

Endorsement Report of EFA Plan by Local Development Partners Madagascar, February 2008

1. Introduction

1. At the Government of Madagascar's request, the local education development partners organized an appraisal of the revised Education for All Plan from February 5-8, 2008, in Antananarivo, Madagascar. To fill the financing gap of the Plan, the Government requested the partners' endorsement in line with the Education for All–Fast Track Initiative (EFA-FTI) guidelines, seeking funding from the Catalytic Fund (CF) for another three-year cycle. The appraisal mission was led by the World Bank and UNICEF, co-lead donors in the Madagascar education sector. The mission participants are listed in Annex 1.
2. The mission wishes to thank Minister of Education Mr. Benjamin Andriamparany Radavidson, Secretary General Mr. Harry Serge Rahriniaina, Director General Ms. Tahinaharino Razafindramary, the Director General of Budgets of Ministry of Finance, the Secretary General of the Ministry of Decentralization and members of the Presidency, Primature and Ministry of Education officials (including from the decentralized bodies) who participated in the appraisal meetings, for their assistance and the cordial and transparent atmosphere in which the discussions were organized.
3. Madagascar entered the EFA-FTI partnership in early 2005, following a policy decision in 2003 to abolish primary education fees and provide support for community recruited teachers and children's school supplies. The Ministry of Education and Scientific Research (*Ministère de l'Education Nationale et Recherche Scientifique*—MENRS) updated its 2003 EFA plan in line with these decisions and the local partners endorsed the Plan. This led to Madagascar receiving an initial allocation of US\$ 10 million for one year, followed by US\$ 25 million per year for two years (total of US\$ 60 million). Since the 2005 endorsement, the MENRS has led bi-annual joint reviews and periodic additional meetings on specific themes. This extensive and continuous dialogue over the past three years facilitated the appraisal of the new and significantly more comprehensive EFA Plan.
4. For several reasons, the Government of Madagascar has sought the appraisal and endorsement of its new EFA Plan before fully utilizing the current CF grant allocation. The first allocation was released in November 2005 and the third year allocation is expected to be utilized by March 2009. The Government has updated its poverty reduction strategy, the Madagascar Action Plan 2007-2012 (MAP), which is closely aligned with the Millennium Development Goals. All development partners have aligned around the MAP. The transformation of education is one of eight Government commitments expressed in the MAP. This commitment includes the decision to extend the primary cycle from 5 to 7 years and to restructure the junior and senior secondary cycles to 3 and 2 years, respectively. In line with trends in sub-Saharan Africa and elsewhere, Madagascar wishes to extend the provision of basic education to 10 years, comprising the restructured primary and junior secondary education. The new EFA Plan includes the strategy for extending junior secondary education, which was not in the earlier Plan. The MENRS has used the opportunity of preparing a new Plan to address issues raised in the last endorsement report and prepare new strategies for construction, curriculum and textbook development and teacher training, among other elements.
5. The Government wishes to ensure continuity and predictability of funding, as well as alignment with its budget cycle, in order to launch the reforms. The experimentation of new curricula, books and strategies for recruitment and training of teachers in primary education, as well as construction of new classrooms for grades 1-5 and 6-7, will commence in September 2008. Preparatory activities are already under way. Significantly, part of the remuneration of community teachers, who already comprise half the teaching force in grades 1 to 5, is funded by the CF grant. Although the Government is gradually incorporating this expenditure into its

budget, continued support is required for these teachers. Most of the third year CF grant allocation of USD 25 million is included in the annual budget of 2008, with the balance expected to be utilized in the early part of 2009. For these reasons, the Government would like to have firm donor allocations for the next financial year (starting January 2009) and subsequent years. The budget preparation cycle begins in April 2008 and will be completed by October 2008.

6. The above issues have been discussed between the MENRS, the local partners and the FTI Secretariat and it was mutually agreed that the appraisal of the new EFA Plan would be conducted in February, prior to the FTI steering committee meeting in April 2008.
7. Overall, the new EFA Plan is a more ambitious and detailed document than the 2005 Plan. It has clearly benefited from the practical implementation work done in the last three years. The partners recognize the strong government commitment as recorded in the Letter of Sector Development Policy, which accompanies the Government's EFA Plan. This report includes an analysis of its strengths and areas that would benefit from further development as implementation begins.
8. The local partners endorse Madagascar's EFA Plan with the comments and recommendations that follow in this report. The projected expenditures are based on strategies that are appropriate and contain costs, especially in relation to teachers' salaries and construction costs, and a gradual phasing in of the reforms and expansion of access to basic education. The estimated financing gap of US\$31.5million per year for the period 2009-2011 is realistic and takes into account increased domestic resource allocations, estimated budgetary aid and direct support for the education sector by donors. The partners have also assessed the absorptive capacity and feel that the amount can be absorbed if the implementation progress during 2008 proceeds as anticipated.

2. Appraisal and consultation process

The preparatory phase

9. The strategies of the revised EFA Plan were discussed in the Joint Education Reviews of April and October 2006 and May 2007, with gradual progression towards a coherent perspective of the Plan. Thematic meetings on quality and construction were organized by MENRS in March and July 2007. Discussions in 2006 and the first half of 2007 resulted in a draft revised EFA Plan distributed to the partners in June 2007. The partners submitted individual comments to the Ministry, leading to further thematic discussions during the September 2007 joint review. The Ministry then undertook further elaboration of the strategies and revision of the Plan.
10. A final draft EFA Plan was submitted to the partners in December 2007, with expenditure projections and the financial simulation model in separate Excel files. Joint partner comments were provided to the MENRS in January. Responses to the partners' comments and concerns were provided during the February appraisal meetings, together with presentations on implementation preparation.
11. In preparation for the appraisal, the local partners used the May 2006 guidelines provided by the FTI Secretariat. The guidelines were shared with the Government and were discussed by the local partners on 19 December 2007.
12. Elements of a draft update of the Country Status Report on Education (CSR), prepared by the MENRS with technical support from the World Bank, are included in the EFA Plan. Key analyses were completed in early 2008 to provide an up-to-date assessment of the education sector and support the strategies in the EFA plan, but the complete CSR draft has not yet been distributed to partners. The partners appreciate the fact that the MENRS has built the capacity to write the CSR and hope that the report will be distributed shortly.

13. It is significant to note that the Educational Reform has been discussed at the sub-national level. Consultations were held in all 22 regions in September 2006 to give stakeholders opportunities to raise questions and concerns. Moreover, a consultation on educational transformation as outlined in the MAP was organized by the President's office in November 2007, with inter-ministerial and civil society participation. The MENRS has held a number of meetings with decentralized levels of the education system to discuss the elements of the Reform.

The Appraisal Mission

14. The appraisal mission included four days of meetings between the MENRS and local partners, as well as representatives from the regional and district education authorities, the Ministry of Finance, the Ministry of Decentralization, the Prime Minister's office and civil society. The meetings were characterized by transparency, dialogue and the Government's keen awareness of the challenges inherent in the implementation of the planned educational reform. The partners had a strong impression that the core Ministry group of leaders has expanded, and that involvement and ownership has undergone remarkable improvement since the last EFA Plan was submitted to FTI in 2005.
15. The partners recruited two international advisers to provide external perspectives and analyses on the EFA Plan. One of the consultants participated in the appraisal mission and writing of the report, while the other did a desk study and sent her analysis to the local partners.¹ This helped facilitate the local partners' reflection and enrich their comparative perspective.
16. The agenda for the appraisal meetings is found in Annex 2. A comprehensive, three-year operational plan was presented, revealing remarkable progress in implementation preparation. The Minister highlighted the need for all partners to align with the EFA Plan and improve harmonization.
17. Throughout the preparation of the EFA Plan and appraisal process, the partners have appreciated the openness and technical quality of the interactions with the Government. The process has truly been Government-led. The Education Sector is considered the sector where government ownership and partner alignment is the most advanced in Madagascar, and the collaboration between MENRS and local partners is frequently cited as an example to other sectors. The team spirit in the dialogues between the Government and partners is notable and contributes to advance the objective of Education for All in Madagascar.

3. 2005 EFA plan - Summary of implementation progress

18. Implementation progress has been reviewed through the bi-annual joint reviews led by the MENRS. For each review, the MENRS prepared a progress report and the partners a joint donor report, all of which were submitted to the FTI Secretariat.² Each review examined the progress in outcomes and key activities and recommended actions. In general, the MENRS and local partners have found this mechanism extremely useful to address implementation bottlenecks. The partners note that the MENRS has been very receptive to making the required changes. This section summarizes the main findings based on the joint reviews.
19. There has been significant progress on many fronts. In some cases, such as construction and teacher training, activities and related expenditure were deliberately slowed down to make sure that activities are in line with the reform and new strategies. Partners consider this natural and inevitable. They believe that, with support, MENRS will now be able to expedite activity. Even

¹ Dr. Terri Kelly (present during the Appraisal Mission and contracted by DFID) and Dr. Fay King Chung (contracted by UNICEF)

² Joint reviews were organized in November 2005, April 2006, October 2006, May 2007 and October 2007.

during the complex analytical and planning process, significant action has been taken in key areas.

The partners have particularly noted progress in the following areas:

20. *Generally*

- Progressive appropriation of the EFA Plan by stakeholders at different levels of the system
- The decision to extend free primary education from a 5-year to a 7-year cycle
- The decision on a new policy regarding language of instruction
- The related decision to reform Junior Secondary Education
- Significant progress over the past two years to develop strategies for improving quality and other areas, notably construction
- Planning of whole-sector development: Strategies being prepared for senior secondary education, technical and vocational education and training and higher education³.

21. The progress on key outcomes has been encouraging, despite the short period of implementation (Table 1 below). The net enrolment rate has risen to an estimated 85 percent. The primary completion rate is now 53 percent. Repetition rates have been reduced from 30 percent in 2002 to about 19 percent since 2004, with slowed but continued reduction, in part because of administrative measures to introduce automatic transition within the primary cycle.

Table 1: Main indicators on primary education sector

	2004-05	2005-06	2006-07
Net enrolment rate*	79	83	85
Primary completion rate*	51	50	53
Students to teacher ratio	61	52	52
Percentage of repeaters	20	19	18
Student population (mil)	2.92	2.98	3.10

Source: MENRS

* The estimates for earlier years have been revised downwards (from the EFA Plan 2005) due to adjustments in the demographic data.

Progress in key activities

22. Table 2 summarizes progress in key activities. Notable progress has been achieved in teacher recruitment, remuneration of community teachers and increased allocations (grants and materials) to school level. Delays and implementation difficulties have been experienced in classroom construction and the timely distribution of school materials/funds.

³ Five axes of reform have been identified for higher education: (i) Reform of existing higher education establishments; (ii) extension and expansion of short-term professional training programmes; (iii) development of an open distance education; (iv) establishment of a University of Excellence; and (v) development of quality private higher education.

Table 2: Progress in key activities

	2003/04	2004/05	2005/06	2006/07
Civil servant teachers	29,699	29,562	28,177	28,186
Community teachers	18,006	25,803	31,000	31,000
School grants per pupil (Ariary)	2,000	2,000	2,000	2,100
Pupil kits (Nos)	2,656,900 (all students)	1,200,030 (new students)	993,829 (new students)	
Bilingual books (Nos)				3,705,000
New classrooms	883	594	446	325

23. The number of community teachers paid by the Government increased about 20 percent between the school year 2005/06 and 2006/07, enabling the MENRS to keep the student/teacher ratio to about 52/1. The monthly remuneration of community teachers has increased from a monthly rate of 30,000 Ariary for 7 months per year in 2004/05 to 60,000 Ariary for 12 months per year in 2006/07. To ensure the sustainability of the massive community teacher recruitment effort, their salary has been integrated gradually into the national budget, from 27 per cent in 2005-2006 to 72 per cent in 2007-08.

Table 3: Evolution of the community teachers' number and salary

School year	Number of community teachers paid by the Government	Monthly salary rate (in Ariary)	Number of months of payment	Contribution from the national budget	Contribution from the Catalytic Funds
2004-2005	18,006	30,000	7	100%	0%
2005-2006	25,803	55,000	10	27%	73%
2006-2007	31,000	55,000	12	41%	59%
2007-2008	31,000	60,000	12	72%	28%

Source: MENRS

24. Implementation of the classroom construction programme and distribution of school materials/funds faced delays and difficulties, mostly due to inappropriate implementation modalities and management systems as well as a fragile macroeconomic context. In addition, all key activities suffered from continuous budget cuts in 2005 and 2006, leading to the reduction of the scale of several programmes and to a cumbersome rescheduling process for the education sector as a whole. Regardless of budget cuts, difficulties in the construction programmes were particularly related to three problems (i) the inappropriate choice of relying on a massive prefabricated classroom construction programme, (ii) a highly centralized construction management system, (iii) difficulties in the implementation of some donor-funded projects (important players in school construction). Since 2006, the joint reviews have identified these problems and the MENRS decided in early 2007 to develop a new strategy. The 2007 construction programme was launched only after the strategy was finalized later in the year, which explains the low realisation in 2007. The partners consider that the development of this strategy is a significant advance.

In addition, the joint reviews highlight the following areas of progress:

25. *Quality*

- Student/teacher ratio reduced to 52:1 in spite of significant increase in enrolment
- Competency-based teaching and learning approach piloted and scaled up, applied in the first five years of primary education as of 2007/08
- In-service training for all public primary teachers in key areas such as pedagogy for multi-grade classes and large groups
- Decentralized levels of the system given more responsibility for monitoring quality through pedagogical support and the improvement of regional teacher training centres

- National training system reinforced through recruitment of a pool of trainers, intensive training of trainers, technical support to the national teacher training institute and the development of pedagogical and didactic materials
- Piloting of innovative approaches for teacher training using distance education media and methodology
- 170 Pedagogical Resource Centres established
- Peer-based networks (“quality circles”) set up for local teachers supported by local pedagogical zone staff and school heads
- Sample testing of learning attainment (with regional comparisons)
- Quality related data improved in reports over the last two years.
- A curriculum development unit (DDC) has been established to lead and implement the curriculum reform.

26. *Financial resources*

- Use of the annual budget to operationalize the EFA Plan, taking into account resources from all internal and external sources; planning matrix showing activities and their source of funding shared with partners at the time of budget preparation
- Percentage of total public expenditures (including external resources) allocated to education around 18-20% during the past three years, with more than 50% of education budget allocated to the primary cycle
- Community teacher salaries progressively integrated in the state budget since 2006, School grants and pupil kits paid out of the state budget
- Primary education budget execution relatively high at around 85-90%, with a nominal increase in budgetary allocations of 32% over 3 years (2005 to 2007)
- MENRS has continuously sought solutions to the consistently late arrival of materials and funds to schools by making payments direct at local level, through the postal system.

27. *Management capacity reinforcement*

- *Amélioration de la Gestion de l'Éducation à Madagascar* (AGEMAD) introduced to improve management in regions and school districts, to be extended
- Partnerships between parents, schools and decentralized authorities reinforced
- “Call centre” established in 2007 to permit decentralized levels to contact the MENRS directly with questions
- MENRS management structures reorganised, work plans designed (delineating areas of responsibility and expected key results related to the Plan’s objectives).

28. *Partner coordination*

- MENRS leadership progressively strengthened
- Education sector cooperation evolved from project to programme support, reinforced by arrangements and tools to ensure harmonization; development partners pledged to align support within the framework of the Plan
- Regular meetings and joint reviews organized and led by MENRS; technical and pedagogical standards (construction, distance education) harmonized
- Quality of reports prepared by MENRS for the reviews improved considerably.

29. Three key challenges remain to ensure universal completion of 5 years of primary education, which was the objective of the 2005 EFA Plan: (i) the reduction of disparities across districts, (ii) achievement of construction targets, and (iii) improvement of the net enrolment rate which remains below 65% in the referred vulnerable districts. Other sections of the report, below, reflect MENRS’ responses to these and other challenges.

30. It should be noted that two-thirds of Madagascar's population lives below the poverty level, and as many as 890,000 children aged 6 to 10 years (about 420,000 are 6 years old)⁴ are out of school. A significant percentage of the population can therefore be considered to be vulnerable.⁵ 50 of the 111 school districts (CISCOS) have primary completion rates of less than 45%.⁶ Fewer than 3 out of 10 children in these districts complete primary education, versus 6 of 10 in the better performing districts. These CISCOS share a common set of challenges, although with variations in how they play out: low population density⁷, food security issues, adverse climatic conditions (droughts, cyclones), high percentages of untrained teachers, multi-grade classes and one-room schools, high pupil-teacher ratios, and geographic isolation that limits outside pedagogical supervision and support. Overall, the total number of children entering school and therefore leaving has doubled over the past ten years. However, the national retention rate is less than 50% and has not improved over the last 20 years, due primarily to the continued low retention rates of these vulnerable CISCOS. Partners recognize that there are no easy solutions and that continuous efforts are required to overcome the obstacles.

4. Assessment of the Revised EFA Plan, December 2007

a. Overall assessment

31. The new EFA Plan is a major improvement over the 2005 Plan in three ways: (i) it strongly prioritises improving quality, recognising that poor quality is the main causal factor for dropout, failure to enrol and high repetition rates; (ii) it includes a strategy for junior secondary education as a part of basic education; and (iii) it proposes strategies on specific components which were not well developed in the earlier plan (See Annex 3 for an overview of responses to the 2005 Endorsement Report). All the developments on new strategies discussed below respond to key judgements in the 2005 Endorsement Report on the need to focus on quality improvement and attain greater clarity on the means to accelerate progress in achieving Universal Primary Education (UPE) completion.

b. Vision and perspectives – rationale and objectives of the reform

32. Commitment to achieving the Millennium Development Goals is central to the 2007-2012 MAP, which sets out a five-year vision for the development of Madagascar as a prosperous nation. Educational transformation is one of its eight strategic commitments. The 2007 EFA Plan is thus integrated and aligned with the MAP goals, with commitment to achieving international targets and with strategies for national economic and social development.
33. The MENRS has been leading an analytic process aimed at embracing the concept of right to education and is developing an inclusive education framework.⁸ Reflection on rights-issues has influenced key aspects of the Plan in respect of efficiency, quality, access and equity. MENRS has made key decisions to guide the reforms, including in the language of instruction (LOI) and

⁴ Estimated from the household survey of INSTAT (National Institute of Statistics, Madagascar), 2006. The regular age to enter at primary school is 6 years. However, less than 40 percent of 6-year old children enter primary school; most children enter at 7 years.

⁵ INSTAT (National Institute of Statistics, Madagascar), 2008

⁶ Of these school districts, 27 have a primary completion rate of less than 20%. Another 21 have completion rates of between 21% and 40%.

⁷ 3 to 8 children between the ages of 6 and 10 per square kilometer.

⁸ MENRS called NGOs and partners together in a conference in September 2007 to explore the topic of inclusive education (to ensure the presence, participation and achievement of all students, regardless of gender, disability, ethnicity, poverty, etc.). This was followed by a workshop in November with participation by all Ministry departments and with international technical input.

in teaching foreign languages⁹ and reform of the junior secondary level (Collège), incrementally and on a small scale, from 2010-2011.

31. By 2015, the EFA Plan objectives are to:

- Ensure that all six and seven year-old children are registered in the first year of primary education
- Ensure that no child will be excluded from primary school because his/her parents do not have the financial resources to contribute to the administrative expenditures of the school.
- Reach a completion rate of 94 percent in the first five years of the primary cycle and 65 percent in the 7-year primary cycle
- Double the enrolment rate of pupils aged 11 and 12 in grades six and seven from 34 percent in 2006-7 to 69 percent
- Reduce the repetition rate to five percent for the new seven year primary education cycle
- Ensure that all pupils acquire competences and abilities taught in the curriculum at the end of each cycle.

Table 4: Main objectives of the 2007 EFA Plan

	2007-08	2008-09	2009-2010	2010-2011	2014-15
Primary education						
Gross Enrolment Rate (grades 1-5)	123%	122%	121%	119%		109%
Gross Enrolment Rate (grades 6-7)	41%	47%	49%	57%		69%
Repetition rates (grades 1-5)	18%	16%	14%	12%		5%
Repetition rates (grades 6-7)	8%	11%*	11%	9%		5%
Completion rates (grade 5)	63%	71%	74%	78%		94%
Completion rates (grade 7)	36%	42%	40%	53%		65%
Net Enrolment Rate (6-10)	86.8%	88.5%	90.3%	92.0%		99.0%
Lower secondary education						
Gross Enrolment Rate (grades 8-10)	34%	36%	30%	23%		40%

* The repetition rate will first increase because selection to Junior Secondary Education will move gradually from grade 5 to grade 6 and 7.

34. The expansion of basic education has not been deferred until 100 percent completion of primary has been achieved. The Plan maintains the momentum gained over recent years, moving forward on both key targets simultaneously. This is an appropriate strategy. However, the timeline for the reforms is demanding and partners suggest that realistic adjustments be made as required in the implementing phase of the reform.

c. Strengths of the plan

35. There is good evidence that the Plan is supported politically and practically, as expressed in the Sector Development Policy Letter, and the education sector enjoys a high profile; indeed MENRS is setting an example in coherent planning for other ministries to follow.¹⁰ There is continuing public commitment to maintaining the high level of resources to education and to primary education in particular. Added to this, development partners have witnessed a significant strengthening of the leadership of the MENRS over the past year, including in its ability to

⁹ Malagasy will be the LOI for grades 1-5; English will be introduced in the fourth year of primary education; French will be taught as a second language in Grades 1-5 and gradually as a partial LOI in selected courses in Grades 6 and 7. See also paragraph 43 below.

¹⁰ The Appraisal Mission was reminded by the Minister of Education that in April 2007, the chief “technical” Ministries were called to a meeting to learn from the MENRS’ experience in designing and planning for major reforms.

improve fund management¹¹ and to assess its own organisational capacity. Since 2005, MENRS has been re-organised and work is underway on the decentralisation¹² of public services.

36. The Plan is based on several analytical studies (see Annex 4 for list). The Ministry has adopted a sound strategy towards implementing the reforms, by introducing pilots in selected areas and careful evaluation of results before scaling up.
37. The EFA Plan prioritises basic education, but the concept of working sector-wide is fully embraced. Since 2007 the MENRS has assumed responsibility for Early Childhood Care and Development and for literacy.¹³ Strategies for these sub-sectors have been developed with support from UNICEF and UNDP. Building on previous sector-wide planning, MENRS is now on a positive trajectory in respect of planning for the entire sector. Strategies for higher secondary education, for technical education, and for Higher Education are also being developed. Funding from the World Bank and other development partners will be sought for these sub-sectors.
38. A major strength of the Plan is the gradual phasing in of the reforms. The expansion of primary education to grades 6 and 7 will be done over a period of several years, with new curricula and books experimented in a few districts and schools before being generalized. The scaling up should take into account the results of the experimentation. Selected primary schools will be upgraded with grades 6 and 7, thus reducing the number of additional rooms, leaving resources for providing schools to communities without primary schools and for ensuring that all schools have grades 1-5. Similarly, the reform of junior secondary will be phased in gradually. The approach allows for scaling back the pace of quantitative expansion in case of implementation bottlenecks or reduced resource availability.

d. *Strategies to improve quality*

Curriculum Reform

39. MENRS plans to reform the basic education curriculum, with associated strategies for procurement, development and production of learning resources, teacher guides and support material for teachers. This significant development is timely but challenging. Lessons learned from the recent introduction of a competency-based approach¹⁴ are informing the reforms.¹⁵ An important feature of the curriculum reform is the introduction of student learning assessment right from the start, in order to provide information for technical staff, programme managers and policy makers.
40. International trends in curriculum development have been explored and a new curriculum unit (*Direction du Développement du Curriculum*–DDC) has been established and will be supported

¹¹ Not only in respect of programme funding, but in other ways; for example: devising a creative way to get funds to the regional levels, having found that normative methods were too cumbersome and slow; and revising the Competitive Funding scheme for schools – recognising that this disadvantaged the neediest – to a more equitable local funding scheme.

¹² This term is used throughout this report to refer to the regional and district levels of the administration. However it should be noted that in Madagascar the term “deconcentration” is more commonly used in relation to public services and uses “decentralization” to refer to the process of delegating responsibilities to elected non-State public bodies.

¹³ The institutional structure changed at the beginning of the year 2007 with the creation of a Directorate-General of Fundamental Education and Elimination of Illiteracy (DGEFA) “which ensures the development and implementation of the policy of the Ministry as regards fundamental education and the elimination of illiteracy.”

¹⁴ Approche par les compétences (APC)

¹⁵ Curriculum in the context of the reform is understood as being a complete system of subject syllabus, graduation standards, student assessment, guides and support material for teachers, the provision of textbooks and the learning environment.

by international assistance¹⁶ over three years, as well as by a consultative committee consisting of national and international experts. The DDC team is also working with a network of related professionals on topics connected to curriculum.

41. Completion of graduate standards¹⁷ at grade 7 and grade 10 have been defined and the team is on track to produce the first drafts of new subject syllabuses by the end of February 2008. The new curriculum will be piloted in 10 percent of schools in 20 selected school districts (CISCOs) starting in the 2008/09 school year.
42. During the appraisal mission it was stated that the reformed curriculum will reflect gender sensitivity and inclusiveness. The partners will look to the planned evaluations for evidence of this. Specific training in curriculum-related aspects has been planned for teachers and teacher education programmes are being revised in accordance with the new curriculum. There will be a particular challenge to effectively communicate the curriculum reform to all stakeholders, particularly those at school level, in order to ensure their understanding and commitment to implement the reform.

Textbooks and other instructional materials

43. The new curriculum will be introduced progressively into the primary schools from 2008 to 2013. Current primary textbooks and other learning materials will be used during the transition period. MENRS is aware of the challenges in developing and distributing textbooks and materials on time to keep step with curriculum reform. International assistance is being availed to support this area of work and the Ministry is planning to mitigate risks by an incremental, step-by-step approach to producing new textbooks (some in modular form) and recycling existing ones. A textbook study will be completed in 2008 as a basis for the development of a national textbook policy, covering design, production, procurement, distribution and financing. The study will develop publication and cost scenarios and will propose ways to develop capacity in Madagascar's own publishing industry.

Language of instruction

44. The new policy to use Malagasy as the language of instruction for the first five years of primary (see footnote 9 above) reflects well-researched findings regarding entitlement, quality and efficacy. The policy to retain French at higher grades and in certain subjects, and to introduce English language-learning, requires a more detailed implementation plan, further elaboration and greater clarity, especially given the implications for curriculum and instructional materials, teacher training and learning outcomes. It will be important to ensure that all teachers understand the importance of the reform and have access to resources that will allow them to develop appropriate language skills in all three languages. A communication strategy for successful implementation of this reform is needed to reach out to all stakeholders including parents. It will also be critical that semi-specialist teachers (see para 46 below) have adequate training for teaching in a second language, considering the impact of the language policy on learning outcomes at the important transition years (Grade 6 in particular). Development partners will support MENRS in extending the policy and vision for language teaching in all the higher sub-sectors of education.

Teacher recruitment, training and development system

45. The new teacher recruitment and training strategies include a self-directed and incentive-based professional development program. Some 42,000 new primary and junior secondary teachers are planned recruited, trained and placed by 2020. It is a striking aspect of the Plan that most teachers for grades 1-5 will be supplied by recruiting community-based personnel. The recruitment drive will be accompanied by key measures to improve the selection and retention of these teachers and includes locally based professional development opportunities.

¹⁶ University of Quebec Montreal, UQAM

¹⁷ Profile de Sortie

46. An important strength of the new EFA programme is the replacement of a highly centralized, ‘top-down’ teacher in-service model with a decentralized, ‘bottom-up’ certification training model—one that acknowledges and accommodates teachers’ particular professional development needs and priorities and links training with career development. The MENRS aims to establish local teacher networks to encourage professional exchange, mentoring and dialogue among teachers and to support the implementation of the new self-directed training programme—including the possibility of open and distance learning. To facilitate this innovative approach, the MENRS has already begun to assemble a competent pool of trainers responsible for building teaching competencies and motivating teachers, at the central level¹⁸ as well as at the decentralized level.¹⁹
47. The EFA Plan proposes two parallel training programs to ensure that grades 6 and 7 pupils have access to qualified teachers. The tactic is to create a cadre of “semi-specialist teachers” proficient in the subject content at those levels. This aspect of the Plan aligns training curricula and the technical resources of regional and local level systems with the intended new learning outcomes at grades 6 and 7. Systems are being developed for monitoring the impact of the various teacher education initiatives on educational quality and adjusting where necessary. It will be important to ensure a holistic approach to teacher education (pre-service, in-service and continuing education).

Teacher career paths

48. Another strength of the Plan is the decision to link teachers’ professional advancement (and hence salary increases) to improved classroom instruction. During the appraisal mission, the MENRS expressed its commitment to further develop the career path strategy to accommodate a variety of options (administrative, technical support positions or master trainers / classroom teachers). This will have the double advantage of encouraging teachers to remain in the profession and of developing a local cadre of educators with skills to support improved educational quality. It will be particularly important to consider and cater for the career paths of community-recruited teachers.

School-level support

49. Some resources are currently channelled to schools, through a school-funding scheme (*caisse école*) and through (in selected areas) a local catalytic fund (see sub-section *g* below). These funds cannot currently be used for significant school improvements, but for essentials such as repairs and furniture, though eventually this should be envisaged especially with the local catalytic fund.²⁰
50. The establishment of a local level academic support and supervision system (the *Zone d’Administration Pédagogique–ZAP*) represents another form of support to schools. This system is currently under-resourced and under-staffed, considering the distances that have to be travelled, the number of schools covered and the tasks undertaken by only a couple of personnel. But financial support for ZAP is now budgeted for within the local catalytic fund with, encouragingly, a higher degree of funding than for regional administrative functions. The aim is to shift ZAP funding from the local catalytic fund to the national budget, but the timeframe and the amounts to be allocated have yet to be determined. The human resources for this form of support to schools will need to be adequate and the whole scheme will need to be monitored and evaluated in order to track progress.

¹⁸ Institut National de Formation Pédagogique (INFP)

¹⁹ There is to be a pool of “Conseillers pédagogiques” in the Centre Régional de l’Institut National de Formation Pédagogique (CRINFP)

²⁰ The funds have also been used for compensating for delayed salary payments to community teachers

51. Generally, development partners will support MENRS in directing a greater level of financial resources to the school level and for building transparent systems to account for these, along with capacities for planning and management. The MENRS recognizes that community involvement in and knowledge about available financial resources to schools will mitigate their potential abuse and will bring local level stakeholders more surely into the reform process (see Section 7 below regarding the intention to publicise allocation of resources).

e. Strategies to improve access and equity

Construction

52. In 2007 a comprehensive strategy for school construction was devised that standardizes implementation strategies, procurement, technical specifications and unit costs. MENRS has analyzed the deficiencies of previous centralized and project-based approaches and has proposed a decentralized approach that transfers responsibility for school construction to the municipal or local level and provides training to these structures on construction management. This approach should ensure that the Ministry is able to meet its ambitious targets of constructing 2,000 to 3,000 new classrooms and rehabilitating 2,279 existing ones annually in the medium term (between 2008 and 2015). Development partners acknowledge that the Ministry aims to clearly outline responsibility and procedures for ongoing school maintenance. Work is in progress on this aspect but it will be important, as the Ministry moves to school-based funding, that a budget line and local arrangements for maintenance be considered.
53. The decision to give priority in new constructions to schools with an incomplete primary cycle and communities that do not have an existing school is a key component of the Ministry's strategy for increasing retention and completion rates and ensuring equitable access to schooling. The new construction strategy represents an innovative solution to what have been some perennial problems: low completion rates and lack of community involvement in the construction process. The Ministry is committed to monitoring the new strategy closely to ensure adherence with established policies and procedures and to evaluate whether projected targets can be met and maintained over the medium term.

Vulnerable Districts

54. The EFA Plan acknowledges that meeting national quality indicators will require improved access to education for out-of-school children²¹ in the most vulnerable school districts, ensuring that all pupils in these districts complete at least the first 5 years of primary. An analysis has been conducted and criteria established which has resulted in identification of the 50 most vulnerable districts. The Ministry has developed a comprehensive package of strategies to address the situation, including (i) giving priority for school construction in these districts; (ii) recruiting additional community teachers; (iii) implementing a new school calendar that aligns with the seasonal, agricultural year; (iv) implementing a local catalytic fund (LCF) for regional and local administrative functions in targeted areas (see para 60 below); (v) providing local communities with some resources, via the school funding scheme and school improvement plan, to address particular challenges facing their school and (vi) piloting a school feeding program in five districts which are under severe malnutrition status. The LCF has potential to provide coordinated, sustained, systemic support for these areas and, eventually, for all regions of Madagascar.²²

²¹ Both children who never attended school or who have dropped out

²² The local catalytic fund is an additional fund that will be awarded to Regional Education Directorates, Districts, Pedagogical Zones and schools in vulnerable zones as well as those that will be piloting the reform of the primary system. Progressively, all districts in the country will benefit from the Local Catalytic Funds (26 districts in 2008, 65 in 2009, 99 in 2010, 111 in 2011). In order to reduce disparity, districts with the lowest performing schools will be given priority for funding beginning in 2008 and 2009.

Groups with different needs—the excluded and the marginalized

55. Already, specific interventions for the most vulnerable are either underway or are planned. The focus on the most vulnerable districts (described above) will enable MENRS to deepen its understanding of how factors such as gender, location, poverty and disability affect enrolment, retention and learning achievement. There have been improvements in gathering disaggregated data on factors such as gender and region, as well as analyses which show exactly how, where and when the effects of poverty are both a causal factor affecting take-up of education and a product of poor education. Similarly, there have been analyses about the ways in which education (or lack of it) affect boys and girls differently. These analyses, and the concept of rights, are not highlighted in a separate section of the Plan—the intention has been to mainstream equity concerns throughout. However, development partners are conscious that there are risks in this approach. They propose that an Education Management Information System (EMIS), using key indicators, be further strengthened (see Section 8). The strengthening of EMIS is work in progress and thus, through an effective system, information will be gathered at regular intervals on who is not in school and why, which students are progressing and which are not, what happens to school leavers and dropouts. This will be vital to measure the progress of the reforms and plan further remedial measures.

HIV/AIDS

56. Madagascar is in an enviable position of having a relatively low infection rate, although it does have some high-risk areas²³. The HIV/AIDS prevalence rate is less than 1%. Women account for more than half of adults estimated to be living with HIV/AIDS. Limited access to knowledge, resources and health and social services are key contributors to the spread of the epidemic. The EFA Plan therefore aims to link with national strategies set out in the Madagascar Action Plan. It also features a strategy of encouraging communities to assess the situation in their community and implement appropriate solutions, including the integration of HIV/AIDS orphans into the school system and the distribution, in partnership with local NGOs and health partners, of books and information. The Plan also acknowledges the critical importance of girls' and women's education in reducing their risk of exposure to the epidemic and that of their children and peer group. Development partners will support the Ministry in developing ways to integrate HIV/AIDS in the new curriculum.

f. Junior secondary and public-private partnerships

57. The reform of primary and secondary education will allow Madagascar to progressively move towards the goal of 10 year basic education and is in line with the Southern African Development Community (SADC) countries, to which Madagascar belongs. The extension of basic education from 5 to 7 years, followed by three years of junior secondary education (JSE), will allow students to develop their basic literacy and numeric skills (see table 4 below). This extended educational opportunity is expected to have a significant impact on learning outcomes and social issues, including early dropouts in remote areas, early pregnancies and child labour.
58. The Ministry is developing the post primary sector and has identified innovative strategies to accommodate the anticipated expansion of enrolment in higher-grade levels. These include developing public-private partnerships (PPPs),²⁴ given that a significant percentage of the expanded enrolments are expected to be taken up by private providers; developing "schools of excellence" that will proactively provide benchmarks of educational quality for satellite schools in their locality; piloting three models of "Open Schools" as an alternative for primary school leavers who cannot enter junior secondary because of lack of places, or for school leavers wishing to re-enter the educational system. These measures will help Madagascar broaden access to and improve quality in junior secondary education in a cost-effective manner. The Plan

²³ In mining areas, where imported labour is used, and in tourist areas.

²⁴ Specific proposals for public-private partnerships will be designed once an ongoing study is completed (by end February 2008).

outlines the broad strategies and approach for gradually scaling up. In this regard, it is important to ensure that private partners adopt the national education policy as defined by MENRS. Detailed implementation will be worked out in 2008.

Table 5 – Old and new organization of primary and secondary education system

		Current system	New system
Basic education	Primary Education	5 years	7 years
	Junior Secondary Education	4 years	3 years
	Senior Secondary Education	3 years	2years

g. *Developing Institutional and Implementation Capacity*

59. Chapter 6 of the EFA Plan contains a candid assessment of problems in institutional performance, as well as suggestions for capacity building. It stresses the fact that progress in implementation has occurred where there is clarity of strategy, a clear definition and understanding of roles and responsibilities, improvement of work processes and close monitoring of and support for implementation units. Key strategies have been elaborated, although some still need to be developed based on studies to be done (textbooks, teacher education, involvement of the private sector). The chapter outlines the roles and responsibilities of the various central directions and the DRENS, CISCOS, ZAPS, the technical support institutions and schools. This represents a tremendous advance over not only the previous Plan but also over recent months. In November 2007, the Ministry underwent a re-organization and the new structure was presented during the appraisal Mission.
60. The Ministry has advanced in operationalizing new responsibilities by introducing a Local Catalytic Fund²⁵. The LCF, which is being financed in 2008 by the current allocation from the FTI Catalytic Fund, will provide additional financial support to decentralized units (Regional education directorates, Districts and Pedagogical zones) and schools with the aim of strengthening institutional performance, ensuring key activities and realization of major objectives. The funds will be given in the form of grants for operating expenses, pedagogical support expenditures and one-time expenditures for vehicles, furniture and equipment. Each implementing unit will prepare an annual work plan and budget, showing objectives and resources from all sources, and will report regularly on implementation progress and use of funds. The LCF is designed to support the Ministry's focus on districts with low primary completion rates and selected districts where key reforms will be implemented. It will be phased in gradually to cover all regional education directorates and districts in three years. The LCF will help to confirm functions and responsibilities, give greater authority to decentralized units, and rationalize work processes, including planning, monitoring and reporting. A detailed operational manual will be prepared in February 2008, followed by training of all the concerned entities.
61. The partners appreciate the reflection and detailing of strategies for enhancing institutional performance. It would be beneficial to develop a shared understanding of this concept across the leadership and the implementing agencies. In general, enhancing institutional performance is understood as improving the capacity of the organization to effectively use human and financial resources to accomplish its mission and objectives. Sustained improvements in performance will also depend on strengthening strategic leadership, improving a number of key work processes (financial management, human resource management, monitoring and evaluation, communication) as well as on external factors. It will be essential to clarify the functions and responsibilities of the new coordinating structures in the Ministry, created in the context of the recent re-organization of the Ministry, with those of the existing Steering Committee for EFA and the Director General of Basic Education. While an enormous amount of work has been done,

²⁵ Fonds Catalytique Local – FCL. Referred to throughout this report as Local Catalytic Fund (LCF)

the partners suggest that the Ministry undertakes an organizational evaluation and audit under agreed terms of reference to provide further guidance for improving institutional performance.

h. Conclusion

62. The Government has developed and presented key strategies and elements of implementation plans for the educational reform. Among the well-developed strategies (with the comments mentioned above) with well-advanced implementation plans, are those for construction, curriculum reform, teacher training and strengthening institutional performance. The challenge in these areas is to actually implement, to work out the institutional arrangements in practice, and to learn from lessons in order to adjust the strategy as required. The targeting of the most vulnerable groups and geographic areas is included in many strategies, but it needs careful monitoring at the programme level. Some strategies need to be developed further, including notably the policy on community teachers, textbooks, the financial and management capacity at decentralized levels and the junior secondary schools including language of instruction. One of the most significant gaps in the Plan is the absence of a communication strategy; the communication plan presented at the appraisal did not address key challenges of the reform.

5. Estimated volume of financial resources and gap

Financial Simulation Model and Medium-Term Expenditure Projections

63. The MENRS has developed a financial simulation model for assessing long-term sustainability and a medium-term budget model that provides a breakdown of expenditures by activity and budget classification. In earlier phases of the planning cycle, the MENRS used the simulation model to make key policy decisions, notably including the decision to use community teachers for grades 1-5 and semi-specialised teachers for grades 6-7. This reflects a real development of capacity to use tools for effective policy making.
64. The partners recognize MENRS efforts to improve medium term expenditure projections, which is also useful for the budget preparation. The Ministry has provided details for recurrent and investment expenditures, permitting an analysis of unit costs by student in contrast to a global approach of unit cost as a function of the GDP per capita. The consideration of such details, including several additional cost parameters and their evolution over time, reflects the reliability of the projections. The presentation of unit costs for recurrent costs and by administration level should be noted, as this reflects a concern to improve allocations to decentralized administration levels. The disaggregation of different variables (repetition, transition and dropout) by level and by school category (public or private) is also an improvement. This takes into consideration the grade-structure of primary and the relatively better performance of private institutions.
65. The partners have noted that studies and further decisions are underway that will permit unit costs/parameters on teacher training, school construction, school manuals and support to private schools through public-private partnership. These will be incorporated in the updating of the medium term projections as part of the budget cycle.

Comparison with FTI Indicative Framework

66. The primary education indicators in the EFA Plan are in line with the FTI Indicative Framework (see Table 6). The partners have noted three major options adopted in the Plan: (i) stabilising differences in teacher salaries by gradually increasing remunerations to community teachers; (ii) maintaining the current proportion of students enrolled in private schools (19%) for grades 1-5 in order to ensure the financial sustainability of the public education system; and (iii) lowering the repetition rate to reduce wastage.

Table 6: Madagascar 2007 EFA plan - Comparison with FTI Indicative Framework

Policy indicators	2008	2012	2015	FTI Reference objective
Student teacher ratio				40
Grade 1 to 5	51	48	45	
Grade 6 to 7		40	40	
<i>Teachers salary in multiple of the GDP per capita</i>	2.8	3.4	3.7	3.5
FRAM teachers	1.1	2.5	3	
Civil servant teachers (1 to 5 grade)	4.9	4.9	4.9	
Semi specialized teachers (6 to 7 grade)	4	4.3	4.5	
<i>Non salary recurrent expenditures as % of total primary education recurrent expenditures</i>	42	36	36	33
% Repetition				10
Grade 1 to 5	17	10.4	5	
Grade 6 to 7	8	9	5	
<i>Public domestic resources as % of total GDP</i>	11.4	13.1	14.4	14/16/18
<i>Share of public domestic resources allocated to education ***</i>	25.8	25.0	25.0	20
<i>% Education expenditures allocated to primary education</i>	58.5	59.5*	59.5*	58*
<i>% Students enrolled in private education</i>				10
Grade 1 to 5	19	19	19	
Grade 6 to 7	34	27	23	

*For 7 year primary education system-

Cost Reduction Strategies

67. The partners commend the MENRS for undertaking several cost-reduction strategies that will keep down expenditures. First, the new construction strategy will reduce the unit cost of construction from US\$16,000-18,000 (for government funded projects) to US\$10,000. This will enable the Government to provide latrines and water. The Government plans to harmonize all donor projects around this new strategy in a few years. Second, the use of community teachers in grades 1-5—with a gradual increase in remuneration linked to certification and career development and with expenditures gradually brought onto the budget—makes the reform sustainable in the long run. Third, the MENRS is undertaking studies on textbooks to ensure cost-effective production, procurement and distribution.

Projections of Domestic Resource Availability for Primary and Junior Secondary Education

68. Simulations of revenue projections are based on two macro-economic scenarios. The first is based on the average economic growth of the past three years (scenario 1: average of 5.3%). The second corresponds to the July 2007 IMF projections (scenario 2: average of 8.8%). In both cases, the fiscal revenue ratio is expected to increase (+0.3 GDP percentage points per year in scenario 1 and +0.5 GDP percentage points in scenario 2).

69. The first scenario could be considered a medium scenario rather than a pessimistic scenario. A pessimistic scenario would be that the vulnerability of the Malagasy economy could lead to growth inferior to 5% over the next few years. The Ministry of Finance considers this scenario unlikely because of a current increase in direct foreign investment, in particular in the mining sector. The partners suggest that the Plan should be aligned to the revised IMF projections of December 2007, which estimate an average growth of 8.2% for the 3-4 coming years²⁶.

70. The domestic tax to GDP ratio, an indicator of domestic resource mobilisation, used in the MENRS simulations (0.3% for scenario 1 and 0.5% for scenario 2) are inferior or equal to Government commitments in the Poverty Reduction Growth Facility (PRGF) programme with

²⁶ Source : IMF

the IMF, which predicts an increase of half a percentage point each year. Nevertheless, increasing tax revenue remains a challenge to Madagascar, having been mostly stable over the past years in spite of its low level in comparison with sub-Saharan African states. The annual increase of 0.5% of GDP seems realistic compared to the 0.7% increase projected in the Madagascar Action Plan.

Table 7: The two scenarios presented in the EFA Plan -2009-2001

Indicators	Scenario 1	Scenario 2
Annual increase of the fiscal revenue ratio	0.3%	0.5%
Average annual economic growth rate	5.3%	8.8%

71. The government proposes scenario 2 for the calculation of the financing gap. Domestic resources for the overall education sector are about 25 percent of the total public domestic revenue (domestic revenues and budgetary support program). This is close to the current situation (25.8 percent). It shows a strong commitment to education since it is higher than the 20 percent recommended in the FTI framework.
72. The expenditure projections shown in the Plan are realistic. However, in-depth analysis during this appraisal showed that the estimates of resource availability and sub-sectoral allocations presented in the December 2007 plan had to be adjusted. The reasons for this are: (i) the financial gap presented in the Plan was based on old data on donors' budgetary supports and partners' education projects and (ii) an unbalanced financial gap between recurrent and investment costs, which may affect the financial sustainability of the education sector. In primary education, an increase in the proposed share of domestic resources for the investment costs is suggested to afford the important investment needs for both the 5 and 7-year primary education, while a reduction in the proposed share of the domestic resources for recurrent costs is necessary to adjust it with the projected recurrent primary expenditures. In the December 2007 proposal, the proposed share of domestic resources for primary education recurrent costs seems too high (compared to the FTI indicative framework) resulting in a positive balance in terms of financial gap. On the contrary, for Junior Secondary Education, an increase in the proposed share of domestic resources for recurrent costs is necessary to reduce the financial gap at a sustainable level.
73. During the appraisal, the following adjustments were discussed and agreed with the Ministry: (i) new estimates of donors' budgetary support and education projects will be used (ii) the share of domestic resources allocated by 2012 to primary education will be about 63 percent, and to junior secondary about 13 percent (iii) the internal share of domestic resources across recurrent and investment costs for both primary and secondary education will be reviewed according to the above comments (see para 72). Table 8 shows the final share of domestic resources for investment and recurrent costs for primary and junior secondary education.

Table 8: Projected share of domestic resources for primary and junior secondary education

	2008	2009	2010	2011	2012	2015
Primary education (From a 5year to 7year system)						
Recurrent costs*	54%	53%	54%	58%	56%	56%
Investment costs**	73%	78%	80%	83%	84%	84%
Total*** (1)	59%	56%	57%	61%	60%	60%
Junior secondary education (from a 4 year to a 3 year system)						
Recurrent costs*	18%	15%	14%	13%	14%	14%
Investment costs**	7%	7%	5%	4%	4%	4%
Total*** (2)	16%	14%	13%	11%	13%	13%
Total Basic Education*** (1)+(2)	75%	70%	70%	72%	73%	73%

* As % of total recurrent domestic education resources - ** as % of total investment domestic education resources - *** as % of total domestic education resources

Post-basic education covers Senior Secondary Education, TVET and Tertiary Education. Early Childhood and Literacy programmes are not shown, because their shares are currently insignificant.

74. The revised figures for domestic resource availability, donor funding, sub-sectoral allocations and estimated financing gap are presented below and will be integrated in the final EFA plan and medium-term expenditure/financing projections that the Ministry will send to the FTI secretariat along with the request for funding of the gap. The new figures on the education sub-sectors are reasonably balanced. The revised projections show that while priority is given to primary and basic education, domestic resource allocations to other education sub-sectors are protected by increasing slightly their current level of proportion (25 percent in 2008) to 27 percent until 2015. Changes on the basic education structure imply a slight increase of the share for primary education from 59 percent in 2008 to about 60 percent (with a 7 year primary education) and a decrease of that of junior secondary education from 16 percent to about 13 percent (with the reduction of junior secondary education to 3years).
75. The proposed allocations for post-basic education are indicative, as the Ministry is still developing the strategies for senior secondary, technical/vocational and higher education. Therefore, only the global share of domestic allocations to post-basic education is available. During the appraisal mission, the Ministry presented broad objectives and strategies for post-basic education, but these have not yet been costed. Once this is done, it will be possible to assess whether the proposed domestic resource allocation is sufficient. However, it is clear that the development of other education sub-sectors will require additional donor support as well as adoption of measures to rationalize costs. The proposed funding of post-basic education through a World Bank project of USD 40 million is a welcome measure. Currently, only the French Embassy provides support to higher education, about 1.5 millions Euro per year.

Financing Gap for Basic Education

76. The EFA Plan presents two estimates of the financing gap for the two macro-economic scenarios indicated above, and suggests using the second scenario of higher macro-economic growth and better fiscal effort. The partners agree that this scenario is in line with IMF assessments (and more prudent than the projections of the MAP) and the estimate of the financing gap presented below is based on this scenario of domestic resource availability.
77. The revised estimate of the financing gap for 2009-2011, presented in table 9, is based on the expenditure projections in the Plan and cost tables, the revised estimates of budgetary aid (see table 10) and donor projects in education (see Annex 6). The revised sub-sectoral allocations have also been taken into account (see para 72 and 73). For 2009, an adjustment has also been made for the balance of the existing CF grant allocation, which will be used in the first quarter of 2009. The revised estimate of the financing gap is slightly lower than that shown in the EFA plan sent by the Ministry to partners in December 2007, for the above reasons.

Table 9: Estimation of additional financing required in million US\$

	2009	2010	2011
Domestic Resources for Education			
(i) Domestic tax revenue	1095	1253	1409
(ii) Estimated allocation to education (25 to 25,5 percent of domestic revenue)	290	308	327
(iii) Budgetary aid (see table below)	107	107	107
(iv) Estimated allocation to education (25 to 25,5 percent of budgetary aid)	27	27	27
Total allocation in government budget for education (ii) + (iv)	317	335	354
Primary education			
Primary Education Total expenditures (as In EFA Plan, 2007)	214.2	238.2	268.9
Domestic resources for primary education (59.4 to 62.8 % of education domestic resources, including budget support)	172.1	196.7	229.7
Education partners support to primary education (projects) – committed and proposed	13.8	12.7	13.9
2007 CF grants (balance)	4.5		
Financial Gap for Primary education	23.8	28.8	25.3
Junior Secondary Education			
Junior Secondary Total expenditures (as In EFA Plan, 2007)	46.4	50.9	51.8
Domestic resources for junior education (11.4 to 13.9 % of education domestic resources, including budget support)	42.7	43.8	43.3
Education partners support to junior education (projects) – committed and proposed	1.4	1.4	0
2007 CF grants (balance)	Not appl.		
Financial Gap for Junior Secondary Education	2.3	5.7	8.5
Total Financial Gap	26.1	34.5	33.8

78. Estimates of budgetary aid are given in Table 10 below. Madagascar could benefit from between 83 million US\$ and 107 million US\$ from 2009. Assuming that around 25 percent would be allocated to education, this will augment domestic resource availability for primary education by about US\$ 21 to 27 million annually.

Table 10: Projection of budget aid in million US\$

	2008	2009	2010	2011	
France	3.82	3.82	3.82	3.82	Active
World Bank	40.00	40.00	40.00	40.00	Active
ADB	24.03	24.03	24.03	24.03	Under preparation
EU	39.57	39.57	39.57	39.57	Active
Germany					Under preparation
Total	107.41	107.41	107.41	107.41	

79. Local donors' contributions are expected to be maintained. The partners note that efforts have been made to include new partners and raise the contributions of existing partners. Bilateral engagement, however, is not determined by these efforts alone. The World Bank will provide additional financing for post-basic education to the tune of US\$ 40 million, which represents a significant increase in resources for education.

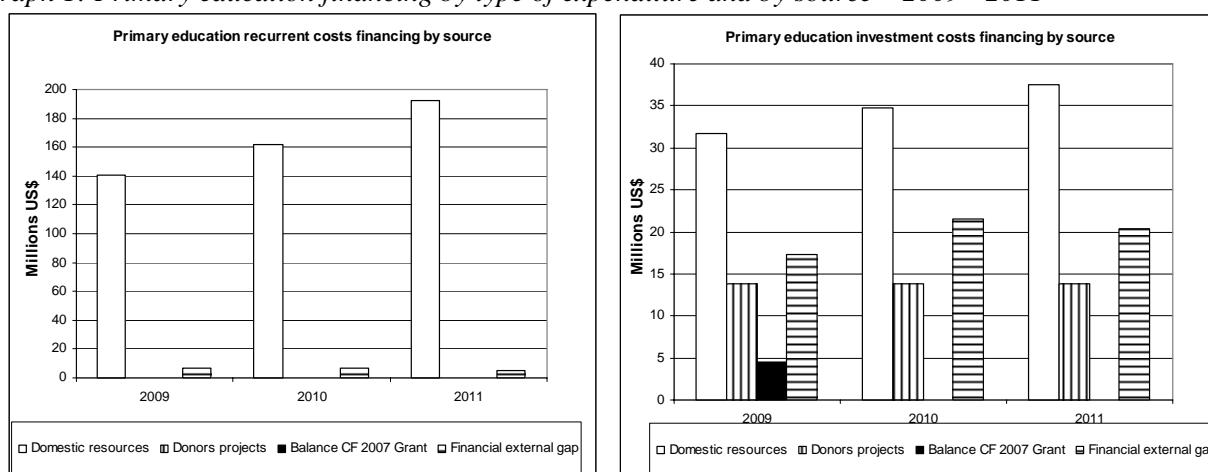
Overall assessment of gap to be financed by CF grant

80. The local partners consider the revised financial gap reasonable for three principal reasons: (i) the size of the new gap (US\$31.5 million per year – total of US\$94.5million for three years), which includes a 7-year cycle of primary education and 3-year cycle of junior secondary education, is not much higher than the amount of the CF grants Madagascar has been receiving (US\$25 million per year) in the present round. This is despite the fact that the 2005 EFA Plan does not include junior secondary education and only covers a 5-year primary. The relatively

modest size of the gap reflects efforts to contain costs in key areas such as construction and teachers' salaries; (ii) it is based on a realistic and gradual phasing-in of the reforms and takes into account the capacity to sustain additional operating costs (teacher salaries, public support to private schools, higher student unit costs etc.); and (iii) in terms of dependency ratio, the financial gap is modest since it represents about 8.2 to 9.9 percent of the domestic resource allocation to the education sector. A higher allocation of external funds might help to scale up some activities, but would not permit the Government to gradually integrate the additional operating costs in the domestic national budget.

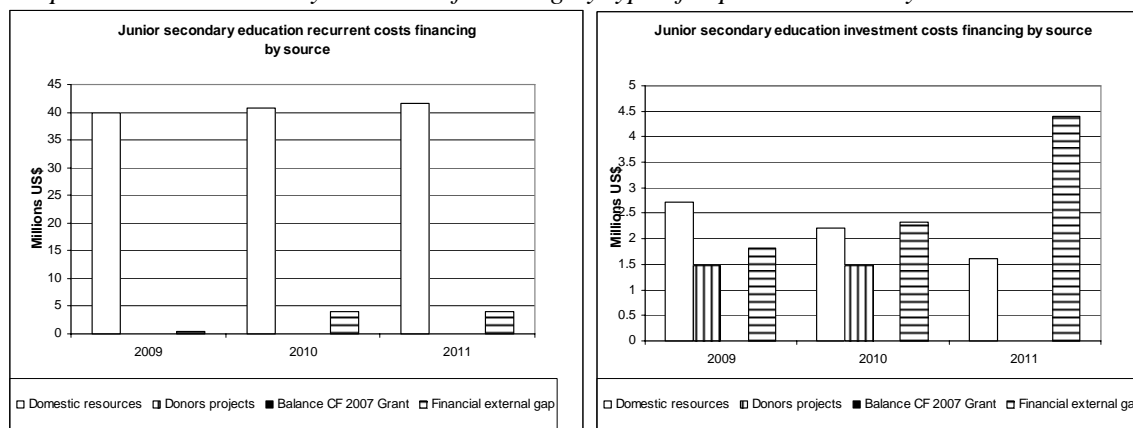
81. Although the size of the gap, and hence of the requested funding from the CF, increases over the three years, this is mainly due to rising investment expenditures as investments in construction, teacher training and textbooks peak with the generalization of the curriculum reform. The Government will take on an increasing share of the recurrent expenditures, particularly on community teachers' remuneration and on LCF. Such an approach ensures that the reforms will be fiscally sustainable. The following graphs show the expected use of the catalytic funds and the share of the government and donors.
82. At the primary level, the additional funds will particularly be allocated to investments, since the domestic resource allocations for recurrent expenses will increase substantially (by 30 percent between 2009 and 2011). This tendency responds to the concern for sustainability of the primary education development initiatives, in the sense that recurrent expenses resulting from the reform will progressively be incorporated in the State budget.

Graph 1: Primary education financing by type of expenditure and by source – 2009 - 2011



83. The same tendencies as for primary education are observed for the junior secondary level. Recurrent expenses taken into the national budget will increase to respond to higher operating costs resulting from the reform (introduction of colleges of excellence and initiatives to improve quality). On the other hand, partner education projects for investment remains modest, which explains the increase in the external financial gap in 2001.

Graph 2: Junior secondary education financing by type of expenditure and by source – 2009-2011



84. Should the level of financial resources available to education be lower than projected, the MENRS has informed the partners that quantitative expansion would be slowed (hence recruitment of additional teachers and new construction would be reduced) along with the pace of increasing teacher remunerations.

6. Government commitment and readiness for implementation of the 2007 EFA plan

85. Significant progress towards the MDGs has been made in Madagascar not only in the education sector, but also in terms of the reduction of child mortality.²⁷ This indicates an overall Government commitment to the MDGs that is noteworthy.

86. The education sector reform is an integral part of the MAP 2007-2012 and the Government is therefore committed to it. The Sector Development Policy Letter distributed to the partners during the appraisal mission expresses the Government's commitment to increase the budget share for education, to create 2000 new budgetary posts for primary and lower secondary education and to integrate expenditures on community teachers in the budget. The Government commits to ensure that the strategy of training and career development of community-recruited teachers is validated by the Ministry of Finance, the Ministry of Civil Service & Employment and the Ministry of Decentralization. The Letter also stresses the Government's commitment to ensure that the principle of additionality is adhered to for external financing. Regular technical and financial audits will be carried out for school construction and management of programmes financed by the Catalytic Funds and other additional financial support, and the biannual joint reviews will be maintained. It should be noted, however, that the extension of primary education to 7 years remains to be approved by the Legislature, and is expected to be voted into law in May 2008.

87. The local partners' impression is that the restructuring and "re-energizing" of the Ministry have improved institutional readiness for the implementation of the EFA Plan. There is, however, a need to strengthen initiative and ownership at decentralised levels.

88. The EFA Plan was largely developed under the leadership of the former Minister of Education who is currently the Minister of Finance. The former Minister of Finance is now the Minister of Education. This could contribute to improving coordination between the two ministries, and in positioning and improving the Ministry of Education's preparedness for budget arbitration.

The medium term operational plan (2008-2011)

89. A three-year operational plan was presented at the appraisal meeting, with indicative dates for completion of activities. In-depth clarifications on key strategies of the EFA Plan (curriculum

²⁷ Reduction in under five mortality rate from 159 per 1000 live births in 1997 to 94 per 1000 in 2003/4

reform, teacher training and career development, lower secondary reform and LCF) were provided, including detailed implementation plans and monitoring tools. Some activities, such as communication, need to be launched immediately if the rest of the reform is to succeed. The partners recommend that the MENRS prioritizes these activities and that there is close monitoring. The timeline for implementing the reform is tight, and the ability to adjust will be essential.

Annual Work Plan and Budget

90. The Annual Work Plan and budget constitutes the main instrument for operationalizing the EFA plan, prepared as part of the Government's budget cycle. This is based on actual availability of resources and implementation progress in the previous year, thus permitting adjustment of targets and strategies as required. Partners will review this as part of the bi-annual reviews of the implementation progress.

7. Absorptive capacity and conditions for successfully utilizing the requested CF grant

91. There is evidence to believe that MENRS will be able to absorb the additional funds requested (US\$31.5 million per year) for the implementation of the 2007 EFA plan. The first CF fund received to help implement the 2005 EFA plan was approximately US\$25 million per year. The increase in requested funds is not substantial, given that primary education has been extended to 7 years and junior secondary education is also included in the 2007 application.

Table 11: The use of the 3 years CF Grants- 2005 – 2006 – 2007

Grant	Tranche	Amount	Period	Comments
CF 2005	One	US\$10 million	Nov. 2005 to Dec. 2006	
CF 2006	1 st tranche	US\$7million	Dec. 2006 to Dec. 2007	
	2 nd tranche	US\$10million	Nov. 2007 to March 2008	
	3 rd tranche	US\$8million	Feb. 2008 to Dec. 2008	For constructions
CF 2007 *	1 st tranche	US\$10million	March 2008 to Sept. 2008	
	2 nd tranche	US\$15million	Oct 2008 to March 2009	Including constructions

Note: The CF 2007 is expected to be accessed in March 2008 to cover already committed recurrent expenditures on community teachers, curriculum development, books and teacher training.

92. Nevertheless, particular attention has been paid to some relatively high spending areas that could potentially have negative impacts on the absorptive capacity of the education sector.

Implementation of key activities

93. The highest proportion of the additional requested funds are attributed to school construction, school nutrition, the local catalytic fund, contribution to community teachers' salary, teacher training and the production of textbooks and learning materials. Measures to improve absorptive capacity related to these relatively high expenditure activities are explained below:
- Implementation of the school construction program is expected to speed up with the application of the new strategy. A greater number of new classrooms will be built as a result of lower construction unit costs and higher participation of local small constructors. With the new decentralized approach the objective of 2,000 to 3,000 new classrooms per year could be met, considering this number corresponds to only 1 to 2 new classrooms per community per year (there are about 1567 "communes").
 - School nutrition activities are underway after a long period of preparation. At the time of the present appraisal, the preparation phase has been completed and the programme will be piloted with the World Food Programme (WFP) in five vulnerable districts by end February 2008. An impact evaluation is being designed with technical support from the World Bank

and the extension and sustainability of the programme will be discussed under the National Nutrition Programme.

- The shift from a centralized competitive grants-mechanism to the LCF mechanism is positive, enhancing organizational and absorptive capacity. Direct transfers of funds to regional directorates, district departments and primary schools will expedite planned development activities at all levels.
- Over the years several measures have been implemented to remedy organizational, logistical and geographical problems affecting timely delivery of the public contribution to community teachers' salaries and other local financial resources. The additional funds will allow the Government to further strengthen systems, gradually increase community teachers' salaries and to enhance career development opportunities.
- The teacher training strategy is well developed and institutional responsibilities have been delineated. The work now focuses on providing implementation support to the institutions at the central and lower levels.
- Introduction of the new curriculum will require procurement of a large number of new textbooks and learning materials every year (see para 40-41 above). With the support of international technical assistance, together with a study of publishing and distribution options, MENRS will identify ways to provide these textbooks in a more cost-effective way. MENRS has learned lessons from many experiences in national and international procurement during the last five years.

Improvement of the budget management system

94. New budget and procurement procedures and repetitive budget cuts have delayed the implementation of the EFA plan during the last three years. However, measures have been introduced to strengthen and expedite budget management, focusing particularly on domestic resources and at decentralized levels.

- MENRS officers are now familiar with the new procedures on budget and procurement management, and are on track to improve the budget execution rate. MENRS has begun to allocate more human and operational resources to the central procurement unit. Ministry of Finance has opened several district level units that will directly correspond to decentralized education units. The transfer to regional and district units of some budget and procurement responsibilities may now be effected.
- The Government has decided to review the budget preparation and management process to address repetitive budget cuts during the last 3 years. Special attention is given to the education sector (given its pilot status within the national Governance program). The most important actions taken are: (i) a more participative and interactive budget preparation process between the ministries of finance and education; (ii) a more realistic macroeconomic budget framework; and (iii) close follow-up in order to expedite education budget execution.

95. However, to ensure rapid utilization of funds for the intended activities, further work is needed in some critical areas, as acknowledged by the MENRS. While endorsing the application for an additional allocation of US\$ 31.5 million per year over three years, the partners strongly recommend that the following actions be completed:

- Legislation passed for the new structure of education (expected in May 2008)
- Immediate communication of the reforms from March 2008 (in the country as a whole, in the CISCOS where the experimentation of the new curricula will begin and in the vulnerable CISCOS for increasing enrolment and reducing drop out). A perceptions assessment should be completed by September 2008

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- Preparation of the operational manual for the Local Catalytic Fund by March 2008 and disbursement of first part of funds to DRENS and CISCOs by June 2008
 - Completion of the textbook study and preparation of strategy by July 2008
 - Preparation of a draft policy for community teachers and improved HR management, using technical assistance, by September 2008
 - Completion of the teacher education study by September 2008
 - Institutional assessment of the central and decentralized bodies involved in EFA under agreed terms of reference, to assess improvements in management effectiveness and suggest further improvements, by October 2008
 - Preparation of detailed plans for implementing the reform of Junior Secondary Education, including studies on the colleges of excellence and open schools by December 2008.
96. Several of these actions are under preparation and should be completed by the agreed dates. The partners suggest that the progress on these activities, as well as the Annual Work Plan of 2008, be assessed in September 2008 at the time of the preparation of the budget for 2009, to assess the amount to be accessed from the possible CF grant allocation for 2009.

8. Monitoring and Evaluation

97. Bi-annual joint reviews have been carried out since 2005, in line with the agreement between the Government and partners. The Ministry of Education develops two major annual reports, which track the key indicators of the FTI and other indicators of outputs and inputs, including those related to regional disparities. While the first report assesses the results of the preceding year, the second focuses on technical and financial realizations of the current year as well as the annual work plan of the following year. The structure and content of the reports have improved over the years, facilitating an informed and open dialogue.
98. Generally, MENRS acknowledges the need to strengthen monitoring and evaluation capacities at all levels. Based on an assessment of the current information and monitoring and evaluation system, a comprehensive strategy has been developed to strengthen existing systems with three principles: (i) reliance on the monitoring and evaluation system developed in the MAP framework; (ii) use of new technologies; (iii) establishment of a coordination unit at ministry level (*Direction de Coordination Générale du Suivi*). Planning, management, monitoring and reporting tools have been produced for regional, district, zone and school levels. Rigorous and close monitoring of activities has been acknowledged as a key requirement for the reform success and will remain a constant focus. In this regard, The Ministry has developed a 2008-2011 monitoring and evaluation plan with objectives, indicators, annual targets, means of verification and responsibilities, as well as a timeline for qualitative and quantitative data collection.
99. Despite progress in management, monitoring and data gathering, Madagascar is still lacking a comprehensive Education Management Information System (EMIS). There have been some improvements in data reporting, specifically in terms of disaggregation of data by gender and region, allowing for a better understanding of gender and regional disparities. However, there are still concerns related to the reliability of data based on unreliable population estimates. During joint reviews, the issue of incoherence between Ministry data and information from household surveys has been a cause for concern. In response, the Ministry created nine survey sites (*sites observatoires*) to observe indicator trends and improve local information systems. The objective is to enable impact evaluation of measures undertaken by the Ministry to improve quality and access. It should be noted that in the 2007 EFA Plan, the Ministry has adjusted gross and net enrollment rates (see Table 1 note).
100. During the appraisal, the MENRS presented some new EMIS tools and approaches, including for the critically important gathering of information from decentralized levels about the most

marginalized and excluded. The monitoring of out-of-school children is currently insufficient, making it difficult to establish appropriate responses. Partners have stressed the need to clarify the intended use and user of the indicators and reports, and suggest that the number of planning and monitoring tools developed for each level is limited to avoid overload. The types of indicators should be better specified (inputs, process, output and outcome)²⁸ to ensure easier follow-up. Partners have suggested that monitoring and evaluation might be categorized as follows:

- **In-year monitoring of implementation progress** (monthly reports on budget execution and quarterly or trimestrial reports on financial execution – including of externally financed projects).
- **Annual Performance Monitoring** (based on the Annual Work Plan and Budget of the Ministry as a whole) for the EFA Plan and for the main directions and decentralized services, and resulting in an annual performance report which will provide the basis for priorities for the coming year and feed into the budget preparation process. A mid-year progress report could also be prepared.
- **Evaluation** (at regular intervals for key outcomes and processes such as assessment of student learning, evaluation of major pilot initiatives etc).

101. It is accepted that monitoring learning outcomes could help identify strategies for improving achievement, particularly for the most excluded. MENRS plans to set up a national system of evaluation²⁹ and to take part in international evaluations in the long term, but further work is needed to build a system: a baseline has yet to be established and indicators to track progress on inputs, outputs and outcomes (on a disaggregated basis) have yet to be fully identified. The methods for gathering, interpreting and responding to data across the layers of the system have yet to be designed. To accompany this work, a definition of quality will need to be communicated and embedded in the education sector, particularly at decentralized levels. Development partners believe that this, together with focusing the reforms on outputs and outcomes at school level, will greatly enhance the chances of achieving the reforms.

102. The partners recommend that technical assistance be taken to identify key monitoring and evaluation indicators, prepare the formats, processes and responsibilities for the in-year monitoring and annual performance monitoring reports. Capacity building should be undertaken by producing simple operational manuals and training of key officials.

9. Fiduciary issues

103. The education sector is a pilot sector for the national governance programme, implemented with technical and financial support from several external partners. Under this programme, actions have been taken to set up new budget and procurement management procedures.

Procurement management system

104. In order to avoid duplicated or superfluous procurement assessments, the education sector partners agreed with the Government to use audit reports produced for the World Bank-funded Poverty Reduction Support Credit, in order to analyze systems. Audits have been carried out on an annual basis and cover two main points (i) the use of the new national procurement operational manual and (ii) an ex-post review of bidding documents on a sampling basis.

²⁸ The EFA Plan provides a set of indicators, which combines outcome, output and process indicators. During the appraisal, the Ministry presented additional details for annual indicators as well as some mechanisms for monitoring (which include two coordinating bodies at the level of the Secretary-General).

²⁹ The national evaluation will be carried out once every three years. The establishment of the indicators of reference will be initiated when the new curriculum is introduced into 3 and 5th years.

105. Preliminary results of the 2007 education sector audit show that procurements are processed at both the central ministry and the decentralized levels in full compliance with the new procurement operational manual. However, some improvements need to be followed up, particularly: (i) providing appropriate means (human resources, logistics, materials and budget allocations) to the central unit in charge of procurement; (ii) enhancing capacity at all levels in developing harmonized financial, operational and cost-effective procurement plans, (iii) reviewing the devolution of procurement responsibilities to regional education directorates, (iv) improving the information system on procurement at all levels and the provision of aggregated data at central level; and (v) complementing the procurement audit with technical value-for-money audits.
106. The partners recommend an annual procurement audit, not only on the adherence to procedures but also on value for money. Such an audit, under terms of reference shared with the partners, would greatly enhance transparency and identify problems to be addressed.

Financial management system

107. There have been several actions taken to strengthen the financial management system. At national level, a programmatic budget approach has been set up to link budget allocations to activities. With international technical assistance, the education budget preparation process has been improved: (i) unit costs have been developed for pedagogical and administrative activities; (ii) MENRS has produced technical notes for budget discussions with the Ministry of Finance; and (iii) financial reports at several levels are regularly produced. Annual work plans in respect of budgeting are developed at each level, integrating all sources of funds. This is a significant progress, enabling development partners to align their financial and technical support with MENRS' priorities.
108. So far, the additional funds from the Catalytic Fund and Norwegian Cooperation are directly deposited in special accounts in a local commercial bank. AFD (*Agence Française de Développement*) funds go first to the public treasury and are released to a commercial bank account against MENRS' request. At the time of the 2005 appraisal mission, local partners had decided not to proceed to a direct transfer of additional funds to the national budget, preferring to defer until public budget management is further strengthened.
109. These funds are subject to joint annual audits. So far the audits resulted in unqualified opinion. In addition to the audits, budget-tracking surveys are carried out on 2 years basis. Preliminary results show that although teacher absenteeism is lower than in developing countries, actions are to be taken because this has an important impact on students' learning outcomes. On the financial management, overall, the results on the resource flows in the primary education indicate that financial capacity and accountability at the decentralized levels need to be reinforced to ensure that (i) schools receive the money and equipment they are entitled to, (ii) surpluses and leakages for school items are reduced and (iii) financial and physical data are properly recorded.
110. In order to comply with fiduciary safeguards, and to contribute to the further strengthening of the system, partners have asked MENRS to commission an overall assessment of financial management within the education sector. This assessment will be completed by mid April 2008. Meanwhile, partners acknowledge the intention of the Ministry to publicly inform all stakeholders at all levels about the amount and the use of resources allocated to each entity (through official posters and regular production of budget reports) and to consider adopting a competitive process to recruit qualified personnel to manage funds at decentralized levels.

10. Critical Knowledge Gaps

Public Private Partnerships

111. The Plan stakes a great deal on public-private partnerships (PPPs), given that MENRS expects the private school sector to grow more quickly than the public sector, enrolling about 60% of all JSE students by 2020. The Plan states that “Government partnerships with the private schools sector would provide a modest level of subsidy” but there is need to clarify whether this means only the community-based private schools or whether that includes the profit-making, commercial private sector. During the appraisal, MENRS explained that it has liaised with different private school representative bodies and intends to develop its strategies for public-private partnerships. The Plan refers to a planning study of private education (to be completed in 2008). It is essential that MENRS expedite this work, given the reliance of the private sector in its plans and forecasts. In doing so, it will need to make distinctions between the different types of private education providers, and draw up different tactics for involving different partners. Above all, MENRS will benefit from understanding more clearly the wider financial implications of PPPs (e.g., the cost of providing incentives to expand the private offer have not yet been determined), and to define the regulatory and quality assurance framework that will be required to harness this resource.

Labour market and graduate analysis

112. According to the Plan, teaching and learning in the tenth grade (JSE) will “broaden and deepen student learning to include 21st century skills in problem solving, critical thinking and communication. The second term of grade 10 would focus on transition to senior secondary education and to work and life.”³⁰ MENRS’ adoption of a piloted and tested competency-based teaching approach will contribute to this aspiration. It would be helpful, however, if a labour market analysis were to be conducted (including the informal labour market), along with a tracer study of school dropout, school completer (and perhaps higher education graduates’) occupational outcomes and the incidence and characteristics of child labour.³¹ This would complement the study on ways to involve the private sector as partners in education, and would support the aim to have the curriculum (especially at the higher grades) geared to the need of national (and international) commercial, manufacturing, service, information and knowledge-based industries.

Textbook publishing

113. The EFA Plan contains clear objectives for developing new and extra textbooks and auxiliary instructional materials (see para 43). These developments will result in significant increases in non-salary expenditures. Work has commenced by the DDC team with international technical assistance. The team has a three-year period for developing and piloting new approaches and new material. Meanwhile it will remain necessary to strengthen (as the Plan acknowledges) the existing national publishing and printing industry. A study on textbook production is to be completed by May of 2008. It will be essential to prioritize this study, which will develop publication and cost scenarios for the large publishing challenge that is forecast. It will be important to include the implications of the usual shelf life of textbooks (three years), analyses on means of keeping textbook prices down, and cost projections which include allowances for year-on-year inflation in textbook prices.

³⁰ The statement continues: “The goal is for schools to offer elective courses chosen in each CISCO to meet local needs and to capitalize on local opportunities. In the beginning, schools would offer a combination of intensive, skill-based courses in the three curriculum domains as well as structured and supervised experience outside of the school with employers or in community service, depending on local opportunities.”

³¹ The Appraisal Mission were informed, from the DDC, that both a World Bank and an ILO study have been conducted in recent years but details from its findings are not presented in the Plan. It would be helpful to return to the key findings of those studies. The Mission was also informed that a Task Force is addressing the reforms needed at JSE level.

Teacher development and teacher management

114. The expanded teaching force in basic and junior secondary education (some officially Civil Service, some on contract, some community-based and some “semi-specialist”) is to be offered strengthened in-service and pre-service training, and the capacity of the national and regional training institutions is to be strengthened. The forthcoming study on teacher education can help fill knowledge gaps related to devising a long-term holistic policy on teacher development and career opportunities. The scope of the study could usefully be supplemented by a related analysis addressing teacher management and the causal factors which result in poor attendance and poor performance. It would be helpful if analyses include ways to rationalize the teaching force, which demonstrates the familiar syndrome of over-supply in major urban areas and under-supply in rural areas.

11. Risks

115. The sections and paragraphs above refer to potential risks in the technical reforms such as an underpaid and potentially demoralized teaching force, the under-supply of revised textbooks, and the ambiguity of language policy. However, this section on risk analysis focuses more on the higher, up-stream and critical policy and strategic areas that will be central to achieving the reforms. One such overarching risk for the EFA plan is a vulnerable economy. Therefore, the gradual integration into the domestic budget of the community teachers’ salaries and some key operating costs is conditional to a sustained economic growth rate and good performance in macroeconomic management. Such improvements will also pave the way towards achieving continuous direct budget support from main partners.

116. Another overarching risk is that continuing planning work (devising strategies, conducting analyses, restructuring, for example) could take a higher precedence than implementing, piloting, testing and evaluating reforms. The partners take the view that the current Plan is strong and a great improvement on the 2005 version. They consider it more than “good enough” as a basis for implementation, even though they concede that it can be strengthened in a number of areas. They acknowledge that the past three years represent a strenuous planning period (which has inevitably slowed down some activities and expenditure) and they do not wish to see MENRS suffer from “planning fatigue”. It is expected, therefore, that once the 2007 Plan is endorsed the MENRS will be able to show a significant increase in implementation activity and spending. The Plan represents a “living” document and Partners will support MENRS in continually revising it through the annual work plans and joint annual reviews.

117. A Risk Analysis matrix is attached (Annex 5) which sets out ten key risks according to probability and consequent impact, and suggests whether the risk is high, medium or low. The two “high probability” risks relate to a weak decentralisation of the sectors’ services and to likely time slippage and wide-ranging confusion as reforms are introduced. Otherwise, there are mitigating circumstances, which mean that most other risks have a medium probability, even though their potential impact might be high.

118. The issue of decentralisation merits a “high probability, high impact” rating. There is a danger of regression—whereby officials at the more remote layers of the system are not well supported, do not own the overall reform and cannot perform well. The Appraisal Mission was informed that MENRS has had to recentralise some functions because of problems and delays. The budget analysis during the appraisal showed that a small proportion of budget is allocated to the decentralised regions and districts. Dedicated training needs analysis and consequent capacity building are to be developed so that officers across the system can adequately and honestly discharge their responsibilities. MENRS will also need to continue to be the risk-taking agency it has demonstrated thus far. They have already cut through some conventional, normative ways of doing things—recognising where a cumbersome bureaucracy needs to be eliminated. MENRS’

acceptance of the need for transparency (and its already open approach to self-critical analysis) will help combat these negative forces.

119. The time slippage and confusion risk factor is a consequence of major change in the education system. Currently, a great deal of initiatives (launching of pilots, strategies, new systems and culmination of studies and analyses) are clustered around the year 2008/9. The highly likely possibility of not achieving within the designated timeframe could lead to demoralisation and provide ammunition to those who wish to resist change. There are also political dangers—MENRS and its Minister will wish to be seen to deliver. They cannot afford too many visible, public failures even though (or perhaps because) they are a leading light for reforms across the Civil Service. A prudent adjustment of timeframes within the Implementation Plan and the Annual Work Plan process, and a wide consultation and communications exercise, will go a long way towards mitigating this particular risk.

12. Implementation arrangements for the requested allocation of the Catalytic Grant

120. In the current three-year allocation, the Catalytic Fund grant is given as a “policy-based” grant for the EFA plan and is transferred to a commercial bank account for MENRS. Both the CF and the Norwegian grant are managed by a Technical Support Group (*Unité d’Appui Technique*—UAT). The UAT is attached to the programme manager for EFA, the Director General of Basic Education, according to an annual work plan which is part of the overall EFA work plan.
121. The annual work plan is approved by the Steering Committee of the EFA, headed by the Secretary-General, and expenditures are approved by the Director-General. The UAT has prepared an operational manual which specifies the procedures of planning and execution, financial control, budget monitoring and accounting. Disbursements of each annual grant are made in two parts, the first on signing of the grant agreement and the second on satisfactory report of implementation progress and other conditions specified in the grant agreement. The MENRS submits a withdrawal application for each grant release.
122. The Ministry of Finance (MEFB) is not involved in the execution of the CF or Norwegian grant, although the amounts are reflected in the Government budget. The World Bank, as Trustee of the CF grant, has requested that MEFB receive financial reports on the use of CF funds and record them in regular budget execution reports. Procurement procedures adopted by UAT correspond to the national procurement code.
123. The reason for adopting the transition mechanism in 2005 was to facilitate the move from a situation where most external funding was provided through donor-managed projects with project implementation units, to a situation where the Ministry could exercise greater leadership over the entire programme. The Ministry considers that this method has greatly enhanced its leadership and ownership of the programme, enabling them to prioritize the use of funds in line with the annual work plan and domestic resource availability. While the World Bank and Norway adopted this mechanism, other partners adopted other mechanisms, including continuation of projects. Nevertheless, the Ministry was able to ensure overall alignment by preparing a single Annual Work Plan that showed all the activities financed by all resources, domestic and foreign.
124. In 2007, the partners undertook a review of the progress in donor alignment and harmonization in the education sector. A draft discussion document was prepared by the World Bank in October 2007, based on responses by partners to a questionnaire. This identified current practices for managing external funds, areas in which progress had been made, and partners’ perceptions regarding next steps.

125. In the context of the new EFA Plan and possible fresh allocation from the FTI Catalytic Fund, the Ministry and partners are considering mechanisms to increase flexibility, ensure greater country leadership and accountability for results as well as increased use of country systems for financial management and procurement. This could include sector budget support, pooled funding or improvement of existing mechanisms. The results of the FM assessment, procurement audit and institutional assessment, which will be completed in a few months, will provide valuable guidance for deciding on the appropriate mechanism. One important step is to ensure that the grant design of the possible next three-year allocation of the CF grant is aligned with the budget cycle and takes into account Government budget allocations and other partner contributions. The World Bank will hold discussions with the Ministry of Education, as well as the Ministry of Finance, at the time of preparation of the new grant agreement.

13. Recommendations for development partner action

126. **Endorse the revised EFA plan;** agree that the financing gap is realistic and support the Government of Madagascar's request that it be funded by FTI Partnership for the period 2009 – 2010/2011.

127. Make timely forecasts of financial contributions in order to **improve the predictability of partner funds** and thus aid preparation of annual budgets and work-plans.

128. Release **annual grants against agreed triggers** (production of a comprehensive annual work plan and procurement plan acceptable by partners; timely production of audit reports on financial management and procurement, as mentioned above; progress on specific indicators³² and key activities, such as number of new classrooms, number of trained teachers, timely delivery of school inputs, recruitment of new teachers; presentation of an updated medium term expenditure framework for the entire education sector (early childhood to higher education and literacy); presentation of a complete implementation plan for the training of community teachers, including language training; and presentation of measures to ensure the career development to professionalize and ensure the commitment of community teachers).

129. **Progressively align the release of annual grants** and partners' allocation data with the national budget cycle.

130. Use **increasingly harmonized procedures** (aligned with national procurement procedures) for assistance in key areas (equipment procurement, school construction, teacher training, development of institutional capacity)

131. **Maintain the practice of two annual joint reviews**, using the agreed triggers as a basis, including an element of field visits in order to assess implementation and impact. Use the reviews also for agreeing revisions to the EFA 2007 Implementation Plan through annual work plans.

132. **Support the commission of periodical surveys** on specific issues, identified during joint reviews, important for successful EFA Plan implementation.

133. **Pro-actively participate in national dialogue about the implications of the "Paris Declaration"** on harmonised co-operation. Analyse current processes, identify and agree to adopt measures to improve partnership and working methods.

³² Disaggregated PCR, PTR and NER in vulnerable areas; share of education budget; recruitment of new teachers; progressive integration of community teachers' salary in the education budget, for example