Over time, financial and activity backlogs have accumulated, complicating implementation and undermining the coherence of intended outcomes (due to activity fragmentation). This situation has also led to declining execution rates, as the denominator continues to grow.

Procurement. There have been significant delays in the preparation of tender documents, particularly due to the slow production of technical specifications and terms of reference by the relevant departments. These delays negatively affect the APFE's budget commitment performance and execution of resources. They also raise questions as to the adequacy of the technical assistance provided for procurement⁶. In addition, no-objection notices are issued late for the numerous procurement processes. The choice to implement multiple ex ante controls has hindered execution, and growing frustration is evident on the part of national stakeholders, who struggle to understand the major delays in issuing the no-objection notices.

³ For the year 2022, the guidance note was communicated to the ministries on 22 September 2021.

⁴ No-objection notices are issued by AFD.

⁵ Only the CELCO coordinator is officially assigned to the unit; the other members remain attached to their respective ministries and contribute only marginally to CELCO tasks, depending on their availability.

⁶ For the record, two TAs (1 international and 1 national) provide APFE support in public procurement.

AFPE NIGER



1. Rationale for establishing the pooled fund 118
2. Developing and operationalizing the fund 119
3. Technical characteristics of the fund 121
4. Leverage effects on the Nigerien education system 124
5. Challenges 127



GDP per capita: USD 591 (2021)
HDI: 0.400 (ranks 189 globally) (2021)
Population: 25.936 million (2023)
Budget deficit: 6.6% of GDP (2022)
Inflation: 4.2% (2022)
Expenditure on education: 3.8% of GDP (2020)

EDUCATION DATA

	Primary-2022	Lower secondary-2022
Enrollments	2,909,518	681,980
Classrooms	65,536	16,411 (lower secondary-upper secondary)
Gross intake rate	86.6%	35.3%
Completion rate	53%	15.5%

Source: Statistical year books

SUB-SECTORS

Preschool, primary and secondary education
 Technical and vocational education and training
 Tertiary education – Non-formal education

INTERVENTIONS

Central services, deconcentrated services, local authorities through the National agency for the financing of local authorities (ANFICT), primary and secondary schools, primary school teacher training colleges, public administrative bodies (EPA), public universities

KEY DATES



PARTNERS (2023)

Canada, European Union, French Development Agency (AFD), Global Partnership for Education (GPE)
 Luxembourg cooperation, Norway, Swiss cooperation, UNICEF

FUNDS MOBILIZED (2018-2023)

€132.73 million

MAIN MEASURES IMPLEMENTED

NO-OBJECTION NOTICES FROM PARTNERS

Annual budgeted action plan, procurement plan, certain contracts depending on type and thresholds

TECHNICAL ASSISTANCE MECHANISM

14 technical assistants, including 8 for regional support and 2 for decentralization
 (contract under direct contracting authority by AFD with delegated GPE funding)

ACCOUNTING SYSTEM

Dual accounting system set up with Tompro software

1. **Rationale for establishing the pooled fund**

The first Aligned Pooled Fund for Education (APFE) in Niger was established in 2005. The mechanism was closely aligned with national public financial management and procurement tools and actors. However, just a few months after it began operating, an audit revealed major financial irregularities, leading to the fund being frozen and the government reimbursing ineligible expenditures. As a result, the fund's management framework was strengthened, with more stringent requirements for both ex ante and ex post expenditure controls. Despite these adjustments, the Ministry of National Education and the Ministry of Finance continued to face difficulties throughout the fund's implementation. Ultimately, the APFE did not effectively accelerate or facilitate the implementation of the Education Sector Plan (ESP), due in particular to limited absorption capacity and the lack of support to help stakeholders improve their practices.

After the first fund was closed in 2011, **a second fund known as the Quality Education Support Project (PAEQ)**, was set up in 2016. However, the mechanism adopted did not use national management procedures. It was an off-budget fund, and its designation as a "pooled fund" referred only to the fact that the project was financed by a group of partners (AFD, World Bank, and Swiss Cooperation¹). The procedures applied were those of the PAEQ. The evaluation carried out by AFD² highlighted the following limitations: (i) a low level of ownership of procedures³, which contributed to reducing the fund's efficiency; (ii) disbursement delays due to bottlenecks related to the limited procurement capacities of the ministries of primary and secondary education; (iii) under-estimated technical assistance for contracting authority support; and (iv) very limited skills transfer, notably due to the high turnover of ministry staff.

The impact of the "project" modality (PAEQ) was questioned by the Nigerien government. A feasibility study on the establishment of a pooled fund aligned with national procedures and structures was conducted in 2016⁴. Based on the conclusions of that study, **the current Aligned Pooled Fund for Education (APFE)** was created in July 2017 by Prime Ministerial decree⁵. The shift from a project-based approach to a programme approach aligned with national procedures and structures reflected the shared intent of the Nigerien government and its partners to improve aid effectiveness and development partner coordination.

The APFE became fully operational in 2018. As of early 2023, eight development partners had contributed to the fund: Canada, European Union, French Development Agency (AFD), Global Partnership for Education (GPE), Luxembourg Cooperation, Norway, Swiss Cooperation, UNICEF. In Niger, the political ownership of the APFE has grown stronger, along with an increasing number of contributing partners. APFE partner resources are fully fungible. They are not earmarked for specific themes or regions, and allocations are made based on sector policy priorities. The contracting authorities for the APFE are the five ministries responsible for education and training, along with the Unit supporting the Implementation and Monitoring of the Education and Training Sector Plan (CAMOS). **CAMOS** is attached to the Prime Minister's Office. It is a monitoring, support, and coordination body for the five ministries in charge of education and training, as well as for local governments. It plays a central role in the functioning of the APFE, as it acts as contracting authority for activities related to steering, planning, and sector coordination.

¹ The Swiss agency for development and cooperation (SDC) signed a delegated cooperation agreement with AFD.

² Evaluation of the Quality Education Support Project (PAEQ), AFD, Niger, June 2022, PROMAN.

³ World Bank procedures.

⁴ Feasibility study for the expansion of the pooled fund for education in Niger, 2016, Institutions et Développement.

⁵ Decree no. 0118/PM/CAMOS of 5 July 2017 establishing the creation, roles, and operations of the APFE in supporting the implementation of the Education and Training Sector Program (APFE/transitional ESP) d'appui à la mise en œuvre du Programme sectoriel de l'Éducation et de la Formation (FCSE/PTSEF).

2. **Developing and operationalizing the fund**

2.1. Operational and fiduciary risk analysis

A diagnostic analysis of institutional capacity and fiduciary and operational risks was conducted in 2018⁶. The risks identified at the time of setting up the APFE are summarized in the table below:

Risks related to planning		
Central services	Deconcentrated services	Autonomous institutions/ decentralized services
<ul style="list-style-type: none"> ▶ Delays in the preparation of action plans and then of the multiyear expenditure programming documents, which in turn delays budget programming ▶ Difficulty, for investments, in distinguishing between commitment authorizations and payment appropriations 	<ul style="list-style-type: none"> ▶ Delays in planning activities at deconcentrated level ▶ Definition of activities with limited relevance to the education system 	<ul style="list-style-type: none"> ▶ Definition of activities with limited relevance to the education system ▶ Delays in producing development plans for local governments and action plans for autonomous bodies
Risks related to activity implementation and delivery of educational services		
<ul style="list-style-type: none"> ▶ A high number of routine activities, leading to slow implementation and low financial execution rates ▶ Implementation of hastily designed activities with no leverage effect on the education system ▶ Failure to produce technical reports 	<ul style="list-style-type: none"> ▶ Lack of resources to carry out pedagogical supervision and monitoring tasks 	<ul style="list-style-type: none"> ▶ Failure to implement planned activities ▶ Weak results in terms of change within the education system
Fiduciary risks		
<ul style="list-style-type: none"> ▶ Delays in payment of expenditures ▶ Inadequate information to budget administrators on payments made by accountants ▶ Irregular expenditures ▶ Insufficient or non-existent accounting controls ▶ Infrequent and incomplete financial reports 	<ul style="list-style-type: none"> ▶ Inadequate monitoring of delegated appropriations ▶ Delayed transmission of accounting information ▶ Irregular expenditures ▶ Insufficient or non-existent financial oversight ▶ Insufficient accounting reconciliations ▶ Incomplete regional financial reports 	<ul style="list-style-type: none"> ▶ Weak budget management by local governments ▶ Poor accounting coverage of local government expenditures
Risks related to budget management		
<ul style="list-style-type: none"> ▶ Slow processing of files and execution of administrative tasks related to expenditures ▶ Irregular expenditures ▶ Weak monitoring of activity implementation and expenditure execution by technical departments 		
Risks related to procurement		
<ul style="list-style-type: none"> ▶ Delays in procurement due to slow preparation of tender documents and documents being sent back and forth between procurement control and Public Procurement Directorates due to non-compliance ▶ Poor selection of bidders ▶ Poorly executed contracts and distorted competition 		

⁶ Diagnostic analysis of APFE technical assistance, 2018. Institutions et Développement

Risks related to financial oversight

- Irregular expenditures resulting from the absence of financial oversight, the lack of benchmarks or standards to detect irregularities, or from deliberately partial review of supporting documents for APFE expenditures
- Selected bidders lacking the required qualifications

2.2. Capacity gap analysis

Capacity weaknesses were identified during the APFE design mission and are closely linked to the operational and fiduciary risks described above (see table). To mitigate these risks, a capacity building plan was implemented, and a substantial technical assistance mechanism was deployed to support central, deconcentrated, and decentralized services. However, its rollout was chaotic: initial support was to be provided by Luxembourg Cooperation until June 2019, after which the procurement process and contract management were to be handled by CAMOS on APFE funding. At that point, procurement difficulties led to an interruption in technical support. Luxembourg cooperation and AFD urgently recalled certain technical assistants, but the mechanism continued to operate at a minimum level with three technical assistants (financial management, accounting and decentralization) until October 2021.

Since October 2021, the technical assistance mechanism as presented below has been managed by AFD through a consultancy firm with GPE funding⁷.

Areas identified	Proposed modality	Administration
Support for CAST (special Treasury appropriations account)/APFE operations		
Planning and monitoring-evaluation	1 intermittent sub-regional TA – to become full-time	CAMOS
Support for CAST/APFE financial and accounting management		
Financial and accounting management	1 full-time sub-regional TA	CAMOS
Accounting and management in deconcentrated services	4 full-time national experts as support in the 8 regions and at central level	CAMOS, deconcentrated services, universities
Support for procurement		
Procurement	4 full-time national TAs as support in the 8 regions and at central level	CAMOS, central level, deconcentrated services, universities
Decentralization		
Local contracting authority support	1 full-time sub-regional TA to support decentralization 1 full-time sub-regional TA to support infrastructure	ANFICT
Support for EPAs		
• Support for the Vocational training & apprenticeship support fund (FAFPA) at central and regional level to check and support the quality of contract files and regularity of expenditures • Support for ANFICT in administrative and financial management	1 full-time sub-regional TA	FAFPA and ANFICT This technical assistance is new and is further to the difficulties observed in terms of regular expenditures and rigorous management
Support for CAST/APFE coordination		
Head of assignment	1 intermittent international TA	CAMOS

⁷ It should be noted that the institutional positioning of some technical assistants is expected to evolve, so that they can support procurement and budget control and public accountants. This will enable oversight of each expenditure and procurement file, in addition to that carried out by financial controllers and paying accountants.

At the launch of the APFE, Luxembourg cooperation's decision to place their education program's lead technical advisor with CAMOS proved an appropriate choice to support the establishment of the APFE, clarify the principles and foundations of this aid modality, and play a coordinating and catalytic role around the APFE.

2.3. Risk mitigation measures

The APFE makes full use of national fiduciary risk management systems (including financial controllers throughout the expenditure chain and the General Inspectorate of Finance). Additional measures have also been implemented:

1. Expenditure traceability and ring-fenced resources in dedicated liquidity accounts
2. Monthly bank reconciliations are carried out and sent, along with the APFE bank statements, to partners
3. Monthly financial reports are produced, detailing the budgetary and accounting situation of both central and deconcentrated services
4. Ex ante controls are applied to the procurement plan and to certain contracts (see section 3.1. – alignment with procurement processes)
5. No-objection notices are required for the annual budgeted action plan and the regional annual budgeted action plan (including their revised versions following the amended finance law)
6. Ex post controls through annual external audits of APFE expenditures and accounts
7. Establishment of a parallel accounting system using Tompro software, as a complement to the integrated information system for public finance management (SIGFIP), and creation of a central APFE accounting unit within CAMOS.

The technical assistance mechanism and the APFE operational manual, which sets out all exceptions to national procedures as well as the planning, reporting, budgeting, accounting, and financial management rules, also serve as risk mitigation measures.

3. Technical characteristics of the fund

3.1. Operating procedures

Alignment with Niger's sectoral planning.

With the gradual implementation of the program-based budgeting reform, ministries operate under multiyear budget planning (multiyear expenditure programming documents). The APFE follows this principle while being recorded as revenue by contributor and as expenditure according to the Nigerien government's budgetary nomenclature (i.e. by program). At the beginning of the previous year (Y - 1), APFE partners send a multiyear (3-year) framework letter to the Prime Minister's office (at the same time as the Ministry of Finance). This enables (i) the various partner contributions to be included in the finance law for the year 'Y', (ii) the planning process to be launched for the year 'Y', and (iii) direction to be given for the APFE's budget programming.

This framework letter specifies:

- The APFE allocations per ministry, in volume and as a share of the total amount
- The general, cross-cutting, and sector-specific priorities for the year
- Priority operational modalities
- Priorities by economic classification of expenditure, specifying investment vs. operating cost ratios.

APFE planning is integrated into the planning framework for the education and training sector as a whole. The annual action plans of the ministries responsible for education and training, as well as the regional action plans, incorporate resources from the government budget, the APFE, and any other development partners willing to share their information. This planning process is aligned with the multiyear expenditure programming documents and the annual performance plans.

Reporting alignment.

The annual reporting on APFE implementation is integrated into the education sector plan's technical and financial execution reporting. This report covers all operations and funding carried out in the education sector during the previous year.

The budget execution status for both the government budget and the APFE is issued by the General Directorate of the Budget, based on the computerized expenditure circuit. The General Directorate of the Treasury and Public Accounting (DGTCP) produces account statements for the central and regional pivot and escrow accounts. The Planning and Studies Directorates of each sector ministry consolidate all technical and financial data and submit their reports to CAMOS, which then compiles the annual technical implementation report. Since the APFE was established, these reports have been produced annually, allowing for strengthened dialogue with partners on education system issues.

Additional reports are required exclusively for APFE resources. These include: (i) semi-annual technical and financial reports from the central, regional and departmental education services, (ii) semi-annual reports of expenditures executed by public administrative bodies (EPAs), and (iii) monthly reports on the budget and accounting situation of the APFE's central and regional components.

Procurement alignment.

The procurement rules applied to the APFE follow Niger's Public Procurement Code⁸. The standard tender documents use the national templates, into which AFD's Integrity Declaration and specific clauses relating to environmental and social management have been incorporated. These tender documents were subject to a no-objection notice from APFE partners at the outset.

Contracts funded by APFE resources are entered into the government's computerized public procurement information and management system (SIGMAP). In accordance with UEMOA directive 05/2005, two institutions are responsible for overseeing the preparation, award and execution of public contracts: the Public Procurement Regulation Authority (ARCOP) and the General Directorate for Public Procurement Control (DGCP).

Additional measures have been introduced for some contracts financed under the APFE to mitigate risks. These exemptions are set out in the APFE operational manual and include:

- No-objection notices from APFE partners required for (i) procurement plans, (ii) contracts exceeding specified thresholds depending on contract type, (iii) delegated contracting authority agreements, and (iv) contracts and agreements between public entities, including municipal contracting authorities
- Inclusion in the tender documents of (i) the Integrity Declaration and (ii) provisions on environmental and social management.

3.2. Budget configuration

APFE resources and expenditures are included in the finance law (initial and amended, where applicable). Once the overall budget envelopes are known, the ministries prepare their multiyear expenditure programming documents. They assess and allocate budget appropriations under the relevant program actions. At the planning stage, the activities prioritized by the ministries are distributed across the "APFE" budget lines in accordance with program budget classification and their economic nature (non-salary operating expenditure, transfers, investment). Once the action plans, including regional action plans, are approved by the APFE's partners, the corresponding budget lines are submitted to the Ministry of Finance for inclusion in the draft finance law, which is then presented to and voted on by Parliament.

The APFE has a specific appropriations identification code (55) in the finance law and follows the government's expenditure classification. Activities charged to the APFE are recorded in the same way as government expenditures within each of the programs in the Multiyear expenditure programming documents. This classification thus follows Niger's budgetary nomenclature.

APFE accounting is managed through the national accounting system. APFE budget lines are integrated into the government's computerized public expenditure system (SIGFIP). The Minister of Finance is the principal authorizing officer for the general budget, annex budgets, and special treasury accounts. Other ministers are accredited budget managers authorized by the principal authorizing officer (they are assigned an authorization code in the IT system).

⁸ Decree no.2016-641/PRN/PM of 1 December 2016 establishing the Public Procurement and Public Service Delegation Code

Accordingly, the Ministry of Finance delegated the authorization of APFE appropriations to the ministries of education and training. It also delegated the execution of regional appropriations to the regional budget directorates based on the regional action plans. In the regions, sub-authorizing centers report to the regional governors (who act as sub-authorizing officers⁹). Treasury public accountants are responsible for executing and paying APFE expenditures. A central accounting unit has been set up at CAMOS (Consultation and Coordination Committee/CAMOS) under the supervision of the Ministry of Finance, with public accountants.

Given the fiduciary risks, additional accounting follow-up per activity has been set up at CAMOS level using accounting software (Tompro). This parallel accounting is carried out (i) at the time of authorization, after verification by the government financial controller, and (ii) after payments are made. This dual accounting entry process enables (i) real-time reconciliation between the accounting of the authorizing officer and the public accountant, and (ii) continuous linkage between payments and Treasury accounts.

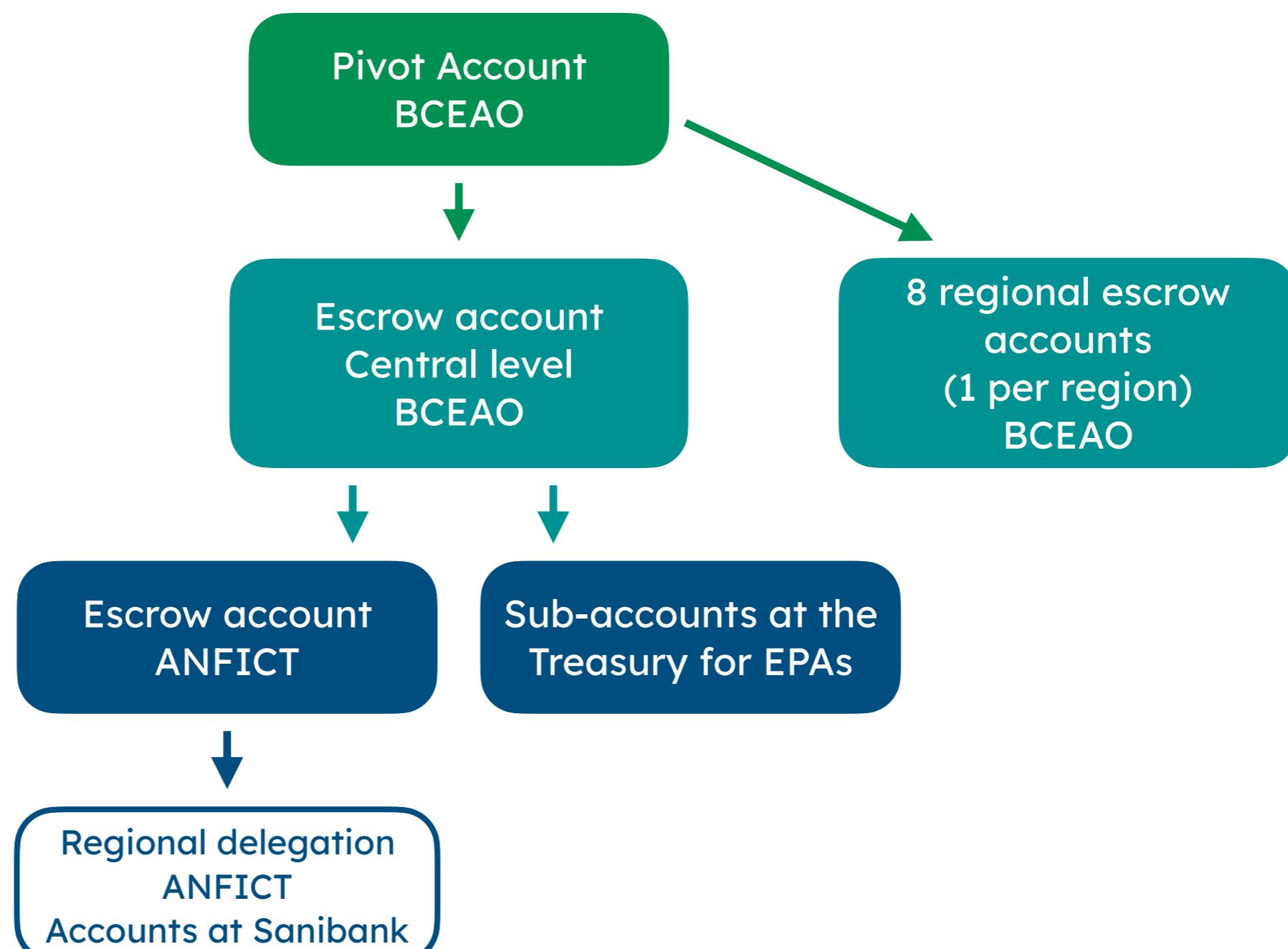
The per diems applied under the APFE are those of the government (per diem scale annexed to the operational manual).

3.3. Financial and cash flow aspects

The financial contributions of the APFE's partners are paid into an account in the name of the Treasury opened at the Central Bank of West African States (BCEAO). This account cannot be offset in favor of other government accounts. It is used exclusively to receive APFE partner contributions and to fuel the central and regional accounts (one for each of Niger's eight regions) dedicated to APFE expenditures. The APFE regional accounts are opened in the name of the Treasury at the BCEAO, through its regional branches, or at commercial banks approved by the Treasury when there is no BCEAO branch. The resources in these APFE escrow accounts are ring-fenced and may only be used for expenditures recorded under APFE budget lines.

Public expenditure execution is governed by the organic law¹⁰ on public finance, which also applies to APFE expenditures. Execution follows the same procedures as for government budget expenditures, from commitment, verification, authorization to payment. The administrative phase of APFE expenditure is therefore managed by the directorates of material and financial resources (DRFM) within the line ministries and the Ministry of Finance. At the accounting stage, the payment of expenditures for the central portion of the APFE is handled by a dedicated public accountant. In the regions, this function is carried out by the regional paymaster, and in the départements, by the departmental treasurer.

APFE ACCOUNT FLOW CHART



⁹ Source : PEFA 2017

¹⁰ Organic law no. 2012-09 of 26/3/2012 (LOLF)

EPAs hold deposit accounts with the Treasury, not liquidity accounts (no cash flow on these accounts, only accounting entries, and expenditures/invoices for these EPAs are paid from the central escrow account). Movements from the BCEAO “pivot” account to the APFE’s escrow accounts fall under the responsibility and signature of the Central Treasury Accountant (ACCT). One of the operational manual’s procedures defines the conditions to be met in order to transfer funds from the pivot account to the escrow accounts. One such condition is the preparation and regular updating of a cash flow plan. No movement of funds can be made from the pivot account without a no-objection notice from the APFE’s partners.

APFE management. The only specific steering body for the APFE is the APFE Technical Committee. It is chaired and convened by the head of CAMOS. Its members include the ministries in charge of education and training, the Ministry of Finance, the ministry responsible for territorial decentralization, the EPAs, and the development partners. It meets every eight weeks. Its purpose is to ensure regular monitoring of the APFE and to take all necessary decisions for its effective functioning.

Role of APFE partners. The APFE partners are responsible for ensuring sound technical and financial management, and compliance with APFE procedures. They ensure that the use of funds and reporting are in line with the applicable framework and rules. The APFE partners designate a coordinator to act as the main liaison with the ministries and CAMOS. Luxembourg cooperation played this role from the launch of the APFE in 2016 until December 2018. Since January 2019, AFD has been the APFE partner coordinator. In this capacity, it facilitates dialogue among the partners, line ministries, and the Ministry of Finance, issues no-objection notices, and deploys advisory and external auditors.

4. Leverage effects of the fund

4.1. Example of an APFE response to the expansion of education systems

Using the public expenditure channels enables funding of all public entities contributing to the development of the education system nationwide (deconcentrated education structures, autonomous institutions, schools, management committees, and local authorities). As such, the APFE supports all components and dimensions of the education sector strategy since all education and training sub-sectors benefit from APFE resources. The APFE also enables the Nigerien authorities to provide broader and more consistent coverage of their policy nationwide, which contrasts with the limited scope of project support. The following examples illustrate the capacity of the APFE to operate on a broad scale.

Initial teacher training. The APFE provides strong support for initial teacher training through the funding allocated to teacher training institutions (ENI). These resources help ENIs cover part of their operating costs, acquire inputs and rehabilitate infrastructure, closely supervise student teachers’ practical placements, and acquire teaching and learning materials. According to the director of one ENI interviewed during an evaluation conducted by the Luxembourg cooperation agency¹¹: “It is truly thanks to APFE resources that we are able to function and provide proper supervision for practical placements; without these resources, training would be purely theoretical.”

School grants. Grants to primary schools (CGDES) and to secondary schools (COGES) are intended to finance annual quality-focused action plans. Since 2019, APFE resources have been used to finance these. In 2021, the APFE enabled grants to be provided to over 6,618 primary schools and 1,779 secondary schools nationwide. Around 935,000 primary school students and 900,000 lower secondary students benefited from these grants¹².

Funding for deconcentrated services. The deconcentration of resources has enabled deconcentrated education and training services to develop their own planning based on local needs. In primary education, APFE resources have enabled Regional Directorates of National Education (DREN) to expand their support and pedagogical supervision missions for schools. In technical and vocational education and training, these resources have helped increase enrollment capacity and strengthen the technical-pedagogical supervision of instructors. Since 2018, the 32 regional directorates, the 36 Departmental Directorates of National Education (DDEN), and Niger’s 9 public universities have benefited from APFE funding.

¹¹ Luxembourg cooperation PIC III evaluation, 2022 - IRAM

¹² Decree 2019-075 of 26 January 2016 on transfer of skills

Sector coordination and dialogue. The APFE's aligned implementation modality has generated high expectations in terms of strengthening policy- and results-focused dialogue, improving coordination among development partners, and harmonizing aid. The strength of the APFE lies in its unifying nature, bringing together eight contributing donors and a projected financing plan of around €132 million for the 2020-2023 period. The APFE thus contributes to the improved coordination of partner support to the education sector, lower transaction costs, and greater predictability of multiyear funding, making it easier for national stakeholders to plan and monitor. It promotes policy dialogue, a focus on the goals countries aim to achieve, supports performance measurement, and helps drive change.

4.2. Support for cross-cutting government reforms

Deconcentration. The decentralization process was initiated in Niger in 2012 and became effective in 2017 with the publication of the implementing decrees. The country's administrative division includes 255 municipalities, 36 départements, and 7 regions, in addition to the urban municipality of Niamey. In the education sector, municipal and regional authorities serve as contracting authorities for a significant number of classroom construction and equipment projects, as well as for the recruitment and management of contract teachers.

Since 2014, the National Agency for the Financing of Local Authorities (ANFICT) has provided financing to local authorities for the responsibilities transferred to them. Under the APFE, financing for local authorities is channeled, in accordance with the legislation, through ANFICT in the form of delegated appropriations (transfers) linked to performance-based contracts with the relevant line ministries. The local authority is responsible for preparing and awarding contracts, overseeing implementation, and taking delivery of works and equipment. Technical support is provided through assistance to the contracting authority for the preparation of tender documents, procurement, and monitoring and supervision of the works. The relationship between ANFICT and the local authority is governed by a financing agreement that commits both parties and sets out their respective obligations. The mechanism for transferring contracting authority to local government is described in the APFE operational manual.

The APFE supports decentralization through transfers to ANFICT for school construction and rehabilitation, equipment, and grants to schools. Two technical assistants are based at ANFICT. The operating procedures for transferring resources to the municipalities is now in place:

- Standard models for financing agreements concerning (i) classroom construction/rehabilitation and (ii) school grants (COGES/CGDES) have been developed and approved
- School grants have been disbursed since 2019 and were rolled out at scale in 2021, covering one third of the country's public primary schools, based on vulnerability criteria
- Monitoring and reporting tools for the resources and activities transferred to ANFICT and local authorities are in place, although they are used inconsistently and imperfectly
- Public procurement monitoring at all stages of contract award and execution, as well as control of contractors and works supervisors, are effective.

Program budgets. As the APFE is aligned with public expenditure execution procedures, it strongly supports the implementation of the program budget reform by (i) helping clarify the process for preparing program budgets at regional level and for decentralizing financial oversight to regional capitals, and (ii) promoting the command by Nigerien stakeholders of national procedures. The policy dialogue fostered by the APFE helps support a shift toward more results-based management by encouraging greater discussion on how to measure and analyze the outcomes of implemented actions.

Deconcentration. The APFE's partners and the government place strong emphasis on the decentralization of appropriations. They place significant importance on the distribution of activities between central and deconcentrated services. The APFE partners' framework letters systematically highlight deconcentration, including through encouragement to allocate around 80% of APFE financing to the regions (via deconcentrated structures and ANFICT). The technical assistance mechanism supports deconcentrated services in preparing annual planning documents, in technical and financial reporting, and in procurement processes.

4.3. Trends in commitment and execution rates

The following is the situation as of 31 August 2023 of partner contributions to the pivot account since the APFE was established:

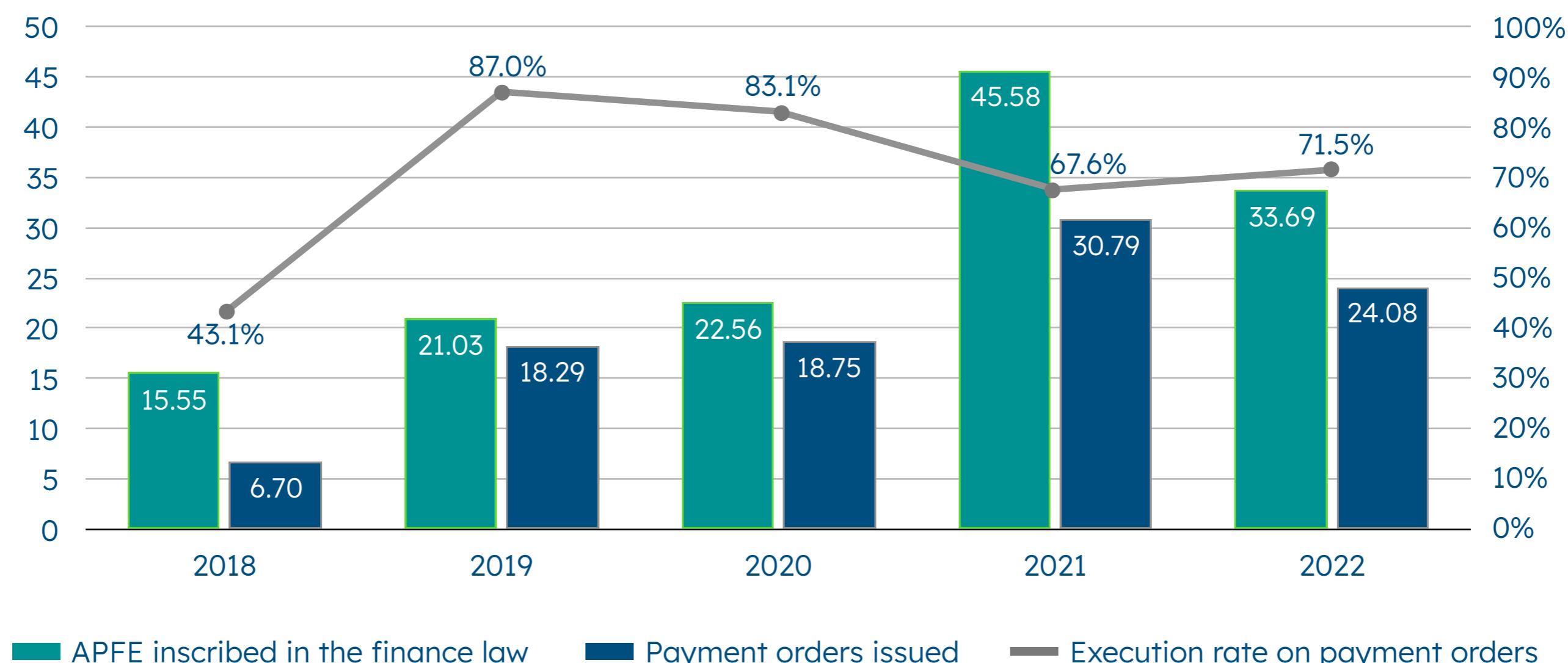
Disbursements by APFE partners – Niger (in euros)

PTF	2017	2018	2019	2020	2021	2022	31 août 2023	TOTAL
Luxembourg	5,307,496	5,977,216	6,433,748	5,030,876	2,278,410	2,071,918		17,739,440,03
Switzerland		916,590	1,772,075	1,439,483	1,488,543	732,799	997,122	4,809,091,993
AFD		3,507,256	5,525,950	9,702,279		1,752,579	6,218,300	17,481,985,442
UNICEF		109,974	112,320	89,333	109,974	886,037	695,830	1,311,470,345
Norway			0	1,627,620	1,589,500	1,466,663		3,066,004,663
GPE			0	1,985,174	29,895,776	16,778,243	10,152,320	38,498,016,581
CANADA						1,131,086	533,780	1,089,821,391
UE							2,805,804	1,836,679,600
TOTAL APFE	5,307,496	10,511,036	13,844,093	19,874,765	35,362,203	24,819,324	21,403,157	85,832,510,048

Source: CAMOS – Execution report

Partners' disbursements into the APFE pivot account at the BCEAO are governed primarily by bilateral agreements signed between each partner and the government. Disbursement decisions generally depend on cash flow needs and are linked to the availability of the audit report for two years prior, Year 'Y - 2'.

APFE utilization from 2018 to 2022 (in millions of euros)



Source: Annual action plan execution reports – 2022

The financial execution rates based on APFE payment orders¹³ are relatively high. The decrease in financial execution in 2021 is primarily due to (i) the institutional reorganization of the sector and the adjustments to be made to the budgetary nomenclature (e.g. the merger of the Ministry of Primary Education and the Ministry of Secondary Education, which caused disruptions in the administration due to changes in directors), and (ii) delays in the disbursements planned for 2021 following the results of the 2019 external audit. For fiscal year 2022, the slowdown in execution is mainly explained by the late start of APFE execution following the revision and negotiation of the APFE per diem scale.

¹³ Calculation: amounts paid / payment order amounts.

5. Challenges

5.1. Start-up phase

Opening accounts with the Treasury. The selected financial circuit required the Ministry of Finance to open several Treasury accounts to better track expenditures by level and region of execution. The initial contributions to the APFE were deposited into an account opened in the name of the Treasury known as the “main account,” but it took time to open all the liquidity accounts necessary for the smooth operation of the APFE. Additionally, there were delays in appointing the CAMOS-based public accountant, who was to be responsible for monitoring the fund’s dual accounting system.

Slow adoption of national procedures. At the start, some stakeholders indicated that the APFE procedures for justifying expenditures were too onerous and complex. This observation is interesting in that these are Niger’s own procedures (the functioning of the APFE does not involve specific procedures, and the number of ex ante controls is limited). This observation demonstrated that (i) stakeholders, especially in the regions, were not accustomed to carrying out activities (such as workshops, training, procurement) using the government budget, so the procedures were unfamiliar to them, and (ii) the Ministry of Finance has not developed any written procedures concerning the justification of public expenditure. As a result, practices vary from one actor to another, inevitably creating irregularities without this necessarily constituting fraud. At the launch of the APFE, significant capacity building work, which had been underestimated at the design stage, had to be carried out with a large number of actors at both central and deconcentrated levels. This capacity building was largely handled by CAMOS but suffered from high staff turnover until the authorities decided in 2021 to limit turnover on key positions (e.g. planning, financial management, and procurement).

Technical assistance. The aligned approach implies that responsibility for planning, execution, and reporting be largely entrusted to the national stakeholder. Given the limited capacities, including in terms of mastering national procedures, technical support from the outset is essential. This prerequisite was discussed during the design of the APFE between the national authorities and the APFE’s development partners. However, deploying technical assistance proved more complicated than expected. As part of the APFE setup, initial support was to be provided by Luxembourg cooperation until June 2019, after which technical assistance was to be directly funded by the APFE and managed by CAMOS. The tender process was launched by the Nigerien side, but the contract could not be finalized within the deadlines. It was eventually cancelled following a complaint. The volume of support was reduced, resulting in a number of delays and a lack of APFE management oversight, weakening the regular execution of funds¹⁴.

Decentralization. Several difficulties arose from the very late signing of agreements between the Ministry of Education and ANFICT. The implementation of activities was significantly delayed. The limited human resources at ANFICT hindered the absorption of funds and the decentralization process. There is considerable resistance to the changes implied by decentralization. The support processes for municipal contracting authority are very onerous, given the huge geographical area and the remoteness of parts of the territory, increasing insecurity concerns, and the need for capacity reinforcement at all levels (procurement, administrative and financial monitoring, and IT skills, etc.).

Audits. In 2020, external auditors issued an adverse opinion on the 2019 budget year. This audit revealed weaknesses and a lack of proficiency among certain actors on the public expenditure chain. The main causes of the irregularities identified were the failure to comply with public procurement procedures and the insufficient justification of APFE expenditures. The auditors’ adverse opinion also stemmed from a series of missteps, in particular:

- The technical assistance team responsible for supporting the central accounting unit at CAMOS was withdrawn before the 2019 budget closure was completed; as a result, the preparation of the first annual financial report and the presentation of the financial statements were neither supported nor reviewed prior to their submission to the auditors
- The advisory audit, which was intended to support the preparation of the external audit, was not conducted, and the CAMOS field support missions in the regions could not be carried out due to travel restrictions linked to the COVID-19 pandemic
- The national authorities approved the start of the audit without conducting adequate prior checks on the quality of the available financial reports

¹⁴ The main causes of the irregularities identified relate to non-compliance with public procurement procedures and insufficient justification of APFE expenditures. At Ministry of National Education (MEN) level, irregularities were more pronounced in the regional education services.

- CAMOS, although considered as APFE's accounting hub, was not involved in the initial exchanges between the auditors and the line ministries. As a result, it could only assume its role of coordinating responses to the auditors and central collection of supporting documents at a later stage¹⁵.

The poor results of this audit led to a four-month suspension of disbursements from the APFE's partners, which had a significant impact on the implementation performance of the 2020 annual budgeted action plan and regional annual budgeted action plan.

5.2. Full implementation phase¹⁶

CAMOS. CAMOS plays an important coordinating and advisory support role, but a better balance still needs to be found to strengthen ministerial leadership. Regular APFE Technical Committee meetings are an obligation set out in the operational manual, and this must be complied with. It is the responsibility of CAMOS to convene these meetings. However, their frequency has not always been consistent. The dialogue between the partners and the government has therefore been disrupted.

Challenges of routinization and scheduling. For the APFE to function properly, certain practices need to become routine and comply with the timeline laid out in the operational manual. This includes:

- Meeting planning deadlines with work to be launched by the regions starting in April of the year prior 'Y-1' in order to ensure bottom-up planning, enable validation of the annual budgeted action plans in July, and allow for the earmarking of funds for local authorities to transit via ANFICT as early as September
- External audits with the audit report to be available in time to allow the release of funds for Year 'Y' in the last quarter of Year 'Y-1' or at the very start of Year 'Y'
- Systematic financial reporting, which is essential for maintaining regular monitoring of APFE execution and ensuring that bank reconciliations are carried out, as a means of fostering transparency
- Improving ANFICT's semi-annual reporting by (i) strengthening administrative and financial monitoring, (ii) providing qualitative information on grants, and (iii) including information on the contracting process with municipalities and procurement challenges/lead time.

The quality and relevance of planning. The quality of the annual budgeted action plans and regional annual budgeted action plans is improving, with funding increasingly targeted toward strategic budget lines. However, improvements still need to be made for a dialogue around monitoring and evaluation, which is still relatively weak. Execution monitoring does take place but is incomplete and does not fuel strategic dialogue. Technical implementation should be more strongly monitored, and monitoring and evaluation should be more broadly deployed, building on CAMOS, the Regional Units for Monitoring and Evaluation (URSE), and technical assistance. Development partners also need to evolve in this regard: currently, they still focus very much on financial management issues, reimbursement of ineligible expenditures, and planning, but there is little structured dialogue around the impact on the education system of the measures and activities financed.

Internal control is underdeveloped, and CAMOS is not fully playing its role of supporting the ministries or steering the APFE with the Ministry of Finance. Closer monitoring of commitments was introduced in 2023 in connection with the issue of carryovers and reprogramming to be incorporated into the initial finance law (LFI) rather than the amended finance law (LFR) as had become the norm.

The limited capacity of local authorities presents a major challenge. An increasing share of APFE funding is being executed at local government level and consideration should be given as to the most appropriate options for support and capacity building.

Complementarity of APFE funding. APFE resources are intended to complement/add to government funding. It is important to maintain an ongoing dialogue around this complementarity to ensure that APFE financing does not lead to a reduction in domestic appropriations for central and deconcentrated services (substitution effect).

¹⁵ See Report on supervision of GPE financing by Marc Ziegler, May 2021.

¹⁶ The full implementation phase can be considered after three budget years and the production of technical and financial reports as required and set out in the operational manual.

APPENDIX 1

Glossary

Aid effectiveness

In this document, the effectiveness of aid is to be understood as the link between the way in which aid is provided and used, its cost to the recipient country, and the results achieved for beneficiaries.

Aid-on-budget (ring-fenced budget support / program-based budget financing)

Funding to the national budget, distinguishing appropriations in the finance law and ring-fencing resources in a separate account from that of the government.

Aligned pooled fund operational manual

A corpus of principles, rules, norms, expenditure and procurement implementation procedures, and operating procedures for running the aligned pooled fund.

Alignment with national structures and procedures

Use of national structures and procedures to manage external resources and implement activities.

Alignment with policies and strategies

Funding of national educational objectives, strategies, and programs, regardless of the aid modality.

Budget appropriations

A legal authorization to spend public money according to budgetary nomenclature and approved in finance law.

Budget support

Funding to the national budget with fungibility of all resources and appropriations.

Cash fungibility

Cash fungibility means that financial resources from partners do not use a separate account from government monetary resources but are commingled with them.

Fiduciary risk

Fiduciary risk arises from the execution of expenditure and procurement processes that leads to poor results for beneficiaries of public policy due to irregularities, incompetence, or corruption.

Fungibility

Interchangeable resources that can be used or consumed and replaced by other goods of the same nature and quality.

Fungibility of appropriations

In this document, this means that partners' resources are not "visible" or distinguishable in the national budget.

Generally, decision-makers (authorizing officers) can transfer appropriations between chapters within the same section, except for funds related to staff expenditure.

Integrated approach

For aligned pooled funds, an approach combining an aligned aid modality, an analysis of national institution capacities, a capacity development plan, an operational manual, and an analysis of risk and mitigation measures.

Level of alignment

This is low when it only concerns national strategies and objectives. The project is, by nature, not aligned with national structures and procedures. The level of alignment is high when it relies on the partner country's structures and procedures.

National budgetary, accounting, and financial implementation rules

The rules are set out in national documents organizing the partner country's public financial management (PFM). PFM is determined by public finance law and the laws and decrees applied, which may concern domestic budget nomenclature, expenditure processes, and accounting format, for example.

National procurement rules

Set of laws and regulations governing the national public procurement system and its three key components, which are the person in charge of procurement and related services, procurement oversight, and regulation.

Operational procedures

In this document, these procedures are methods or processes. They set out work sequences divided into tasks or activities, per actor, and in a defined order, to produce a service, exercise a competency or a function, fulfil a mission, and draw up a report.

Operational risk

In the case of aligned pooled funds, operational risk can be defined as the non-completion of the activities financed by the fund.

Reduction of fiduciary risk

Set of strategies, measures, and actions ensuring gains from public policy for beneficiaries.

Special Appropriations Budget (BAS) and Special Treasury Appropriations Account (CAST)

A budgetary and accounting mechanism to earmark revenue for specific expenditure. BAS and CAST have their own budgetary balance. In other words, expenditure must be equal to projected revenue.

APPENDIX 2

Template for Terms of Reference for an opportunity study on the evolution of aid modalities / the establishment of a pooled funding mechanism

User note: These Terms of Reference must be adapted to the specific context.

CONTENTS

1. Background and rationale
2. Objectives of the assignment
3. Scope of work
4. Implementation arrangements
5. Deliverables
6. Required skills and experience
7. Documents to be provided to the consultant

1. Background and rationale

To be completed based on available information:

- The context of the education sector, institutional organization (ministries responsible for the sector, etc.), and the key national strategic documents for the sector
- The positioning of development partners, their modalities of support and main challenges
- Difficulties highlighted in the sector's annual performance reports, particularly regarding the effectiveness and timeliness of activity and funding execution
- The functioning of sector coordination and steering mechanisms
- The state of discussions on evolving aid modalities

2. Objectives of the assignment

The overall objective of the assignment is to support the government in a reflection on the evolution of current aid modalities in the education sector and on the conditions needed to ensure more effective aid.

The study will examine:

- The willingness of various partners to pool their resources to finance a sector-wide development program in the partner country, whether an existing program, one to be designed, or one to be revised/updated.
- How pooling resources in a mechanism aligned with national structures and procedures could offer benefits in terms of leverage effects to address shortcomings that have not been resolved through other aid modalities, or for which progress has been too slow given the challenges and the importance of the sector
- Whether the political, sectoral, institutional, and financial context, as well as ongoing support from development partners, offer opportunities to align with national structures and procedures.

3. Scope of work

The assignment should address the following areas:

- **Sector context:**
 - Analyze the complementarity among external financing sources and with the government budget, the modalities for monitoring results under the education sector plan (ESP), and the ESP partnership framework (entities, sector dialogue).
 - Analyze current aid modalities.
 - Analyze operating procedures available for financing the main functions of the education system (such as teacher training, pedagogical support, etc.).
 - Analyze ongoing reforms in terms of decentralization, deconcentration, and public financial management, and their implementation.
- **Conditions and constraints of an aligned pooled financing mechanism to support the education and training sector:**
 - Identify possible degrees of alignment with national procedures, public expenditure channels, monitoring, accountability, and control mechanisms.
 - Identify the alignment modalities to be recommended with the ESP operational and steering framework.
 - Identify possible degrees of alignment with national procedures for expenditure execution and control: procurement procedures, public financial management procedures, division of responsibilities between authorizing officers, controllers, and payers, internal and external control mechanisms, etc.
 - Identify possible degrees of alignment with the “operational chain”, institutions, structures, and human resources currently in place within the government: provisions for implementation (skills, entities, distribution of roles, interministerial coordination), control mechanism, monitoring and evaluation system, reporting, etc.
 - Examine the position of development partners currently supporting the sector compared to a more aligned pooled mechanism, and their capacity and/or willingness to contribute to such a mechanism within the coming five years; if applicable, identify the conditionalities of their participation.
- **Formulation of recommendations:**

Based on the analyses above, various scenarios for more aligned pooled financing mechanisms can be put forward, including (i) a summary of opportunities, constraints, and risks, (ii) an analysis of the conditions required to implement the mechanism, and (iii) an implementation plan (timeline and transition arrangements, whether gradual or phased).

Following this initial study, the government and its partners will be able to assess the opportunities for adjusting current aid modalities. The approach recommended by the consultant should provide the government and its partners with a clear understanding of the proposed changes and their intended outcomes, to enable them to structure their discussions around the expected levers of change and implementation modalities.

4. Assignment implementation:

The consultant's overall methodology must be based on collaborative processes and tools that ensure stakeholder involvement. This will include meetings with the relevant ministries and education sector partners, as well as field visits to engage with deconcentrated structures. Exchange sessions with the Local Education Group (LEG) will also be planned, and the consultant will be responsible for facilitating a session to present the report to the government and the LEG.

A scoping meeting will be organized at the start of the assignment with (to be specified). This meeting will define, among other things, additional arrangements for consultation and dialogue with national stakeholders.

If workshops are part of the methodology, the consultant must also plan for their organization and facilitation.

The assignment is expected to last approximately two months, alternating between on-site and remote work, with the specific arrangements to be defined.

5. Deliverables

The assignment deliverables are as follows:

- A kick-off note summarizing the conclusions of the scoping meeting will, if necessary, update the consultant's work plan within one week from the scoping meeting,
- A provisional report and documents presenting the study at the end of the two-month period,
- A final report following the feedback meeting, to be submitted within two weeks following delivery of the provisional report,
- A PPT presentation summarizing the report.

6. Required skills and experience

Applicants will be selected based on the following key qualifications:

- Proven experience in similar assignments
- Expertise in the relevant areas for this assignment, including a sound knowledge of public financial management and public accounting, sector governance, and institutional development
- Demonstrated experience in the setting up, implementation, and/or evaluation of harmonized financing mechanisms such as pooled funds, budget support, and other types of programs aligned with national structures and procedures
- Familiarity with support to reforms in the education sector
- Experience with participatory approaches and methods, if possible
- Knowledge of donor procedures
- Strong writing and synthesis skills

7. Documentation to be provided to the consultant

To be completed.

APPENDIX 3

Template for Terms of Reference (ToR) for a feasibility study for the establishment of an aligned pooled fund for education (APFE)

User note:

- ToR to be used once there is a confirmed intention to establish an aligned financing instrument. Otherwise, refer to the ToR template in Appendix 2.
- ToR should be adapted to the specific context.

CONTENTS

1. Background and rationale
2. Objectives of the assignment
3. Scope of work
4. Implementation arrangements
5. Deliverables
6. Required skills and experience

1. Background and rationale

To be completed based on available information:

- The context of the education sector, institutional organization (ministries responsible for the sector, etc.), and the key national strategic documents for the sector
- The functioning of sectoral coordination and steering mechanisms
- The positioning of development partners, their modalities of support and main challenges
- The context of public financial management (implementation of program-based budget reforms and key public expenditure and financial accountability - PEFA indicators, ...)
- The current state of discussions regarding the establishment of a pooled financial instrument to serve the country's education sector

2. Objectives of the assignment

The overall objective of the assignment is to analyze the feasibility and determine the conditions and modalities for setting up a new pooled streamlined financial instrument aligned with national structures, procedures, and policies.

Through consultation with the ministries responsible for education, the Ministry of Finance and Budget, and development partners, the study will aim to assist in:

- Identifying the instrument's scope of intervention and the development objectives for the education system
- Designing / selecting the appropriate budgetary, accounting, and financial instrument
- Analyzing operational and fiduciary risks
- Defining operating procedures
- Defining operational and fiduciary risk management measures
- Defining technical support
- Defining coordination arrangements among the fund's partners

Start-up support will also be provided for (optional but recommended – this may constitute a conditional phase).

3. Scope of work

The assignment will comprise two phases, with specific objectives:

Phase 1: Feasibility study / fund design

- **Identification of expected leverage effects on the key challenges facing the education system**
- **Definition of the budgetary, accounting, and financial instrument** based on an analysis of the available options and of basic rules, taking into account national legislation and AFD guidelines on program-based budget financing. This should clarify: i) how the fund's appropriations will be distinguished and recorded in the finance law, and ii) how partners' contributions will be ringfenced (accounts to be opened, account management, etc.). This work will be carried out in close dialogue with the ministries in charge of finance and the budget.
- **Risk analysis** based on a study of work divisions, capacities, and operating shortcomings in the education system:
 - An analysis of the division of roles and institutional capacities related to the preparation and execution of education sector expenditures. This should clearly identify, for each major function, the responsibilities of each stakeholder at central, deconcentrated, and decentralized levels (based on national regulations), any overlaps, and any areas of ambiguity to be addressed. The capacities of key actors should be addressed in detail.
 - An analysis of weaknesses and constraints related to planning, budgeting, execution, reporting, and implementation of external financing, information and accountability system, and internal and external control mechanisms. This mapping task should be conducted in close cooperation with the public administration. The underlying causes and consequences will be described in detail.

Based on the above analyses (and building where applicable on existing studies – to be specified), a fiduciary and underperformance risk assessment will be conducted, along with proposed risk mitigation options.

- **Definition of operating procedures.** This will involve identifying existing implementation procedures or production processes or methods, and any missing or outdated ones, required to carry out the core functions of the education system (give examples: large-scale teacher training, school grants, school feeding, etc.). As far as possible, procedures defined should be based on what already exists. The consultant will formulate any additions to be made to existing regulatory texts, and, if procedures are lacking, provide draft texts to complete the existing procedural framework. This work will also integrate, through dialogue with development partners, the provisions they may wish to include related to their own procedures (e.g. no-objection notices, ...).
- **Definition of operational and fiduciary risk management measures, including technical support.** Based on the previous analyses, the Consultant will develop a capacity strengthening plan to support sector stakeholders in appropriating and effectively implementing the proposed procedures. The plan may be phased over time. Additional necessary risk mitigation measures, particularly in terms of control and audit, will also be specified.
- **Drafting of a joint financing protocol project between development partners wishing to contribute to the fund** (optional).

Phase 2: Start-up support (indicative – to be adjusted based on the results of Phase 1)

- **Provide advisory support for drafting the agreement and the establishment of the budgetary and financial mechanism.**
- **Organize awareness raising and training sessions on the operational manual for key stakeholders.**
- **Support the planning of activities and budget programming for Year 1.**

4. Assignment implementation:

The overall methodology proposed by the consultant must be based on collaborative processes and tools that ensure stakeholder involvement. A scoping meeting will be organized at the start of the assignment (to be specified: with whom? LEG? Working group?)

The consultant must also plan for the organization and facilitation of consultation and/or validation workshops for technical choices, if included in their methodology.

The assignment is expected to last for ten months (indicative), alternating between on-site and remote work, with specific arrangements to be defined.

5. Deliverables

The assignment deliverables are as follows:

- **A kick-off note** produced after the scoping meeting. This note must describe the methodology, detailing the approach adopted to achieve the objectives of this study and the expected involvement of the various stakeholders, as well as the organization of the assignment (documentation, interviews, etc.), along with the consultant's updated work plan, if necessary. This note must be produced one month after the start of the assignment and will be validated by the national committee set up to oversee the work.
- **A report presenting the proposed instrument**, including:
 - a description of the expected leverage effects on the education system
 - the definition of the budgetary, accounting, and financial instrument, and the main operating procedures
 - a risk mapping (including an analysis of the PPBME chain and of capacities) and the definition of the main mitigation measures.
- **An operational manual**, referencing current national laws and regulations and supplemented by explanations and formulations for any missing processes.
- **A capacity building plan**
- **A draft joint financing protocol** between development partners and the government (optional).

6. Required skills and experience

Applications will be selected based on the following key qualifications:

- Proven experience in similar assignments
- Expertise in the relevant areas for this assignment, including a sound knowledge of public financial management and public accounting, sector governance, and institutional development.
- Demonstrated experience in the setting up, implementation, and/or evaluation of harmonized financing mechanisms such as pooled funds, budget support, and other types of programs aligned with national structures and procedures
- Familiarity with support to reforms in the education sector
- Experience with participatory approaches and methods, if possible
- Knowledge of donor procedures
- Strong writing and synthesis skills.

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