

Supporting Capacity Development in PFM – A Practitioner’s Guide

Volume Two – The Country Case Studies

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ECORYS Nederland B.V.

The consortium is composed of the following members:

ECORYS, the Netherlands
CESO-CI Internacionais SA, Portugal
**SOFRECO (Société Française de Réalisation,
d'Etudes et de Conseil), France**
Tribal Helm, Northern Ireland

ECORYS-NEI
P.O. Box 4175
3006 AD Rotterdam
Watermanweg 44
3067 GG Rotterdam
The Netherlands

T +31 10 453 88 00
F +31 10 453 07 68
E netherlands@ecorys.com
W www.ecorys.nl
Registration no. 24316726

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Lesotho

Abbreviations and Acronyms

ABB	Activity Based Budgeting
ACCA	Association of Cost and Certified Accountants
ADB	Asian Development Bank
AfDB	African Development Bank
AFROSAI	African Organisation of Supreme Audit Institutions
ASOSAI	Asian Organisation of Supreme Audit Institutions
CAS	Centre for Accounting Studies
CBEP	Capacity Building for Economic Planning
CIPFA	Chartered Institute of Public Finance and Accountancy
CPO	Central Payments Office
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
DPCF	Development Partners Consultative Forum
EC	European Commission
EDF	European Development Fund
EU	European Union
FMIS	Financial Management Information System
FRA	Fiduciary Risk Assessment
FY	Financial Year
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GoL	Government of Lesotho
LIA	Lesotho Institute of Accountants
IDM	Institute for Development Management
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISP	Institutional Strengthening Project
MDTF	Multi-Donor Trust Fund
MoFDP	Ministry of Finance and Development Planning (Lesotho)
MINECOFIN	Ministry of Economy and Finance (Rwanda)
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office (Rwanda)
NPPR	Nepal Portfolio Performance Review
NSDP	National Strategic Development Plan
OAG	Office of the Auditor General (Lesotho)
PAC	Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PIU	Project Implementation Units
PFM PMF	Public Finance Management Performance Measurement Framework

PI	Performance Indicator
PRS	Poverty Reduction Strategy
PSIRP	Public Service Improvement and Reform Programme
SAI	Supreme Audit Institution
TA	Technical Assistance
TC	Technical Cooperation
TGR	Trésorerie Générale du Royaume (Morocco)
TSA	Treasury Single Account
UNDP	United Nations Development Programme
WAEMU	West African Economic and Monetary Union

1 Background

1.1 Institutional framework

The Kingdom of Lesotho is a small, mountainous and landlocked country, completely surrounded by South Africa. Its geographical situation in the middle of a comparatively strong economy has important implications for employment and staff retention. The majority (>77%) of the approximately 1.8 million inhabitants are dependent on subsistence agriculture and there are high rates of poverty, particularly in the rural areas. At the beginning of the last decade, agriculture contributed over 10 % to Gross Domestic Product (GDP), but this has gradually gone down to 7.9% in 2009/10, with crop production falling even faster, from 4.8% to 1.8% in 2009/10. Medium-term projections indicate a continuation in decline unless comprehensive reforms are undertaken. The public sector employs approximately 35,000 employees (including teachers, health workers and the defence force) and the associated wage bill represents about 18 - 20% of GDP.

From an institutional perspective, Lesotho is a parliamentary constitutional monarchy¹. The Legislative branch consists of a 33 member Senate and a 120 seat Assembly. There are two parliamentary committees that deal with financial matters, a Portfolio Committee (Economics and Development Cluster) that scrutinises the budget and a Public Accounts Committee (PAC) that scrutinises government accounts. Since independence in 1966, there have been a military coup and several periods of political unrest. General elections were last held in Lesotho on 17 February 2007, although an extended dispute² followed the election.

The Cabinet, which is responsible for all government policies, consists of the Prime Minister and other Ministers. The Cabinet Budget Sub-Committee has been established to consider all budget-related matters. The Office of the Auditor General (OAG) is the country's supreme audit institution. At the central government level, there are 19 ministries and 8 offices carrying out the main business of government. There are also a number of autonomous and semi-autonomous agencies. The Ministry of Finance and Development Planning (MoFDP) is responsible for overall financial management³. The Ministry is divided into six departments, with two semi-autonomous government agencies⁴ and three autonomous agencies⁵. The Accountant General has specific responsibility for accounting functions. At line ministry, responsibility and accountability

¹ Although the King has no legislative or executive powers.

² Regarding the allocation of seats by proportional representation.

³ See www.finance.gov.ls for detailed information on the workings of the ministry.

⁴ The Bureau of Statistics (BoS) and the National Manpower Development Secretariat (NMDS).

⁵ Lesotho Revenue Authority (LRA), the Centre for Accounting Studies (CAS) and the Central Bank of Lesotho (CBL).

for public funds rests with the Principal Secretary of each ministry who is the Chief Accounting Officer⁶ of their ministry. He/She is responsible for ensuring adequate financial control, maintaining proper systems of accounts and ensuring that the provisions of the Act and regulations are adhered to. In addition, each ministry has a Financial Controller. The production of accounts has a chequered history going back as far as 1975, more recently no accounts were produced during the period 1996/7 to 2000/1.

Sub-national government in Lesotho remains in its infancy, particularly with respect to administrative and fiscal decentralisation. Elections took place in 2005 and one Municipal Council (Maseru), ten District Councils and 128 Community Councils were created. The budget of the Ministry of Local Government and Chieftainship Affairs provides for compensation of employees, travel and transport and certain operating costs for each district.

1.1.1 Current PFM reforms

GoL's overall government reform program is guided by its Vision 2020. A Poverty Reduction Strategy (PRS) was developed for the period 2004/05 to 2006/07. The GOL then adopted an Interim National Development Framework (INDF), but the Prime Minister has recently launched (January 2011) a process to prepare a National Strategic Development Plan (NSDP).

Ahead of its PRS, in 2001/02, the government devised its Public Service Improvement & Reform Programme (PSIRP), although implementation only commenced in 2004. The PSIRP includes:

- Public Financial Management Reform: to improve planning, budgeting, accounting and accountability in the Public Service;
- Decentralisation: to bring service provision closer to end users; and
- Civil Service Reform: to improve the Public Service delivery.

Since the start of the programme, a number of fundamental changes have occurred in PFM. These include the amalgamation of the Ministries of Finance and Planning, the introduction in 2005 of a medium-term perspective to budgeting in Lesotho. The introduction of the Integrated Financial Management Information System (IFMIS) in April 2009 means a number of business processes have changed/are changing, including new expenditure commitment control procedures. New Banking arrangements are also in place. Processing of payments is now decentralised, using the decentralised Accounts Payable module. It is only the final printing of cheques which is done in the Central Payments Office (CPO). This has resulted in a number of changes in functions and roles within the CPO and line ministries e.g. responsibility for examination of cheques. The Government is in the process of modernising its procurement system and has decentralised the procurement function to line ministries, introduced standard procurement documentation, and revised procurement thresholds.

⁶ A Chief Accounting Officers Guide has been developed.

Following its organisation review in 2007, the Lesotho Revenue Authority has positioned itself as a “taxpayer centric” entity, organising itself along functional rather than tax specific lines e.g. taxpayer education, collections, audit, not Income tax, VAT.

1.1.2 External factors

The development of PFM capacity and long-term sustainability of many initiatives cannot be isolated from other broader development issues, including basic infrastructure, financial and communication networks, health, education and employment opportunities. In Lesotho, about 25% of the country’s population lives in the rugged mountains (75% of the total country area), where extreme isolation results in poor access to basic services, market opportunities and communications. Despite massive efforts by government and donors to halt and reverse trends, the health of the workforce is adversely affected by the fact that Lesotho has the third highest HIV adult prevalence rate in the world at approximately 23% and the fifth highest Tuberculosis (TB) incidence in the world with 635 cases per 100,000 people.

In terms of specific PFM related training facilities and institutions, the National University of Lesotho offers a range of economics, accountancy and related degree programmes, and these are complemented by offerings from other training providers. These include in particular the Centre for Accounting Studies (CAS), established some 30 years with the support of the Irish government. Traditionally CAS has worked very closely with the Lesotho Institute of Accountants (LIA) to train students for membership of the Institute⁷.

The LIA was formed in 1977 serving primarily the needs of the private sector, it has recently sought to widen its scope of activity and influence to include the public sector. In pursuing this objective, it has obtained an Institutional Development Fund (IDF) grant from the World Bank. A major component of the grant was to “develop the LIA qualification system⁸ to qualify members for Public Finance Management requirements”, although it is understood that no work has yet got under way.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has also been active in Lesotho, since 2006, where it has been working with support from Irish Aid to help professionalise PFM in the country. The CIPFA programme in Lesotho commenced in December 2006, with the first intake of students beginning their studies in January 2007. The Centre for Accounting Studies (CAS), acted as the local course provider. Examinations management and administration, along with local assessment services, was provided by the Lesotho Institute of Accountants (LIA). Relationships amongst CIPFA, LIA and CAS were defined and regulated through a joint Memorandum of Understanding involving the three parties.

⁷ LIA offers three classes of qualification: Technician, General and Chartered Accountant.

⁸ Currently a joint examination scheme agreement exists between LIA and the Association of Chartered Certified Accountants (ACCA) of the UK, which allows for Lesotho variant papers in Taxation and Business Law.

In 2008 the South Africa chapter of the Institute of Internal Auditors began providing training to staff from the government internal audit service. Around the same time the Institute for Development Management (IDM) inaugurated a programme of training leading to the examinations of the UK.

Chartered Institute of Purchasing and Supply (CIPS). All these efforts are intended to localise skills supply in Lesotho's institutions as part of the goal of achieving longer term sustainability.

1.1.3 Key PFM donors

In recent years, support to PFM has been provided by a number of donors including DFID, Irish Aid, the European Union (EU), World Bank, African Development Bank (AfDB), the US Treasury and at local government level by GtZ. Specific support has included:

- A DFID supported PFM Reform programme (January 2005 – September 2010) with additional funding from EU and Irish Aid and a total value of £ 6.25 million. The programme had seven envisaged outputs including: (i) Strengthened macroeconomic analysis and forecasting linked to fiscal policy, budget performance and monitoring; (ii) Integrated planning and budgeting processes; (iii) Modern Procurement systems; (iv) Modern integrated accounting, revenue and expenditure management systems; (v) Strong Independent Oversight Bodies and mechanisms; (vi) Information to facilitate effective Cabinet participation in the budget process; (vii) Ministry of Finance and Development Planning with enhanced capacity to support and sustain reform initiatives;
- Specific PFM-related programmes from Ireland included support for GoL's PFM programme with DFID (now completed); support to the CIPFA training for accountants and auditors, and ongoing support for the OAG, as well as support to selected civil society organisations to advocate for improved service delivery, transparency and accountability;
- EU support has included funds for the (i) Integrated Financial Management Information System (IFMIS) - 7.5 M€ (ii) Capacity Building for Economic Planning (CBEP) - 5.8 M€ Assistance to reforms of the Government's budgeting and planning functions; macroeconomic analysis and modelling; and strengthening its capacity for production of reliable data; (iii) Capacity Building for Economic Planning II (CBEP II) - 4.9 M€ This builds on the CBEP I (now completed) activities to strengthen the government's macro-economic and financial management, as well as to improve the capacity of sectoral and socio-economic development planning; (iv) _Technical Cooperation Facility I, II and III. These three consecutive phases respectively represent 2 M€, 0.6 M€ and another 2 M€. It finances technical assistance, training sessions and the organisation of conferences, which all aim at improving the efficiency of the National Authorising Office's operations;
- US Treasury - The Budget Department is receiving twelve months assistance from a US Treasury Adviser for the preparation of the 2011/12 MTEF Estimates, and the 2011/12 preparation cycle will focus on 6 pilot ministries to again assist them to define and manage programmes;

- Specific PFM-related programmes from Germany include support to managing the decentralisation process, local administration systems and governance (e.g. advice on management and organisation);
- World Bank – Support to PFM is being provided through the series of three annual development policy operations, envisaged in the FY 2006-09 Country Assistance Strategy. As noted above, the World Bank has also been a strong supporter of the professionalization agenda⁹.

1.2 Key findings

The following paragraphs summarise some of the key findings from discussions with government, technical advisers and donor representatives on support to PFM capacity development in Lesotho. These discussions have been supplemented with a review of various evaluation studies.

1.2.1 Conceptual Understanding

Central to all respondents' discussions on PFM in Lesotho was the Ministry of Finance and Development Planning (MoFDP). This reflects the main focus of most capacity development initiatives in the past on the MoFDP. The role of line ministries was mentioned by a few respondents, but primarily the tasks of finance related personnel, not the role of managers or the chief accounting officers, despite the legal responsibilities described above. Interestingly from those interviewed within government, external audit and parliament was rarely seen by those outside of the OAG as being part of PFM, viewing it rather as a separate oversight function. Donors on the other hand saw OAG, parliament and civil society and the donor community as key stakeholders in PFM in the country. From a system perspective, most respondents from government focused on the expenditure side of PFM including procurement, planning, budgeting, accounting and reporting as key functions to be included.

In terms of PFM capacity development, all interviewees saw training as central to the whole capacity development effort, indeed some saw the need to train individuals as a pre-requisite to improving capacity at an organisational level. Reference was also made to the various technical approaches e.g. MTEF and the use of technology e.g. IFMIS to enhance the government's ability to meet its aim of developing a sound PFM framework. As in other countries visited, in discussing PFM capacity development, the focus of discussions was generally on new or additional capacity. Although some government officials did stress the importance of recognising existing capacity and understanding why individual capacity did not always translate to improvements in organisational capacity.

⁹ Action 1a of the World Bank's Africa Capacity Development Management Action Plan (CDMAP) *Strengthening public financial management (PFM) and accountability*, with its objectives of increasing the number of qualified accountants and auditors in Africa generally, and supporting the development of local training and accreditation institutions.

There was some debate on the difference between PFM capacity development and PFM reform, although the general conclusion was that they were two sides of the same coin. One respondent neatly summed up the position as reform reflecting the decision or policy e.g. move from cash to accrual¹⁰ accounting and capacity development the activities needed to achieve the reform. In supporting capacity development government respondents saw donors' key role as the provision of financial support and technical assistance, while some donors felt that they also had an advocacy role.

1.2.2 Content, form and duration

In recent years, a significant proportion of support to PFM capacity development has revolved around the introduction of new technology and business processes e.g. IFMIS, new legislation e.g. procurement and new ways of working e.g. medium-term expenditure frameworks, activity based budgeting and programme budgeting. Support to the OAG, Lesotho's Supreme Audit Institution has also involved the development of a strategic plan, audit manuals, pilot audits, time management and recording systems. Given the backlog in the provision of financial statements, support has also been provided to the production of an up to date statement of affairs as a basis for future financial reporting. Similarly assistance has been provided to the Bureau of Statistics and the Department of Economic Policy in data collection and data analysis.

Support has been provided in a number of forms e.g. equipment, personnel (long-term and short-term technical advisors). This has been supplemented by internal and external training courses, although some government respondents believe that key training e.g. IFMIS was too classroom focussed, and not sufficiently on the job focussed. The classroom training was on an unconfigured IFMIS, but after going live, there was a new fully Lesotho configured version of IFMIS, which users had to get used to. Others felt that management training and basic accountancy training needed to be carried out, while others felt that study tours in which practical experience could be shared would be useful¹¹. At an organisational level, some were of the view that the capacity of training institutions such as the Lesotho Institute of Public Administration and Management (LIPAM) should also be addressed.

In 2006, a twinning relationship was established between the UK's National Audit Office (NAO), and the Office of the Auditor General (OAG) in Lesotho. The NAO has subsequently provided ongoing technical assistance to the OAG alongside support from the Swedish NAO and the African Organisation of Supreme Audit Institutions (AFROSAI).

There has also been a growing emphasis on professionalization, for example as noted above, the link with the Institute of Internal Auditors (South Africa), for the delivery of their Internal Audit Technician Certificate to internal auditors in GoL. This is a two-year workplace based, logbook recorded, and externally evaluated professional development programme. This programme was launched in March 2008, with 22 officers participating.

¹⁰ Example only, there are no intentions in Lesotho to make this move.

¹¹ Donors were evidently sceptical about the motivation for study tours.

They completed all 8 modules early in 2010. As at October 2010, the final external evaluation of the programme (inspection of logbooks etc) was yet to be carried out. Certificates can only be awarded after the external evaluation.

As part of its programme of support, CIPFA provided the student learning materials and quality assurance for its International Certificate and Diploma in Public Sector Accounting and Auditing, as well as running a number of specific training and capacity development initiatives, for CAS staff.

Duration of most donor supported initiatives has followed a three or four year project based cycle¹², although Irish Aid has now extended its Country Support Programmes (CSP) to five years. Most government respondents believed that donor support should not go on forever, but should be clearly linked to the achievement of concrete results. Under the AFROSAI/IDI initiative in the OAG, a pool of trainers has been developed, but the general perception is that the government does not have a clear plan to sustain initiatives after donor withdrawal. Some respondents noted the need for, but lack of clear donor exit strategies. With the closure of the DFID project in September 2010, many of the ongoing support activities have been outsourced and thus will exist beyond the life of the project (e.g. CIPFA, CIPS training, IFMIS technical support), while other tasks have been taken forward by the CBEPII and the US Treasury support.

1.2.3 Process

Design and Implementation

There were mixed views on the involvement of donors, government and technical advisors in the design of the PFM reform programme and donor capacity building projects, the extent to which donors aligned their support to government strategies and the level of donor coordination. The latter is generally seen to be improving but with some way to go. Reference is also frequently made to the DFID programme, not the GoL programme managed by DFID funded consultants and financed by a number of donors.

It was originally envisaged that the detailed work of designing and implementing the reform agenda should take place in three task forces, one for planning and budgeting, one for accounting and reporting, and one for audit and oversight. In practice, government respondents felt that in most instances, design and implementation of detailed activities was either co-led by the departmental head and consultants or only consultant led. Participation by junior and middle management was viewed by some respondents as limited. No respondents were able to identify ways in which organisational culture and country context had been built into the original design. Indeed, some donors and most technical advisors and government respondents felt that country context and organisational culture had not been adequately addressed. Government involvement in the identification, management and evaluation of technical advisors was also reported to be extremely limited. Recognising the support and advice received from many of the advisors, some respondents did raise concerns about whether some advisors had the appropriate qualifications for their assigned position. Other concerns raised related to the

¹² However, the US Treasury assistance is only for one year.

receipt of conflicting advice, noting the importance of having different perspectives, it was felt that more effort needed to be given to setting out the pros and cons within the Lesotho context, so an informed judgement could be made by government personnel.

At an individual level, there has been no capacity development strategy or training¹³ needs assessment and so support has been *ad hoc*. At an organisational level, with the development of the OAG's strategic plan, donors (Irish Aid) can respond to specific government requests. Government officials were also particularly positive about the extent to which they were involved in the work done with the audit offices of the UK and Sweden and AFROSAI-E.

Monitoring and evaluation

The view of many government respondents was that monitoring and evaluation of support was donor driven and based more on for example, administrative issues or disbursement levels. Similarly, progress is also assessed against deliverables on terms of reference, which may have become irrelevant. Most respondents felt that there was no organised way of assessing by government but that there should be. In contrast, the OAG has an internal process, which is then externally assessed by the NAO (UK).

1.2.4 Impact and lessons learned

In Lesotho, the impact (positive or negative) of capacity development initiatives is not formally evaluated. The following successes and failures are therefore anecdotal rather than scientifically proven. OAG felt that the individual and organisational capacity development initiatives carried out had led to an improved product and this is noted by the latest PEFA assessment. Although respondents noted that wider impact on PFM has yet to be seen, as there is still limited government response or action on their recommendations, and continuing delays in the enactment of legislation to provide the Office with greater autonomy.

In terms of professionalization, the recent CIPFA review noted that after the first full set of assessments, the performance of the first cohort of students was good, with more than two-thirds completing the first Certificate course within 15 months of enrolment. However, year two saw the start of a decline in student performance, and one that continued through into 2009. Several government respondents felt that this was partly because the standard of entrants was not sufficiently high and that more basic levels of training were required.

From an organisational culture perspective, government respondents generally felt that those projects/assistance where good working relationships (working together) were established had the most success. Facilitating and interpersonal skills were viewed as just as important as technical skills. The importance of establishing an *esprit de corps* for all employees within the Audit Office is seen as an important management objective. The annual regional conference and sports event between the audit offices of Botswana, Lesotho, Namibia and Swaziland was given as an example. Respondents were also proud

¹³ A Training adviser is in place under CBEP II, but the scope of his activities are limited by the project document.

of the fact that the Lesotho performance audit manual, which was produced with assistance from Swedish NAO personnel, is now used regionally and that the Head of Performance audit is one of AFROSAI's course leaders.

Poor communications and a general lack of understanding of the level of detail expected by government was cited as a reason for the non-use of the internal audit manual. The IFMIS is also seen by many respondents as not yet meeting expectations, a reflection perhaps that new technology is sometimes 'sold' as the solution to everyone's problems.

Finally, according to the review of the DFID reform programme, one of the lessons learned from the MTEF implementation has been the risk that implementing parallel reforms places excessive demands on the capacity of line ministries to implement them at the same time. In addition to the introduction of budget framework papers, the MTEF Task Team decided very early in MTEF implementation to also pilot a form of activity based budgeting or activity based costing of budget estimates. This has now been sidelined and focus is on programme management.

1.2.5 Sustainability

Donors, technical advisers and government officials all raised serious concerns about the sustainability of many of the recently completed and ongoing initiatives, and some government officials also noted their regrets that there are not enough efforts to safeguard existing achievements. Some also highlighted the importance of the support to training institutions as a key factor in improving sustainability. Government representatives were particularly concerned about staff retention levels, although the impact of the global financial crisis is reported to have slowed down the outflows. Although pay levels were of concern, recognition of efforts and the need to feel valued were also highlighted. Other concerns included the future funding of accountancy training (if Irish aid leave), poor transfer /internalisation of skills, lack of independence of OAG and not being able to create additional posts despite significant changes in work loads as result of decentralisation/new legislation and non-recognition of accounting staff qualifications in the civil service terms and conditions of service. Although the PSs of Finance, Education and Public Service are working on this issue and towards the end of 2009, some progress was made, with recognition in the scheme of service for students undertaking the *Chartered Institute of Purchasing and Supply's* procurement training programme

An earlier external review of the PFM programme¹⁴ has also highlighted the fact that there is still significant dependence on technical advisors. Recognising the achievements made to date, the review noted that the sustainability of the assistance beyond and even within the MoFDP is fragile. The reason for the fragility is attributed to several factors including the impact of the structural changes (combining two ministries to form the MoFDP), personnel changes and insufficient emphasis on the behavioural change implications of technical reforms. Issues such as remuneration incentives, accountability and performance management of underperforming officials, staffing levels, workforce planning and succession planning, promotion based on seniority ahead of efficiency, and

¹⁴ Review of DFID programme support as part of their monitoring and evaluation programme (unpublished).

delays associated with the promotion and appointment processes, are considered to have all worked against the sustainability of the PFM reforms.

The World Bank Country Procurement Assessment Report of March 2008 acknowledged the changes already achieved, but warned of the risks to the sustainability of these reforms unless PPAD received further support to institutionalise the new regulations, procedures, structures etc.

1.3 Country analysis

In 2006, a set of four key principles were set out in OECD DAC 2006 to guide donors in their support to PFM capacity development. The following analysis looks at the extent to which they have been applied in Lesotho. It should be noted however that the most recent process of supporting GoL's PSIRP predated these guidelines.

1. Supporting country leadership and ownership should be central to donor approaches

As set out in the guidelines, country ownership implies active government involvement in all phases of designing and implementing support to PFM capacity development. While country leadership may mean that donor specific interests are not necessarily always followed. This first principle assumes implicitly that country leadership and ownership exists and is constant. In Lesotho, as in many countries, the situation is not so clear-cut. Notwithstanding the fact that the reform programme was frequently referred to as the DFID reform programme, several government respondents noted that initially there was high-level ministerial and administrative support, although wider support even within the MoFDP was less tangible. From an overall perspective, as implementation has progressed, personnel has changed and implementation targets as well as day to day work pressures appear to have shifted ownership and leadership away from government. Broad ownership of the overall reforms by stakeholder line ministries is reported to be weak. Political support as evidenced by timely approval of revised legislation has not occurred.

At the same time, it is clear that at a more micro level, several government officials are actively trying to develop the capacity of their organisations to fulfil their mandate. In these cases, despite the many difficulties, it is their emphasis on the human element (recognition of efforts) that appears to be facilitating progress. Leadership and ownership can therefore occur at many levels, not just at a political or senior management level, it is not a constant and can also easily be derailed.

2. Capacity development design and sequencing should fit specific country circumstances, rather than reflect standard or imported solutions

The second principle revolves around the concept that effective capacity development starts with a premise of building upon what already exists, rather than transplanting entirely new systems. In Lesotho, the original design of many of the features of the DFID supported reform programme and other donors supporting packages appear to have been fairly standard, e.g. the introduction of a medium-term expenditure framework, an integrated financial management information system, activity-based budgeting, programme budgeting and new procurement legislation. Some adaptation to reflect

country context did take place during implementation, for example sidelining activity based budgeting and revised banking arrangements.

In terms of sequencing, GoL's original PSIRP recognised the inter-dependencies between civil service and PFM reforms. In terms of the PFM reforms, during the May 2006 Joint Mission on Budget Support, development partners expressed concern that insufficient attention had been given to the optimal sequencing and inter-linkages between the various activities under the PFM reform programme. Key sequencing issues were reviewed in June 2006 under the PFM reform programme. Nevertheless, some government respondents highlighted the need to look more at sequencing issues and impact of changes e.g. need to change legal framework to fit IFMIS (as system allows virement) whereas previously PS Finance approval was required. From a practical perspective, it is also difficult to understand how activity based budgeting could have been contemplated without even the most basic financial information being regularly produced and internal financial controls not being followed.

3. The institutional, organisational and individual levels of capacity development, including managerial and technical aspects, should all be taken into account in programme design and implementation

The third principle focuses on the fact that capacity development must be viewed from a holistic perspective, and not seen merely as a transfer (e.g. of skills, money, equipment). Donors must increasingly consider change management issues, and how the process of developing capacity can be managed effectively by the organisation.

In Lesotho, donor support has focused on new legislation, systems and procedures, the professionalization of accounting, auditing and procurement and the associated capacity of training institutions. Problems with e.g. the introduction of the IFMIS have been partly attributed to poor change management. Despite the involvement of three change management consultants, government respondents felt that insufficient attention was paid at the outset to the possible winners and losers and change management was equated solely with downwards communication. Indeed some government respondents felt that the reliance on external leverage, in what is essentially an internal process was an expensive mistake. As noted in one assessment of the PFM reform programme, in most MTEF reform programmes worldwide, increasing Cabinet involvement in the Budget process is a difficult goal. Cabinet and parliamentarians are frequently reluctant to be trained or lectured by civil servants, and civil servants are also reluctant to give up the control they have traditionally held over the allocation and prioritisation process, preferring to present Cabinet with a finished budget document for approval and submission to Parliament.

As discussed in the sub-section on sustainability, poor prospects for sustainability are related to lack of emphasis on necessary incentives, which as per the discussions are not solely related to remuneration.

4. Donor support should be provided in a coherent, co-ordinated, and programmatic manner

One of donors' primary responsibilities should be to minimise the transaction costs, harmonise procedures and monitoring mechanisms and coordinate not compete. In Lesotho, donor coordination, alignment and harmonization has been facilitated with the

formation of the Development Partners Consultative Forum (DPCF) in 2005. This is co-chaired jointly by UNDP and Irish Aid. All resident development partners are members of the DPCF, as are the USA and China. The DPCF is responsible for taking forward the 2005 Paris Declaration on Aid Effectiveness for Lesotho, as well as for donor coordination. The DPCF is intended to provide space for development partners to discuss their current and planned activities, to coordinate programs and to promote efficient and effective delivery of development projects. There are now also bi-monthly meetings of PFM donors involved in PFM.

Despite these measures, several respondents felt that co-ordination of support and technical advisors could be improved. At the end of the DFID programme, all donor support is being provided separately, there is no pooled fund, no pooling of technical advisors, no formal mechanism to ensure that responses to requests are complementary not competitive. Some members of the donor community also felt that their own organisational set up did not facilitate effective dialogue on PFM matters and there was insufficient support from their headquarter specialists. A frequent complaint from all groups (government, technical advisors and government) was the lack of flexibility in the funding mechanisms to address the problems. For example, during a training needs assessment it is recognised that training is required on x for y , but the terms of reference/project documentation restricts any training to a for b .

In summary, many of the principles set out in the OECD DAC guidelines were not originally followed in Lesotho and while there have been some important advances, many interventions are still ongoing. Again given the timescales required for PFM capacity development and the problems with staff retention in Lesotho, this is not unusual. Some donors are now refocusing their PFM capacity development efforts on particular sectors e.g. EU in the water sector, as this is their focal sector for the 10th EDF. Their CBEP II will continue until 2012, with some complementary support being scheduled to extend until 2013.

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Mali

Liste des abréviations et acronymes

ABG	Appui Budgétaire Général
ABS	Appui Budgétaire Sectoriel
ACCT	Agence Comptable Centrale du Trésor
ACDI	Agence Canadienne de Développement International
AFRITAC	Centre régional d'assistance technique pour l'Afrique de l'Ouest
ARMDSP	Autorité de Régulation des Marchés Publics et des Délégations de Services
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest
BVG	Bureau du Vérificateur Général
CARFIP	Cellule d'Appui à la Réforme des Finances Publiques
CBMT	Cadre Budgétaire à Moyen Terme
CDI	Commissariat au Développement Institutionnel
CDMT	Cadre de Dépenses à Moyen Terme
CF/AN	Commission des Finances de l'Assemblée Nationale
CGSP	Contrôle Général des Services Publics
CNFCTE	Centre National de Formation des Cadres des collectivités territoriales
CSCR	Cadre Stratégique pour la Croissance et la Réduction de la Pauvreté
CT	Collectivités Territoriales
DAF	Direction Administrative et Financière
DGB	Direction Générale du Budget
DGCE	Direction générale du Contentieux de l'État
DGD	Direction Générale des Douanes
DGDP	Direction Générale de la Dette Publique
DGI	Direction Générale des Impôts
DGMP	Direction Générale des Marchés Publics
DNP	Direction Nationale de la Planification du Développement
DNTCP	Direction Nationale du Trésor et de la Comptabilité Publique
DRH	Direction des Ressources Humaines
EP	Établissement public
EP	Établissement public autonome
GAR	Gestion Axée sur les Résultats
GFP	Gestion des Finances Publiques
MEF	Ministère de l'Économie et des Finances
PAGAMGFP	Plan d'Action Gouvernemental pour l'Amélioration et la Modernisation de la gestion des finances publiques
PARAD	Programme d'Appui à la Réforme Administrative et à la Décentralisation
PDI	Programme de Développement Institutionnel
PEFA	Public Expenditure and Financial Accountability
PFM-PR	Public Financial Management – Performance report
PTF	Partenaires Techniques et Financiers

PTI	Programme Triennal d'Investissement Publics
RP	Recettes-Perceptions
SCCS	Section des Comptes de la Cour Suprême

1 Contexte

1.1 Contexte institutionnel

Le Mali a adopté un système de gestion des finances publiques largement inspiré du modèle des pays francophones fondé sur la séparation de l'ordonnateur et du comptable, une responsabilité personnelle et pécuniaire faible du premier et forte du second et un contrôle externe de type juridictionnel. Les directives de l'UEMO - qui s'imposent au MALI - notamment les directives les plus récentes relatives aux lois de finances et au déploiement de la gestion axée sur les résultats (GAR) se sont inscrites dans ce modèle. Des emprunts récents significatifs au système anglo saxons ont cependant été réalisés.

Deux PEFA successifs (en 2007 et en 2010¹⁵) ont fait apparaître des progrès dans le système de gestion des finances publiques (GFP), encore caractérisé toutefois par des faiblesses importantes dans le contrôle interne et externe.

D'après le dernier PEFA (version provisoire à actualiser lorsque la version définitive sera disponible) la crédibilité du budget est bonne et des améliorations notables lui ont été apportées, notamment en ce qui concerne les arriérés. Des progrès ont aussi été enregistrés en matière de couverture et de transparence: la documentation fournie au Parlement – qui donne l'autorisation budgétaire – est complète, elle couvre la quasi-totalité des opérations des entités publiques de l'administration centrale et des projets financés par les bailleurs de fonds, mais elle est peu accessible au public.

L'administration centrale contrôle assez étroitement la situation financière des agences publiques autonomes et les entreprises publiques ainsi que les collectivités locales. Toutefois, les délais de production des états financiers de ces entités sont longs et ne sont pas consolidés.

La procédure de préparation du budget est bien organisée, les priorités budgétaires fixées par le gouvernement interviennent toutefois tardivement ce qui leur enlève une partie de leur forces.

La programmation pluriannuelle des dépenses publiques (CBMT et CDMT) et la gestion axée sur les résultats (budgets de programmes) sont utilisées depuis 1998 (mais pas pour le vote du budget qui est approuvé dans sa forme « budget de moyens ») et le Mali est considéré sur ce plan en avance sur les directives UEMOA récentes. Des stratégies sectorielles sont élaborées pour tous les secteurs et le budget annuel est bien articulé aux

¹⁵ PEFA en cours au moment de la mission. Les développements de cette partie devront être actualisés lorsque le PEFA 2010 sera validé.

documents de programmations pluriannuels les définissant, ce qui assure la cohérence de tous les documents de programmation entre eux (CBMT, CDMT, Budget) et avec le CSCLP (au moins la première année de mise en œuvre).

Le système fiscal a connu, d'après le PEFA, des améliorations significatives, notamment dans le domaine de l'information des contribuables, de l'immatriculation. Par ailleurs des réformes ont permis de commencer la modernisation du système d'imposition.

Formellement, la gestion de la trésorerie est de bonne qualité et en amélioration: un agent comptable (ACCT) est chargé de la centralisation et de la consolidation des informations nécessaires, des projections sont régulièrement faites à intervalles rapprochées (semaine) et périodiquement revues, les engagements de dépenses sont fournies aux ministères, les soldes de trésorerie de l'ensemble des postes sont consolidés mensuellement et chaque jour pour les postes de la capitale (ce qui représente 90 % des ressources).

Toutefois, une grande insuffisance fragilise tout cet édifice: le très grand nombre de comptes bancaires détenus dans les banques commerciales par les responsables administratifs dont la localisation ne se limite pas aux territoires reculés du pays.

Un fichier administratif du personnel est tenu par le ministère de la fonction publique qui gère le personnel et ses modifications sont automatiquement (par interfaçage) transmises au fichier de la solde du ministère des finances. Mais ces fichiers ne font pas l'objet de vérification périodique.

Des réformes ont été apportées au système d'achats publics pour le mettre en conformité avec les directives de l'UEMOA, notamment la création en 2008 d'une autorité de régulation des marchés publics et des délégations de services publics (ARMDS). D'après les données officielles, la grande majorité (environ 70 %) des marchés se font sur un mode concurrentiel. Le PEFA note cependant que les marchés de gré à gré sont insuffisamment justifiés et que le système des recours est encore opaque. De plus, il faut relever qu'il n'y a pas eu sur la période récente d'audit par un cabinet indépendant de l'ensemble du système validant les informations chiffrées fournies par la DGMP, fournissant des informations sur les pratiques (notamment de prix) et appréciant le respect réel et non formel des normes.

Le PEFA considère que les contrôles internes des dépenses non salariales (par le contrôleur financier mais surtout par le comptable public, fondamental dans le système Malien, du fait de la séparation de l'ordonnateur et du comptable) présentent de sérieuses insuffisances à cause du recours abusif aux procédures simplifiées et d'urgence. On ne peut que constater que l'on ne dispose que de peu d'informations sur la qualité des contrôles de la chaîne de la dépense, ce qui ne permet pas d'étudier de façon complète le risque fiduciaire. Ces remarques s'appliquent aussi aux systèmes de vérification interne (Contrôle Général des services publics, Inspection des finances, Cellule d'appui aux structures de contrôle de l'administration (CASA)).

Il n'existe pas, à notre connaissance, pour le Mali de diagnostic précis des contrôles internes (procédures, contrôle des comptables, contrôle des comptables par le Trésor) ni de la vérification interne (activité et efficacité des corps de contrôle).

Les pratiques comptables se sont améliorées notamment en raison de la publication régulière et rapide depuis 2009 de rapports d'exécution en cours d'année qui ne sont pas toutefois complets car ils restent peu détaillés et sont réalisés au niveau de l'engagement et non de l'ordonnancement.

Au Mali, les états financiers annuels sont présentés sous la forme des lois de règlement. Elles doivent être adoptées par le Parlement après avoir été examinées par la Section des comptes de la Cour suprême (SCCS) qui doit établir un rapport et déclarer conforme les comptes des comptabilités de gestion (comptables) et les comptabilités administratives (ordonnateurs). Beaucoup de retard se sont accumulés à cause des difficultés rencontrées par la SCCS pour accomplir ces travaux. Ainsi la dernière loi de règlement votée l'a été en 2009 et portait sur l'année 2006. Le Ministère des finances a soumis un projet de loi pour l'exercice 2008 à la fin de 2009.

Le contrôle externe est un des grands points faibles du système GFP Malien. La situation est complexe:

- Un organisme a été créé en s'inspirant du modèle anglo-saxon (Canada), le BVG. Il a beaucoup de moyens, bénéficie de l'appui du Président de la République, réalise un travail très utile mais il ne présente pas toutes les garanties d'indépendance souhaitables et ne s'appuie pas - contrairement à ce que suppose le modèle anglo-saxon - sur un Parlement institutionnellement fort et exerçant un contrôle étroit de l'activité de l'exécutif;
- Il existe une section des comptes de la Cour suprême (SCCS) institution supérieure de contrôle juridictionnelle (ISC) qui a peu de moyens qui devrait être transformée en Cour selon les textes de l'UEMOA (qui s'imposent au Mali) mais qui reste bloquée dans son statut actuel à cause de concurrences inter administratives;
- Le contrôle général des services publics (CGSP) qui exerce une fonction de contrôle interne importante mais dont l'indépendance n'est pas assez assurée pour pouvoir être considéré comme une véritable ISC (bien que ce soit lui qui représente le Mali à l'INTOSAI).

Les études réalisées dans la période récente sur le contrôle externe n'ont pas favorisé – elles l'ont même rendue plus difficile par maladresse et dogmatisme – la recherche d'une solution qui soit en même temps conforme aux règles internationales des ISC et adaptée à la situation institutionnelle du Mali.

1.1.1 Les réformes en matière de renforcement des capacités en cours ¹⁶

Vue d'ensemble

Le Mali a décidé en 2004 de proposer un plan d'action intégré et unique à moyen terme donnant une vision cohérente des réformes qu'il souhaitait mettre en œuvre pour renforcer le système de GFP. Un plan d'action intérimaire a été préparé pour la période 2004-2005. Après une évaluation par un expert indépendant le plan d'action intérimaire a

¹⁶ Cette partie s'appuie largement sur deux documents principaux: le rapport élaboré par Mathias ROBERT sur la gestion des finances publiques au Mali (2 juin 2010, Union Européenne délégation du Mali) et sur le rapport « Evaluation de la mise en œuvre du PAGAMGFP sur la période 2006-mi 2009 »; ADE, novembre 2009.

été transformé en Plan d'action gouvernemental d'amélioration et de modernisation de la gestion des finances publiques (PAGAMGFP) en avril 2005.

L'objectif était d'amener le système de gestion et de contrôle des finances publiques du Mali à un niveau de fiabilité qui le qualifie pour une certification internationale et les prépare pour le basculement de l'aide projet vers l'aide budgétaire.

L'élaboration de ce plan a bénéficié de l'appui d'un consultant international et de deux consultants nationaux et d'une commission interministérielle.

Les actions ont été rassemblées en 9 thèmes regroupés en 5 axes.

Tableau 1 Les thèmes et axes du PAGAMGFP I

Thèmes	Axes
Adapter et moderniser le cadre général des finances publiques	Améliorer la qualité de préparation et d'exécution du budget
Augmenter la qualité de la préparation et de l'exécution budgétaire	
Interconnecter le système informatique de gestion des dépenses publiques	
Accroître la performance des DAF et assimilés	Développer l'efficacité des administrations fiscales et financières
Mettre en œuvre une formation permanente pour les agents des finances	
Accroître l'efficacité des administrations fiscales et financières	Intégrer les financements extérieurs aux procédures budgétaires nationales
Intégrer les financements extérieurs aux procédures budgétaires nationales	
Accroître l'efficacité des marchés publics	Accroître l'efficacité et la transparence des marchés publics
Renforcer la gouvernance et la transparence	Renforcer la gouvernance et la transparence

Ils recourent les principaux axes stratégiques des PTF: 1) la transparence dans la gestion des finances publiques; 2) l'amélioration du suivi et du contrôle de la dépense; 3) le suivi évaluation dans le cadre de la gestion axée sur les résultats; 4) la programmation pluriannuelle des dépenses.

Un PEFA a été réalisé sous le leadership du gouvernement fin 2006 pour établir une situation de référence. A la suite de cet examen d'ensemble un plan d'action complémentaire a été adopté en juillet 2007 et intégré au PAGAMGFP.

Un exercice conjoint Gouvernement et PTF d'évaluation du PAGAMGFP a été mené à la fin de 2009. Il a servi de base à ce qui a été conçu comme la deuxième phase du PAGAMGFP (PAGAMGFP II) qui a été adopté en conseil des ministres et doit être mis en œuvre à partir de janvier 2011.

A la fin de 2010 un second PEFA a été mené. Les résultats définitifs n'étaient pas encore arrêtés au moment de la mission.

Les conclusions de l'évaluation du PAGAMGFP de 2009

Les principales conclusions sont les suivantes:

- Mauvaise préparation à cause d'une insuffisante coordination des différents exercices de programmation (CSCLP et PDI associé – 2006 - 2007) et d'évaluation (PEFA - 2007) qui a entraîné un difficile exercice d'élaboration ex post d'un cadre logique à partir d'un plan d'actions préexistant; il en est résulté un plan d'actions surchargé (237 activités) et pourtant non exhaustif et surtout sans perspective stratégique claire pour le moyen et le long terme;
- Le coût global s'est élevé à 26,7 milliards de FCFA. Le financement a été assuré à 85 % par le budget de l'Etat (la bonne réalisation du PAGAMGFP étant un déclencheur de la matrice commune de l'ABG) près de la moitié étant destinée aux Impôts, aux Douanes, et au Cadastre. S'y est ajoutée une aide de l'ACDI (15 %) sous forme d'appui sectoriel; des aides diverses ponctuelles ont aussi été allouées (elles ne font pas l'objet d'un recensement complet);
- L'analyse des résultats par thème (définis par la mission d'évaluation et différents de ceux du PAGAMGFP lui-même) fait apparaître les constats suivants:

Tableau 2 Un bilan synthétique du PAGAMGFP I

	Chantiers juridiques et réglementaires	Décentralisation et déconcentration	Interconnexion	Renforcement des ressources humaines
Succès	Le code des marchés publics.	<ul style="list-style-type: none"> • Décentralisation très avancée (mais encore dépendante des financements de l'Etat); • Déconcentration déployée (mais pas encore suffisant, notamment pour le Trésor). 	Liaisons informatiques (fibre optique, liaisons spécialisées, faisceaux hertziens) entre entités du centre et les entités décentralisées et déconcentrées.	
Demi-succès demi échec	Réforme du cadre organique des finances,		Interfaçages encore partiel des systèmes (notamment du Budget et du Trésor; des Impôts et des Douanes).	

	Chantiers juridiques et réglementaires	Décentralisation et déconcentration	Interconnexion	Renforcement des ressources humaines
Echec	<ul style="list-style-type: none"> • Réforme de la loi organique; • Comptabilité public; • Comptabilité matière; • Contrôle, externe (création d'une Cour des comptes). 		<ul style="list-style-type: none"> • Abandon du projet de système integer; • Elaboration du Schéma directeur informatique différé. 	<ul style="list-style-type: none"> • Programmation insuffisante; • Faible taux d'exécution; • Non prise en compte de la gestion des ressources humaines
Importance du renforcement compte tenu de la situation de départ	Faible (existant de bonne qualité; actualisation à venir) sauf contrôle externe.	Moyenne (une réforme profonde est programmée).	Elevée (systèmes structurants).	Elevée (besoins importants et situation très compromise).

Source: mission à partir du rapport ADE.

- Paradoxalement, les directions bénéficiaires, dont la DGB ont considéré le processus de mobilisation des ressources était trop complexe, ce qui les a conduit à financer une partie des activités sur des fonds hors PAGAMGFP;
- Réelle présence des partenaires au développement auprès du gouvernement Malien et forte implication dans les comités techniques et autres structures de concertation dans la logique de l'harmonisation;
- Suivi constant et actif de la mise en œuvre par le comité technique, la CARFIP et les PTF (notamment à travers un rapport annuel conjoint d'appréciation de la mise en œuvre du PAGAMGFP);
- Lourdeur des documents de contrôle exigés par les PTF et excès de détail de l'analyse des éléments de probation (manque de confiance dans la procédure nationale entraînant une reconstitution d'une procédure « projet » spécifique au sein de la procédure nationale) contraire à l'idée d'alignement mais induite par l'estimation implicite du risque fiduciaire;
- Le risque fiduciaire est insuffisamment maîtrisé:

« Toutefois la mission a examiné un échantillon de preuves relatives à l'année 2008 et réunies par la CARFIP, afin de formuler un avis, non plus sur l'opportunité de leur constitution mais sur la qualité des éléments probants fournis (). Il apparaît clairement que faute d'une nomenclature détaillée, le nombre et la qualité des pièces sont très variables et renseignent de manière très imparfaite sur l'effectivité de l'activité au profit de l'acteur désigné. Fondée sur une démarche similaire à un audit, la vérification devrait être réalisée de manière réellement stricte et conduire à d'éventuels effets sur les déboursments de l'appui budgétaire général, soit abandonnée au profit d'un reporting dûment musclé et responsabilisé ».

1.1.2 La préparation du PAGAMGFP II

Le second PAGAMGFP est présenté sous la forme d'un plan triennal glissant couvrant la période 2011-2015. Il a été élaboré sur la période 2009-2011 au travers d'un processus conçu pour être évolutif et participatif et fondé sur les propositions faites par les entités concernées et élaborées dans des ateliers de travail et des réflexions de groupe. Il a bénéficié d'un appui d'une équipe de consultants.

Il s'inscrit dans le cadre des objectifs stratégiques du CSCRP qui, lui-même, découle de l'étude nationale prospective (ENP) « Mali 2015 ». L'effet ultime attendu vise à ce que « le gouvernement du Mali mobilise et alloue de façon efficiente un maximum de ressources en vue de la réalisation de ses objectifs de croissance et de réduction de la pauvreté ».

Quatre effets stratégiques sont attendus:

- Les recettes de l'Etat sont optimisées de façon durable;
- La qualité de préparation et d'exécution du budget correspond aux normes internationales et permet la généralisation des appuis budgétaires;
- Le système de gouvernance financière responsabilise les acteurs et accroît la transparence et la prévisibilité de la gestion des finances publiques;
- La déconcentration et la décentralisation sont renforcées par un système de gestion des finances publiques adéquate.

Ils recourent les priorités politiques – exprimées de façon moins générale - fixées par le Ministère des finances¹⁷: la transition fiscale; la conception et l'exécution du budget de l'Etat en mode budget de programmes; la réforme des systèmes publics de contrôle interne et externe; la promotion de la gouvernance locale par le renforcement des capacités et des ressources des collectivités territoriales; la mise en place et l'opérationnalisation d'un véritable schéma directeur informatique.

Ces effets stratégiques se déclinent en 20 effets intermédiaires et 76 extrants.

1.1.3 Facteurs externes

Un des facteurs externes dont les effets sur le renforcement de la GFP est le plus fort est l'absence d'un système de formation initiale et continue efficace. Une réforme de l'ENA vient d'être achevée pour commencer à y remédier.

1.1.4 Les donneurs clefs dans le domaine du renforcement des capacités

Le PAGAMGFP est financé par le budget de l'Etat. Toutefois des actions peuvent donner lieu à des appuis sectoriels particuliers ou des projets isolés. Le tableau suivant (tiré du

¹⁷ Préface au deuxième plan d'actions gouvernemental pour l'amélioration et la modernisation de la gestion des finances publiques 2011-2013/2015.

rapport élaboré par l'Union européenne) dresse un état des appuis directs et indirects (partiel toutefois et les périodes ne se correspondent pas).

Tableau 3 Aides sectorielles au renforcement des capacités

PTF	Montant en euros	Période couverte
Coopération canadienne (ACDI)	49 millions d'euros	2008-2014
CE	30 millions euros	2009-2014
BAD	12,5 millions euros	2007-2012
Pays bas	5,2 millions euros	2009-2011
Coopération allemande GTZ	1,8 millions euros	2009-2012
Coopération française (AFD)	2,25 millions euros	2008-2011
Coopération suédoise (ASDI)	3,5 millions euros	2009-2012
Danemark	4,1 millions euros	2007-2014
Coopération belge (CTB)	19,8 millions euros	2010-2014

Source: Union européenne.

1.2 Les observations clefs

1.2.1 Conceptions

Les acteurs clefs

Le Ministère des finances (MEF) et tout particulièrement la cellule chargée de la coordination du PAGAMGFP: la CARFIP, est unanimement considéré au Mali comme l'acteur majeur du renforcement des capacités. Viennent ensuite les institutions de contrôle externe qui y sont nombreuses – BVG, Section des comptes de la Cour suprême, le Contrôle général des services publics).

En revanche le rôle des PTF et des ministères techniques n'est pas considéré comme primordial: les PTF ne sont citées que par les PTF et les ministères techniques que par les ministères techniques (Ministère de l'Education nationale).

Le grand absent est le Parlement, jamais compté parmi les institutions pouvant jouer un rôle dans le renforcement des capacités, n'y, d'ailleurs, mais à un autre niveau, les collectivités territoriales, les organisations de la société civile, les écoles de formation (ENA).

Le renforcement est regardée comme une affaire interne au ministère des finances, peu politique, plutôt technique, réservée aux spécialistes aux « hommes de l'art ». Les conséquences sociales et économiques, voire politiques sont perdues de vue.

Le concept de renforcement des capacités en GFP

Le renforcement des capacités est considéré dans une acception large intégrant l'investissement en matériel (bâtiments, matériels informatiques, systèmes informatiques), la refonte des textes juridiques (modernisation des textes, notamment intégration des textes de l'UEMOA), l'implantation des techniques de gestion modernes

en provenance souvent de l'extérieur (codes, outils comme TOFE, Budget de programmes, CDMT, GAR), les réformes institutionnelles (contrôle externe) et le développement des ressources humaines (gestion des ressources humaines, formation). Tous les responsables ont tendance à considérer que la formation des hommes est essentielle.

On observe cependant des différences assez marquées entre les nationaux et les PTF sur l'importance de la formation et la surtout la forme qu'il convient de lui donner:

- Les nationaux voient dans la formation la priorité des priorités. Ils expliquent ce choix par une insuffisance du Mali, qui fait l'unanimité: l'absence de formation des générations qui vont remplacer les fonctionnaires partant à la retraite à cause des « années blanches » et de l'affaiblissement continu des systèmes de formation internes à partir des années 80 avec une accélération depuis la révolution de mars 91;
- Le système de la fonction publique serait, à leurs yeux, sinistré: Il ne reste plus de bons professeurs et les fonctionnaires les plus compétents sont recrutés par les PTF;
- Les responsables Maliens considèrent que la formation doit être longue (les formations courtes – ateliers, séminaires - sont très critiquées) et fondée sur des systèmes de formation initiale (notamment la formation aux métiers de la fonction publique) ou continue (centre de formation des impôts, des douanes, ENA) repensée et entièrement rebâtie sur des bases plus solides.

Les PTF, sans sous-estimer la formation, considèrent qu'elle est indissociable des autres formes de renforcement des capacités (le concept de « package » est avancé). Ils ne font pas de différence entre formation courte et longue et ils ont une conception large de la formation (plutôt « gestion des ressources humaines ») incluant les procédures de recrutement (pour éliminer le favoritisme), les incitations (pour lutter contre l'activité considérée comme très réduite des agents de l'Etat), la culture professionnelle (marquée par une méfiance généralisée et une capacité d'initiative insuffisante) et la déontologie (pour réduire la corruption). Cette conception large de la formation amène certains d'entre eux à mettre en cause les structures profondes de la société dans son ensemble (notamment le poids des relations interpersonnelles, les habitudes culturelles...) qui peuvent les conduire à un certain fatalisme empreint de pessimisme sur les espoirs qu'il convient de mettre dans le renforcement des capacités.

Les responsables nationaux considèrent que les PTF sous-estiment les problèmes de formation (ou plus généralement de gestion du personnel) et tendent à leur apporter une solution non adaptée (assistance technique; formation courte).

La différence entre renforcement des capacités et réformes

Peu de responsables font une différence claire entre le renforcement des capacités et les réformes institutionnelles.

Le renforcement des capacités apparaît à certains plus lié que les réformes à la formation et au développement des ressources humaines. Pour un nombre très limité d'interlocuteurs (surtout PTF) le renforcement renvoie plus que les réformes à l'appropriation, à l'intégration des mécanismes endogènes de réforme et de bonne gestion des PFM. Elle apparaît aussi davantage liée que les réformes à la soutenabilité des actions menées.

Le rôle des PTF

Tous les responsables nationaux mettent d'abord en avant le rôle essentiel des PTF dans le financement du renforcement des capacités - ce qui a suscité quelque déception au Mali parce que le PAGAMGFP a été principalement financé, à la demande des bailleurs, sur ABG et non ABS. Mais tous considèrent aussi que le rôle des PTF ne saurait être limité à ce seul rôle de « donneur » (il est rappelé qu'ils sont appelés au Mali PTF et non « bailleurs de fonds » ou « donateurs »).

Aucune limite claire de forme ou de modalité n'est posée a priori à l'action des PTF mais elle est conditionnée à l'existence d'une volonté politique forte du pouvoir politique national; personne ne se demandant toutefois si cette volonté politique correspond à un besoin ressenti ou découle de l'existence de propositions de soutiens financiers.

Les responsables nationaux insistent sur l'idée que les PTF doivent accompagner le DC (« les nationaux « tiennent le volant », les PTF sont assis à côté ») et rester très extérieurs au processus; il leur revient de conseiller, de sensibiliser, de faire connaître les normes internationales, d'informer des « meilleures pratiques », ou encore d'apporter une assistance technique directe ou indirecte dans les domaines les plus pointus.

L'appréciation des PTF est sensiblement plus large. Ils considèrent que tout en restant dans une certaine réserve quant à la conception et à la mise en œuvre opérationnelle des actions de renforcement des capacités ils doivent aussi suggérer – parfois avec insistance - des thématiques stratégiques (par exemple le renforcement du contrôle externe), apporter un appui conceptuel, une aide à la gestion de projet, soutenir la volonté politique du gouvernement, et renforcer la continuité de l'action publique par la mise en place d'un suivi constant.

1.2.2 Contenu, forme et durée

Le centre névralgique de la réforme

En termes de domaines, les directions du Trésor, des impôts et des douanes sont considérées comme le centre névralgique du renforcement des capacités, même s'il est aussi souvent dit que ce centre n'est pas limité au MEF. Les recettes sont parfois considérées comme le chantier le plus important où, pour certains, « tout est à faire ». Les quatre axes du PAGAMGFP ne sont pas cités en tant que tels, ce qui montre que les grandes orientations stratégiques du PAGAMGFP ne sont pas bien intégrés (point sur lequel on reviendra). Peu de personnes le connaissent dans son ensemble et ont une bonne appréhension de la vision stratégique du développement des capacités au Mali.

En termes d'institutions, la CARFIP, est toujours citée comme le pôle essentiel. Le leadership institutionnel de cette institution est bien intégré dans l'administration. Certains bailleurs le regrettent parfois en considérant que cette délégation à une agence permet au gouvernement – dans son ensemble – de ne pas s'investir comme il le devrait.

La durée de l'appui

La question de la durée d'appui des PTF en matière de renforcement des capacités pourrait être posée différemment parce que l'essentiel du plan (PAGAMGFP II à partir de 2011) est financé au Mali sur ABG. Il n'en est rien: tous les responsables considèrent que le plan est financé par les PTF. Cela montre la faible séparation dans la pratique entre ABS et ABG et le caractère très contraint de l'exercice pour le gouvernement et donc l'importance de l'influence des PTF sur les allocations budgétaires en régime d'ABG.

La question de la durée de l'aide est considérée comme pertinente (« *bonne question* ») Il est aussi considéré que l'Etat seul ne peut pas réaliser tout ce qu'il y a à faire en matière de renforcement des capacités.

Pour l'ensemble des responsables, l'horizon est long (au moins 7 ans), car les besoins sont très grands et les actions doivent être inscrites dans la durée pour être efficaces. Par ailleurs, en dépit de la volonté politique, les progrès sont lents.

Les projections précises sont considérées comme difficiles à réaliser car les besoins évoluent (notamment la décentralisation fait naître de nouveaux besoins importants) et la durée du soutien externe dépend aussi de la situation politique (notamment de la transition politique de 2012).

Les bailleurs n'ont pas sur cette question de position de principe, mais les opinions divergent sensiblement: certains pensent qu'il y aura toujours besoin de soutien, d'autres que l'aide à vocation à s'arrêter car elle doit créer les conditions de sa disparition et assurer la soutenabilité du PFM; d'autres suggèrent que le soutien devra durer tant que l'ABG existera; certains, enfin, pensent qu'il serait dangereux d'apporter une réponse à cette question.

L'après appui

Formellement une partie importante du PAGAMGFP est déjà financée par le budget de l'Etat – donc sur ABG. Les responsables - ni nationaux ni PTF - n'ont pas d'idée sur « l'après PTF ». Certains émettent des hypothèses sur les formes d'aides ultérieures (voyages d'études, paiement de stages à l'étranger, bourses, blog, séminaires, colloques) marquées par un recul des accords et une augmentation des échanges, notamment par l'utilisation des TIC.

1.2.3 Processus

L'alignement

De façon générale les responsables –PTF et nationaux réunis – considèrent que PAGAMGFP II est d'une bonne qualité et qu'il a été bien préparé. Notamment tous soulignent son caractère réellement participatif.

Les principales critiques portent sur la prise en compte de la formation (cf. supra) et plus largement du problème de la gestion et des ressources humaines considérée comme en deçà des problèmes qui se posent. Les problèmes sont sous-estimés alors que l'accent est mis sur l'implantation des outils moderne (CDMT) qui exigent des compétences qui

n'existent plus («il n'y a plus de statisticiens au Mali, les compétences comptables ont disparu»). Les solutions ne sont pas les bonnes, ce qui est souhaité est la création d'écoles ou de centres de formation plutôt que l'organisation de formations éparpillées et courtes. Certains soulignent la nécessité de mise à niveau par rapport aux savoirs fondamentaux comme la logique.

Sont cités aussi des domaines qui auraient dû être privilégiés: la trésorerie et le problème des comptes dans les banques commerciales; la fiscalisation du secteur informel («Malisation» fiscale, notamment par la création d'un impôt sur les plus-values en particulier immobilière); encouragement à l'activité productive; mise en place et formation d'une fonction publique territoriale; plus grande attention portée au risque fiduciaire.

Certains PTF considèrent que le degré de technicité du programme est trop grand, qu'il aurait fallu dégagée une stratégie globale plus claire et affirmée (et non un ensemble de mesures insuffisamment intégrées) reposant sur une analyse précise des enjeux et proposant une «vision». Ceci implique à leurs yeux une capacité plus grande du gouvernement à ne pas céder aux propositions diverses des bailleurs dans le seul but de bénéficier de l'aide proposée. Ils rejoignent, sur ce point, certains acteurs nationaux qui regrettent l'excès d'études réalisées par les PTF qu'ils considèrent très semblables les unes aux autres, qui se sont «ritualisées» en reprenant les mêmes recommandations et conduisent finalement à «*tourner en rond*».

Un important effort d'alignement a été mené depuis 2005: le renforcement des capacités est pour l'essentiel tout entier contenu dans le PAGAMGFP qui est, pour une bonne part, dans le budget (ABG) et est placé sous la responsabilité du gouvernement. Sa préparation a mobilisé les services de tous les ministères dans un processus participatif auquel ont été associés les PTF. Le gouvernement a décidé de la stratégie, les PTF - en fait la coopération Canadienne - apportant seulement une aide méthodologique.

Mais certains responsables de l'administration et des PTF ont cependant fait valoir que l'autonomie réelle du gouvernement était de fait souvent plus faible que ce que les procédures formelles laissent supposer en raison de sa dépendance financière. Ils estiment que les nationaux retiennent comme éléments de stratégie ce qu'ils considèrent être les attentes des PTF. Le fait que le PAGAMGFP soit dans le budget national limite ce biais mais ne l'élimine pas.

La prise en compte de la culture et du contexte nationaux

Les PTF considèrent que le contexte culturel et organisationnel est très important; ils citent notamment: l'importance du consensus dans la société malienne; le poids des relations interpersonnelles et de solidarité informelle d'appartenance (famille, village, clan...) qui prévalent sur les relations fonctionnelles voire hiérarchiques; le système des incitations soumises à l'intérêt personnel immédiat attaché à chaque opération individuelle; l'insuffisante culture du service public; la difficulté à faire confiance - créant un climat général de méfiance - et à déléguer; le refus d'utiliser la sanction; la grande tolérance à l'absentéisme.

Ils citent souvent comme domaines les plus sensibles au contexte culturel les marchés publics dont la réglementation se heurte aux relations de solidarité, le contrôle externe et la justice.

En ce qui concerne le contexte institutionnel, certains considèrent que les bailleurs sous-estiment le rôle de l'intégration régionale (UEMOA).

Les PTF considèrent que ces facteurs culturels et contextuels sont pris en compte dans leurs actions par le fait que leur personnel soit des locaux ayant exercé des responsabilités importantes dans l'administration (SG du MEF, ancien ministre des finances) soit des personnes ayant une très longue expérience de l'Afrique (par le biais de l'expérience exigée ou de l'intérêt pour le pays des candidats postulants). Ils considèrent aussi que le dialogue avec la partie nationale est un moyen de prendre en compte les obstacles au niveau du «vécu».

D'autres considèrent que la seule manière de prendre en compte ces spécificités est de laisser aux nationaux la liberté des orientations stratégiques et de se cantonner à un accompagnement technique (ce que la coopération Canadienne a fait pour le PAGAMGFP).

Les nationaux considèrent que le contexte culturel et institutionnel n'est pas toujours suffisamment pris en compte; ils citent comme exemple la politique du genre (et donc de la famille et de la religion) qu'ils considèrent étrangère à leur tradition et une concession qu'ils font à leurs partenaires non Maliens. Ils estiment aussi que ce contexte doit s'adapter aux évolutions extérieures, mais que cela doit être progressif et doit prendre le temps nécessaire.

Pour d'autres nationaux la question n'est pas que les PTF tiennent compte du contexte Malien mais que le Mali s'affranchisse des influences extérieures, notamment de la « culture » des OI ou des PTF: selon eux, les impulsions étrangères obéissent trop à des « modes » (la décentralisation en serait une) et les PTF ne prennent pas toujours assez de distance par rapport à leur propre culture ou contexte institutionnel ce qui se traduit par une trop grande diversité des déclencheurs et par le fait que « *tout le monde s'y perd* ». Pour illustrer ces propos est souvent cité l'exemple de la création d'une Cour des comptes.

Le choix des initiatives

Pour les PTF, les initiatives et les grandes orientations sont définies par les instances centrales de leur institution (sous forme de guidelines). La mise en œuvre est décentralisée, notamment le choix des experts extérieurs et consultants lorsque c'est nécessaire. Dans les délégations ou représentations les impulsions et la définition des modalités pratiques sont collégiales et gérées par un responsable (point focal) sous la responsabilité d'un chef hiérarchique. Lorsqu'ils font appel à des consultants les rapports font l'objet de validation par le gouvernement et si cette validation n'est pas obtenue le rapport est considéré comme n'ayant jamais existé (un rapport sur la Cour des comptes a subi ce sort).

Pour les nationaux, certaines directions ont des plans stratégiques ayant un volet renforcement des capacités, la DGI étant dans ce cas, mais non le Ministère des finances. Dans toutes les directions et organisations rencontrées, ces plans sont élaborés de façon collective et participative (importance du consensus) et bénéficient du soutien des bailleurs. Ils sont repris pour partie dans le PAGAMGFP.

Des plans de formation annuels sont élaborés chaque année (de façon pluriannuelle souvent) de façon aussi participative dans les services, la décision finale revenant à la direction.

Le PAGAMGFP II a été réalisé de façon participative sous la coordination de la CARFIP, personne ne le conteste, et avec l'aide du Canada; l'exercice fut très organisé, participatif et méthodique et a suivi les étapes suivantes:

- Evaluation par une équipe externe du PAGAMGFP I et de ce qui restait à faire;
- Accord sur une méthode d'élaboration du PAGAMGFP II et d'un accompagnement;
- Organisation interne de la réflexion au sein de chaque service sous la coordination de la CARFIP et des correspondants PAGAMGFP désignés dans chaque ministère;
- Tenue d'un atelier préalable afin d'arrêter les « résultats globaux » attendus (au nombre de 4) qui ont été retenus par le Ministre des finances;
- Organisations de sous groupes (services et leurs établissements publics et démembrés et PTF) pour chaque *résultat global* afin d'élaborer les *résultats*;
- Adoption par le conseil des ministres.

Les améliorations possibles

Pour les responsables nationaux l'insuffisance principale du PAGAMGFP II est l'absence de projet sur la formation longue et la création d'un centre de formation (même virtuel) efficace. Au-delà du PAGAMGFP, est aussi souhaitée une aide technique qui ne se substitue pas aux tâches qui doivent incomber aux nationaux. Tous mettent en avant la nécessité de la formation et de la gestion du personnel en insistant sur la nécessité de revoir entièrement les modalités de formation en vigueur (« les séminaires ne servent à rien, faut arrêter »): accroître la compétence, donner du sens au travail et motiver et tout faire faire par les nationaux (pas nécessairement du secteur public).

A aussi été évoquée la nécessité de s'attacher à pérenniser les expériences réussies (en l'espèce, il s'agissait d'un centre de formation initiale sur une longue durée – 1 an - pour les cadres supérieurs de la DGI).

La conduite de la mise en œuvre du renforcement des capacités

Au Mali, tous les acteurs considèrent que le gouvernement assure le pilotage et la mise en œuvre des projets de renforcement à travers la cellule CARFIP. Le rôle principal des PTF consiste à assurer le financement et l'accompagnement (notamment par l'assistance technique) du processus de renforcement; le Mali conserve la maîtrise formelle de la programmation et de la mise en œuvre (choix de la stratégie, des actions, acceptation des assistances techniques).

Les études et les diagnostics restent cependant dans les mains des PTF - pour l'essentiel - et ce système est en général très critiqué par les responsables nationaux.

Les formations et plus généralement une large part de l'assistance technique sont réalisées par les consultants externes.

Certains responsables nationaux toutefois remettent en cause la réalité de la programmation par l'Etat du renforcement des capacités. Ils soulignent que lien entre le CSCLP (dont le PAGAMGFP est un volet via le PDI) et le gouvernement n'est pas assez étroit: l'Etat manque de cohérence - les instruments de programmation étant trop nombreux et trop détaillés – ce qui soulève des difficultés pour l'alignement. Par ailleurs, les bailleurs qui sont souvent à l'origine des impulsions et des idées inspirent le gouvernement ce qui fait qu'au bout du compte, les PTS s'alignent sur des axes stratégiques dont ils sont pour une large part à l'origine.

La coordination des PTF

La coordination des PTF est poussée au Mali, elle est très institutionnalisée, vivante et diversifiée:

- Une coordination globale est assurée autour du CSCRП par le collectif des chefs d'agence et chefs de mission – animation par une Troïka des PTF dont l'un des membres est chef de file – assistée d'un pool technique;
- Une coordination sectorielle est organisée grâce à 10 groupes thématiques et 3 groupes transversaux avec chefs de file;
- En matière de finances publiques (avec la gestion macro et l'appui budgétaires)¹⁸ ont été mis en place en 2005 un groupe de travail spécifique qui anime le dialogue avec le gouvernement sur le PAGAMGFP et institué un cadre de concertation globale des PTF qui assure la coordination des PTF sur ces questions (le chef de file est la BM, y participent 6 PTF bilatéraux, la CE et 4 institutions multilatérales; l'interlocuteur est le MEF). Des accords ont été conclus: un arrangement cadre a été signé en 2006 et est en cours de révision dans le cadre de la déclaration de Paris; un arrangement spécifique pour l'appui budgétaire, et autant d'arrangements spécifiques qu'il y a d'appuis budgétaires sectoriels. Des travaux ont été menés sur le suivi et l'évaluation annuelle du CSCRП et son alignement sur le cycle budgétaire ainsi que sur la revue budgétaire conjointe. Une stratégie commune d'assistance pays (SCAP) sur la période du CSCRП a été élaborée pour la mise en œuvre de la déclaration de Paris dans le cadre de la CSCRП avec le gouvernement et la société civile. Dans ce cadre est menée l'appréciation annuelle conjointe de la mise en œuvre du Plan opérationnelle du PAGAMGFP.

La coordination est jugée en nette amélioration par les bailleurs - il y a 5 ans il n'y avait aucune coordination - mais encore perfectible. Des marges de progression peuvent encore être explorées.

Elle très couteuse en temps, aussi, si la situation actuelle est préférée à l'absence de coordination des solutions plus souples sont souhaitées par certains PTF.

¹⁸ Groupe thématique des PTF sur la gestion macroéconomique, les Finances publiques et les appuis budgétaires (GT-GM) auquel participent: le Canada, la France, les Pays-Bas, la Suède, l'Allemagne, le Danemark, la Banque Africaine de Développement, la Conférence de Nations Unies pour le Commerce et le Développement, le Fonds Monétaire International la Banque Mondiale et l'Union Européenne.

Elle est jugée donner plus de poids à l'ensemble des bailleurs qui y participent, mais elle donne aussi plus de capacité d'influence aux bailleurs qui n'y participent pas.

L'appréciation des nationaux est plus contrastée. Les responsables nationaux estiment en général que la coordination fonctionne bien même si elle est jugée un peu lourde et compliquée toutefois.

Un directeur d'une direction importante des finances est sévère, cependant, moins sur la coordination que sur les bailleurs eux-mêmes. Il considère qu'ils connaissent mal, sauf cas rares, le fonctionnement d'une administration des finances publiques et qu'il manque chez les bailleurs un pôle qui assure la compatibilité entre l'approche macroéconomique et de l'approche sectorielle. Cette absence d'instance de discipline globale – assurée au niveau national par le ministère des finances – se traduit par une approche trop « corporatiste » du budget par les PTF: chacun défendant trop ses intérêts propres – ce qui implique des dépenses - sans prendre en compte la nécessité d'assurer l'équilibre global du budget et donc de faire des arbitrages entre les demandes des bailleurs.

Certains responsables contestent l'intérêt de l'ABG à cause du manque de connaissance du terrain des bailleurs et de l'insuffisante prise en compte de l'expérience pratique des responsables nationaux. Il en résulte un trop grand nombre de déclencheurs et parmi ceux-ci un trop grand nombre de déclencheurs « isolés », sans lien avec les autres.

L'excès d'évaluation et de recommandations est critiqué. L'influence excessive de certains PTF est aussi regrettée.

1.2.4 Les améliorations souhaitées

Les bailleurs souhaiteraient avoir une connaissance plus exhaustive et claire de ce que font l'ensemble des bailleurs sans porter atteinte à la liberté de chacun de choisir la forme d'appui qui lui paraît la plus pertinente et la plus efficace. Ils souhaiteraient aussi que le gouvernement – la CARFIP – prenne plus d'initiatives propres et soit plus proactif. Ils voudraient aussi que le nombre des bailleurs qui ne participent pas à la coordination se réduise.

Les responsables nationaux considèrent que la coordination sur le fond entre les bailleurs n'est pas suffisante. Cette unité de vue – qui va au delà de la seule volonté commune de contrôle des engagements du gouvernement à l'égard de chacun – a fait défaut sur des dossiers importants: le contrôle externe qui a opposé un bailleur à trois autres bailleurs importants; les suites à donner aux détournements du fonds mondial qui ont vu certains vouloir des suites judiciaires, d'autres des décisions pour que ces irrégularités ne se reproduisent plus.

Ainsi pourrait alors être allégées les procédures et limitées le nombre des déclencheurs.

Donner plus de cohérence aux exigences de chaque bailleur et à l'ensemble des exigences des bailleurs permettrait de mieux faire apparaître les choix stratégiques, les lignes de force et les enjeux. La coordination devrait surtout porter sur l'essentiel, ce qui

permettrait d'éviter l'excès de délibérations sur les détails et les considérations méthodologiques.

Les responsables nationaux appellent de leurs vœux une attention plus grande portée par les bailleurs aux problèmes de faisabilité.

Les évaluations (ou plutôt les « suivis » ou « revues » car il n'y a pas d'évaluation proprement dites) sont assez nombreuses et répétées. Sont ainsi menées:

- Une évaluation annuelle par la CARFIP de la mise en œuvre du PAGAMGFP;
- Des suivis infra annuels et des évaluations annuelles conjoints par les PTF de la mise en œuvre des plans opérationnels annuels du PAGAMGFP;
- Une évaluation externe conjointe de fin de programme (2009) du PAGAMGFP;
- Deux évaluations PEFA (en 2007 et 2010 – en cours au moment de la mission) avec des TDR conjoints PTF/gouvernement; parallèlement une revue a été réalisée par la BM en 2009;
- Un rapport annuel (très exhaustif et très informé) élaboré par l'UE sur la gestion des finances publiques au Mali;
- Des audits institutionnels commandés par les départements (notamment un audit institutionnel lancé dans le cadre du PDI dans tous les départements ministériels);
- Des études et évaluations assez nombreuses commandées par les PTF.

La revue budgétaire conjointe - qui a un volet consacré au renforcement des capacités - était un exercice qui restait trop formel, à cause notamment du manque de spécialistes en finances publiques. Elle a montré pour la première fois qu'elle pouvait être vraiment féconde en 2010. Elle a servi d'instance d'explication au gouvernement représenté par plusieurs ministres et un haut magistrat sur les détournements du Fonds mondial devant les bailleurs réunis. Mais le gouvernement a indiqué que cette présence devait être considérée comme exceptionnelle.

C'est donc une instance difficile à animer mais utile dans les moments exceptionnels.

Il faut toutefois noter que les audits et évaluations externes sont dans leur grande majorité réalisés par les consultants non maliens.

« Success storie »s et échecs

Les responsables nationaux et les PTF considèrent que les efforts de renforcement des capacités n'ont pas abouti dans quatre principaux domaines:

- la réforme des ISC et la mise en place d'une Cour des comptes conformément aux directives UEMOA;
- l'informatisation du service du cadastre (domaines) pour suivre les transactions (matériel livré mais pas opérationnel);
- la réforme de la DGMP;
- l'insuffisante fiscalisation du secteur informel (plus largement des entreprises maliennes).

Au chapitre des succès vient d'abord le PAGAMGFP lui-même, dans son ensemble. Au sein de celui-ci les réussites les plus marquantes sont:

- l'informatisation, quoiqu'encore inachevée;

- la réforme – elle aussi encore partielle - de la fiscalité;
- la mise en place des budgets de programmes (GAR);
- la déconcentration du CF;
- la réforme de la DGI (PAMORI¹⁹) et, notamment la mise en place d'un centre de formation initiale à la DGI pour les contrôleurs et la mise en place d'un système de gestion des carrières;
- le BVG et la formation des vérificateurs du BVG - ils venaient du privé- aux finances publiques.

1.2.5 Impact des actions menées

Les obstacles

Pour les nationaux, les principaux obstacles au renforcement des capacités sont l'insuffisante autonomie stratégique du gouvernement et le manque de moyens financiers. S'y ajoute le manque de sécurité des financements des bailleurs et le manque de continuité dans les actions financées. A court terme, cela entraîne la perte de fournisseurs de qualité; à long terme, il en résulte un manque de soutien des expériences qui réussissent.

Les difficultés de développer la formation sont amplifiées par le fait que ces formations ne sont pas considérées par les responsables des services comme une nécessité mais comme une forme de gratification, voire un complément de salaires octroyé via les per diem. Par ailleurs, les personnels formés et motivés se voient offrir des conditions plus avantageuses par les PTF.

Pour les PTF, les principales difficultés résident dans le contexte culturel et institutionnel ainsi que dans l'insuffisante stabilité du personnel et sa faible motivation et implication dans le travail qui ne peuvent être surmontées que par une action de formation longue et durable. L'insuffisante capacité du gouvernement de refuser les offres d'appui isolées des bailleurs affaiblit la cohérence des actions au service du renforcement des capacités et l'élaboration par le Ministère des finances d'une véritable vision dont témoigne l'absence de plan stratégique du Ministère.

Il est aussi parfois considéré que les actions des PTF sont trop centrées sur la réduction de la pauvreté et les OMD au détriment de la croissance et des actions structurelles.

L'impact

L'impact des efforts engagés en matière de renforcement des capacités est encore faiblement visible pour les responsables nationaux à cause de la lenteur des effets de ce type de programme et d'actions.

Toutefois, des résultats sont d'ores et déjà observables notamment dans le domaine des ressources fiscales et en matière de crédibilité financière externe – les notations du PEFA s'améliorant – ainsi que dans l'amélioration de la qualité du contrôle externe et la communication avec le public.

¹⁹ Appui à la modernisation des recettes intérieures.

1.2.6 Soutenabilité

La soutenabilité du renforcement des capacités n'est pas une inquiétude pour les acteurs. Les PTF considèrent, toutefois, qu'elle pourrait être affaiblie par l'insuffisante stabilité du personnel, le manque de vision stratégique du PAGAMGFP et du Ministère des finances, les responsables nationaux craignant pour leur part un manque de stabilité des soutiens des PTF.

Un effort accru sur la formation, une attention plus grande à la gestion du personnel, une constance plus affirmée du soutien des PTF sont considérés comme des facteurs susceptibles de rendre les effets des efforts fournis plus durables.

1.3 L'analyse pays

Cette analyse est menée en référence aux quatre règles fondamentales du document de l'OCDE Harmonising Donor Practice for Effective Aid Delivery (2006).

1. « L'appui au leadership et à l'appropriation du pays doit être un élément central de l'approche des bailleurs »

Au Mali, les principaux éléments considérés comme favorables au leadership et à l'appropriation par le gouvernement des actions en faveur du renforcement des capacités ont été progressivement rassemblés et sont aujourd'hui réunis. Les actions ont été inscrites dans le long terme à travers deux programmes successifs s'étalant sur 10 ans et un plan intérimaire qui a été lancé en 2004. Les relations constantes sur cette question entre les PTF et le gouvernement ont permis d'établir autant que faire se peut un langage commun. Deux diagnostics conjoints (PEFA) ont été réalisés à trois ans d'intervalle. Des suivis conjoints annuels sont organisés et une évaluation à la fin du premier programme de renforcement par une équipe d'experts externes indépendante a été réalisée.

Des incitations très fortes à la réforme viennent de l'extérieur. La réforme a été lancée dans le cadre de l'initiative PPTE en 2004. Le Mali est membre de l'UEMOA et doit, à ce titre, intégrer les directives nombreuses et détaillées et périodiquement actualisées relatives aux finances publiques adoptées par les Etats membre et il doit respecter des critères de convergences exigeants.

Le Ministère des finances a joué son rôle actif de leadership et un « agent du changement » a été créé avec l'institution de la CARFIP dès 2006, dont tous les acteurs louent l'utilité et souligne le rôle central joué dans la préparation et la mise en œuvre des programmes de renforcement.

Le plan d'actions de la première phase du PAGAMGFP a été préparé par les services de l'administration Malienne. La seconde phase du programme a été programmée dans une démarche explicitement participative qui a mobilisé tous les services et a été pilotée par la CARFIP et les PTF (en l'occurrence l'Agence de développement du Canada) a apporté un

soutien technique important à cette démarche sans jamais se substituer aux acteurs nationaux et en participant avec eux aux travaux des différents ateliers.

Par ailleurs, pour conforter cette appropriation, les PTF ont tenu à ce que le programme soit financé sur l'aide budgétaire globale, ce qui constitue la forme la plus accomplie de l'indépendance de décision pour le gouvernement.

Il faut cependant signaler quelques insuffisances ou réserves.

Le processus a été peu porté par des acteurs nationaux indépendants du gouvernement, le Parlement et surtout le contrôle externe. Le premier est faible; le second n'avait pas été associé à la préparation du premier PAGAMGFP et sa fragilité – due à son fractionnement, à son insuffisante indépendance et, pour le contrôle juridictionnel à ses faibles moyens – ainsi que le fait qu'il était un enjeu important de la réforme ne lui ont pas permis de jouer le rôle qui aurait dû être le sien.

Le poids de l'aide technique apporté par les PTF à la technique de programmation (cadre logique, registre des risques) occupe une place trop grande. Il est ainsi difficile de comprendre pourquoi la mise en œuvre du premier PAGAM a été différée de près de deux ans en dépit de la volonté de tous les acteurs parce que le plan d'actions déjà adopté par le conseil des ministres ne correspondait pas aux règles du cadre logique et qu'il a été considéré qu'il fallait reconstruire a posteriori un cadre logique cohérent avec les actions décidées. Il a fallu deux études pour y parvenir. Pour quel gain pratique ?

Le PAGAMGFP II est présenté dans un cadre trop abstrait et dans un degré de détail trop grand. Aucune partie du document ne fait clairement ressortir les enjeux pratiques pour l'Etat, l'administration financière, les citoyens du renforcement des capacités. Les raisons des arbitrages qui ont été faits ne sont pas présentés clairement et dans un langage facilement accessible à tous, non spécialistes compris. Les objectifs et actions, les difficultés ne sont pas hiérarchisés.

Tous les services des administrations y trouvent ce qu'ils ont à faire. Tous les PTF y trouvent les actions qu'ils souhaitent promouvoir et auxquelles ils ont attaché l'efficacité de leurs aides et l'importance de leur influence. Mais le document dans sa présentation ne facilite pas l'appropriation par tous les acteurs de l'ensemble de la stratégie de renforcement dans toutes ses dimensions et dans ses directions principales.

L'appropriation est un processus difficile à analyser. Les relations d'influence mutuelle sont le plus souvent dissimulées sous des apparences dictées par les règles de la bienséance ou de la diplomatie.

Au Mali ces relations d'influence sont fortes. Le gouvernement a, dans une certaine mesure, le sentiment de ne pouvoir échapper aux influences extérieures (générales – celles de la doctrine ou de la pratique internationale auxquelles il ne se sent pas la force de résister - ou particulières – celles des PTF qui les soutiennent financièrement). En sorte que la programmation peut avoir toutes les apparences d'un mouvement endogène (portée par les acteurs nationaux) et demeurer réellement exogène (à cause des influences externes auxquelles sont soumis les acteurs nationaux) et donc partiellement inadaptée

aux structures institutionnelles et aux expériences culturelles nationales et aux besoins ressenties. La formation en est un bon exemple.

Seules quelques grandes directions parviennent à échapper à cette influence latente. Cela suppose une forte intégration interne (structure très collective de gestion) une excellente pratique des PTF et une certaine habileté à jouer de leur diversité et de leur rivalité. La DGI en donne, au Mali, un très bon exemple – elle a su obtenir en matière de formation ce qu'elle souhaitait et qui s'écarte des modèles habituellement retenus. Il appartient aux PTF de discerner ces expériences réellement endogènes et de les soutenir avec d'autant plus de force qu'ils n'en sont pas les inspirateurs.

Les PTF ont conscience de ce problème et l'expriment sous la forme du regret que le gouvernement « *ne sait pas dire non* » aux initiatives isolées de certains d'entre eux ce qui revient à déplorer un certain opportunisme et une insuffisance de vision stratégique.

Le manque d'autonomie et d'appropriation du gouvernement et des acteurs nationaux se manifeste aussi dans le suivi pointilliste de l'exécution du programme par les PTF. Ce pointillisme est lié au manque de confiance des PTF dans l'utilisation des fonds de l'aide par les acteurs nationaux, c'est-à-dire au risque fiduciaire. L'expérience du Mali montre qu'il ne pourra pas y avoir de véritable appropriation par le gouvernement, que les PTF n'accepteront de ne contrôler que les résultats obtenus sans avoir d'assurance sur l'usage détaillé des fonds, avant que des garanties crédibles ne leur soient données sur la maîtrise par le gouvernement du risque fiduciaire. Ce risque n'est jamais traité en tant que tel, il est pourtant dans toutes les têtes. Il doit faire l'objet d'une évaluation spécifique et être au centre du renforcement des capacités (ce qui était le cas dans PAGAMGFP I mais n'a pu être réalisé).

Dans le cas contraire, il y a un risque que par le biais de l'aide projet, les PTF au lieu de donner plus de marges de manœuvre au gouvernement ne les réduisent en s'immisçant à l'excès dans les procédures budgétaires à tous les stades de celles-ci. Il est significatif que la procédure d'utilisation des fonds PAGAMGFP se soit progressivement démarquée des procédures du budget pour devenir plus lourde (à cause des contrôles supplémentaires) et que certains responsables nationaux aient préférés renoncer à ces appuis à cause de cette lourdeur.

2. « Les formes et modalités du renforcement des capacités et le rythme des réformes doivent être adaptées aux spécificités du pays et aux circonstances plutôt que de se conformer aux standards et aux solutions importées »

Le processus de préparation et de mise en œuvre des PAGAMGFP successifs qui fait suite à des évaluations conjointes et externes et fait largement intervenir tous les services et qui se termine par une adoption en conseil des ministres est en soi – par son caractère endogène et la qualité de l'appropriation du programme de renforcement par le gouvernement- un gage que les circonstances propres au pays sont prises en compte dans les stratégies et leur application.

Plus spécifiquement, les deux PAGAMGFP sont fortement marqués par les exigences de réforme induites par l'appartenance du Mali à l'UEMOA et son important programme continu de réforme des finances publiques inscrits dans les directives. Les quatre priorités politiques du PAGAMSGP II qui se retrouvent dans ses quatre effets stratégiques

proviennent de ces directives: la transition fiscale (des droits de douanes aux impôts sur les acteurs économiques internes), la décentralisation et la déconcentration, le passage d'une gestion par les moyens à une gestion axée sur les résultats et enfin l'érection d'une Cour de comptes. Le PAGAMSGP I qui avait pris comme objectif de porter le système de gestion publique à un niveau de qualité lui permettant de bénéficier de l'aide budgétaire globale était aussi une urgence qui s'imposait clairement au pays.

Le dispositif de suivi autour d'un secrétariat technique dirigé par le plus haut responsable administratif du Ministère des finances (le Secrétaire général) aidé d'une cellule disposant de moyens importants et adaptés a permis au programme de se développer de façon pragmatique en fonction des circonstances dans le cadre toutefois d'un programme par objectifs et d'un pilotage par la performance détaillant toutes les actions précisément et explicitant un cadre de mesure de la performance. Ceci a permis à tous les acteurs de suivre l'exécution du plan de façon précise et d'être informé du rythme d'exécution du programme et des retouches qu'il convenait de lui apporter à la lumière des obstacles et résistances rencontrées. Ainsi, certains des points considérés comme les plus faibles du système (le contrôle externe, le système de gestion des marchés publics par l'administration, (notamment le système d'information sur la passation des marchés, hors la création d'une autorité indépendante), la modernisation du cadastre ont ainsi dû être différés alors que d'autres actions tout aussi importantes ont pu être menées à bien voire accélérées (la formation à la DGI).

L'idée d'ordonner dans le temps les réformes d'un même domaine (la préparation du budget, les nomenclatures, le mode d'enregistrement des opérations...) pour introduire progressivement les procédures et pratiques des plus simples aux plus complexes et ainsi tenir compte de l'état de développement du pays et de ses capacités disponibles n'a pas été clairement retenue dans la méthodologie de la réforme au Mali. Le PAGAMSGP ne prévoit pas de stades technologiques, d'étapes de développement successives par lesquelles il faut nécessairement passer pour porter le système aux standards optimum souhaités. Par ailleurs, il n'apparaît pas clairement de résultats visés prioritaires sur lesquels les efforts doivent se concentrer. Les actions sont menées « de front ».

Le PAGAMSGP est peu disert sur la stratégie de réforme (comment organiser les moyens disponibles et les résultats à atteindre pour que les objectifs prioritaires soient atteints quitte à ce que ce soit au détriment des objectifs non prioritaires) et les raisons des choix opérés ne sont pas explicitées.

Cette carence est sans doute une des raisons des échecs enregistrés sur des objectifs qui sont pourtant critiques pour l'ensemble du système de finances publiques (cadastre par exemple).

L'évaluation du PAGAMSGP I qui ne hiérarchise pas les actions menées et non menées en fonction de leur importance intrinsèque (pour le développement économique, pour le risque fiduciaire) ou pour leur incidence sur la qualité de l'ensemble du système est à cet égard insuffisante. Face à cette mise en perspectives des actions et activités en fonction de l'importance de leur résultat, le calcul du taux d'actions menées par rapport aux actions programmées présente un intérêt réduit.

3. *« Les niveaux organisationnels, institutionnels et individuels du renforcement des capacités incluant les aspects techniques et managériaux doivent tous être pris en compte dans la programmation et la mise en œuvre »*

La cohérence de tous les aspects – institutionnel, organisationnel, individuel – du renforcement des capacités a été assurée au Mali par la préparation d'un plan d'ensemble au niveau de la programmation et la création d'une cellule dédiée au pilotage du changement, la CARFIP. Cela a permis au responsable des directions des administrations de ne prendre à leur charge que les aspects stratégiques des actions et de pouvoir continuer à gérer les affaires au jour le jour sans difficultés. Les interdépendances entre les actions ont été traitées à ce niveau, même si les effets d'entraînement des actions ont été insuffisamment pris en compte.

Toutefois une certaine lourdeur des procédures mises en place à la CARFIP n'a pu être évitée. Par ailleurs, le leadership de la CARFIP n'a pas été en soi suffisant et la mobilisation des hauts responsables des différents ministères a été une condition essentielle de la réussite des actions prévues pour leur domaine. Le succès du centre de formation des inspecteurs des impôts de la DGI en témoigne.

La CARFIP a favorisé une gestion efficace des consultants et experts extérieurs et des appuis techniques. Elle a notamment accueilli en son sein les consultants qui ont soutenu la prise en compte des aspects techniques de la programmation du PAGAMGFP. Toutefois, cette coordination des appuis techniques et consultants extérieurs peut être améliorée.

Cette structure n'a pas permis d'intégrer certains des aspects considérés comme importants par tous les responsables pour le renforcement des capacités. Ont ainsi été sous estimées les questions relatives à la formation du personnel (notamment la forme de la formation permanente considérée comme inadaptée à l'ampleur des questions posées et l'absence d'une école d'administration ou de centres de formation initiales spécialisées) aux systèmes d'incitation et de sanction des personnels en place et la lutte contre la corruption.

4. *« Les appuis des donneurs doivent être apportés dans une forme cohérente et coordonnée »*

La coordination des PTF est difficile car le contexte est en pleine mutation et de nouvelles pratiques et stratégies se développent: les PTF sont nombreux, certains sont nouveaux (tant au niveau multilatérale – le fonds mondial – que bilatéral – la Chine), ils disposent de ressources abondantes et certains ne voient pas l'intérêt d'une coordination.

Par ailleurs, la coordination est - financièrement - difficilement mesurable puisque le PAGAMGFP est financé par le budget et donc sur aide budgétaire globale, fongible, ce qui est très favorable à l'alignement, mais interdit l'identification de l'origine des fonds. Ne sont détectables comme aides spécifiques que les aides isolées qui prennent la forme d'aide sectorielle ou de projets (qui ne sont pas complètement connus au Mali). Dans le cas d'un financement par le budget, la coordination ne peut être évaluée que par rapport au suivi du budget et du plan national pour le renforcement des capacités (PAGAMGFP).

Les progrès ont été dans ce domaine très rapides, grâce notamment au leadership d'un d'entre eux (Union européenne) qui a développé des efforts constants dans ce sens. L'institutionnalisation et la formalisation de cette coopération est très poussée, comme cela a été montré ci-dessus. L'évaluation du PAGAMSGP I montre les effets positifs de cette coordination sur l'efficacité de l'aide. Les donateurs comme les responsables nationaux considèrent qu'elle est très utile, même si certains déplorent les coûts de transactions qu'elle engendre pour les donateurs (France) ou la réduisent à un échange d'informations ex post pour éviter les duplications (Canada).

L'unité des PTF est toutefois rendu plus difficile au Mali par des divergences entre les bailleurs sur le modèle de SGP qu'il convient de promouvoir. La mise en place d'un contrôle externe complet et cohérent respectant les engagements internationaux du Mali (UEMOA) a pâti de cette absence de point de vue stratégique commun. Les études menées par les bailleurs qui sont demeurées prisonnières des modèles existants dans les pays des bailleurs, n'ont pas su dégager une solution commune, qui pourtant existe. La culture nationale, le système politique très spécifique qui prévaut, le contexte institutionnel n'ont pas été suffisamment pris en compte et la capacité d'innovation a fait défaut. La mise en place d'un élément essentiel des systèmes de GFP dont les effets d'entraînement sont forts a ainsi été différée.

Cette coordination manque cependant d'une autorité capable d'imposer à l'ensemble des PTF la prise en compte dans leurs exigences individuelles en matière de déclencheurs des contraintes globales qui pèsent sur le budget aux stades de sa préparation que de son exécution. L'accompagnement macro économique et donc macro financier (les grands équilibres du budget et des finances publiques) est trop séparé de l'accompagnement sectoriel.

Cette coordination étroite se heurte encore aux obligations des PTF bilatéraux à l'égard de leur gouvernement, de leur contrôle supérieur et de leur opinion publique. Elles exigent que cette aide puisse s'inscrire dans un programme cohérent d'aide extérieur du pays bailleur, renforce son influence politique et soit utile à ses intérêts, qu'elle respecte aussi les règles nationales de bonne gestion des fonds publics et qu'elle soit visible. Toutefois, cette opposition est moins forte dans le cas de l'aide à la gouvernance qui par nature ne peut donner lieu à une forte valorisation symbolique (contrairement par exemple à un grand échangeur urbain central auquel au Mali a été donné par le public le nom du Pays bailleur..). Les tendances à l'action isolée auxquels sont soumis les PTF est encore forte. Les fonds d'aide spécifiquement dédiés au renforcement des capacités sont encore importants. Il en résulte que les besoins de financement résiduels pour la mise en œuvre complète du PAGAMGFP (I et II) restent encore mal définis, ce qui fait obstacle à une identification et une mobilisation des ressources extérieures nécessaires.

L'Union européenne a pour ambition, dans le cadre de l'ensemble de ses appuis institutionnels 10ème FED relatifs au contrat OMD pour le Mali et dans celui de l'application de la stratégie cadre de la CE (backbone strategy) de définir les axes, le contenu et les moyens d'un programme pluriannuel harmonisé d'appuis institutionnels (PPHAI) visant à fédérer l'ensembles des PTF autour d'un objectif spécifique consistant à accompagner le gouvernement dans le franchissement d'une nouvelle étape de

modernisation de sa GFP pour réduire significativement le risque fiduciaire afin de pérenniser les aides budgétaires.

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Morocco

1 Background

1.1 Key Elements of the Institutional framework

Morocco gained its independence from France in 1956, with the restoration of the Alawi monarchy under King Mohammed V. In 1961, he was succeeded by King Hassan II, under whose leadership Morocco entered an era of economic development and public sector reforms initiated in the 1990's. Mohammed VI was only 36 when he succeeded his father at his death in July 1999.

Morocco is a constitutional monarchy and the king is the dominant political figure, with a dual role as temporal leader and spiritual guide (amir al-muminin). The king appoints the prime minister and the government and heads the armed forces. King Mohammed VI has declared his intention to modernise the monarchy.

The House of Representatives is elected, but has only limited powers and plays a weak role in the management of public finance. The Political Parties Law bans parties based on religion. However, the moderate Islamist « Parti de la justice et du développement » has the second-largest number of seats in parliament and plays an important opposition role, although it is not included in the government. It is the only party that has demonstrated a keen interest in the current management of public finance.

The re-birth of the audit bureau Cour des Comptes, in 2007, has been a game changer through the publication of its first annual report. It has created the space for educating citizens and the media on public finance management, creating demand for more transparency and accountability supported by an emerging civil society.

Key Economic Data

Annual data	2010	Historical averages (%)	2006-10
Population (m)	32.3	Population growth	1.2
GDP (US\$ bn; market exchange rate)	93.5	Real GDP growth	5
GDP (US\$ bn; purchasing power parity)	152.4	Real domestic demand growth	6
GDP per head (US\$; market exchange rate)	2,891	Inflation	2.4
GDP per head (US\$; purchasing power parity)	4,711	Current-account balance (% of GDP)	-4.1
Exchange rate (av) Dh:US\$	8.37	FDI inflows (% of GDP)	2.9

Source: Economist Intelligence Unit 2010.

The main economic policies are designed to generate faster growth, with the goal of reducing high levels of unemployment, poverty and illiteracy. Progress has been

constrained by policy inertia and a bureaucratic and corrupt civil service. This has prompted a vast public sector reform, intertwined with a public finance management reform since 2002. Public Finance Management was a fundamental pillar, with the goals of reforming the budgeting process, focusing performance, liaising to the fight against corruption and affecting procurement reform.

Today, the policy focus has shifted to recognise Morocco's special status with the EU (Statut Avancé) and the necessary development of the regions. This is increasing the focus on public finance management and civil service reforms to raise capacity and the administration capability to respond to these challenges.

		2007	2008	2009	2010
Revenue	in million MAD	169.3	203.7	187.2	188.5
	in % GDP	27.5	29.6	25.3	24.2
Expenditure	in Million MAD	177	212.4	209.09	224.3
	in % GDP	26.7	30.8	28.5	28.9
Wage Bill	in Million MAD	85.7	70	78.5	80.5
	in %				
	Expenditure	48%	33%	38%	36%

Morocco: Central Government Finance (source: IMF 2009)

The country's complicated tax system and relatively high tax rates are major constraints on business. However, Morocco has initiated a fiscal reform programme aiming at simplifying the tax system, reducing the tax burden. Tax exemptions and subsidies are being reduced.

In recent years, Morocco has reduced its dependence on phosphate exports, emerging as an exporter of manufactured and agricultural products, and as a growing tourism destination. However, its competitiveness in basic manufactured goods, such as textiles, is hampered by low labour productivity and high wages. It has also been hit directly by the global crisis affecting the real economy. Although Morocco runs a structural trade deficit, this is typically alleviated by substantial services earnings from tourism and large remittance inflows from the diaspora.

1.1.1 Recent PFM reforms and trends

As described in a series of reports prepared for donors' support programme evaluations, reform efforts were initiated in the second part of 1990s. They include the Constitutional Reform of 1996 that led to the creation of the Cours Régionales des Comptes (CRC) in addition to the Cour des Comptes, which is the Supreme Audit Institution -SAI- of Morocco. The political commitment and the direction of reform were renewed in December 2001 when the Prime Minister issued a circular to orient the reform towards

deconcentration, a major step to prepare the “advanced decentralisation”²⁰ coming nowadays. This effort was supported by the Programme d’Appui à la Réforme de l’Administration Publique (PARAP) financed by the African Development Bank, the European Union and the World Bank. These efforts had the following goals:

1. **Performance-based budgeting.** The intended shift is from an item-based budget to one where activities respond to performance criteria. This was a response to a sclerotic administration with unclear goals in terms of service delivery. The reform effort has mainly focused on the definition of performance indicators pertaining to efficiency measures. It resulted in the definition of output indicators directly linked to activities and sometimes inputs. Many indicators²¹ are not useable as performance measure of programmes or activities, and cannot be measured or linked. The current budget classification does not permit linking performance to allocations. Most departments have defined indicators that now form part of the budget documentation, though its readability and usability is very limited;
2. **Medium Term Expenditure Framework.** The goal is to improve the readability of the budget, focusing on programmes and performance implied defining a new planning horizon to move from a yearly item-based budget. An MTEF classification and a manual were developed and most departments have developed an MTEF. However, the documents appear as theoretical constructs, delinked from the budget cycle and from the sector planning. The costing is weak and the planning not subject to an overall budget constraint;
3. **Discretion to manager (globalisation des crédits).** This echoes the move towards performance budgeting, recognising that making managers responsible for performance should come with additional discretion in the activity/resource mix. The focus was on defining the space in the budget classification within which managers could forego authorisation for virements. The Moroccan budget classification has seldom changed since but the managers have been granted authority up to the “Paragraph”²². Note that though it consists in a simplification, the budget classification is still administrative and item-based and does not reflect programmes nor activities. This reform was also accompanied by a move from ex ante to ex post controls largely supported by the Inspection Générale des Finances (IGF) and the Trésorerie Générale du Royaume (TGR). This led the IGF to establish a capacity building programme in collaboration with the Inspection Générale de l’Administration du Territoire (IGAT) and the TGR. The IGF and IGAT benefited from institutional twinning with the Office de Lutte Anti Fraude (OLAF) and Inspection Générale de l’Administration (IGA France);
4. **Human resources management reforms.** The Ministry of Modernisation of the Public Sector (MMPS) leads the civil service reform, which aims at anchoring the Moroccan Civil Service in modernity with simplified status and performance-based remuneration. The reform faced resistance and corporatism to protect remuneration. The principle of professional development through training was introduced as the possibility to dedicate 1% of the wage bill of each department to training. This has permitted progress in many departments. Each department underwent functional

²⁰ Régionalisation Avancée.

²¹ There are more than 250 pages of indicators published with the budget though there are not systematically informed by recent data, baselines, previous year realisation.

²² This is one level higher than the budget item and opens the possibility to design a paragraph as an activity’s budget.

analysis to determine the competences required and the existing gap with the current human resources. This did not systematically lead to capacity development plans but to a mapping of competence requirements (Référentiels Emplois Compétences REC). It did not lead either to systematically allocating earmarked resources (1% of wage bill) to reduce the gap.

In addition to these thrusts, largely led by the Ministry of Economy and Finance (1 to 3) and the Ministry of Modernisation (4), the Trésorerie Générale du Royaume (TGR) has led and undertaken reforms on public procurement, internal controls and internal audit and has introduced an accrual accounting reform.

The TGR, contrary to the ministries, has sequenced its reform plan and has paced its reform effort carefully, considering capacity issues and roll-out.

Computerisation (Gestion Intégrée de la Dépense GID), in support of the processes, was almost complete by end of 2010 at central level, allowing the authorising officers to complete transactions online, simplifying them and ensuring faster treatment.

In 2007, the Institut de Contrôle et de Prévention de la Corruption (ICPC) was established, following work conducted in 1998 and 2005 on the incidence of corruption. Its board members span the civil service, the parliament, the private sector and civil society, nominated *intuitu personae* to safeguard their independence. It started work in January 2009, following the nomination of its members, and focuses on five axes: developing independent tools to measure corruption, improving the integrity and transparency of the civil service and the budget process, bettering the integrity and transparency of the judiciary, enhancing the role of the civil society and private sector and reforming the legal and regularity framework of the political parties. The mandate of the ICPC is large and has many ramifications for public finance management and public sector reforms.

For the majority of interviewees and from the evaluation reports prepared, the Prime Minister's budget reform and deconcentration efforts are viewed as preparatory activities that will culminate in the enactment of a new Budget by-law (Loi Organique de Loi de Finance) in 2011. This by-law would bind the government and the administration to the principles and innovations brought in the 90's. However, this approach has been seen some criticism of its design and management.

1.1.2 External factors impacting Capacity Development

There are important training institutions in Morocco and opportunities for professional development. These are the Ecole Nationale d'Administration (ENA), Institut Supérieur d'Administration (ISA) and universities. Morocco has also entered an era of institutional twinning programmes and developed a specific mechanism to design and manage them, with a high success rate. This in itself demonstrates the skills and capacity available in the central administration as twinning arrangements require advanced procurement competencies.

A key external factor has been Morocco's drive to obtain the "Statut Avancé" with the EU, making reforms a vehicle for increasing commercial exchanges with the EU. The European Commission, the Member States and other donors have responded to these efforts.

The donors present in Morocco have contributed to the reform design and its financing, thereby importing "best practices" for OECD countries. This led to the focus on the four thrusts described above, but without an a priori assessment of the readiness of the administration and with inexact sequencing of the activities. This probably contributed to the current status quo described by the interviewees: Reform efforts have allowed introducing techniques but have not permitted reaching the overall objectives of increasing efficiency and better service delivery.

The emphasis on techniques has been to the detriment of the "soft" issues: no clear plan was developed for the reform to establish a clear goal, share a vision and manage change. This has been a recurrent theme of the interviews. In addition, the focus on tools has also been to the detriment of a focus on making people capable of adopting and adapting the tools to the circumstances of Morocco.

Morocco's administration faced two other challenges that impacted the reform design. First, the administration was overly procedural and burdened by practices that did not support institutional coordination. Second, the deconcentration and the decentralisation both implied an increase in burden to manage expenditures while the capacity wasn't increased, creating a bottleneck. For example, the IGF is composed of 62 inspectors, theoretically in charge of 9500 entities.

On the financial and administrative network, this study did not dwell sufficiently in depth to capture all the constraints, being limited to a series of interviews in the capital Rabat. Yet, interviewees mentioned challenges in the context of the deconcentration and the decentralisation, principally tied to its administrative network and level of capacity. This is of major importance for Morocco, which seeks to accelerate the development of its regions through greater devolution.

1.1.3 Key PFM donors

The Key PFM donors are the African Development Bank, the European Union and the World Bank. The combined size of the aid delivered, though significant in nominal terms, is not significant relative to the size of the Budget and the GDP. Other donors bring technical assistance. A good example are the exchanges with French Institutions through visits and training of high-level civil servants in French public administration schools, which take place outside the institutional twinning arrangements financed by the EU and WB contracts.

Morocco seeks to learn from outside by acquiring new ideas to inform its decisions on the desired reform path and new practices applicable in its institutions. The weight of the European Union is important as a trade and political neighbour, whose "acquis communautaire" is valuable for Morocco in the Euromed partnership. Morocco seeks to

acquire it to better its systems and to reap additional benefit from its “statut avancé” with the EU.

1.2 Summary of Interviews and Key Findings

1.2.1 Conceptual Understanding

Donors define PFM in a broad sense and their financing agreements reflect an emphasis on the reform led by the Ministry of Economy and Finance (MEF), while failing to include Parliament or reform management indicators. Interviewees from the administration usually define PFM in its widest sense.

The MEF defines capacity development as a broad effort including policy coordination mechanisms, publication for transparency, addressing resistance through dialogue, providing incentives through recognition and training, engaging in regional and international learning projects and changing the management style of the administration. Leadership, however, was found lagging and impeding the motivation of all human resources.

On training programmes, Morocco seeks to develop learning paths, attached to careers' opportunities, and thus tying their effort to the public sector reform. This means that learning is largely done through events that include teaching, self-experiencing and application of concepts and tools, peer learning through physical, online exchange at country and international levels and access to learning facilities.

Interestingly, only a few interviewees directly recognised the key combination of the roles of the Cour des Comptes, Parliament and Civil Society organisations. Though each of them taken separately are recognised as stakeholders of public finance management, their roles are largely deemed as peripheral to the system. Only a few interviewees emphasised the critical role of the publication of the Supreme Audit Institution's annual reports and the added value for the quality of expenditure management. This may be a reflection of the sample of interviewees, overwhelmingly biased to civil servants.

Capacity development was defined as an internal process. For example, the internal audit mechanism can contribute significantly by highlighting weaknesses and thereby helping institutions develop focused plans. This was made clear by IGF and IGAT. This role came with the new focus on ex-post audit. This is an important aspect for IGAT given the current policy focus on decentralisation (“Régionalisation Accélérée”) and the existing capacity constraints in deconcentrated and decentralised entities.

The TGR has defined the concept of capacity development as the capacity to manage, thus making a priority to increase the financial management capacity. The TGR led important reform initiatives on public procurement, on internal controls and accounting standards. In doing so, it has demonstrated a strong leadership and stewardship of the processes, making it a priority to define internally the reform process and sequencing and to design mechanisms for internal learning processes such as centres of excellence and forum on performance.

The TGR has also made the sequencing of reform activities and the change management an integral part of its capacity development concept. It developed a plan to introduce accrual accounting, based on its assessment of the capacity and institutional arrangements in place to maintain the public accounts. It then developed a modular approach to sequence the reform effort, focusing first on a new accounting referential, then, in turn, opening balance sheet, quality and viability of the information, computerised system. To manage the overall effort, TGR also developed a change management plan. To each component corresponds a well-sequenced series of activities. The TGR coordinated this work with directorates in the Ministry of Economy and Finance and line ministries to prepare the opening balance sheets.

Most interviewees link capacity development directly to their own professional development. As the reform activities were principally about getting tools in place outside the TGR, interviewees emphasised a lack in focus on human resources, organisational development and learning.

The quality of leadership and stewardship cannot be delinked from the capacity of an organisation. These two elements were clearly made part of the capacity development. For example, where organisations need to work towards common objectives, leadership can address previous practice of working in silo. This entails a capacity to work jointly and to coordinate activities, often in a sequenced manner. Finally, also mentioned was the role of the private sector, which need to be informed and communicated with so that it can effectively manage programmes and execute contracts.

1.2.2 Content, form and duration

Donors have attempted to respond to demand for capacity development and to provide support through relevant mechanisms and expertise to the government's efforts. The focus has been on high-level expertise to support specific tasks and the regularity of the inputs, at a pace determined by the Moroccan Administration. The second mechanism, crafted by the EU for its media programme, is institutional twinning. The World Bank, limited by its financing instruments, supported the administration technically. Importantly, the documentation of donor funded programmes does not reflect a clear and definite attempt to address the human and organisational dimensions of reforms through a carefully crafted change management strategy and human resources development that could contribute significantly to reinforcing institutional capacity.

On the Moroccan administration side, the expectations are high and they seek to achieve specific objectives. The experience of the institutional twinning has been successful, perhaps because the Moroccan Administration has established a specific capacity, helping the client entities to design their requirements and translate those into specifications and contractual objectives. The unit managing twinning provides a support for selecting, negotiating and contracting as well as for managing: it has developed a specific know-how and reduces transaction costs for the beneficiaries, negotiating with partners on the capacity development outcomes.

Morocco designs and finances its own service contracts to recruit high level expertise, which can bring elements of strategic thinking and planning of reforms activities as well as practitioners' know-how. This includes services similar to the institutional twinning as in the case of the French Ministry of Finance, selected through competitive bidding. This reveals the capacity of the administration to define requirements to achieve capacity development and to design the contracting arrangements to acquire the necessary inputs. Interestingly, this responds directly to the UNDP definition of capacity:

«The process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. Capacity Development helps strengthen institutions to perform better and more consistently over time and to respond to and manage shocks and change».

Morocco has professional development centres through its Ecole Nationale de l'Administration (ENA), Institut Supérieur d'Administration (ISA) and Institut National de l'Administration (INA). They have entered into partnerships with other schools and universities abroad such as France's ENA, allowing visiting professors and students' exchanges. Each is institutionally attached to a ministry: ENA to the Ministry of Modernisation of the Public Sector (MMPS) and ISA to the Prime Ministry. ISA was set-up with the tasks to develop a highly qualified senior cadre. Though the schools cover different level of the cadre, it is envisaged to merge them. ISA allows civil servants and new entrants to prepare for high-level civil service functions over two years, receiving a practical and theoretical education from professors and experts recognised in Morocco and internationally.

The ICPC is another institution that responds to a demand for capacity development. Its strategy to curb corruption is largely about making information available by developing databases on indices and promoting and advocating the use of open budget practices. This role is fundamental for both the civil society, as it allows access to the right information, and for the oversight institutions as the Parliament (both chambers) whose role is enhanced by access to quality, regular and timely information. For example, reducing the delay for presenting the appropriation accounts is a way of promoting the oversight role of the Parliament. It also seeks to support budget analysis by elected members.

The government's interviewees stressed that donors' programmes have had a pull effect, providing useful financing. The demand for capacity development that emerges can be categorised as internally and externally oriented. The internally oriented demand is one that the government can address both financially and technically. It is principally about assigning resources to develop training centres and assign expertise to design and deliver professional development courses. It also concerns the hiring of outside expertise in the private sector. The externally oriented demand concerns the technical partners of Morocco, not only donors as such. There is a real interest in studying, learning by experience and exchanging practices with professionals from other countries. This can take the form of institutional twinning as well as of joint assignments, study tours, exchange programmes and professional workshops. There is a wide variety of interests and forms that can be explored.

One expectation has been raised by all interviewees. Capacity development requires developing systems for monitoring selected indicators and for evaluating programmes, so that policies and programmes design are better informed. Indeed they perceive this as a prerequisite for a move towards the new budget by-law (LOLF) in 2011: Emphasis on costing and budgeting programmes, their financial and economic analysis, reinforcing the control of programmes' implementation and developing the monitoring function sustained by data collection systems, designing the evaluation functions. As it constitutes an entirely new function, developing the legal and regulatory framework is necessary to provide the mandate to the control institution (Cour des Comptes). Donors' programme evaluation have been restricted to the financing agreements themselves and did not shed light on the broader impact of the reforms supported.

If most interviewees emphasise that the past decade of reforms has been a critical step that created a demand for change, they say the conception of the reform programme itself did not include the human elements (human resources, change management, leadership) and the political economy. The reform has been a top-down exercise with an emphasis on tools that did not respond to the need for a conceptual change of how should public finance be managed. This led to a gadgetisation of the reform, while the essence of it, the change of culture, did not emerge.

Although a demand for better public service and a more efficient administration existed in principle, there was no demand formulated by the Parliament. At present this demand is emerging, but the capacity of parliamentarians to deal with public finance management is restricted. This is considered as one of the main pitfalls. The political commitment for the reform has not been renewed since 2001. It is expected that in 2011, the new budget by-law will result in a new commitment and a clear leadership from the PM office to coordinate the activities of the Ministry of Modernisation of the Public Sector and the Ministry of Economy and Finance.

1.2.3 Process

There are stories emerging on the initiation of the ADB-financed PARAP reform programme, which was the fruit of a working group including line ministries that led to the PM's circular in December 2001 and its guide. Donors, however, tend to view this reform as the fruit of their action. Part of the explanation lies in the PARAP's performance monitoring indicators, annexed to the EU and World Bank financing agreements, and that drove the release of the budget support instalments: the pull effect. As these indicators are mainly activity products, confusion was made on the reason for the activities: release of PARAP instalments rather than reform activities. This risks confusion on responsibilities and programmes' objectives, namely meeting donor conditions for disbursements or achieving effective change of the PFM system.

There is no evaluation capacity in Morocco at this stage, neither of public policies at sectoral level nor of the reform efforts. This has been expressed as a clear need and an area where donor-support would be useful. Without such independent evaluation mechanisms, stakeholders feel that it is hard to lay foundations for better reform design, addressing weaknesses and institutional bottlenecks, on which all can agree.

In the past decade, it is believed that the professional competence of the Moroccan administration increased significantly in response to an upgrading of the legal and regulatory framework. In this effort, interviewees recognised the important role of development partners. Indeed some reference was made to structural adjustment programmes as a necessary step to clarifying the respective roles of the public and private sectors prior to reforming the administration. The Government demonstrated its political willingness to reform and embarked on a modernisation of the public sector that included a large public finance management component. However, if development partners saw a coherent plan encapsulated in the PARAP, most interviewees of the government saw a series of fragmented efforts and isolated professional development plans. There was no clear goal, shared within the civil service and a coherent plan to manage the change and ensure institutional coordination.

Focusing on technical aspects such as the legal and regulatory framework does not lead to sufficient progress. Budget support is a useful instrument to support governments' policies but may not be best suited for capacity development. As emphasised throughout the interviews, the "soft skill" components, mainly change management, institutional cooperation and leadership, have not received sufficient attention. Budget support is not suited for institutional capacity building, at least, not in initiating the process because it requires quantifiable indicators and predictable dates of achievements. Interviewees describe this as a weakness of the donor support available. The direct support available was perceived as donors' treating capacity development in the margins rather than confronting the difficulties. This is deemed important as resistance to change is important and moving from a toolkit reform to a reformed system and administration requires the buy in of all stakeholders including the senior manager and the operational employees.

The ICPC and the Cour des Comptes played an important signalling role. Though the fight against corruption was not new in Morocco²³, there was not legal framework to guide the work and to provide a mandate to an institution. In 2007, the ICPC was created, though its board member were only nominated in 2008 and work begun in earnest in January 2009. This sent an important signal.

The role of the Cour des Comptes has been a "game changer" from the publication of its annual report in 2007. It made it into a credible control institution whose work had direct implications for all the public sector and other control institutions, which had to adapt their practice to support the work of the court. It has provided a mechanism for the media and the public to enter the public finance management arena. The court's role and the ICPC's one are mutually reinforcing. Both institutions induced transparency in the management of public finances and help creating a demand for it outside the Government. With the regional courts, this process is trickling down to the lower tiers of government.

²³ Specific work done in 1998 and in 2005.

1.2.4 Impact of Capacity Development initiatives

As indicated above, the administration is not currently in a position to evaluate the impact of its efforts. The Supreme Audit Institution is not in a position to address this either. This leads to a difficult situation whereby stakeholders do have “a feel of what’s happening” but cannot use an analytical framework to support their understanding and make decision to gear the change process. This is also true of donors’ support as their impact is determined by the broader reform effort’s impact.

Interviewees indicated that the mapping of the human resources of the ministries and their skill requirements would usefully be applied for two parallel processes: recruitment that depends on competences and then professional development through continuous training. Professional development generates high expectation both in terms of rewards / incentives and in reforming the system. The 1% quantum of wage bill that each ministry is allowed to spend on training (in addition to unaccounted time as training by peers from the ministry) does not appear to be used in a coherent manner with the mapping. Thus, the impact of the public sector reform effort has been limited for developing capacity in public finance management but the foundations has been laid.

A key impact of the reform has been a change of budgeting practice. The budget is no longer comprised of recurrent expenditures and capital expenditure. Now, it is a single document, with a real discretion devolved to managers for allocating resources within the space defined by the “paragraph”. Though this is not truly an activity-based budget, the paragraph attempts to regroup items that contribute to an activity. This change has been reflected into the institutional structure of the ministries in 2009: the former directorate for economic affairs and planning in charge of the capital budget and the directorate of judicial and administrative affairs responsible for the recurrent budget have been merged into a financial directorate.

Box 1 Public Procurement

A new decree was promulgated in 2007 to initiate a reform of the public procurement system. The TGR led this effort with a clear objective: convergence towards the EU. Three words are recurrent in the description given: simplification, clarification and dematerialisation. A training programme sustained the reform activities, with practical training for all staff and training leading to certification for managers. Centres of excellence were identified for the quality of their procurement to serve as an internal capacity building mechanism: developing internally a top-notch capacity to impact positively on the other institutions and act as a resource centre. The TGR is now exploring distance-learning possibilities. This effort was concomitantly led with the development of a web portal that provides access to the public and thus private sector to information on the legal and regulatory framework and on the operations (publication of all procurement above MAD 200 000 and allows controlling for slicing through the financial management system). For the TGR, capacity development meant that it had to develop its capacity to effectively manage.

The recognition that legal and regulatory framework and internal controls are not sufficient safeguards and mechanisms to achieve efficiency and effectiveness in procurement, led to a sustained effort on professional development to better the practice. Mechanisms were developed to help disseminate information and standards across the kingdom. A new decree has been enacted to instigate unicity of

the legal and regulatory framework for all public sector entities. In addition, it established the Council for competition and mandated the ICPC, reinforcing oversight and transparency.

The impact of the ICPC is yet to be felt in practical terms given its recent start of activities; however, the impact on the civil society, the administration and transparency of transactions has already been felt. It is a strong message. The ICPC publishes an annual report in complement to other independent initiatives as Transparency International since 2009. It presents the status of corruption in the Kingdom. Similarly, the publication of the Cour des Comptes Annual Report since 2007 has led to changes, allowing the public, media and parliamentarians to obtain an analysis of the quality of expenditure management.

Box 2 Internal Controls

A new internal control system has been developed and implemented, allowing a modulated control whereby the services develop internal controls to support their activities rather than depending on an a priori internal audit. The TGR led this effort and coordinated it with the IGF. Indeed this is one of the rare examples where coordination of reform activities and sequencing has been fruitful, under the TGR's leadership. The contribution of international experience and expertise came through the French Ministry of Finance, hired through competitive bidding directly by the TGR. Thanks to this contribution, innovative capacity building was introduced: enabling the identity of good practices in the Moroccan administration, allowing for replication. The support also assisted in developing manuals, templates and a files management chart. This is an on-going effort.

In the decentralised context, IGAT managed a successful capacity development programme. Three axes were followed: the revision of the legal and regulatory framework, the modernisation of the work techniques and methodologies, introducing information systems and a programme of professional development of the staff through new hiring procedures and training. To achieve this, IGAT focused on human resources and sequencing: taking a new audit function meant that internal controls had to be established first. It has thus taken a new role, as an internal resource centres responding to the needs of the decentralised entities, to develop internal controls and allow decentralised entities to use the audits as checks.

Box 3 Sequencing

The TGR took a carefully sequenced approach to its accruals accounting reform: first the TGR and the division of the Ministry of Economy and Finance responsible for commitment control and accounting merged, making the TGR the central institution in control of all accounting in the Kingdom, then the TGR embarked upon a major capacity building programme including new accounting standards and practices. The TGR has taken a careful modular approach. Its decision is based on its appraisal of the gains and risks, and of the budget execution control and its institutional characteristics, placing the TGR in a central accounting position not drawing in all any ministry.

1.2.5 Sustainability

The first enhancing factor is the creation of internal capability to develop capacity: in Morocco, there exist schools, universities and professional development mechanisms to develop capacity.

Some interviewees recommended several leads for sustainability of the capacity development and reform effort, as summarised below.

First, they view the role of technical partners as a useful catalyst and an important means to financing activities that may be difficult to push through the budget process, such as pilots to test new methods and techniques prior to upgrading systems and entering into a larger professional development phase. There is a demand emerging for organisational learning and capacity in developing programmes and curricula to support professional development. There are expectations on the role of the donors as technical partners enabling access to such expertise.

Second, there is a need for capacity to evaluate the impact of public policies. All interviewees in a senior management position pointed out that evaluation and the capacity to perform analysis of the results obtained were necessary to secure the reform progress. Evaluation of public policies, whether a reform or a sector ones, does not exist: this practically means that managers and decision makers are not able to rely on analytical information to shape future programmes and address current shortcomings. This, coupled to a lack institutional cooperation, certainly contributed to reducing the capability to pilot the reform over the past decade.

Third, learning through others' experiences was emphasised. Morocco seeks to learn from the European Union countries and compare itself to them. Peer exchange and visits are seen as an important way to learn and seek to understand concepts and processes and how they can be applied to the context of Morocco.

1.3 Country analysis

The public finance management reform was born out of the Ministry of Economy and Finance, precisely the Direction of Budget. The document orienting the reform effort published by the Prime Minister's Office was a reference framework, not a defined action plan. The approach was to initiate a reform effort and generate demand from the departments, making it an internally demand-led reform: building the tools into the system to prepare the move to a new budget by-law that would make it a legal requirement to manage and report on performance within a medium-term framework. The absence of a coherent plan and vision, supported by a change management strategy led to a gadgetisation of the reform. The lack of clear indicators and targets and the confusion between the Government's programme and the donors' support programmes that ensued, resulted in a feeling of an imposed reform set of activities.

This is certainly recognised now. The past decade of reform effort has served as an important and useful learning period. Stakeholders worry that energy losses were important and could have affected the ability of the Moroccan Administration to transform itself but they all agree that today PFM should be defined in the widest possible sense, and reform effort implies that both technical activities and their sequencing, and capacity development cannot be treated in isolation. They all agree on the necessity and important role of leadership and stewardship for managing change. This is most visible at

the TGR whose management developed a clear vision shared with the organisation's employees.

Taking into consideration the lines of the DAC:

Supporting country leadership and ownership should be central to donor approaches: this has come about strongly through several channels. First key informants emphasised the necessity to establish clear leadership. This may include actions on defining further the PFM reform as would be the case once the LOLF is passed. Second, the stewardship of the reform process is deemed weak and Morocco would gain from a shared vision amongst the senior management. Third, coordination is weak and led to isolated efforts. Introducing high-level joint working groups to bring together the senior management in a coordinated management is seen as a critical step to build capacity to manage and provide impetus (change management). Fourth, the change management strategy should be developed and implemented forcefully, giving an opportunity to all concerned to adhere to a vision and understand how their work contributes to it.

Capacity development design and sequencing should fit specific country circumstances, rather than reflect standard or imported solutions: In Morocco, there is a feeling that the PARAP, the donors' support programme, and the country's reform plan were one and the same. This reflected in a single matrix of objectives that was born from the necessity to determine donors' programme disbursement indicators and targets. That said, the reform effort is country-born and led. The administration recognise the push-pull role that international community can play but emphasise the powerful role and the impetus given by the King in his public address as well.

The sequencing was not clearly determined in a national strategy but two factors informed the process:

- Develop the skills and tools for moving towards performance management and budgeting: this is intended to form the base upon which the new budget by-law (LOLF) can enshrine the new focus rather than passing a new budget by-law and thereafter attempting to build the systems to implement it; it was done on a "voluntary basis" but has led to what some qualify as a "gadget" reform;
- The TGR has demonstrated strong leadership and stewardship of the reform process, carefully sequencing its activities, coordinating with other institutions and defining a change management strategy that encompasses professional development.

These two parallel approaches both responds to absorbing international practices and ideas.

The efforts of the Government on public sector reform and capacity development have been welcomed as a demonstration of the political will to reform, but have been criticised as a series of fragmented efforts and isolated professional development plans. A vision and a coherent plan are lacking. Without it, it has not been possible to anchor the professional development efforts into the overall capacity development effort, inclusive of the public finance management reform and contributing more significantly to the broader development objectives of the Kingdom of Morocco. Clearly, there has been a significant increase of professional competence and know-how but this has not been

weaved into a reformed administration: each institution operates in silo. There is no history of joint work between institutions and the reform has not focused on creating these institutional arrangements. This also means that no mechanism was developed for managing the reform effort and coordinating institutions. Most interviewees raised this issue as a limitation of the past decade and a challenge to face.

The institutional, organisational and individual levels of capacity development, including managerial and technical aspects, should all be taken into account in programme design and implementation: clearly this was not the case in Morocco and may represent the biggest challenge and most important lesson. There exist centres of excellence in the Moroccan Administration, both practitioners' centres (but they lack a forum) and professional development centres (but they lack a role in the broader reform agenda). The focus on developing capacity has been narrowly defined as developing professional competence through regular training programmes. The best example is probably the IGF that can only recruit small cohorts of students each year but cannot develop its programme further due to limited post opened, space and equipment limitations and time constraints for training new recruits²⁴. This is by no mean sufficient to address the needs of the central administration, let alone to begin addressing the needs of the decentralised administration, at a time when the Kingdom is moving rapidly towards regionalisation (Régionalisation Accélérée²⁵).

Donors supported Morocco through two main mechanisms:

- A budget support coordinated between the African Development Bank, the EU and the World Bank that has served as a useful incentive at times to make progress, but has lacked the vision beyond the indicators and a support to change management;
- Addressing requests from the Moroccan Administration to finance capacity development projects: preparing manuals, delivering trainings, providing technical assistance punctually and regularly. But the focus of these interventions is often too narrowly defined: a good illustration is the preparation of best-practice manuals that may not be applicable to the context. It then falls onto responsibility of each department to take up the challenge, learn about the new concepts and tools and attempt to apply them. This approach has been dubbed “learning by doing” and reflects a strong willingness to appropriate the reform by the Ministry of Economy and Finance. But it shows its limits and the need for a much broader and bolder programme of professional development.

Perhaps two specific mechanisms are worth highlighting given the positive echoes. First the regular but punctual assistance of high calibre advisors to a reform process is seen as a very pragmatic and simple way to mobilise expertise: Morocco seeks more of it and not only from francophone countries. Second the twinning arrangements are appreciated, providing a welcome international peer exchange mechanism and in situ training. As this happens in both countries, it allows adapting practices context making them relevant.

²⁴ It takes two years to train an inspector though each trainee may not pass the final exam nor stay with the IGF.

²⁵ All stakeholders met in the administration have clearly expressed that the Régionalisation Accélérée cannot proceed without deconcentration of central service. Both processes involve a tremendous capacity building effort and will call on the private sector and civil society capabilities too.

This is the case with the GIP, the financial information management system. The solution planned in the PARAP I financing agreement with the EU was modified.

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Nepal

1 Background

1.1 Institutional framework

Nepal is a small landlocked country sandwiched between India and China in South Asia. It is predominantly mountainous with the Himalayas in the north and flat river plains along the Ganges in the south. Infrastructure outside the major cities and towns is poor due to the extreme geography. Only 17% of the 29 million inhabitants of the country are urbanised. These two factors are major constraints for government operations and service delivery to all citizens. Nepal is one of the poorest countries in the world and is heavily aid dependent. Agriculture is the mainstay of the economy providing a livelihood to almost 75% of the population.

The country has undergone major political transformation following more than a decade of conflict between Maoists and Monarchists. On May 28, 2008, during the first Constituent Assembly meeting, the Monarchy was abolished and Nepal was officially declared a Federal Democratic Republic. Since then the country has continued to experience a period of political instability due to coalition parties switching loyalty. The Prime Minister resigned in June 2010, but as of December 2010 he leads a caretaker government which is in the process of drafting a new constitution due in May 2011. Implications for future governance arrangements are not clear and the budget presented in November 2010 was blocked.

The institutional basis of the PFM system in Nepal revolves around the Ministry of Finance (MoF) which is responsible for both revenue and expenditure management. There are nine divisions (Financial Administration, Revenue Administration, Personnel Administration, Foreign Aid Co-ordination, Budget and Programme, Corporation Co-ordination, Economic Affairs and Policy Analysis, Financial Comptroller General Office (FCGO) and Legal division) and four departments (Customs, Inland Revenue, Revenue Investigations, Revenue Administration Training Centre). The National Planning Commission is responsible for planning and development. Spending units that comprise the central ministries and other agencies are also a part of the system, as are the oversight bodies of The Office of the Auditor General and Parliament. The Public Procurement Monitoring Office (PPMO), in the Office of the Prime Minister and Council of Ministers, is responsible for establishing procurement policy and standards, providing training, providing no objections for certain procurements, and reviewing complaints from bidders.

The format of the Federal system awaits the new Constitution and devolution to local government has not taken place. The local governance system, mandate and operational structure at the District therefore are unclear. Currently at the local level, the spending units (such as, for example, the line agencies that have a local presence) as well as the

District Development Fund (DDF), Village Development Fund (VDF), and the District Treasury Control Office (DTCO) are at the core of the PFM system.

1.1.1 Current PFM reforms

Good governance was one of the major pillars in the Three Year Interim Development Plan, which immediately followed the 2006 Peace Agreement. Despite the difficult political conditions, a number of PFM initiatives have been introduced in recent years including an MTEF, a Budget Management Information System (BMIS), an FMIS, significant changes to revenue administration and improvements to the procurement system including in particular new legislation and a Public Procurement Monitoring Office (PPMO).

Following the PEFA assessment in 2008, which was based on 2005/6 data, a PEFA Action Plan was formulated. In order to coordinate the implementation of the PEFA action plan, the Government of Nepal (GoN) has i) created a PEFA Steering Committee, ii) set up a PEFA secretariat at FCGO, iii) established PEFA Units in twenty line ministries to oversee implementation of various actions, and iv) created a separate budget line item in support of this agenda.

A long term Public Financial Management Reform Program (PFMRP) has also been developed and approved by the government. In the first phase (FY 2009/10- FY 2011/12), the strategy will focus implementation on revenue, budget planning and implementation, debt and cash management, accounting and auditing.

The FCGO is at the moment focused on; i) a Single Treasury Accounts System, which was piloted in Bhaktapur and Lalitpur in FY2009/10, (IMF support) ii) IPSAS Cash Based Accounting Standards, and iii) further improvements to the Integrated Government Financial Management Information System (IGFMIS). Donor support has also been requested for the strengthening of the PEFA Secretariat.

Efforts to introduce a result based management framework are also ongoing in the NPC and pilot ministries, and a new web based aid management system is being established with the support of the UNDP. A major innovation has also been the introduction of e-procurement in public infrastructure works to improve competition and reduce intimidation by and among contractors. While in external audit despite the lack of a substantive Auditor General and a high level of vacancies (approximately one third), a strategic plan has been developed.

1.1.2 External factors

Clearly a significant factor in PFM capacity development in Nepal has been (and continues to be) the uncertain political climate. In addition, the remoteness of villages where the majority of people live, poor infrastructure such as roads and electricity, lack of reliable communications and banking are key constraints to government service delivery, and the introduction of technology based PFM systems and procedures.

In support of PFM capacity development in Nepal there are a number of training institutes based in Kathmandu. The Revenue Administrative Training Centre (RATC) is responsible for induction training of accounts staff. The newly formed Personnel Training Academy (PTA) is responsible for training all civil servants in general office management, IT literacy etc. The Nepal Administrative Staff College (NASC) is responsible for strategic management in the civil service and public enterprises.

The Accounting Standard Board and the Institute of Chartered Accountants of Nepal (ICAN) have been key contributors to the development of IPSAS Based Cash Accounting Standards for the GoN. Institute membership is however solely for private sector practitioners and although they provide basic accountancy training courses, these are not customised to the specific needs of public sector employees.

1.1.3 Key PFM donors

The key PFM donors in Nepal include DFID, IMF, World Bank, Norway, ADB and UNDP. ADB is continuing to provide technical assistance to the Government to support the operationalization of “Managing for Development Results (MfDR)” in the NPC and pilot agencies of the central government. With regard to improving the auditing capacity and institutional strengthening of the OAG, the World Bank has been closely involved in assisting OAG through a number of IDF grants. OAG has also signed a Memorandum of Understanding (MOU) with the Norwegian Supreme Audit Institute (SAI), and also obtains support from the Asian Organisation of Supreme Audit Institutions (ASOSAI).

In November 2010, the World Bank was in the final stages of setting up a multi-donor trust fund to improve the coordination of donor activities. Given concerns over capacity constraints, support is being limited to two or three key activities, as well as support to civil society organisations to continue the development of their capacity to scrutinise the budget, and wider public financial management.

1.2 Key findings

The following paragraphs summarise some of the key findings from discussions with government, technical advisers and donor representatives on support to PFM capacity development in Nepal. These discussions have been supplemented with a review of various government and donor studies.

1.2.1 Conceptual Understanding

Most interviewees considered the Ministry of Finance (MoF), Office of the Auditor General (OAG), Public Procurement Monitoring Office (PPMO) and the FCGO as the key PFM stakeholders in Nepal. Some included line ministries and the district level, but only so far as it includes accountants, which are seconded FCGO staff. There was some but limited inclusion of Parliament, civil society, media, training institutions, anti-corruption agencies and the Reserve Bank. Most respondents focussed on finance staff

only and all respondents (with the exception of donors) excluded donors as stakeholders. It also seems that stakeholders are seen as organisations primarily involved in public expenditure management (PEM). The role of line ministry managers in PFM was not widely considered.

Training was seen by all respondents as a key element of PFM capacity development, particularly exposure to international practice through attachment or the pursuit of academic qualifications. Many respondents also included activities related to the reform of systems and procedures, particularly Information Technology (IT), Treasury Single Accounts (TSA), the introduction of Government Finance Statistics (GFS) classifications, Medium Term Expenditure Frameworks (MTEF)) and the introduction of international accounting standards. Most respondents focussed on 'new' capacity. Although some respondents did consider that this tendency by donors to dismantle the old, rather than adding value was a fundamental flaw in donor support to PFM capacity development in Nepal.

One respondent said that reduction of demand could also improve capacity. He mentioned that the donors were given direct access to the aid management system to enter their information. However, it was suggested that the World Bank (WB) and Asian Development Bank (ADB) saw this as an additional burden for their staff.

Broadly PFM capacity development and PFM reform were seen as having the same main objective. The view was that all reforms required a capacity development element, particularly individual training (individual capacity development). Maintaining and developing current systems was seen as capacity development, while the introduction of new systems/structures was seen as both reform and capacity development.

The role of donors with regards to capacity development was primarily seen as providing financial support, for PFM related training (particularly overseas, but not exclusively), basic training for accounts staff, purchasing of equipment (particularly IT) and (in a few cases) infrastructure (e.g. OAG building). Technical support (through technical assistance) in response to specific government requests was also seen as a valid activity. A few respondents also included advocacy of PFM good practice and international standards as well as policy advice, but government respondents did not see micro management of government business as an appropriate role for donors.

1.2.2 Content, form and duration

Most respondents felt that the focus of PFM capacity development in Nepal was on training (at individual level) and systems (on an organisational level). Some viewed training as supply (donor) driven, particularly when it came to funding overseas courses. At an organisational level, many respondents refer to ongoing reform initiatives e.g. TSA, FMIS, accounting and auditing standards. There is no capacity development plan. It was generally said that the capacity development element of past project based reforms were fragmented and poorly coordinated. The government is currently working on an integrated capacity development plan. Overseas training is viewed as one of the few 'perks' in the poorly paid public sector. It also seems that the focus is on 'giving

everybody a turn' rather than appropriate training for the appropriate candidate. The two year rotation policy in the civil service also means that any training may only have short term benefit with very little organisational learning taking place.

There were various responses on how long donor support to capacity development should last. It was generally felt that continuous support from donors is required on an individual level because of turnover issues, poor basic training and even political interference. Most agreed that support at the organisational level should be timeframe based, depending on the complexity of the reforms. Only a few respondents linked donor exit strategies to outcomes, results or sustainability. There was limited reference to fiduciary risk issues and no reference to donor constraints such as home constituencies and accountability issues.

Most respondents agreed that they were not aware of any donor exit strategy or government succession plan to sustain capacity development initiatives at the end of donor support. One example that was mentioned, was the 'stagnation' of the Revenue Authority Training Centre (RATC) following the exit of DFID about 10 years ago. The Ministry of General Administration (MOGA) is conducting sector specific Human Resource Development Need Assessment Study in coordination with various line ministries.

On an individual level, it was felt that accounting staff at line ministries and districts, were often excluded from capacity development initiatives. A few reasons for this were given, including the fact that they are FCGO staff, seconded to line ministries and therefore do not have an institutional home and secondly, that within the civil service, accountants have a relatively low professional status. At an organisational level, most respondents mentioned the exclusion of training institutions, but acknowledged that there are plans to address this under a new reform strategy. A few respondents also felt that more attention needed to be paid to developing the capacity of Parliament, anti-corruption bodies, private contractors, media and civil society (e.g. social auditing training by the NGO 'Federation Nepal').

Government respondents had a number of ideas on how to improve future PFM capacity development. These are summarised below.

Individual level:

- Need to address issues of motivation and incentives;
- Ensure that there is a basic level of competency for accounts staff; and
- Correct person receives appropriate training.

Organisational Level:

- Include better financial management /procurement training in general management training;
- Ensure that there is a basic level of competency for accounts staff;
- Correct person receives appropriate training;
- Practical guidelines; Practical training/attachments rather than theoretical courses;
- Appropriate sequencing;
- More focus on compliance and internal control issues;

- Improving management and leadership; and
- Improving selection and relevance of technical assistance (e.g. use of pool of TA?).

Institutional level:

- Include private sector and oversight bodies (anticorruption bodies);
- Improve public awareness;
- Ensure that there is a basic level of competency for accounts staff;
- Correct person receives appropriate training;
- Civil service reform issues (transfer policy and leadership);
- Professionalise accounting, internal auditing, auditing cadre;
- Induction training (role of various institutions). Recognise more explicitly the linkages between institutions; and
- Elevating value of independent OAG in improving PFM capacity development.

The variety of responses reflects perhaps the lack of a capacity development plan for individuals and the technical nature and/or limited dissemination of the PFM reform strategy.

1.2.3 Process

Most respondents agreed that there was very little donor alignment of capacity development to Government development programmes or strategies in the past and stated that donor assistance was project based and *ad hoc* by nature. However, the recent development of the procurement strategy and the PFMRP by Government means that donors will be able to align their support more closely to government strategies.

Several respondents considered that donors understood the country context because of their long term (organisational if not individual) involvement in Nepal. However, many at the same time noted implementation problems due to the transfer policy, lack of leadership, political uncertainty and influence, cultural values, internal (regional) conflict, power of the unions, resistance to change, low pay, poor motivation and a lack of recognition (especially for accounts staff). One respondent noted that donors seem to concentrate on strategic level but do not understand problems or issues at grass roots or service delivery level. Other government respondents also were unclear on the rationale of some donor support e.g. the introduction of a TSA despite current uncertainty about the potential implications of the proposed federal system.

In terms of the relative inputs into the design of reform strategies, there were mixed responses. Some donor respondents believed that GoN had full ownership of reform design. Other respondents stated that the new PFM strategy was jointly developed by the government PEFA secretariat/steering committee, and the procurement strategy was prepared by the PPMO with input from donors. Many government respondents felt however that because of their knowledge and resources, donors tended to be dominant in the design stage, although this meant that pre-conceived ideas and solutions tended to be introduced, rather than home-grown initiatives. GoN did however provide the final approval to all designs and therefore accepted the proposals by default.

Respondents generally felt that consultation on capacity development (individual level) was limited because training courses, in many cases, were supply (donor) driven rather than demand (government) driven. Some also mentioned that donors had inputs into GoN's course design e.g. procurement. At the organisational level, it was noted that training institutions were not consulted on wider capacity development issues. In terms of broad consultation on proposed capacity development initiatives, there were some differing opinions as non-government personnel believed that consultation did take place, but many government officials felt that it was superficial and that there was a need for more in-depth and wider participation.

Most respondents agreed that if they could make capacity development policy they would develop a training policy and a human resource (HR) development plan. They would like to identify training needs first, ask donors for assistance, then be allowed to nominate correct person, based on needs (not on rotation). They would also like to see a greater emphasis on financial management (including procurement) training in general management and leadership training courses.

Many respondents felt that although government was ultimately responsible for the implementation of capacity development initiatives, in several cases there was limited ownership of the process. Examples of unsolicited technical assistance were cited and no or limited involvement by government in the recruitment and selection of other technical advisers, their management or their evaluation.

In terms of donor coordination in PFM, respondents from government and elsewhere felt that in the past this had been comparatively limited in comparison to the education and health sectors, where pooled funding exists. With the proposed introduction of the multi-donor trust fund, the situation is viewed as improving, but currently only a limited number of donors have actively 'signed up' (WB, ADB and DFID). Respondents were not aware of a separate donor working group on PFM. Some government respondents said that they would do the following to improve local donor coordination on PFM:

- Harmonise conditionalities and use country systems;
- Establish a donor focal point ("one voice is better than multiple voices");
- Broaden the Programme based approach and include a larger number of donors; and
- Channel all funds through multi-donor trust funds.

In collaboration with donors, the Government of Nepal has established an annual Nepal Portfolio Performance Review (NPPR) to discuss and monitor key issues affecting all project performance. However, there seems to be limited assessment of the individual, organisational and institutional benefits of capacity development efforts. Normal training course expectations and monitoring takes place during the project/course, but no evidence of medium to long term benefit analysis (that leads to organisational learning) could be found.

1.2.4 Impact of Capacity Development initiatives

Formal evaluation of impact of capacity development initiatives is not carried out in Nepal. Anecdotal examples of successes and failures from government respondents included the following:

- **Procurement:** Introduction of e-bidding for infrastructure projects (e.g. roads). It was said that it has led to greater access to bidding documents and largely addressed the problem of intimidation among bidders (although it is too early for formal impact assessment);
- **Audit:** Some respondents thought that strategic planning assistance and technical guidance received from ASOSAI/IDI was of great benefit to the OAG in helping them develop a strategic plan and project documents. However, despite reforms and capacity development initiatives that have led to the increase of audit reports, there are still concern that there is limited response to recommendations and a lack of action;
- **Budget:** Introduction of the Budget Management Information System (BMIS). Reasons for success were ascribed to commitment by management, and data entry personnel specifically assigned (not additional work). To ensure sustainability, only two (out of five) staff members allowed to transfer every two years.

The following examples were mentioned of recent failures/partial failures:

- **Audit Guidelines:** The guidelines produced with donor supported TA were felt by OAG respondents to be too advanced for practical use at the field level;
- **Line Budget Management Information System:** Some donors mentioned that there was a lack of internalisation as well as poor capacity in line ministries;
- **Training:** Some training (e.g. academic) not always practical or relevant, resulting in poor organisational learning. The opportunity for overseas training (and travel) is seen by some as the only real benefit/reward for working in the poorly paid civil service.

At an individual level, government respondents considered that practical attachments were particularly beneficial e.g. nine month attachment with CCF enabled participant to contribute to improved audit planning on his return, and an attachment to the Danish Tax Office enabled the participant to design tax audit selection criteria on his return.

The following issues were mentioned as the biggest problem/stumbling block in developing PFM capacity, and ensuring that it has the desired impact:

Individual Level:

- **Insufficient resources:** Lack of funding for training of trainers at local training institutions;
- **Overload:** Balancing daily tasks with (additional) training and reform activities;
- **Motivation:** Lack of motivation to attend local courses due to lack of incentives (e.g. midday meal, lack of credible recognition of qualification);
- **Job gaps:** Unwillingness to send people in some cases on courses (“who is going to do the job?”) Particular problem at district level;

- **Line ministry accountants:** Lack of engagement by both home department (FCGO) and particular line ministry. Poor quality of basic training leading to poor skills and low job status;
- **Political parties:** Pressure to influence choice of attendee, particularly for overseas training/travel; and
- **Overseas training:** Some see and treat it as a reward. A few respondents mentioned that this may be a perverse incentive as it leads to the wrong person receiving the wrong training leading to limited or no organisational benefit.

Organisational /Institutional Level:

- **Professionalization:** No professionalization of audit and accounting staff;
- **Transfer policy (every two years):** Donor specific training of accounts staff of limited use;
- **Normative behaviour:** Conflict between development initiatives and overall organisational and societal values;
- **Civil service reform:** Government needs to address transfer policy, leadership issues, organisational culture (developing *esprit de corps*), poor remuneration etc.;
- **Donor-Government engagement:** Government needs to be more pro-active and assertive, while donors need to listen more and assume less;
- **External influence:** Informal influence of political parties and unions should be limited on civil service;
- **De-motivation:** Capacity development at individual level can be de-motivating because of system constraints (e.g. not allowed to apply new knowledge, no recognition for qualification); and
- **Donor use of own systems:** Do their own thing and expect government to adapt to their systems.

1.2.5 Sustainability

As noted earlier many sophisticated reforms have been introduced and considerable amounts have been spent on individual training. However there remain concerns within and outside government that the initiatives have not had the anticipated impact on organisational performance or broader service delivery. Respondents attributed the non-sustainability of capacity development initiatives to the following factors:

- **Limited political support:** the political situation has meant that there has not always been sufficient focus on the importance of sound PFM and service delivery;
- **Poor motivation:** Low pay, low incentives (to change), lack of recognition, leadership issues;
- **Unrealistic time scales:** Some interventions (including TA) need longer term view to enable good working relationships to be formed;
- **Incremental nature of project support/ lack of coordination between departments and inappropriate sequencing of interventions;**
- **Poor change management:** At best, it is seen as top-down communication strategy and not addressing individual concerns;
- **Poor organisational learning:** Lack of internalisation – non transfer of skills; and
- **Retention:** transfer policy.

Some government respondents believed that the broader use of the performance based incentive system would ensure greater sustainability (encourage people to change). The current group performance based incentive system in Revenue was considered to have had a beneficial impact. Its impact is currently being assessed, as some respondents consider that it has not been well designed (could be seen as an entitlement) and that there is a need to move to an individual performance-based system.

1.3 Country analysis

In 2006, a set of four key principles were set out in OECD DAC 2006 to guide donors in their support to PFM capacity development. The following analysis looks at the extent to which they have been applied in Nepal.

1. Supporting country leadership and ownership should be central to donor approaches

As set out in the guidelines, country ownership implies active government involvement in all phases of designing and implementing support to PFM capacity development. While country leadership may mean that donor specific interests are not necessarily always followed. As noted above, concerns were raised about the extent to which GoN is in the driving seat, whether at design stage or implementation.

Many training courses are viewed as supply not demand driven, TA is not viewed as truly owned by GoN and there are concerns over the implementation of the medium-term expenditure framework (MTEF) and the lack of political commitment to the process.

2. Capacity development design and sequencing should fit specific country circumstances, rather than reflect standard or imported solutions

The second principle revolves around the concept that effective capacity development starts with a premise of building upon what already exists, rather than transplanting entirely new systems. Concerns were raised about the relevance of certain interventions e.g. gender based budgeting when the national budget is being 'blocked' by political problems. Several respondents considered that donors should understand the country context because of their long term (organisational if not individual) involvement in Nepal, but were unable to identify specific examples of where they modified the 'standard pack'.

It is understood that the rationale for limited support in the MTEF is partly a funding one and partly a recognition of the need to recognise capacity constraints. Yet all interventions are the standard imported solutions and some government respondents were particularly concerned about the countrywide implementation of a TSA given the uncertainty over the future governance system in the country and poor banking and communication facilities.

3. The institutional, organisational and individual levels of capacity development, including managerial and technical aspects, should all be taken into account in programme design and implementation

The third principle focuses on the fact that support to capacity development must be viewed from a holistic perspective, and not seen merely as a transfer (e.g. of skills, money, equipment). Donors must increasingly consider change management issues, and

how the process of developing capacity can be managed effectively by the organisation. In Nepal, there is recognition of the need to support different actors (e.g. government and civil society) but most support appears to have a technical bias and as noted above, is not yet addressing the capacity needs of training institutions. Although discussions are ongoing about key civil service reform issues including pay and transfer policy, change management issues remain on the periphery not at the centre of support and dialogue.

4. Donor support should be provided in a coherent, co-ordinated, and programmatic manner

One of the donors' primary responsibilities should be to minimise the transaction costs, harmonise procedures and monitoring mechanisms and coordinate not compete with one another. The Nepal Portfolio Performance Review now includes GoN, ADB, World Bank, DFID and JICA, but there are calls for broader donor participation. In PFM, it is generally recognised by both donors and government that a coherent, co-ordinated programme of support is a work in progress. Earlier support was provided in an ad-hoc and fragmented way, the introduction of a Multi-Donor Trust Fund (MDTF) is seen as the first step to a more co-ordinated and coherent approach. The principles of the MDTF include improved harmonisation and coordination, better policy dialogue, greater flexibility and participation. While in procurement the joint support of the World Bank and ADB to PPMO's strategic plan is intended to provide a more appropriate response to the identified needs.

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Rwanda

1 Background

1.1 Institutional framework

Rwanda is a small landlocked country, with a relatively poor road network and transport system. A population of around 9 million living in a country of approximately 26,000 square kilometres, makes it the most densely populated country in Africa, with over 300 persons per sq.km. Its economy is heavily dependent on agriculture and the country has limited access to water and energy supplies. The economy is also heavily aid dependent. Following the 1994 genocide against the minority Tutsi population, the government has taken various steps aimed at reconciliation and the prevention of ethnic conflict. British influence, at the cost of France, has been growing with English becoming the predominant official language in government and schools. One of the biggest changes impacting on PFM in particular has been the replacement of Francophone systems and structures with Anglophone ones.

Rwanda is a presidential republic, with the President being head of state and the Prime Minister being head of government under a multi-party system. The President of Rwanda is elected for a seven-year term by the people. The Prime Minister and the Council of Ministers are appointed by the President. The legislature established under the 2003 Constitution comprises a bi-cameral parliament with a chamber of deputies (80 elected Members for a five year term) and a Senate (26 elected or appointed members for an eight year term). Parliament is in the process of amending legislation allowing for the establishment of a Public Accounts Committee (PAC) during 2011²⁶ (East African Business Week, 2011).

The 2003 Constitution defines the principles and overall legal framework for the management of public finances in Rwanda. An Organic Budget Law (OBL) was passed in September 2006 and ushered in a fundamental change in PFM in Rwanda, by introducing broad but shared responsibilities in the management of government finances. It clearly assigns roles and responsibilities to the various actors in budget preparation, budget execution, financial reporting, accounting, auditing and external scrutiny, and it has decentralised powers to commit expenditures and thus financial accountability to Chief Budget Managers (Accounting Officers) at all levels of government.

Overall policy direction is the responsibility of the Minister of Economy and Finance (Minecofin). According to the government website, administrative and technical responsibility for the Ministry comes under the Permanent Secretary/Secretary to the

²⁶ East African Business Week, 17 January 2011. Rwanda to toughen budget control. <http://www.busiweek.com/10/page.php?aid=1594>.

Treasury. There are then six directorates including National Development Planning & Research, National Budget, Macro Economy and External Resources, Internal Audit, General Accounting and General Services. The Office of the Auditor General of State Finances (OAG) came into existence in June 1998. Prior to this, external oversight was carried out under the Court of Accounts, which was effectively abolished with the promulgation of the new Constitution in 2003. Major civil service reforms in 1998/9 led to the downsizing of the civil service to only 8,500 staff²⁷ (GSDRC, 2009) The drastic reduction in public sector staffing has limited the number of people available to supervise, analyze, and implement as well as to learn. According to OPM 2007, the adoption of uniform organizational charts for its central ministries coupled with a grade structure that is too flat is proving to be “uneconomic and inefficient.”

Rwanda’s decentralisation programme is proceeding at an ambitious pace within 30 districts and Kigali City Council. New policy was formulated in 2006 and is now in its third phase of implementation, covering the period 2008-12. The programme is strongly supported by donors, as reflected in the proportion (15%) of overall official aid flows to Rwanda now being allocated for decentralisation. Substantial numbers of central Government staff were transferred to Districts, following Local Government elections in 2006. District capacity building needs assessments and capacity building plans were developed in 2009.

1.1.1 Current PFM reforms

Rwanda’s long-term development plan, Vision 2020, seeks to transform Rwanda into a middle-income country and an economic trade and communications hub by the year 2020. The Economic Development and Poverty Reduction Strategy (EDPRS) was adopted in 2007, and grew out of Rwanda’s first Poverty Reduction Strategy Paper (PRSP), developed in 2002. Two areas of the EDPRS which have particular significance for internal accountability, and where donor partners and the government have built up strongly shared agendas, are public financial management (PFM) reform and decentralisation. The PFM reform agenda has developed in the context of Rwanda’s multi donor budget support programme and is receiving a significant amount of support from donors and other organisations.

Current PFM reforms continue to build on the numerous initiatives that have been established in the last fifteen years, including the development of the Rwanda Revenue Authority (RRA), the establishment of external and internal audit functions, production of consolidated financial statements, new procurement procedures and improved budgeting practices. According to the 2010 PEFA assessment, Rwanda continues to show marked improvements in its PFM.

In September 2008 the Public Financial Management Reform Strategy (2008-2012) of the Government of Rwanda was presented and along with its detailed Action Plan, was approved by Cabinet in December 2008. By 2012 the aim of the Public Financial Management Reform Strategy 2008-2012 is to have an "Enhanced Public Financial

²⁷ GSDRC (2009) Civil Service Reform in Rwanda. <http://www.gsdr.org/docs/open/HD643.pdf>.

Management System" which is efficient, effective, transparent and reduces opportunities for corruption.²⁸(MINECOFIN, 2010). The PFM Reform Strategy is being implemented under four pillars and eleven distinct complementary components. They include:

Pillar 1: Economic Management and Budget

- i). Economic Management;
- ii) Budget Formulation and Preparation;
- iii) Domestic Revenue Generation; and
- iv) Intergovernmental Fiscal Relations.

Pillar 2: Financial Management and Reporting

- v) Accounting and Reporting;
- vi) Treasury and Expenditure Management;
- vii) Implementation of IFMIS/SmartGov; and
- viii) Implementation of the IPPS.

Pillar 3: Public Procurement

- ix) Public Procurement.

Pillar 4: Budget Execution Oversight

- x) Internal Audit; and
- xi) External Audit.

In order to maintain parliamentary independence it was considered more appropriate to improve parliamentary oversight within the broader framework of enhancing public financial management outside the current PFM Reform Strategy.

1.1.2 External factors

The development of PFM capacity and long-term sustainability of many initiatives cannot be isolated from other broader development issues, including basic infrastructure, financial and communication networks, health, education and employment opportunities. Access to energy is limited and costly. There is a small and developing financial sector and telecommunications is improving but still limited outside the main urban areas.

In terms of specific PFM related training facilities and institutions, there are a number of training bodies including a newly formed Rwanda Revenue Training Institute. In addition to the National University of Rwanda, there is the School of Finance and Banking (SFB), a public institution of higher learning that was established in June 2002. The Management Faculty formerly part of Kigali Institute of Technology (KIST) was transferred to SFB in 2006. In addition to MBAs, SFB started offering Bachelor of Business Administration (BBA) programmes in Accounting, Finance, Human Resources Management and Marketing specializations. In order to ensure sustainable capacity building efforts, arrangements are being made to establish a Procurement Training Centre at the SFB.

²⁸ MINECOFIN, PFM Reform Secretariat, Quarterly progress report on the implementation of PFM Reforms - June 2010.

The College of Business Studies Rwanda, (a private institution) in association with the Management and Accountancy Training Company (MAT) in Uganda,²⁹ is currently providing ACCA training for government personnel, who constitute about 40% of their students. Currently the course is not tailored to public sector requirements although from January 2011, the taxation examinations will reflect local tax in Rwanda. The Institute of Certified Public Accountants of Rwanda (ICPAR) was established in 2008 and launched in February 2009. It is therefore in its infancy with 101 registered accountants, although the government is hoping this number will increase to 500 registered accountants by 2015(All Africa.com, 2009).³⁰

Existing training institutions in Rwanda are recognised as being under-equipped and understaffed. Supporting their capacity through training of trainers and/or institutional partnerships with training institutions in the region or beyond, is a key component of the World Bank's Country Assistance Strategy (CAS). It is understood that support is to be provided to ICPAR by the World Bank.

1.1.3 Key PFM donors

Development partners increasingly provide funds through general budget support, with the World Bank currently being the largest budget support donor. At the same time, several donors including the World Bank, EU, DFID, AfDB, GtZ, SIDA, KfW and USAID have been supporting PFM for a number of years. In January 2010, a PFM Basket Fund and a separate fund for the OAG were created. Prior to the creation of the PFM Basket Fund, the main PFM Reform Strategy funding came from a Multi-Donor Trust Fund administered by the World Bank, with funds from the EU and DFID (expired 30 November 2010), and a Public Sector Capacity Building Project³¹ grant from the World Bank that expires on 31 December 2011.

Support to capacity building in Rwanda is also provided through the African Governance Initiative³², the African Capacity Building Foundation and the Capacity Building Fund (CBF). CBF is a government fund managed by the Public Sector Capacity Building Secretariat (PSCBS). It was approved by the Cabinet in its session of 11th February 2009 to finance strategic capacity building activities in a coordinated, transparent and efficient manner. In the 2009/2010 financial year, the government allocated \$5 million (Rwf 2.7 billion) to CBF.

²⁹ An accredited ACCA tuition provider.

³⁰ All Africa.com (2009) Rwanda: Certified Public Accountants Institute officially launched. <http://allafrica.com/stories/200902120838.html>.

³¹ This has also obtained funds from AfDB, the African Capacity Building Foundation and Belgium.

³² Tony Blair's Office.

1.2 Key findings

The following paragraphs summarise some of the key findings from discussions with government, technical advisers and donor representatives on support to PFM capacity development in Rwanda. These discussions have been supplemented with a review of various evaluation studies. The first paragraph on conceptual understanding shows people's perceptions of PFM, capacity development and reform.

1.2.1 Conceptual Understanding

Government respondents in Rwanda included a wide number of stakeholders in their definition of PFM including Minecofin, OAG, the Public Procurement Regulatory Authority (PPRA), line ministries (central government), districts (local government), parliament and donors. Equal weight was given to revenue and expenditure management, and many respondents included both financial and non-financial actors in their understanding of PFM stakeholders. Although, some Government respondents noted that some donors appeared to confuse PFM, PFM reform, PFM reform programme, with their requests to isolate all expenditure on PFM in the budget.

Most respondents saw training/skill development as key to PFM capacity development, but several also saw it as broader including organisational issues (organisation structure and having the right person in right place), the improvement of training institutions, provision of physical infrastructure and also materials/equipment. One person noted the fact that there was no clear definition of capacity in Rwanda, but included training, technical assistance, equipment/tools, anything that improves performance. Despite the significant manpower constraints in Rwanda, emphasis tended to be on additional capacity creation rather than making better use of what exists, although at the district level, a few respondents considered it important to consider alternative scenarios, such as sharing accountants between primary schools.

In terms of similarities or differences between PFM capacity development programmes and PFM reform programmes, most government respondents saw a difference but clearly linked capacity development to reform. That may be because of their emphasis on individual capacity development.

Financial support (lack of funds was frequently cited) was seen as the main avenue for donor support and in particular the provision of technical advisers/consultants. Some government officials also considered donors an important source of technical advice and information on what was working elsewhere.

1.2.2 Content, form and duration

Most people saw the contents of the ongoing PFM reform strategy (programme) as the main PFM capacity development effort in Rwanda. In addition to the introduction of the new SMART GOV financial management information system (FMIS), the Strategy includes a large element of training and the improvement of training institutions, as well

as the development of the local accountancy institute. Although there is no individual capacity development strategy, a capacity building needs assessment was carried out in 2005 for accountants and auditors in central government and the production of a District Capacity Needs Assessments (CBNA) and Capacity Building Plans in 2009 constituted Output 3 of the National Decentralisation Implementation Plan (DIP). Indeed the focus of many training initiatives is increasingly at the district level because of the decentralisation policy.

Another key element of capacity development in Rwanda is professional training and in particular the sponsorship of 265 accountants and auditors currently undertaking ACCA training. Other learning methods include continuous skill enhancement through Price Waterhouse Coopers (PWC) assistance in the production of consolidated financial statements. Technical and general awareness training has started for both technical and non-technical personnel on SMARTGOV, although some respondents felt that this needs to be stepped up and more trainers trained³³, if implementation is to be successful.

Many government respondents did not see an end date to donor support for PFM capacity development. Citing Rwanda as a special case and specifically referring to accountancy training, they wanted support until a critical mass was created in the country. The issue of a succession plan or a donor exit strategy is therefore not being built into current initiatives. In terms of improving current capacity development efforts, the general response was that there is still significant need for capacity development at the local government level, e.g. district and below i.e. school and health centre, where there can be more than a 100 schools in a particular district. Some respondents also felt that insufficient attention was being given to management training or negotiation skills, (although it is understood that there is a management training development fund). At an even broader level, some respondents felt that there was a need for improvements in numeracy at schools and improved quality of university degrees, which would then provide a good foundation for PFM capacity development.

Civil society has not been particularly involved in PFM in Rwanda but is currently developing a proposal for assistance, to which donors have agreed in principle.

1.2.3 Process

Leadership at the highest level (presidential) is seen as key. Donors align their capacity development support through the PFM reform strategy which, although written by consultants, was endorsed by Cabinet and generally government respondents felt that there was a high level of buy-in. Donors viewed the development of the reform strategy as a joint one, noting the participation of donors and government. In supporting capacity development, many government respondents felt that donors tried to understand the organisational culture and country context, although none could provide a specific example, others believed that donors would never really understand their particular difficulties.

³³ The intention is to use MINECOFIN personnel, which could of course impact on the day to day activities.

Some donors noted that they had not looked at political economy issues. They were generally happy because of the high level of political leadership, but there were some concerns that constant pressure to improve and change could also be too demanding, and consequently have a negative impact on staff retention.

Government respondents considered donor coordination in Rwanda quite effective with a small number of donors contributing to the basket fund. This is seen as a shift in responsibility and therefore increasing demand on capacity, but at the same time reducing unnecessary bureaucracy with no objections required, but a relatively high monetary threshold. This is attributed by both donors and government to the fact that donors have a high degree of trust in government. Some government respondents still believed that there was a need for better harmonisation of reporting requirements. Although it is unclear why this should be the case as the operating manual for the Basket Fund implies the submission of a common set of reports. The rationale for requests by some donors for separate reports on for example consultancies by nationality is unclear.

Many government respondents (and donors) felt that the Rwandan government was more in the driving seat e.g. greater involvement in the preparation of ToRs for consultancies, than their colleagues in neighbouring countries, although consultants still play a key role and one person saw the donors as the generals (high command) and themselves as the soldiers (facing the bullets)! Similarly in the implementation of the capacity development project, government respondents felt that it was a joint effort and that there was a government led monitoring and evaluation process for both training courses and technical advisors. There is also a joint quarterly review of the reform programme, although there was a general view that there are still too many reviews, leaving little time for implementation. Less reviews, more action and therefore more disbursements, leaving everyone happier. Evaluation of training courses is done either by exam or by simple questionnaire. The subsequent evaluation process uses statistical software and reports are sent to originating department /Secretary General and also sometimes to donors. For external advisers, the counterpart department writes a report and he/she is also evaluated separately by the Reform Secretariat.

1.2.4 Impact of Capacity Development initiatives

Impact assessment of capacity development efforts was described by some government respondents as weak and mostly subjective e.g. improved reporting. OAG do consider however that they have been instrumental in stressing the importance of qualified accountants. Donors and government both saw the 2005 accountancy training programme as a failure with a 1% pass rate. The reason for the poor performance of the programme is attributed to: poor selection of personnel, with no clear criteria and a poorly designed programme (the concept was essentially European with no recognition of Rwandan constraints); managers with insufficient skills; and communication difficulties. The training manual for IFMIS is also not yet meeting expectations as it is felt that it needs to be more user friendly e.g. more practical. Government respondents also felt that study tours had been extremely beneficial and the second stage of ACCA training has meant that a number of people have now qualified in the OAG, although they have now moved on to the telecommunications company MTN and the Accountant General's Office.

Respondents considered that the biggest problems/stumbling blocks in developing capacity are:

(i) At the individual level:

- **Work- training balance:** Several courses delayed because of other commitments, also wrong person sent (particularly from districts) – very limited resources at local level, one budget, one accountant, two internal auditors;
- **Difference between academic and professional training:** ACCA trainees do not always understand the difference, amount of study leave insufficient, and enough time gaining sufficient experience (although this is being addressed by ACCA);
- **Low level of graduates:** and
- **Language transition:** Moving from French to English an additional complication and the need to develop culture of reading, were also highlighted.

(ii) At the organisational or institutional level:

- **Very lean civil service:** (reportedly one of the smallest) - + no' of vacant positions;
- **Lack of Change Management strategy:** Some work is being done (top down) on communicating need for change but staff do not always understand why it is necessary e.g why move from pastel? Change management strategy (or sensitisation process) for firms only just being rolled out;
- **Donors want quick wins;**
- **Retaining quality staff** is seen as a problem by all;
- **Lack of clear training strategy;** and
- **Poor management skills:** Management training not adequately addressed.

1.2.5 Sustainability

Both government and donors noted that the sustainability of capacity development efforts is adversely affected by:

- **Staff Retention:** Problems with retaining, people after they have been trained. Talent is not generally lost to Rwanda, more often it is lost to private sector, donor projects or donor organisations. Respondents noted that this was not just pay issue but also pressure of service delivery demands. Although there are theoretically binding contracts, these are considered ineffective;
- **Flat pay structure:** Pay and retention policy is evidently being addressed but has been delayed³⁴; and
- Issues not addressed.

Some assessments e.g. the 2008 PEFA assessment, also noted that the main threat to sustainability was the risk of 'reform fatigue. Their seems to be expectations that too much should be achieved with existing resources in too little time. To improve the chances of capacity development efforts being successful, some government respondents felt that proposed training in the local language and the establishment of clear written guidelines for SMARTGOV will help ensure the sustainability of the new FMIS.

³⁴ The consultant was described as having disappeared after the production of the inception report.

1.3 Country analysis

In 2006, a set of four key principles were set out in OECD DAC 2006 to guide donors in their support to PFM capacity development. The following analysis looks at the extent to which they have been applied in Rwanda and whether there are any other principles, which have enhanced the effectiveness of donor support to capacity development.

Supporting country leadership and ownership should be central to donor approaches

As set out in the guidelines, country ownership implies active government involvement in all phases of designing and implementing support to PFM capacity development. While country leadership may mean that donor specific interests are not necessarily always followed. As highlighted above, there is a general recognition that there is high-level leadership and support from the President for many of the ongoing PFM initiatives. The low level of corruption in Rwanda combined with this level of leadership means that there is a significant amount of trust between the main donors and government on PFM issues. Although reforms may not have been originally designed by government, there is a high level of government buy-in, which of course puts additional pressure on donors and their advisers to provide the Government with the most appropriate advice and support.

Capacity development design and sequencing should fit specific country circumstances, rather than reflect standard or imported solutions

The second principle revolves around the concept that effective capacity development starts with a premise of building upon what already exists, rather than transplanting entirely new systems. In Rwanda, the move from a Francophone to an Anglophone system is clearly a major transformation.

A review of the type of reforms being implemented suggests a fairly standard set of solutions. Some external stakeholders see the reforms as too ambitious and therefore ultimately unsustainable, although this is not a view shared by key government personnel.

At the micro-level, some degree of sequencing viewed as the order in which activities are taking place is however evident, manual systems were replaced by Pastel financial software, which is now being replaced by SmartFMS. This system is designed to cover a range of eight financial management modules including Budget Preparation, Accounts Payable, Accounts Receivable, Revenue Management, General Ledger, Fixed Assets, Inventory and Procurement Management, supported by an access and user management module and a reporting facility embedded into SmartFMS system.

A phased implementation approach has been adopted and the modules have been grouped into core and non-core modules. The first implementation phase, although significantly delayed, will cover Accounts Payable, Accounts Receivable, Revenue Management and General Ledger as core modules while other modules will come later. From July 2010, implementation began in 94 budget entities including those at district level.

Whether the timing or pace of reforms is appropriate, given the need to also carry out routine duties is more difficult to ascertain. Also as noted above, Rwanda's streamlined civil service, both within Minecofin and at district level means that the impact of training

initiatives is being adversely affected by the work - training balance issues. Delays and barriers to parallel civil service reform measures, particularly the lack of a career path and flat grading structures is also affecting sustainability.

The institutional, organisational and individual levels of capacity development, including managerial and technical aspects, should all be taken into account in programme design and implementation

The third principle focuses on the fact that capacity development must be viewed from a holistic perspective, and not seen merely as a transfer (e.g. of skills, money, equipment). Donors must increasingly consider change management issues, and how the process of developing capacity can be managed effectively by the organisation.

The current and previous strategies are addressing/have addressed a number of institutional issues including the creation of the OBL, which clearly sets out the responsibilities of the various actors. New external and internal audit functions have been established and at the parliamentary level, a Public Accounts Committee is to be formed, in addition to the current Budget Committee. It is understood that some managerial training³⁵ is ongoing for senior leaders outside the PFM reform, but government respondents did note that this was not being adequately addressed. Training institutions are to be included and as noted above it is understood that support is to be provided to the ICPAR. Measures to address the practical constraints at the district level and below are not specifically mentioned. Change management is considered but as in many countries, this appears to be relying on downward communication rather than a more comprehensive change management strategy.

Links with other capacity development initiatives is not clear, not least because of the change in responsibilities e.g. the creation of the PSCB Secretariat. An issue which appears not to be fully taken into account in either the guidelines or reform design is flexibility and coordination with evolving initiatives.

Donor support should be provided in a coherent, co-ordinated and programmatic manner

One of donors' primary responsibilities should be to minimise the transaction costs, harmonise procedures and monitoring mechanisms and coordinate not compete. Rwanda has a highly structured coordination mechanism. Donor coordination in Rwanda is extensive, existing on several levels of the development plane, from high level representatives to technical working groups. Similarly, a monitoring system also exists on several levels, measuring performance and guiding coordination from the technical level up to the donor level. Lastly, a formal Division of Labor guides the GoR and development partners in the placement of development assistance.

The Development Partners Retreat (DPR) is a key senior-level monitoring and review event held annually in Rwanda starting in 2005. The DPR brings together a wide range of stakeholders (Government Ministers and officials, Multilateral and Bilateral Donors, Private Sector and International and National NGOs) for several days to review and discuss coordination, harmonization and alignment of programmes under the EDPRS.

³⁵ Provider to be clarified.

The Development Partners Coordination Group (DPCG) provides the structure for regular aid coordination, monitoring and review at a more technical level. The group comprises government Secretary Generals, heads of bilateral and multilateral donor and representatives of civil society and the private sector. Meetings are held every two months and are co-chaired by the Secretary General of MINECOFIN and the UN Resident Coordinator on behalf of development partners. The Budget Support Harmonisation Group (BSHG) is a technical working group of the DPCG which brings together key government institutions and budget support donors. The BSHG carries out bi-annual reviews and meets on a quarterly basis to discuss the macro-economic and PFM reform programmes.

The overview mechanism for PFM and in particular basket funding adopts a structure used in many countries. A PFM Reform Steering Committee (SC) is responsible for the monitoring and directing of the Fund's activities. The PFM Reform Technical Committee is responsible for ensure strong ownership of the program activities and enhancing their sustainability after programme completion.

The PFM Reform Coordinator reports directly to the Permanent Secretary /Secretary to the Treasury [PS/ST]. The PFM Reform Secretariat provides facilitation for the central coordination of the PFM Reform Strategy program.

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