

# **COUNTRY SYSTEMS AND HEALTH INITIATIVE (CSI-H):**

## **CONCEPT NOTE FOR MALI**

### **SUPPORTING MALI'S INITIATIVE TO IMPLEMENT PARIS DECLARATION COMMITMENTS ON USING AND STRENGTHENING COUNTRY SYSTEMS, USING HEALTH AS A TRACER SECTOR**

#### **Global Commitments and context for a specific country systems initiative in the health sector:**

Through the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Action Agenda, more than 100 stakeholders including partner countries, developed countries and international organisations have resolved to take far-reaching and monitorable actions to improve the ways aid is delivered and managed, with a view to increase the impact of aid and to contribute to the achievement of the Millennium Development Goals. Achieving development results, helping countries “realise their development goals” (AAA, & 1) and demonstrating that aid translates “into positive impact on people’s lives” (AAA, & 10) is the ultimate objective of the global mobilisation for aid effectiveness.

The Paris Declaration and the Accra Action Agenda include specific actions in relation with the five main principles of aid effectiveness: ownership, alignment, harmonisation, mutual accountability and managing for development results. The monitoring of the implementation of the sector implementation of the PD and AAA at the sector level, particularly in the health sector, goes across all these five areas. The Paris and Accra donors’ commitment to using and strengthening country systems, with the promise to increase support to countries through their programme-based approaches, is particularly relevant for countries which have developed sound and results-oriented sector strategies and expect more direct and predictable donor support to implement their strategies for achieving better and sustainable outcomes.

In the 2005 Paris Declaration, partner countries committed to strengthening their national systems and donors to using them to the maximum extent possible as part of global efforts to make aid more effective. Both partners and donors agreed to accelerate and deepen these commitments during the Third High Level Forum on Aid Effectiveness held in Accra in 2008. These international commitments result from strong evidence that although some progress has been achieved in strengthening country systems (since 2005, 36% of countries have improved their score for public financial management (PFM) against a target of at least 50%), less progress has been achieved on the use of country systems, with only 45% of country systems being used in the countries surveyed in 2008 (as against the target of 80%). As a result, §15 of the Accra Agenda for Action commits developing countries and donors to “strengthen and use developing country systems to the maximum extent possible” (see box 1).

#### Accra Agenda for Action: Commitments on Country Systems (§15)

- a) "Donors agree to use country systems as the first option [...]"
- b) Should donors choose to use another option [...], they will transparently state the rationale for this [...]. Where use of country systems is not feasible, donors will establish additional safeguards in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process [...]. Developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems [...].
- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems [...]"

The results of the 2008 Survey on Monitoring the Paris Declaration show the need for accelerated implementation, analytical and evaluative efforts to reach the endorsed targets in Paris and Accra. Against this background, a Global Partnership on Strengthening and Using Country Systems has been created to:

- Accelerate progress in donors' use of country systems;
- Support the strengthening of country systems and effective locally-rooted capacity to reform systems where deemed necessary; and
- Better communicate the benefits of using country systems and involve a greater number of stakeholders (parliaments, CSOs) in overseeing the strengthening and use of country systems.

In order to fulfil these objectives, the Global Partnership supports a number of on-going country level initiatives in partner countries in Africa, Asia and Latin America to review:

- Current bottlenecks in the strengthening and use of country systems,
- Defining joint Government-Donor recommendations on Strengthening and Using Country Systems,
- Establishing concrete steps towards fulfilling those recommendations, and
- Providing lessons learned to the 4<sup>th</sup> High Level Forum in Seoul.

Moreover, the Task Team on Health as a Tracer Sector (TT HATS) has undertaken analysis and monitoring regarding the implementation of the PD and AAA in the health sector, with the objective to promote more progress in the countries and at the global level across all Paris and Accra commitments, building on evidence from countries and case studies. Co-chaired by Mali and the World Health Organisation and bringing together a range of relevant stakeholders including partner countries representatives, the TT HATS has given particular attention to promoting greater strengthening and increased use of country systems by all donors through a review of donor's constraints for providing more predictable health aid, reporting on progress across global programmes and funds, and amongst other relevant studies, finalising a joint review by Ghana and Madagascar on reforming and donor's use of health procurement country systems.

## **Rationale for a Country Systems Initiative in Mali, using health as a tracer sector**

The possibility of developing a Country Systems Initiative in Mali, including the use of health as an entry point/a tracer sector to foster implementation of the Paris Declaration and Accra Action Agenda at country level, has emerged from the discussions at the meeting organised on 22 and 23 March 2010, in Bamako, by the TT HATS with the participation of the Global Partnership, and from subsequent bilateral meetings with representatives from bilateral donor agencies and the Government of Mali.

More specifically, these are the reasons for a Country Systems Initiative including using health as an entry point in Mali:

### **1) The Paris Declaration Survey showed continuous efforts and improved results on Country systems in Mali, including in the health sector**

The 2008 Monitoring Survey on the Paris indicators has highlighted key areas of progress in Mali since the previous survey (2006). They include the following:

- The Cadre stratégique pour la croissance et la réduction de la pauvreté (CSCR) has clearly defined the development objectives of the country until 2011 and is supported by all development partners, through a Stratégie d'Assistance Pays (SCAP). Although the generalization and improvement of the quality of budget and plan instruments remain in question, some sectors such as the health sector have benefited from efforts in this area and are now covered by Medium Term Expenditures Frameworks.

- Despite the slight deterioration of Mali's rating for indicators 2a since 2006, the country has achieved important progress in areas such as the informatisation of planning and monitoring of the budget process, mainstreaming of MTEF and regular follow-up on recommendations from administrative reviews. Mali has consistently improved its public and financial management, particularly through the development of the PAGAMGFP (Plan d'Action Gouvernemental pour l'Amélioration et la Modernisation de la Gestion des Finances Publiques). Action has also been taken for improving the procurement system through the adoption of well-recognized regional standards and improved transparency.

- Although the targets have not yet been reached, the use of country systems by the donors (indicator 5) has improved between 2005 and 2007 (29% of aid for the public sector using country PFM systems increased from 29% to 34%), particularly in sectors such as health where specific actions have been undertaken to facilitate budget support.

### **2) Facilitating progress in using and strengthening country systems is timely in the health sector to support the preparation of the next PRODESS**

As highlighted in the Monitoring Survey and through the bilateral meetings in Bamako, Mali has continuously developed its efforts to improve its policy and institutional framework, and the

linkage between stated priorities and the allocation of budgetary resources, particularly in the health sector, as well as through its statistical systems. Mali and the donors have put in place a number of key elements which are necessary to bring about an alignment of aid within country policies and systems. However, change remains too slow and there seems to remain a gap between these changes in the rules and institutions on one side and practice and operationalisation on the other.

In the health sector, very significant progress has been made in the context of the Plan Décennal de Développement Sanitaire et Social (1998-2008) and its two first Plans quinquennaux, PRODESS 1 and PRODESS 2 in terms of medium-term objective setting and more harmonised donor support.

PRODESS 2 which has been prolonged until 2011, to match with the end of the CSCRP, has progressively brought together all health donors and constitutes the reference for the International Health Partnership initiative whose support has been endorsed in March 2009 through the signature of the IHP+ compact.

2011 will be an important year in Mali for preparing new policy priorities and strategies, through the renewal of the CSCRP and the preparation of a next Plan Décennal and Plan quinquennal de développement sanitaire et social. Mali has expressed its intention to encourage an in depth evaluation of PRODESS 2 with a view to using it as a basis for preparing the next phase – PRODESS 3 – bringing together from the beginning all health aid providers and interested parties. In this context, bringing concrete evidence and qualitative analysis on both country systems and the health national strategy, if and when demanded by Mali, would be extremely useful and would constitute a critical additional element for the strengthening of trust and effective partnership.

### **3) There are opportunities for strengthening Country Systems and promoting more use of Country Systems by the donors in the context of ongoing reforms by Mali in PFM (PAGAM), Procurement, audit and decentralisation, statistics.**

Support to the reform process in PFM is particularly timely as the second Plan d'Action Gouvernemental pour l'Amélioration de la Gestion des Finances Publiques (PAGAM/GFP) is being formulated. The Government embarked in 2005 on a comprehensive programme to reform its public sector (Plan d'Action Gouvernemental d'Amélioration et de Modernisation de la Gestion des Finances Publiques [PAGAMGFP]) in order to improve the efficiency of public spending. The first PAGAM was approved by the Council of Ministers in 2005 and linked to the PRSP.

An evaluation of PAGAM has only recently been completed (November 2009), highlighting a number of strengths and weaknesses in the current PFM system.

The evaluation of PAGAM and a recent report by the Collaborative Africa Budget Reform Initiative (CABRI) highlights a number of areas where progress has been made including: a strong monitoring system put in place around a technical committee and secretariat (CARFIP) with

resources at its disposal; the strong commitment by all stakeholders to effectively support the strengthening of PFM systems; better fiscal discipline, the inclusion of medium-term focus and more strategic elements in the budget, reflecting overall objectives of fiscal and budgetary policy; greater attention to public debt issues; continued strong central payroll controls; the introduction of the Bureau of the Vérificateur Général which has provided an additional potential source of external control, (although challenges remain over the clarity of its role and coordination with the Section des Comptes); and potential to strengthen the role of the National Assembly to exercise more actively its external scrutiny role.

Weaknesses, according to the reviews, however remain including: the lack of an effective prioritization of activities and sequencing in the PFM reforms; delays in permitting spending commitments on nonwage to be fulfilled; the emergence of payment arrears or liquidity constraints; the focus on checking compliance with expenditure processes rather than more systemic issues in Internal audit; the lack of comprehensive reporting on budget execution; Openly competitive procurement practices are undermined by the lack of a regulatory basis for establishing open; and the lack of public access to comprehensive fiscal information potentially weakens the external oversight role, both by the National Assembly and civil society.

Given the strengths and weaknesses identified, the evaluation of PAGAM 1 recommends that partners provide more technical and less conditional support, and that they should consider increased alignment as envisaged by the Paris Declaration on national systems. PAGAM2 aims to continue the progress in strengthening Mali's PFM systems and increase trust for donors to continue or even begin to use Mali's national systems.

A Country Systems Initiative could assist in providing technical advice in different areas as they relate to PFM and Procurement, as well as supporting a dialogue around the use of country PFM and Procurement systems. The elaboration of PAGAM/GFP 2 provides an opportunity to have a frank dialogue around the identified strengths and weaknesses of the current system and donors' support to address them.

A Country Systems Initiative could well fit within the current programme of work for local donors which includes a number of areas that are directly related to strengthening the alignment of donors to the country systems, and PFM in particular. These include:

- renegotiation and alignment of the framework agreement relating to budget support and specific agreements (general budget support; education; health) to the CSCR cycle;
- increased alignment of projects and programmes on national procedures and processes; and
- better harmonization of capacity development support programmes.

#### **4) Opportunities for strengthening the country's PFM systems by aligning with the budget process**

The 2008 PEFA assessment concludes that for all project aid, the procedures followed by donors do not comply with national procedures for procurement, nor with those for budget expenditure

execution (commitments, orders to pay, payments). Consequently, donor practices are rated D for 2008.

The Collaborative Africa Budget Reform Initiative report provides some grounds for optimism that this will improve. In particular, the fact that the programmatic approach, in the form of the pooled funding arrangements initially in health and education, appears to be reasonably well institutionalized; increasing systematic (programme) sector approaches adopted by donors; the joint Government-donor commission which is active and a good forum for frank discussions; and increased decentralised decision-making by some donors increasing their flexibility at the country level. Weaknesses remain however, such as poorly thought-through objectives in the budget support policy matrices; lack of predictability of the disbursements; lack of convergence between the planning processes of the Government and those of donors providing project support; and potential disincentives in the form of reduced opportunities for individual agencies and cost centres to present their pet project ideas to individual donors for financing, in particular in the health sector.

The Country Systems Initiative would allow for a frank dialogue around the areas in Mali's PFM system as outlined in the PEFA assessment that require further efforts for donors to be able to use Mali's systems. The Country Systems Initiative would, at the same time, as part of mutual accountability, provide a forum for discussion of those areas which the Government would like to see donors make progress, such as alignment with the budget process.

**5) There are opportunities for increasing the percentage of aid channelled across the different components of the Government's budget and across aid modalities, as sought by the Government of Mali**

*Disaggregating the Components of a Country System*

Analysis undertaken by the Collaborative Africa Budget Reform Initiative (CABRI) in 2008 shows that aid passes through some components of Mali's PFM system but not others (see Annex 1 for a description of the different components of a PFM system). This points to the need for special attention by both donors and Partner Countries on those components that are not currently used by donors. Table 1 shows the different components of Mali's system and the extent to which they are used by donors.

**Table 1: Components of Mali's PFM system and their use by Development Partners**

Stage of the Budget/PFM process	Results for Mali
<b>On Plan</b>	Up to 22% of total aid disbursements use national planning procedures.
<b>On Budget</b>	79% of external resources are on budget.
<b>On Treasury</b>	37% of external finance uses treasury procedures for budget execution.

<b>On Parliament</b>	Parliament's review of ex ante external allocations on aggregate represents a maximum of 80% of total projected aid disbursements as reported by donors.
<b>On Accounting</b>	37% of total aid resources are accounted for using national procedures.
<b>On Audit</b>	Up to 70% of total aid resources were accounted for using national procedures in 2004.
<b>On Report</b>	91% of external aid resources were captured in fiscal reports.

Source: CABRI-SPA, Putting Aid on Budget: Mali, 2008

The rationale for a Country Systems Initiative, therefore, also lies in better understanding the constraints to using different components of a Country System (rather than the more aggregated analysis used by the Survey on Monitoring the Paris Declaration) and to exploring opportunities for increased strengthening and use of all components of a country system.

#### *Disaggregating the different aid modalities and Using Country Systems*

The CABRI report also highlights the impacts of different aid modalities on the Use of Country Systems. In 2008, the CABRI report noted that there were three types of external assistance provided in Mali: (i) project support; (ii) general budget support; and (iii) sector budget support. Mali has recently increased its levels of budget support and hence the potential for an increased reflection of external resources in Mali's Public Financial Management systems. The majority of resources are provided in the form of project aid (71%), with 14.3% as multi-donor budget support<sup>1</sup>. Whilst, sector budget support is currently given in the sectors of health, education, PFM, and related cross-sector issues such as decentralisation and institutional development.

As outlined in the CABRI study, project assistance currently uses very few national procedures (only on budget and on parliament although treated differently than domestic tax receipts); pooled funds do not pass through Treasury and only partially through accounting, auditing and reporting systems.

A Country Systems Initiative in Mali intends to provide a better understanding of the bottlenecks and opportunities for using country systems across aid modalities, and not limiting dialogue on Using Country Systems to existing platforms on budget support (which may exclude other donors).

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<sup>1</sup> Average figures 2007

## **6) Strengthening Country Ownership and Dialogue on Aid Effectiveness Principles will be helpful to the overall development process in Mali**

Aid constitutes an important resource for Mali. In 2006, aid amounted to 825mn USD, 13.5% of GNI.

As reported in the Survey on Monitoring the Paris Declaration, this **level of aid dependence makes it vitally important to identify concrete actions to improve aid effectiveness**. The Government has taken important steps to contribute to the global discussion on aid effectiveness ( WP EFF, TT HATS, evaluation of PD phase 2, accountability...).

In the country (Office of the President, Ministry of Economy and Finance, and Ministry of Foreign Affairs), key structures have been put in place to strengthen and organise regular dialogue with the donor community. Mali is experiencing a very good and frank dialogue between donors and the government, but there is a sense that some specific initiatives could make a difference and accelerate the path of progress towards better alignment within the country priorities and institutions. Well prepared and focused external intervention would effectively support the country's efforts to promote change through broad-based consensus and in-depth dialogue.

Moreover, the Country Systems Initiatives are intended to support dialogue around these issues, and provide an avenue for discussion on the constraints and opportunities for Development Partners both at HQ and field level, in particular as these issues will be discussed in the Working Party on Aid Effectiveness and brought to the attention of Development Partner HQs. The Country Systems Initiative will also broaden the discussion beyond Budget Support donors.

The Country Systems initiative will also provide an opportunity to shine the spot light on positive elements of the Development Partner-Government of Mali co-ordination efforts These will be shared with relevant stakeholders during the next high Level Forum in Korea in 2011.

## **7) Progress in Mali through a joint CS/health initiative could inspire more progress elsewhere towards better aid management**

The ultimate objective of a joint Country system and health initiative is to serve more rapid progress towards aid effectiveness in Mali. But, if successful, such an initiative could be repeated in other countries, upon request, and be useful to booster progress in aid management in general both in the run-up to te next High Level Forum in Korea and beyond.

### **A Country Systems Initiative in Mali in Practice: Objectives and Scope**

#### **Objectives**

The objectives of a Country Systems Initiative are to:

- 1) Highlight the opportunities and constraints in strengthening and using country systems;



- 2) Identify a set of recommendations to address them with ideas for how GoM and Development Partners can begin to tackle them; and
- 3) Monitor progress in the run-up to the High Level Forum in Korea (December 2011), and share and receive lessons learned with other countries on implementation of country systems efforts.

Against the background presented above, the Mali case will also contribute to:

- 1) Support more progress in donor alignment within the country-led preparation process for the new health strategy (PRODESS 3), building on a Joint assessment of the national health strategy (JANS) and in-depth evaluation of PRODESS 2
- 2) Report improved results from the Survey on Monitoring the Paris Declaration at the High Level Forum in Seoul (December 2011)
- 3) Increase the percentage of aid across the different components of the Government's budget and across aid modalities
- 4) Strengthen Country Ownership and Dialogue on Aid Effectiveness Principles
- 5) Support the implementation of the Government's Aid Management Policy (2009-2014)

Additional and more detailed objectives of the Country Systems Initiative will be determined through a dialogue with Government and Donors on the priorities and sequencing as they relate to Strengthening and Using Country Systems and ongoing reforms in the health sector.

### Scope

The term 'Country Systems Initiative' does not refer to the organisation of a series of meetings creating new initiatives at country level. Rather, this is about a **process**, led by the Government of Mali with Development Partners, and taking advantage of **existing initiatives** (such as Government-Development Partners coordination groups, PAGAM, evaluation of PRODESS 2, International Health Partnership). It will not increase the burden on either Development Partners or the Government by duplicating initiatives that are already underway.

The Country Systems Initiative, as envisaged by the Government of Mali, will take place in different Phases. Below is a preliminary description.

### Phase One: Facilitating a Dialogue for Government and with Development Partners on Country Systems (Spring-Fall 2010)

The first Phase of the Country Systems Initiative in Mali could include the organisation of a dialogue for Government (stakeholders to be determined by Government, including ministries of finance and health, and may include parliamentarians, CSOs, and think tanks) around the current bottlenecks on Strengthening and Using Country Systems, including in the health sector in Mali.

The meeting on 22 and 23 March 2010, already allowed for a pre-identification of the Government-Development Partner working groups or co-ordination fora that could be the appropriate vehicles to hold such a discussion, and some of the key focus issues.

Possible priority areas to promote quick change would include:

**1. Common Evaluation and Assessment:**

- The improvement of co-ordinated and aligned assessment is timely in the Health Sector- with the evaluation of the second Health Strategy (PRODESS 2) feeding into the next Health Strategy (PRODESS 3). The initiative could support the Joint Assessment of Health National Strategy process (JANS) which would be part of the evaluation of the PRODESS 2, with all health donors.
- Facilitating a country-led Public Expenditure Tracking Survey, with the possibility of anchoring the exercise within the new institute National des Statistiques.

**2. Improving the Dialogue around Public Financial Management.** In the context of ongoing discussion of the PAGAM, the initiative could provide assist both with facilitating a frank dialogue around the main issues and also providing expertise and facilitate the analysis and dialogue around constraints.

**3. Highlighting constraints to Headquarters.** There are a number of issues where it would be very valuable if the main constraints could be highlighted at the Working Party level as there are issues (duplications, earmarking, reporting etc) that are seriously undermining the aid co-ordination effort in country. Ensuring the Global Fund adopt new rules for using country systems for instance could be an important outcome, especially since donors sit on the board of such an institution and could push for more effective behaviour at the country level.

Communication with Mali should explore further possibility and details for undertaking action in these three areas.

*Phase Two: Analysis and Setting Recommendations (2011)*

The Global Partnership and the TT HATS will support the preparation of working sessions to define an agreed-upon set of technical recommendations to implement a set of steps that will advance the initiative by 2012. These recommendations would be developed through a set of technical seminars and interviews around each of the quick wins identified above.

The Global Partnership and the TT HATS will support the drafting of a Synthesis paper outlining the results of the joint Government-Development Partner working sessions and recommendations. The Collaborative Africa and Budget Reform Initiative (CABRI), representing African Senior Budget Officials, will be available, if requested by the Government of Mali, to support the analysis in Mali alongside Government and local Development Partners.

The Second Phase will provide insights and emerging lessons from Mali to the first regional African Partnership Facility for Development Effectiveness in September, 2010, in Tunis.

*Phase Three: Enhancing the Dialogue and Monitoring Progress*

The exact modalities of this last phase are to be determined by the joint Government-Development Partner dialogue but could include a High Level announcement in Mali (including from the co-Chairs of the Working Party on Aid Effectiveness, Koos Richelle and Talaat Abdel-Malek) to validate the recommendations and propose a timeline for implementation, monitoring and reviewing the results of the Country Systems Initiative by the Government of Malawi and Development Partners up to the High Level Forum on Aid Effectiveness in Seoul (2011) and beyond.

**Timeline**

The timeline will be determined by Government of Mali, and where possible, will coincide with ongoing or planned meetings (such as donor coordination fora, other regional initiatives, etc). A preliminary timeline is set out below:

The first Phase of the Dialogue on Country Systems: May-September 2010. The PETS for instance could be achieved within three months and start in May or June. The JANS could be scheduled in September.

The second Phase of the Dialogue on Country Systems: October-November 2010

The third Phase of the Dialogue: December 2010 and ongoing up to Seoul 2011

**Resources**

Resources available for undertaking the Country Systems Initiative in Mali could include:

- 1) The Global Partnership on Country Systems and the African Development Bank (through its African Partnership Facility) will provide resources to help support the setting up of a dialogue with Government and Development Partner representatives on Country Systems. The GPCS will particularly take the lead with interested partners such as the World Bank on the PETS.
- 2) Members of the TT HATS, starting with the co-chairs (Mali and WHO) and secretariat will actively support the JANS process.
- 3) Development Partners and the Collaborative Africa Budget Reform Initiative (CABRI) will provide resources to undertake the analysis and drawing up of recommendations between Government and Development Partners on the Use and Strengthening of Country Systems

