

# **Delegated Co-operation: Lessons Learned in Mali**

**Esther Palacio Blasco**

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First edition: november 2008

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Diseño gráfico: Calamar

ISSN: 1888-5934

Depósito Legal: M-

This paper has been financed and coordinated by the Center for Latin American and International Cooperation Studies (CeALCI) of the Carolina Foundation, within the framework of a collaboration agreement with the General Directorate for Planning and Evaluation of Development Policies (DGPOLDE) of the Spanish Ministry of Foreign Affairs and Cooperation (MAEC).



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## **Acknowledgements**

This research project would not have been possible without the help of several people and organizations. At the institutional level, the Center for Latin American and International Cooperation Studies (CeALCI) of the Carolina Foundation and the General Directorate for Planning and Evaluation of Development Policies (DGPOLDE) within the Spanish Ministry of Foreign Affairs and Cooperation (MAEC) have been instrumental in outlining the subject of the study, in coordinating the development and the editing of this paper, and in publishing the final product in this book. On a personal level, I would like to express my appreciation for the trust that Ana Rosa Alcalde has granted me from the very beginning. I would also like to convey my special thanks to the bilateral co-operation of France, the Netherlands, Sweden, Norway and Germany and to the partner countries of Senegal and Mali for allowing me to use their experience in delegated co-operation as basis for my case studies. In this context, I would especially like to thank all the people who have taken the time to share with me these experiences. This project has also benefited from the previous research of other colleagues, which has been published in books, magazines, newspapers and bulletins, and whose data and conclusions have been used in order to sustain or illustrate certain concepts. This text has been revised in its entirety by my mother, Asunción Blasco, Professor within the Faculty of Letters at the Zaragoza University, to whom I would like to thank for her assessments on style and form. Finally, I would like to thank my husband, Alfonso, and my son, Adrián, for their help and understanding, as well as for accepting that I would dedicate a part of our precious family time on this project.

A single foot can not walk the whole way  
*Sen kelen te se ka sira taama*  
Bambara Proverb (Mali)

## **Abstract**

In the last few years, delegated co-operation has emerged within the context of the new international agenda for development, as a form of coordination that promotes aid effectiveness. It represents an advanced level of harmonization between bilateral donors with similar co-operation philosophies, who decide to consolidate their efforts and to use common procedures in order to reduce transaction costs. The present paper tries to explore the main lessons that can be learnt from recent experiences in Mali, in order to foster delegated co-operation as a more utilized practice among bilateral donors.

## **Keywords**

Aid effectiveness, delegated co-operation, education, harmonization

## **The author**

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# 1. Contextual Elements in Mali

## A general overview

Mali is located in West Africa and belongs to the LDC group. With a human development rate of 0,338<sup>1</sup>, it occupies the third to last position in the global ranking of the United Nations. Life expectancy is 48 years and the income per capita in relation to purchasing power is below \$1.000 USD.

Despite this difficult situation, substantial improvements in political, social and economic development have been achieved within the last few years. The democratic process has been reinforced by transparent elections held in a consensual and stable political environment. In financial terms, the poverty level has been reduced from 68,3% in 2001 to 59,2% in 2005. From 2002 to 2006, the average rate of real economic growth reached 5,2% while the average inflation remained at 1,9%; and thanks to a rigorous management of the public finances, Mali also managed to reach the levels established with the IMF. Mali respects all but two criteria for convergence of the West African Economic and Monetary Union (UEMOA). Furthermore, significant reforms have been implemented with donor support in order to improve the management of public finances. However, the structural reforms have not been progressing at the same pace as the macroeconomic situation. The energy and cotton sectors are still particularly vulnerable, there is no appropriate investment environment available, and the expected measures for decentralization have still not been implemented<sup>2</sup>.



Mali adheres to the international development agenda, and especially to the objectives set forth in the Millennium, Monterrey, Rome, and Paris declarations. It has recently adopted a new Poverty Reduction Strategy (PRS) for 2007-2011, which also incorporates elements related to economic growth and to the achievement of the Millennium Development Objectives (MDO)<sup>3</sup>. This framework is the only medium-term reference point for Mali's development policy and for the contributions of the donors. The PRS is guided by the following key objectives:

- To develop the infrastructures and the productive sector;
- To consolidate structural reforms;
- To reinforce the social sector.

The international donor community has been openly willing to mobilize its support for Mali. This country, aside from being one of the poorest countries in the world, has also shown a firm determination for implementing the necessary political and economic reforms needed for stimulating development. As a result, a Round Table on the possibilities of providing additional aid and on the necessity to improve aid efficiency was organized in March 2004. The funds available for co-operation in Mali have also been steadily increasing within the last few years due to various strategies on canceling international public debt<sup>4</sup>.

The donor countries and the government of Mali have taken several measures to improve aid harmonisation. As a result, they have coordinated aid activities; harmonised the donors' procedures, giving priority to the use of national procedures of the partner country; and have channeled a substantial part of the ODA as a form of programme support integrated within the state budget. In March 2006, a joint protocol was signed to better organize the various budgetary support contributions (general and sector) which Mali benefits from<sup>5</sup>. This general framework has been progressively developing through a series of specific protocols that details the management of the budgetary funds depending on their respective purpose (as part of the PRS or for specific

sectors)<sup>6</sup>. Furthermore, the government has drawn up an action plan for the implementation of the Paris Declaration, whose main objective, among others, is to encourage and facilitate the dialogue among donors.

Mali is one of the pilot countries for the application of joint programming promoted by the European Union. In 2006, the donors conducted a joint analysis of the development issue, which resulted in a matrix outlining all the financial interventions, by thematic area. Using this information, they have been able to implement a concerted programming exercise in order to analyse the comparative advantage of each donor and the possibilities for complementarity.

### **Special characteristic of the education sector**

Mali is one of the few French-speaking African countries that have developed a real sector focus (SWAp) in the education sector. Although the number of children attending school has doubled during the 90's, by the year 2000 the access to elementary education was still limited to one of every two children, indicating one of the lowest education rates in the world<sup>7</sup>. The Decennial Education Development Programme (PRODEC) proposes a general reform of the education system for 2000-2010<sup>8</sup> in order to obtain universal primary education by 2015<sup>9</sup>. This policy brings together all the co-operations within the sector and covers all levels of education. Its operational strategy is spelled out through each phase in the Programme for Investment in the Education Sector (PISE).

The PISE I was implemented from 2001-2005, covering a year longer than originally planned. Its main objective was to improve the decentralised access, quality and management of education. Its main practical focus was on elementary-level education, achieving, thus, significant progress in regards to access to education (and pursuing, at the same time, the objectives set out in the PRS). It also managed to integrate the majority of activities and projects managed by other coordination structures parallel to the Ministry of National Education into its accounts.

Despite the progress achieved by the PISE I, however, the most recent statistics (from 2005) show that the education sector in Mali still

faces major challenges. Primary education is still available to only 67,6% of school-aged children. Only 43,2% of those who start elementary education actually manage to finish, while 18,6% have to repeat it over. These statistics reveal even more astonishing geographic, economic and gender-related disparities. The access rate to primary education for boys, for example, is 75,5%, compared to 59,8% for girls; those who live in urban areas enjoy an 89,5% access rate, while in rural areas it falls to 61,1%. The probability that a girl from a poor, rural family will actually finish the primary-level education cycle is 17%, while a boy from a rich, urban family has a 68% chance to reach the same level. Each teacher has an average of 63 students in class.

The PISE II was initiated in 2006, for a duration period of three years. Among its main guidelines, it includes a strategy for improving the quality of basic education and for increasing the rate of students who finish the primary education cycle. It promotes a decentralised system and the improvement of secondary-level education, as well as the development of professional and technical programmes adapted to the demands of the labour market<sup>10</sup>. This program pursues the objectives set forth by the EFA and the PRS using a realistic approach. It is especially designed to suit the contextual difficulties in Mali, taking into consideration the substantial shortcomings regarding access to education, as well as the limited internal resources and management capacities.

Public spending on education represented 21,3% of the total internal resources for 2005, and 30,29% of regular state budget that was spent on normal education costs. Despite this inter-sector mediation favorable to the education sector and the increase in donor contributions, the lack of resources for implementing the PISE II was estimated at €45M, thus jeopardizing the anticipated performance indicators<sup>11</sup>.

Being fully aware of the need to reduce transaction costs and improve aid efficiency, the education authorities in Mali began to place special emphasis on harmonising and coordinating donor aid. As a result, in September 2001 they signed a Co-operation Framework<sup>12</sup> agreement with most of the donors, establishing thus a

code of conduct for concerted efforts. This allows for the joint elaboration, financing, implementation and evaluation of sector policies, following the principles of the SWAp.

The mechanisms for concerted action stipulated in the agreement allow for a regular and high-quality dialogue between the government and the donors. Every month, the Ministry of National Education (MEN) and a donor representative<sup>13</sup> co-preside a meeting for discussing the improvements made and the difficulties encountered in the implementation of the PISE. These discussions are based on conclusions drawn by the technical commissions, which provide in-depth analyses of the operational aspects and the strategies of each PISE sub-sector<sup>14</sup>. Each trimester, the MEN provides a technical and financial report and twice a year there are joint follow-up PISE missions<sup>15</sup>. Each year, the MEN is responsible for providing a Public Spending Review (PSR) and an external audit.

The education sector is supported by many donors, but not all of them have the same level of involvement in the policy dialogue<sup>16</sup>. Since September 2005, the donors interested in channeling their aid towards budgetary support have created an informal coordination group to facilitate harmonization<sup>17</sup>. As a result, by mid-2006 the government signed a special protocol with several donors in order to better organize the budgetary aid for the education sector<sup>18</sup>. This represents a big step forward in regards to the appropriation, alignment, harmonisation and managing for results of the aid within the education sector<sup>19</sup>.

Towards the end of 2006, many of Mali's technical and financial partners officially endorsed the country's education policy in the EFA Initiative framework<sup>20</sup>. As in the case of Senegal, it is expected that the Initiative will mobilize additional financial contributions, which can be better harmonized and administered.



## **2. Three Nordic countries' double delegated co-operation partnership for support of the education system in Mali**

The main focus of this section will be the delegated co-operation partnership between Sweden and the Netherlands for the education system in Mali. This relationship has evolved in time, constantly adjusting to new contextual elements in the partner country, as well as in the donor countries themselves. As a result, the co-operation agreement was revised in 2006 in order to reflect the new division of responsibilities.

Since 2005, the partnership between Sweden and the Netherlands in the education sector has directly benefited from another, much more general delegated co-operation agreement between Norway and Sweden. Although the latter is not the object of study in this chapter, it will be part of the analysis as far as its implications for the delegated co-operation partnership established between Sweden and the Netherlands are concerned.

### **General overview of the delegated co-operation agreements**

The delegated co-operation partnership between Sweden and the Netherlands in Mali was initiated by an agreement to jointly finance the primary-level education sub-sector in the first phase of the PISE for 2002-2004. Sweden channeled the necessary aid through the Netherlands, thereby acting as silent partner. As leading donor, the

Netherlands took on the responsibility for the administration of the Swedish funds (together with its own) in order to finance a special MEN sub-program<sup>21</sup>. Together, the two donors brought in the biggest ODA contribution to the education sector (€40.8 M), 25% of which was financed by Sweden and 75% by the Netherlands.

Since the implementation of PISE I took a year longer than expected, the donors extended their agreement until 2005 and increased their respective contributions. This change also included new funds from Norway, which were channeled through Sweden. As a result, an additional €21.1M were mobilized in 2005, 40% of which were financed by the joint contribution between Norway and Sweden, and the remaining 60% by the Netherlands. The agreement was modified yet a second time, delaying the closure of operations until June 2006.

Norway established a delegated co-operation agreement with Sweden for 2005-2008, delegating all responsibility for its co-operation program in Mali and thus becoming a silent partner. Since its aid program was mainly geared towards the thematic area of education, by delegating the funds Norway practically doubled Sweden's aid contributions. Although Sweden became the leading partner, however, it represents Norway in all co-operation matters concerning the education sector through the Netherlands.

It is worth mentioning that the delegated co-operation contract between Norway and Sweden created a very close partnership between the two donors. Instead of stipulating the contribution of a specific amount to the education sector, the agreement established instead a coordination mechanism for determining the contribution of the donors on an annual basis. Sweden's independence for action as a leading donor remains, therefore, conditioned, to a certain extent, on negotiations with Norway.

In 2006, the government of Mali began the implementation of the PISE II. At the same time, it solicited the necessary funding from the donor partners by promoting mechanisms that improve aid efficiency and fall in line with the special protocol on budgetary aid for the education sector (*Arrangement Spécifique*). The donors,

therefore, re-established their delegated co-operation arrangements within the framework of an agreement valid until the end June 2009. This time, Sweden keeps the responsibility to manage and distribute its funds (and Norway's), but it delegates the rest of the tasks, assuming a silent position. The Netherlands act as leading donor and represent Sweden and Norway when helping implement education policies. The aid assistance of these three donors make up the highest contribution for the sector: it rose to €100M in three years, it represents 45% of the foreign aid, and constitutes 11% of the annual education budget.

Both, Sweden and the Netherlands currently have the proper mechanisms necessary for guiding the preparation, implementation and follow-ups necessary for the delegated co-operation agreements. In 2002 when the partnership was originally formed, however, these guidelines had not yet been elaborated. Consequently, the teams from both donor countries initially worked without general guiding principles, given that this was one of the first international experiences with delegated co-operation and a first between Sweden and Norway.

### **The elements favored by different delegated co-operation partnerships**

At the beginning of this decade, the Swedish government made the commitment to increase the volume of ODA, and therefore doubled its amount within only a few years. The interest to work in new areas of Africa also emerged at around the same time, and two new countries were chosen for co-operation. One of them was Mali. When the partnership was established, therefore, there were many resources available for the development of the partner country. Sweden decided to concentrate its aid to the education sector for the following reasons:

- The education sector in Mali was relatively better organized and already had the mechanisms for planning, programming, coordinating and follow-up;
- The performance indicators in education were very low;



- The education policy did not have the necessary financial back-up, even with the help of the ODA at the time;
- Education has always been a priority sector for the Swedish co-operation policy.

Sweden, however, had neither a representation in Mali, nor the human resources necessary within the head offices for the adequate administration of this new venture. An alternative had to be found that would allow for the financial contribution to Mali's education policy objectives, while at the same time fulfilling the international commitments to aid efficiency.

At the time, Mali's education system was supported by many other donors. It therefore did not seem logical to contribute to an increase in the transaction costs already burdening the local authorities. A possible solution was offered by the option for delegated co-operation with an active partner, who would share the same international public aid objectives and approaches as those supported by Sweden, especially in the area of education.

The Netherlands, a committed donor to this sector, had been negotiating with the Malian authorities about the possibilities to redirect the aid contributions for PISE I in order to improve appropriation, alignment and harmonization levels, as well as the aid administration. More specifically, the idea set forth was to provide general aid to the elementary education sub-sector of the PISE by integrating the funds in the state budget and distributing them through national procedures and mechanisms. This co-operation method was still very new at the time and the Netherlands was very much interested in developing a strategic alliance with a donor that would share this new vision and possibly give more weight and visibility to the policy dialogue.

The Malian government was also very open to a potential partnership for delegated co-operation between a regular donor and a new donor interested in funding the PISE. Highly concerned about aid coordination and harmonization issues, the government saw this partnership as a way to mobilize more funds for its policies without generating additional transaction costs.

The delegated co-operation agreement between Sweden and Norway was accepted at the political level by representatives from both head offices. In a manner of speaking, this was a very general agreement that was “imposed” on the actors and donors of the education sector in Mali. Its decisional criteria surpass the focus of the current study.

The decision to pursue the delegated co-operation between Sweden-Norway and the Netherlands in 2006 was ultimately based on the satisfaction of all actors involved, as well as the common interest to continue the existing partnerships. It was concluded that, despite the achievements already made in the education sector and the large number of donors, there was still a large resource deficit for funding the education policies now proposed by the PISE II.

Sweden already had a representation in Mali by this time, but the human resources within this office were still insufficient for the administration of the whole education program. On the other hand, the Netherlands already had considerable relative advantage and experience in the policy dialogue. There was also an interest in maintaining the added credibility through a partnership with the Sweden-Norway alliance. On its side, the Malian government had managed to improve sector coordination and wanted to pursue cost-reducing transaction initiatives. The delegated co-operation agreement between these donors was therefore considered the most efficient way to help improve the education indicators in Mali.

### **The process of identifying the delegated co-operation arrangements**

The process of identifying the arrangements of the delegated co-operation was simplified by the fact that three donors, all Nordic Plus members, shared the common interest for contributing to the education objectives in Mali, and only one of them had experience in the sector. The Nordic Plus member countries are pioneers in pursuing the commitments made for aid efficiency and they also share very similar co-operation methods (for a summary of the similarities and differences, see attached table).

When Sweden decided to initiate co-operation in the Malian education sector, it conducted a diagnostic on the main problems and challenges that it could address with its aid, as well as on the limitations to this process in terms of human resources. Based on this analysis, it developed a preliminary strategy that spelled out Sweden's co-operation plans in Mali, promoting efficient methods. Consequently, the head office organized a first field visit in order to refine this strategy and to identify the most appropriate aid mechanisms.

At that time, Mali had just initiated a SWAp in the education sector. It involved a long-term consensual policy (PRODEC) and a medium-term operational strategy (PISE I) that shared a common expense budget. There was also a framework for collaborating with the donors on policy implementation and follow-up (*Cadre Partenarial*). Based on these developments, the Netherlands decided to reorient its program towards a more aligned and harmonized aid mechanism. The donor country therefore made a proposal for aid to the elementary-level education sub-program of the PISE I, amounting to approximately €30.5 M for 2002-2004<sup>22</sup>.

It is within this context that the Swedish mission and the Malian government concluded that the Dutch strategy for the development of the sector was very similar to what Sweden would have liked to have done, if it would have had the necessary human and logistical resources.

The first negotiations between the Swedish mission and the Dutch embassy in Bamako thus start to take place, in order to evaluate the technical possibilities of initiating a delegated co-operation in the sector. The following favorable conclusions were reached:

Both donors shared the same vision in the co-operation sector with respect to both, content and method. As a result, they both considered primary education to be a priority in Mali; that the proposed national policy is adequate for reaching the long-term EFA objectives; and that it is desirable to implement more modern methods that allow for a higher involvement of the education authorities in the administration and follow-up of the sector policy.

Sweden acknowledged the comparative advantage that the Netherlands possessed in the Malian education sector due to experience gained over many years of co-operation, the existence of an embassy in the Malian capital, and the availability of specialized human resources.

The Netherlands seemed to have the necessary capacity to represent the interests of Swedish co-operation, given that they shared the same vision and possessed the necessary resources. However, since this was the first time to establish such partnership with each other, the donors were not sure if the Dutch guidelines, norms and procedures would be enough to adequately account for the use of the Swedish funds.

Consequently, Sweden decided to conduct a higher-level<sup>23</sup> system audit to check if the co-operations are consistent with each other on all levels. This implied a very detailed and in-depth evaluation of the general co-operation policy; the aid methods and instruments, the financial and administrative rules and procedures; and the follow-up, evaluation and quality control mechanisms applied by the Netherlands in order to program, manage and control its ODA.

The audit was finalized in September 2001. Based on its results, Sweden decided that there are no reasons why Holland should not take over the financial and administrative management of its funds, given that the systems of the two donors are highly compatible. The results of this evaluation also helped the administrators within the Sida education department to better understand the dynamics of the Dutch co-operation. This helped build more trust among the partners and led to finalizing the terms of the agreement, which were formalized at the head-office level.

The positive experience with implementing this delegated co-operation agreement led the donors to promote its continuity. Rather than simply extending the former contract, however, the donors had to initiate a new identification process, since by this time both Sweden and the Netherlands had more clearly defined norms to follow.

Sida's guidelines for delegated co-operation and budgetary support now required a basic set of criteria to be met before

establishing co-operation agreements with other partner countries. As a result, another in-depth evaluation had to be conducted in order to determine if, in fact, Sweden could rejoin the Netherlands in a partnership for the education sector in Mali<sup>24</sup>. In order to do this, the documents and evaluations aiding the Netherlands in the decision to support the sector budget for PISE II were taken as main reference points. This data was complemented by an analysis which the Netherlands “felt obliged” to conduct in order to address all the concerns expressed by the Swedish co-operation<sup>25</sup>. The results of the evaluation were the following:

- The PISE II gives priority to poverty-reducing measures;
- The PISE II promotes the respect for human rights and gender equality principles;
- The PISE II does not have a negative impact on the environment;
- The rules and procedures for justifying the costs incurred by the PISE II are satisfactory.

This process shows the importance of procedural flexibility in order to save time and reduce costs while preparing delegated co-operation agreements. If the Netherlands would not have accepted to provide additional information, Sweden would have had to independently acquire this data for completing the necessary evaluation. This process would have been much easier, however, if Sweden could have shown more flexibility and done without these complementary transversal evaluations.

According to Swedish guidelines, the capacities and procedures of the leading donor are another factor which has to be evaluated before deciding to assume the role of silent partner. The Swedish and Dutch co-operations had previously evaluated each other within the framework of the Nordic Plus group, in order to facilitate delegated co-operation relations. Since in 2006 the results of these evaluations were not yet available, the decision to accept the administrative rules and procedures of the Dutch co-operation was based on the results of the very first audit, conducted in September 2001.

Based on these two analyses, the Sida decided that the Netherlands and Sweden shared a common vision for co-operation and the same values with respect to the development of the Malian education sector. It therefore approved the new delegated co-operation agreement with the Netherlands<sup>26</sup>.

Norway was also involved in the identification process, given that as Sweden's silent partner it is entitled through their agreement to authorise any other delegated co-operation arrangement Sweden may wish to join as leading donor. As a result, Norway asked for technical assistance in order to determine if it would be appropriate to continue support for the Malian education sector within the framework of the new PISE II; if this aid should take on the form of budgetary aid linked to MEN; and if it is necessary to continue a delegated co-operation partnership with the Netherlands. The analysis produced affirmative answers for these three issues, but it raised a series of other concerns and discussion points which had to be addressed in the annual meetings with Sweden<sup>27</sup>.

Contrary to what it may seem like, the second identification process between Sweden and the Netherlands for the re-establishment of their delegated co-operation agreement was much more difficult and complex than the first one. This was due to a series of political, judicial and technical factors.

In the first place, there was an issue of legitimacy for transferring Swedish co-operation resources to another donor, given that the Swedish constitution only allows such transfers directly to beneficiary countries. The Sida therefore had to ask for special permission from the Swedish parliament, thus freezing the delegated co-operation arrangements for one year. This factor also led Sweden to reduce the range of delegated responsibilities, as it will be explained in the next section, and to establish a direct bilateral agreement with the Malian government.

Secondly, the common vision of co-operation that Norway, Sweden and the Netherlands naturally share was blurred by the compromises that these last two had to make in order to reach consensus with the rest of the active donors in the Malian education

sector. These negotiations sought to establish a formal protocol for regulating and coordinating all the budgetary aid contributions to the sector. This took longer and proved to be more difficult than expected. Eventually, however, a memorandum and a matrix of common guidelines for the sector (*Arrangement Spécifique*) were established.

The main difficulty with the identification process emerged from the fact that Sweden was no longer without experience in the Malian education sector. Moreover, it now represented another co-operating donor (Norway). This eventually led to differences of opinion with respect to what should be done in the sector and, consequently, to the delay of the delegated co-operation agreement. The ultimate solution to this problem was to compile all the suggestions made by the Sida and to bring them up for discussion in the annual meeting between Sweden and the Netherlands after establishing the delegated co-operation agreement. This experience demonstrates that it is especially difficult to maintain the position of silent partner when delegating responsibilities in any given sector.

### **The establishment and content of the agreements**

The establishment of the agreements for the first co-operation experience still serves as a procedural outline, which has been simplified and restructured in time, according to DAC/OECD recommendations. First, Sweden and the Netherlands' head offices signed a delegated co-operation agreement to jointly contribute to the Malian education sector (January-February 2002). Next, the Netherlands signed a bilateral financial agreement with Mali (April 2002), in which both donors' contributions were integrated and the disbursement, implementation and follow-up methods were established (Box 1). This agreement served as a formal notification to the Malian government of the partnership established between Sweden and the Netherlands. Also, since this partnership was established within the larger co-operation framework in the sector (*Cadre Partenarial*), the above-mentioned agreement also served as an official notification to the rest of the donors.

## BOX 1: Contents of the delegated co-operation agreement between Sweden and the Netherlands (2002-2004)

Objectives of the agreement	To promote coordination and to reduce transaction costs for improving aid efficiency. To contribute, in this way, to the progress indicators for the elementary education sub-sector in Mali.
Object and range of delegation	Sweden delegates to the Netherlands all aspects regarding its co-operation in the education sector, through a budgetary support geared towards the elementary education sub-sector of the PISE I (2001-2004).
Parties responsible for the coordination of the agreement	On the Swedish side, it is the Education Division <sup>28</sup> of the head office and on the Dutch side, it is the embassy in Bamako.
The Swedish and Dutch Contributions	Sweden contributes a maximum of 100M Swedish Crowns (SEK) (equivalent to €10.3M) and the Netherlands a maximum of 20,000M FCFA (equivalent to €30.5M). These contributions are made through annual disbursements and their quantity depends on the results of the PISE.
Bilateral agreements with the Malian government and the visibility clause	The Netherlands establish a contract with the government of Mali, covering both donors' contributions to the education sector and send Sweden a copy. Any other agreement established in this area specifically mentions that the contributions also belong to Sweden.
The management of the contributions <sup>29</sup>	Before November 1 of each year, the Netherlands provide Sweden with an estimate for next year's contributions. Sweden transfers its contribution into a Dutch account, after which the Netherlands transfer to Mali both contributions, always respecting a direct proportion among them. The unspent Swedish funds are returned at the end of the agreement.
The acquisition of goods and services	The PISE special procedures and the national ones are applied.



Official meetings between the Netherlands and Sweden	The donors have at least one official meeting a year (preferably in Mali and during the 4th quarter) in order to carry out a strategic follow-up on the co-operation among them and with Mali, and to agree on the necessary guidelines. Among other things, the estimates for the following year are approved. The meeting is organised and presided over by the Dutch embassy in Bamako, all the necessary documentation is sent to Sweden at least two weeks in advance and the entities are allowed to invite external observers. The Netherlands produce the minutes with the conclusions and decisions reached within two weeks of the meeting, and send them to Sweden for approval, which also takes place within two week's time.
Reports	Before the annual meeting, the Netherlands send the summarised annual report on the progress of the co-operation, which is based on the government annual report and the joint sector review, to Sweden. Moreover, the Netherlands provide Sweden with a summarised financial report showing the balance of Swedish contributions before the 20th of January of every year.
Evaluations and reviews	Sweden and the Netherlands can, if they so wish, jointly evaluate or review their co-operation partnership. Sweden can, if it so decides, participates in the joint sector review mission.
Breach of contract and disputes	If one of the donors considers that the other does not respect the terms of the delegated co-operation agreement, or that the Malian government does not fulfil the responsibilities invested by its bilateral agreement with the Netherlands, a extraordinary meeting is organised in order to discuss, and the agreements can be broken requiring a restitution of the funds.
Modification and term of the agreement	The agreement can be modified in writing. They conclude at the end of 2004, or in the case of breach of contract and dispute.
Representation costs	The Netherlands do not charge Sweden any costs for the representation tasks exercised in its name.

**Source:** Agreement between the Netherlands and Sweden with respect to delegated co-operation in the education sector in Mali (2002-2004). January 2002.

The second agreement established between Sweden and the Netherlands gives continuity to the delegated co-operation in the Malian education sector, but it slightly reduces its range by eliminating the delegation of financial disbursement (see Box 2). As previously mentioned this measure was taken to avoid juridical complications and had nothing to do with problems in implementing the first agreement (which, in fact, did not exist, as will be seen in the next section). This limitation forced both donors to sign separate bilateral agreements with Mali for fixing the amount of financial contributions to PISE II, thus increasing transaction costs.

Moreover, the signing of these bilateral agreements with the local government preceded the delegated co-operation agreement between the donors<sup>30</sup>. Some inconsistencies thus emerged, given that both bilateral agreements anticipated that “the Netherlands represent Sweden at all levels of coordination and consultation related to the Swedish financial contributions to the PISE II”. In any case, the Malian government was officially notified of the continuity of the delegated co-operation partnership between the two donors.

The delegated co-operation agreement that was finally established between the two donors took the form of a mutual understanding memorandum, being much more simple and having much less contractual value than the first. It was signed at the local level, between the Dutch embassy and the Sida Office in Bamako.

**BOX 2: Contents of the delegated co-operation agreement between Sweden and the Netherlands (2006-2008)**

Objectives of the agreement	To provide continuity to the delegated co-operation partnership in order to promote coordination, to reduce transaction costs and to improve aid efficiency. To contribute, in this way, to the progress indicators for the elementary education sub-sector in Mali.
Object and range of the delegation	Sweden delegates to the Netherlands all aspects regarding its co-operation in the education sector, except

	<p>the disbursement of the financial contributions. The co-operation should consist of budgetary support geared towards the PISE II (2006-2008), according to the terms of the special protocol on budgetary aid for education (Arrangement Spécifique).</p>
<p>Parties responsible for the coordination of the agreement</p>	<p>This is not specified, but it is implied that these are the field representations of both, the Netherlands and Sweden<sup>31</sup>.</p>
<p>The Swedish and Dutch contributions</p>	<p>Sweden contributes a maximum of 300M SEK (equivalent to €30.9M) and the Netherlands a maximum of 45.261 FCFA (equivalent to €69M). The disbursements are linked to the results of the PISE II, but their quantity and frequency, as well as the responsibility to carry them out, depend on each donor.</p>
<p>Bilateral agreements with the Malian government and the visibility clause</p>	<p>Each donor establishes a bilateral agreement with the Malian government in order to determine their contributions to the education sector. The visibility clause remains excluded, but Sweden is free to participate in any of the strategic meeting related to the PISE II.</p>
<p>The management of the contributions</p>	<p>The management of the funds is not part of the delegation, and it is thus determined through each bilateral agreement that Sweden and the Netherlands sign with the Malian government. However, any decision taken by Sweden with regards to the disbursements has to be based on the results of the technical evaluations carried out by the Netherlands.</p>
<p>Acquisition of goods and services</p>	<p>This is not specified, but since the agreement refers to budgetary aid, the national procedures are used.</p>
<p>Official meetings between the Netherlands and Sweden</p>	<p>The donors have at least one official meeting a year in order to carry out a strategic follow-up on the co-operation among them and with Mali, and to agree on the necessary guidelines. Among other things, the donors discuss the progresses and difficulties within the sector, the disbursements made, and the financial necessities of the PISE II. The meeting is organised and presided over by</p>

	<p>the Dutch embassy in Bamako, preferably coinciding with the annual November meeting for coordination and follow-up to the PISE II<sup>32</sup>. The invitation and the necessary documents (mainly the annual report) are sent to Sweden at least two weeks prior to the meeting. One of the parties is assigned to compile and distribute the minutes with the main conclusions and decisions reached, which should be done within two weeks of the meeting. These minutes are of vital importance and they must be approved by both parties within two weeks of receiving them.</p>
Reports	<p>Before the annual meeting, the Netherlands send Sweden a summarised annual report on the progress of the education sector in Mali. This report is based on the progress reports carried out by the government, and it evaluates the qualitative and quantitative achievements in reference to the expected objectives and use of financial resources within the sector.</p>
Evaluations and Reviews	<p>The co-operation partnership between Sweden and the Netherlands is reviewed during the extraordinary annual meetings. Sweden can, if it so wishes, participate in the strategic sector meetings.</p>
Breach of contract And disputes	<p>Before any dispute, the donors should consult each other in order to constructively reach a solution. The agreements can break if one of the parties requests it in writing, within a period of three months. In this case, the parties should consult with each other in order to finalise the agreements in the best way possible.</p>
Modification and term of the agreement	<p>The approval of the minutes of the annual meeting automatically prolongs the Dutch mandate to represent Sweden (in the terms of the delegated co-operation agreement) for one more year. The agreement ends upon requests of both parties or on June 30, 2009 at the latest.</p>
Representation costs	<p>The Netherlands do not charge Sweden any costs for the representation tasks exercised in its name.</p>

**Source:** Memorandum of Understanding (MoU) between the Netherlands and Sweden on the delegated co-operation in support of the PISE II in Mali (2006-2008). November 2006.

The implementation, disbursement and follow-up methods for the funds are explained in the bilateral agreements. These are very similar to each other, given that they are both articulated in consistency with the special protocol on budgetary support for the education sector (*Arrangement Spécifique*) and its matrix of common guidelines. This also ensures a better coordination with the rest of the active donors in the sector.

## **The implementation of and the follow-up to the delegated co-operation**

Once the delegated co-operation agreements were signed, the following step was their application and the evaluation of this application. The signing of the first agreement coincided with the opening of the Sida office in Bamako. The implementation phase was clearly marked by the donors' ability to adhere to their respective roles without losing trust in each other. The follow-up was done jointly, on the basis of regular work carried out by the Netherlands, and having its high point in the annual meetings.

This section will present the implementation mechanisms of these agreements, highlighting the successes and pointing out the obstacles encountered along the way. For the sake of simplicity, this analysis will first consider the aspects that both agreements have in common, concluding with a discussion on the specific issues of each in particular.

### *Common elements in the implementation of both agreements*

Since the delegated co-operation agreements are meant to provide budgetary sector aid for financing the PISE or any of its sub-programs, the national education authorities decided to use aid resources exclusively towards these ends. The Malian government plans, puts into action and follows up on all aid-financed activities by employing local technical, material and human resources. In this way, it implements the co-operation agreements for the education sector that have been signed, either directly or indirectly, with the Netherlands, Sweden and Norway.

The Dutch embassy, assisted by the capital, together with the rest of the active donors in the sector, conducted regular follow-ups on the progresses made on the application of the PISE (I and II). As it has been previously mentioned, there are several instruments facilitating these follow-ups, which are outlined in the *Cadre Partenariel* and, subsequently, in the *Arrangement Spécifique* (including the common guideline matrix). The criteria for the budgetary aid disbursement towards the PISE have been generally fulfilled without any major problems<sup>33</sup>.

The Netherlands participate in the policy dialogue and operational meetings representing Sweden and, since 2005, also Norway. This does not present any major complications, given that the Netherlands have substantial experience within the sector and the necessary specialized personnel, as well as a similar vision on co-operation to that of its silent partners. As leading donor, the Netherlands do not charge any costs for this kind of representation. Generally, Sweden participates as an observer in the strategic meetings for the sector, but not in the more technical meetings that take place throughout the year. Norway's participation is occasional, and limited to only a few strategic meetings<sup>34</sup>.

As far as the government progress reports are concerned, the Netherlands summarize their perspective on the main accomplishments and drawbacks to sector development, and propose the main topics of the policy dialogue in an annual report. It includes data (quantitative and qualitative) on the technical and financial execution of the PISE. This report is complemented by the more detailed progress report provided by the Malian government. It is then sent to Sweden before the annual meeting, as a way of officially reporting on the state of the sector co-operation<sup>35</sup>. The compilation of this report does not incur any additional costs to the Dutch government, given that it follows the same format that it uses for its internal decision-making process. In turn, Sweden generally accepts the content of the report, which seems sufficient for its decision-making<sup>36</sup>, and subsequently uses it to inform Norway. It is important to underline that the procedural similarities among these donors make them close, natural allies.

This report also prepares the grounds for discussions during the annual meetings that take place between the Netherlands and Sweden in Bamako. The Netherlands are responsible for the event's organization and assume the presidency of this statutory meeting. Under this authority, Holland proposes the contents of the agenda and sends Sweden the necessary documentation. Sweden actively participates in this meeting representing Norway, although it has signaled a preference for a more participatory role in the organization of the meeting itself. The Swedish delegation is comprised of specialists within the Sida education Department (DESO), representatives of the Bamako office and sometimes also of independent experts. The meeting usually lasts a whole day and focuses mainly on the following objectives:

- To evaluate the progress made with the PISE in reference to the aims proposed by the guidelines;
- To analyze the financial execution of the PISE and to estimate the financial needs for the following year;
- To take into account the disbursements made throughout the year and to decide on future disbursements;
- To consider the priority topics of the policy dialogue and to harmonize the donor's positions on these topics;
- To examine the efficiency of the delegated co-operation and to propose the necessary adjustments, if needed.

This annual meeting provides an essential communication forum for consolidating the relationship between the two donors. The Netherlands share the results of the joint co-operation in the Malian education sector and, in turn, receive from Sweden renewed guarantees for support and suggestions for improvement. These elements are essential for the adequate development and maintenance of the leading donor's representation abilities. Although the costs and added value of the agreement are not evaluated during this meeting, there is an open discussion on the difficulties encountered and possible solutions for improvement of the co-operation partnership.

This opportunity for dialogue is also an important element for helping maintain the roles initially assigned to each donor. Sweden seems to be increasingly more involved in the follow-up of the delegated co-operation agreement and of the sector policy in general. At the same time, however, it tries to respect the role of the Netherlands as leading donor, thereby limiting its feedback and observations to the annual meeting between the two<sup>37</sup>. The process of accountability and settling divergent points of view during the annual meeting, helps the Netherlands to provide Sweden (and, indirectly Norway) with a more efficient and straightforward representation.

The main topics of discussion and decisions made during these meetings are summarized in the minutes. Once approved by the actors (usually within a month after the meeting), these officially extend and elucidate the representation mandate exercised by the Netherlands. The minutes are considered an internal document whose contents are not shared with the Malian government.

The relationship of trust between Sweden and the Netherlands is further reinforced by the informal communication between their representatives in Mali, which takes place throughout the year. The intensity of this communication depends on the contracts under discussion, but it has generally increased as Sweden became more familiar with the sector and became more interested in receiving information. This partnership also depends, to a large extent, on the representatives' abilities of forging close interpersonal relationships and of understanding the inner mechanisms of each other's institutions. That is why the rotation of field personnel to other offices creates substantial vacuums that can only be refilled in time.

The Dutch embassy usually shares the information and the decisions that it considers important with the Sida office in Bamako. This informal communication requires a lot of time, but it facilitates and speeds up the process of representation for the Netherlands<sup>38</sup>. Despite this preference for informality, however, the Netherlands prefer to adhere to the contractual responsibilities and thereby do not forward this information to Norway.



As a matter of fact, the Netherlands do not maintain any kind of contact related to this co-operation, neither formal nor informal, with Norway. It is Sweden who, as Norway's leading donor, has the responsibility to inform its silent partner on the progresses made and the obstacles encountered within the sector. It is also Sweden who relays the guarantees and observations made by this donor.

The silent partners do not seem to consider their relative invisibility within the policy dialogue as being a problem. Sweden and Norway are satisfied with being able to contribute to the objectives for the Malian education sector and to fulfill their responsibilities for international co-operation without increasing their transaction costs. Furthermore, they are aware that the Malian authorities, as well as the rest of the active donors within the education sector, are constantly updated on the delegated co-operation arrangements they are committed to. The silent partners also know that they have the option to participate in the strategic sector meetings, if they so wish. One of the setbacks of this situation, however, is that the relative invisibility of its silent partners sometimes keeps the Netherlands from achieving the same results in discussions that could be reached if its partners would act independently to defend the same common position<sup>39</sup>.

### *Issues specific to the implementation of each agreement*

Through the first delegated co-operation agreement, the Netherlands also assumed the responsibility for managing and disbursing the Swedish funds (which have been supplemented by the Norwegian contributions since 2005) to the Malian government. The method for transferring the funds from Sweden to the Netherlands was spelled out in their delegated co-operation agreement. However, the details concerning the transfer of Swedish/Norwegian funds from the Netherlands to the Malian government had to be established in the bilateral financial agreement between the two countries. It should also be mentioned that the Netherlands does not incur any costs for providing these services, either.

In practice, this transfer process was refined and established with time. Two months before the end of the year, the Netherlands

presented Sweden with an estimate for the contributions needed for the following year. This estimate was calculated by adhering to the pre-established proportion between the donors' funds and by taking into account the decisions made during the annual meetings. Based on these provisions and a written request from the Netherlands, Sweden paid its contribution (and, since 2005, that of Norway's) in Euro, in two annual installments. This money was transferred to an open account in the Netherlands, which was managed by the Dutch embassy in Bamako. The transfer of these funds had always been made without problems or delays.

Once the contributions of its silent partner reached the Netherlands, all the funds were then summed up and disbursed in one single payment to the Malian government, who received in this way the contributions of all three donors. More specifically, the Netherlands made the transfer of the joint contributions to a special account of the government Treasury, called "PISE", after receiving an official payment request from the government and checking the results obtained, and the balance of the account. Based on the analysis made by the administration of the Dutch embassy in Bamako, a few things regarding the use of the joint contributions have to be highlighted. First, the Swedish funds were spent by the Malian government in the same proportion as those of Holland's. Second, the profit generated by the exchange rate between the Euro and the Swedish Crown increased the amount of funds available for the program and benefited the Malian government. And finally, all these funds were successfully spent by the end of the first agreement.

Each year, the Netherlands justified the aid expenditures to Sweden in a brief financial report that detailed the balance of each donor's contributions. This report was prepared by the responsible administrative personnel within the Dutch embassy in Bamako and was sent to the Swedish headquarters at the beginning of each year. The level of trust between the two partners did not make it necessary to certify this report by the responsible authorities within the Dutch Ministry of Foreign Affairs.

Aside from these advantages of the first agreement, the very beginning of its implementation presented some difficulties for both, Sweden and the Netherlands. These were closely related to the distribution of mandates between the agency and the embassy, on one side, and the head offices, on the other. The role of each of these actors became clearer once the agreement was finalized at the head office level. However, due to the decentralized organization of the Dutch embassy in Bamako and the opening of the Sida office in Mali, both representations and head offices took some time to adjust to their new roles and responsibilities<sup>40</sup>. These difficulties were shortly overcome thanks to the advantages that the field has shown to have in implementing and following up on the agreement.

Sweden's main concern during the implementation of the first agreement was the lack of progress indicators for measuring, in an objective way, the overall performance of the national education strategy. The Netherlands shared this concern, but in comparison to Sweden, who had to settle for external monitoring, the leading donor conducted a regular follow-up on sector development. This exercise provided enough information to make up for the lack of progress indicators.

The first delegated co-operation agreement allowed for the possibility that Sweden and the Netherlands conduct a joint evaluation of their co-operation. In practice, however, the two donors only opted for a brief assessment conducted during the annual meetings. A detailed analysis of the costs and benefits associated with the agreement, however, would have been very useful in their later decision to continue the delegated co-operation partnership. For Sweden and Norway, this decision was exclusively based on the results of the sector evaluations, which confirmed the development problem and the appropriateness of the co-operation approach promoted by the Netherlands<sup>41</sup>. In any case, the indicators proposed by the DAC-OECD for the evaluation of delegated co-operation agreements were never applied.

Although this evaluation was never made, the second delegated co-operation agreement did benefit from the experience acquired with the first. To start, it includes adjustments that facilitate the relationship

between the actors. Among many other things, it also promotes Sweden's involvement in the follow-up to the conclusions reached in the annual meetings. Either donor is now entitled to draw up the minutes of these meetings.

As previously mentioned, the second agreement absolves the Netherlands from the responsibility to manage the transfer of Swedish budgetary aid funds to the PISE II. The Netherlands, however, remains responsible for the representation during the policy dialogue, the monitoring and the progress evaluations of the Malian education policy (based on the matrix agreed upon). When the Dutch embassy considers that a certain level of progress has been made in reaching the matrix guideline objectives, it asks the Swedish partners to make their contribution to the state budget. Although they are not transferred through the same financial operation as before, the Malian government receives both contributions almost at the same time.

By the time that the second co-operation agreement was reached, the relationship between the two partners had grown very close, thus facilitating the interaction with each other. As a result, it became much easier for the silent partner to relay messages through the leading donor and thus to become more involved in the policy dialogue and the negotiations with other donors on harmonisation. At the same time, the Netherlands find it easier to represent Sweden and Norway since by now they have a clearer idea of the objectives pursued by these two partners. As will be shown below, however, the second agreement has been limited by a series of factors that have pushed the silent partner to actively participate in sector-related discussions. These factors also limit the possibilities of the actors to adopt similar positions when necessary.

Generally speaking, the donors have adhered to the responsibilities initially assigned to each and have managed to maintain a high level of mutual trust. As mentioned above, the Netherlands did not have a problem with representing and updating Sweden at all times. In turn, the silent partner seemed satisfied with the delegated co-operation facilitated by Holland. However, as Sweden opened its Bamako office and began to obtain a more in-depth knowledge of the problems within the education sector, it became increasingly more difficult to maintain a

“silent” position. This had already begun to show by the end of the first agreement, which coincided with Norway joining the partnership.

As a matter of fact, the delegated co-operation agreement between Norway and Sweden generated some issues which are worth analysing. On one hand, the agreement gives Sweden representation and accountability functions in an area in which it is itself a silent partner<sup>42</sup>. This is a factor that later pushed Sweden to become more involved in the sector. On the other hand, Norway’s financial contributions condition Sweden to match their amount by an equivalent quantity of aid. These sums, which include both donors’ contributions to the PISE, are fixed during the annual meetings. The partnership with Norway thus reduces Sweden’s flexibility as a donor, given that its aid-oriented decisions are no longer exclusively autonomous.

Moreover, the harmonisation among the donors within the sector became increasingly more consolidated with each agreement. The Netherlands, as leader of the discussions, have been obligated to make some compromises in order to reach the *Arrangement Spécifique*, which standardizes the budgetary aid for the education sector. This relationship between the Netherlands and the rest of the donors sometimes detracted from the initial vision that it shared with its silent partners. Sweden (and, through it, Norway) also signed this multi-donor agreement, but since it was not fully up to date with the details, it slowed down the technical and operational negotiations. The obligation for coordination that the Netherlands feels impelled to honor somehow manages to strain the relations with Sweden, given that the latter can no longer show the same flexibility for reaching a common understanding as before. However, it is worth mentioning that the harmonisation achieved with the rest of the budgetary aid donors thanks to the *Arrangement Spécifique* represents a clear advantage in the policy dialogue and in strengthening the adopted result follow-up system.

## **The achieved results and open possibilities**

The co-operation experience presented throughout this section covers all the phases of delegated co-operation, from the preparation to the

follow-up and evaluation of the agreements. It provides a panoramic vision that allows for an evaluation of the implementation of these partnerships and for a better consideration of the alternatives available in the Malian education sector.

In general terms, the assessment of these delegated co-operation agreements is positive on many levels:

- The representation capacities that the Netherlands assumed for Sweden in the education sector in Mali were also immediately extended to the health sector through an agreement based on the same guidelines and objectives;
- The lessons learned during the first stages of delegated co-operation have led both, Sweden and Netherlands, to develop outlines for best practices in the area;
- The partnership between the Netherlands and Sweden in the education sector somehow managed to serve as a catalyst for the delegated co-operation arrangement between the latter and Norway;
- The results of the Dutch co-operation system audit conducted by the Swedish authorities during the preparations for the first agreement have been used to negotiate other delegated co-operation agreements;
- After the end of the term for the first agreement, the partnership between the Netherlands and Sweden was readapted and prolonged for three more years through the establishment of a memorandum<sup>43</sup>.

The Malian government and all the donors involved in the sector have seemed generally satisfied with the results achieved through the division of responsibilities stipulated in the agreements. As it has been mentioned, the Netherlands have strictly adhered to the tasks entailed by the political, technical and administrative representation responsibilities it assumed through the agreement, and have always consulted with Sweden when it was deemed necessary. The annual meetings have represented the strategic opportunity for Sweden to express its concerns with respect to the development of education in Mali. We shall now turn to the reasons why the delegated co-operation agreements presented in this section deserve a positive general evaluation.

In the first place, the Malian government has received more generous endowments for financing its education policy without paying additional transaction costs for this aid. Its interlocutor has always been one single donor (the Netherlands), and the negotiations it has carried out with the latter on the achieved results has automatically drawn the contributions of more donors (Sweden and, later, Norway). The leading donor has made all the possible efforts to promote the appropriation, alignment and harmonisation principles, as well as the managing for results promoted by the Paris Declaration. As a result, the rest of the donors in the sector have become more generous and involved in Mali: not only has the ODA towards budgetary support increased, but also the pressure to create a legal framework for harmonising all the different approaches to budgetary aid. This led to the establishment of a common indicator matrix for measuring the annual progress achieved by the education policy.

Consequently, the Malian education authorities have been encouraged by the Netherlands and other two aligned Nordic countries to develop an accountability mechanism that includes the overall results obtained by the national education policy. The adjustment to this new system, which incurred very high human resource costs in the sector, initially proved to be difficult. However, once the authorities adopted the new procedures, substantial improvements were made: the same reports used by the government to assess the results achieved through the national education policy also serve as the base for the policy dialogue with the donors.

Furthermore, the Netherlands' authority to negotiate has significantly increased thanks to the power invested by delegated co-operation agreements. This strengthened ability has been exercised not only in the policy dialogue that it regularly maintains with Mali, but also in the negotiations on aid quality conducted with the other donors. The cost for representing Sweden and, later Norway, has been lower than the benefit of this new responsibility. In fact, this representation does not entail a more substantial effort than what is already required by Holland's own internal co-operation agency. As a result, the Netherlands have been able to introduce new reforms it has

considered necessary in the Malian education sector, and to promote the principles of the Paris Declaration with a higher degree of success. At the same time, the donor country has managed to fulfill its international commitment to rationalize aid by improving its focus and specialization, and avoiding an overwhelming increase of donors in the sector. It has also successfully managed to implement an economy of scale that minimises the aid administration costs for all the funds (Dutch, Swedish and Norwegian) that it manages.

As silent donor, Sweden has had the opportunity to contribute to the objectives of increasing co-operation to the poorest countries, as well as to augment the access to education. The partnership with the Netherlands has allowed it to gradually enter the education sector and to gain knowledge and experience on the development problem of this particular area. Furthermore, this has been achieved rapidly at a relatively low cost, thanks to its co-operation partnership with a leading donor that shared the same co-operation philosophy, was already well established in the sector, and had all the necessary specialised human resources.

As a result, Sweden has managed to achieve its objectives for the harmonisation and coordination of its ODA. The Sida office personnel in Bamako remained limited to a minimum without negatively reducing the quality of the policy dialogue related to the Swedish budgetary aid for the sector. It should also be considered that the co-operation resources that have been saved by taking these cost-reducing measures allow Sweden to improve the specialisation of its aid to other sectors or countries. Furthermore, the efficient management of the new co-operation program in Mali has given Sweden the opportunity to negotiate a delegated co-operation agreement with Norway, through which it has become the leading donor.

It is also important to mention, however, that the preparation for the delegated co-operation agreements between the Netherlands and Sweden have required substantial costs, in terms of human resources. However, once these agreements were established, their application and follow-up was conducted through more cost-efficient field representatives. Although the establishment of these agreements



initially imposed heavy workloads for the donors, their application quickly became a routine task that did not require an increase in permanent personnel.

The established partnerships also have an added value, since they promoted the mutual familiarity of the procedures and methods applied by each other's institutions. This has increased the flexibility of the professional relationships they maintain, not only in the Malian education sector, but also in other sectors and countries.

Obviously, the double delegated co-operation partnership established in order to efficiently reach the objectives of the Malian education policies has yielded successful results in practice. It has increased the levels of harmonisation and the quality of aid efficiency. The partnership, however, does also have some imperfections that limit its results. These, however, can be corrected, and the adjustments that have to be made in order to correct these small handicaps are currently a subject of debate.

One of the weak points of this experience has been that, although the Netherlands has improved its strategic position as a leading donor, its silent partners have not been able to promote their proposals with the same strength, had they actively participated in the strategic meetings. Another problem is related to Sweden's increased difficulty in maintaining its silent position as a way to keep the aid administration costs low. Lastly, it is important to underline the added complexity that the agreement between Norway and Sweden brought to the initial delegated co-operation partnership. As this was a juxtaposed partnership that was not established directly between the silent partner and the actual leading donor, it generated an additional cost and retarded the communication process necessary for maintaining a solid partnership.

To sum up, there are many advantages to these delegated co-operation agreements, but there are also important limitations. This has led all the actors involved to propose the necessary adjustments and even to identify possible alternatives. The most significant of these are the following:

To improve the strategic participation of the silent partners, in order to increase the influence they can exert in the dialogue (and

compensate for Sweden's difficult position). This, however, should be done without taking from the Netherlands the delegated responsibility of day to day technical follow-ups, which avoids the increase in aid administration costs:

- To adapt the level of co-operation of each donor, depending on their relative advantage. This would not only achieve a better aid efficiency, but it would also validate the presence of both silent partners in the joint evaluations of the Malian education sector;
- To simplify the delegated partnership between the Netherlands and Norway through a direct mandate that could take the form of a delegated co-operation agreement including Sweden. This alternative would avoid unnecessary confusion in the education sector, but it is unlikely to happen since the delegation partnership between Norway and Sweden also involves other sectors in Mali;
- To change the partnership between Norway and Sweden, in order to indirectly facilitate their relationship with the Netherlands. This could be done in two ways: either to stop channeling Norwegian funds towards the education sector (which Sweden could then use to reinforce its overall co-operation program), or to increase Sweden's co-operation funds for Mali (to a level that would compensate for the Norwegian contributions), at the expense of reducing the contributions to another country where Sweden is the silent partner and Norway the leading donor (for example, in Malawi);
- To increase Sweden's leadership level in the education sector, while at the same time curbing the delegated co-operation partnership it has with the Netherlands, yet keeping the one it maintains with Norway. This option would help equal out many of the discrepancies previously mentioned. It would, however, imply a very high cost in specialized human resources that could not be justified in the current situation of the Malian education sector, which is characterized by high levels of appropriation, harmonisation and managing for results;
- To limit the contributions of the silent partners to the national education policy by adopting a more general sector budgetary aid approach with a "multi-sector"<sup>44</sup> focus, and by terminating the

delegated co-operation partnership between Sweden and the Netherlands. This option seems the most likely to succeed, since although it would imply an increase in human resource costs for the Sida office in Bamako, it would facilitate an active involvement for Sweden through the new coordination mechanisms developed within the last years in the education sector<sup>45</sup>.

The debate over these alternatives will more than likely remain dependent on political factors such as:

- The Malian government's willingness to give priority to the education sector and the quality of the ODA;
- The Swedish government's pending decision in 2008 with respect to Mali, which is meant to pursue the objective of drastically reducing the number of priority countries for Swedish co-operation<sup>46</sup>;
- The measures to be adopted by Sweden within the EU framework, in order to fulfill its obligations for aid concentration<sup>47</sup>.

### **3. The French-German delegated co-operation partnership for supporting and education project in Mali**

The present study will conclude with an analysis of the delegated co-operation experience between France and Germany within the framework of a co-financed project for the promotion of elementary-level education. This project has a regional focus in the so-called 5<sup>th</sup> district of Mali, Mopti, which is characterized by extremely low school enrollment levels compared to the national average.

The agreement between the two countries delegates three quarters of the tasks and responsibilities, and joins together two agencies: the German Financial Co-Operation (KFW) and the French Agency for Development (AFD). The project activities co-financed by the AFD and the German Technical Co-Operation (GTZ) do not belong to a delegated co-operation agreement and will only be studied tangentially, and only in reference to the influence they exert on the delegated partnership between the KFW and the AFD.

#### **Brief presentation of the project co-financed by france and germany**

The delegated co-operation agreement was part of a larger coordination effort that allowed the two countries to jointly finance a common project in the elementary-level education sub-sector of the Mopti district.

This project was a continuation of activities previously financed by the KFW, which promoted educational infrastructure projects, and the GTZ, which concentrated on strengthening social demand, institutional capacities and national instruction. These activities were integrated into a strategic plan that was financed by yet another donor, the AFD. This fusion allowed for a sector-wide approach to the problem in the region, taking advantage of the existing synergies and avoiding the unnecessary duplication of efforts or expenses. The main characteristics of this joint financing are explained in Box 3.

**BOX 3: Technical outline of the French-German project for promoting elementary-level education in Mali’s 5th district (2001-2005)**

Type of project	Joint agreement between the MEN, the AFD, the KFW, the GTZ and the AGETIPE <sup>48</sup> , called “Convention séparée du projet”.
Project objectives	To improve in a qualitative and quantitative way the elementary-level school enrollment rate in Mali’s 5th district, which has the lowest rates in the country, in order to contribute to the national objectives set forth in the PISE I.
Project components	<ul style="list-style-type: none"> <li>• Component 1: Reinforcement of the education infrastructure.</li> <li>• Component 2: Social and regional mobilisation.</li> <li>• Component 3: Institutional and professional strengthening.</li> </ul>
Project costs	€13.1M (taxes, teacher salaries and complementary infrastructures not included).
Financial sources	<ul style="list-style-type: none"> <li>• The AFD: €5.4M (components 1 and 2 and unforeseen elements).</li> <li>• The KFW: €4.639M (component 1).</li> <li>• The GTZ: €3.062M (components 2 and 3).</li> </ul>

Breakdown of the project costs and financing	<ul style="list-style-type: none"> <li>• Education infrastructures: the AFD (€4.639M) and the KFW (€4.639M).</li> <li>• Social mobilisation: the AFD (€534M).</li> <li>• Social mobilisation and institutional strengthening: the GTZ (€3.063M).</li> <li>• Various unforeseen: the AFD (€227M).</li> </ul>
Additional internal financial contributions	<ul style="list-style-type: none"> <li>• Malian government: customs tariffs, taxes and teachers' salaries.</li> <li>• Beneficiary population: complementary education infrastructure for an estimated value of 5% of the total cost of Component 1 and maintenance fees for the infrastructures built.</li> </ul>
Responsible party for the project coordination	The Planning and Statistical Cell of the ME in collaboration with the Teaching Academy of the 5th District.
Responsible parties for carrying out the project	<ul style="list-style-type: none"> <li>• The AGETIPE: Education infrastructures.</li> <li>• The GTZ: Social mobilisation and institutional strengthening.</li> </ul>
Bilateral agreements linked to the project	<ul style="list-style-type: none"> <li>• Bilateral financial agreements between the Malian Ministry of Foreign Affairs and each of the three financing entities (AFD, KFW and GTZ).</li> <li>• Delegated co-operation agreement between the KFW and the GTZ.</li> <li>• Bilateral agreements between the MEN and each of the executive entities (AGETIPE and GTZ).</li> </ul>
Acquisition of goods and services	<ul style="list-style-type: none"> <li>• AGETIPE Procedural Manual.</li> <li>• Rules and procedures of the AFD and the GTZ.</li> </ul>
Norms linked to the project follow-up	<ul style="list-style-type: none"> <li>• The Council on Project Guidelines and Follow-up.</li> <li>• The logical framework of the project (implementation, financial and technical indicators).</li> </ul>
Reports	<ul style="list-style-type: none"> <li>• The ME annual report addressed to the AFD, the KFW and the GTZ over the implementation of the project and the progress of the main indicators.</li> <li>• Periodical activity reports of the GTZ and the AGETIPE addressed to the MEN (with process, financial and technical indicators).</li> </ul>

Evaluations and audits	Periodical technical-financial evaluations carried out independently or by active partners.
Agreement duration and extensions	The agreement was initially established for 2001-2005, but was extended until the end of 2007.

**Source:** "Convention séparée du projet" regarding the project for the promotion of elementary-level education in Mali's 5th District (2001-2005). November 2001.

## Presentation of the delegated co-operation agreement

The KFW and the AFD equally co-financed the *Educational Infrastructures* component of the project, valued at close to €9.3M, through a delegated co-operation agreement. The AFD thus took on the role of leading donor, assuming responsibility for handling and following up on both financial contributions. The KFW yielded its direct involvement within the sector and adhered to the role of silent partner. The agreement between the two institutions was meant to cover the whole duration of the project. It was thus initiated in 2001 and it was prolonged until 2007. This agreement represents a step forward in terms of harmonisation and is part of the general coordination effort of the joint project.

Although some of the project activities were financed by the GTZ, Germany and France restricted the delegated co-operation agreement to include only the contribution of the KFW. In practice, however, an apparent delegation partnership of the AFD in favor of the GTZ seemed to have established. This could be explained by the dual role that the latter institution assumed, as both financial and executive entity of the *Social Mobilization* and *Institutional Strengthening* components.

At the time, neither the KFW nor the AFD had the specific guidelines necessary for directing the preparation process, implementation and follow-up for delegated co-operation agreements. However, both institutions already possessed extensive similar experience in co-financing projects, which allowed them to draw up a check-list of applicable basic principles. Moreover, since

2005 the countries had also agreed on a framework of objectives to promote the coordination, harmonisation and co-operation among each other<sup>49</sup>.

### **The decisive factors for the delegated co-operation partnership**

For a period of time previous to the delegated co-operation agreement (1997-2001), the KFW financed the construction of elementary education centers in the Mopti district. This project was being carried out through an agreement that designated the AGETIPE, in agreement with the authorities within the sector, as the executive body. Without any kind of representation in the country, the KFW could only conduct its follow-ups through bi-annual evaluation missions carried-out by specialized consultants.

At the same time, the GTZ was also financing complementary activities in the same area. These included providing technical assistance for the strategic location of the new educational infrastructures; social campaigns for ensuring community support for the maintenance and improvement of the schools and for mobilizing school-aged children; and providing additional instruction in order to reinforce institutional and instructional abilities at the local level. Thanks to the GTZ's strong presence in the field and its technical co-operation profile, the organization was able to also directly execute the same activities it financed. Thus, the GTZ projects were always handed over to the local authorities as finished products and direct contributions to the national education policy.

Thanks to the strong synergy and complementarity between these two projects, and because both were financed by German co-operation, a very close informal relationship developed between the two. One of the biggest advantages of this relationship, among others, was that it allowed for a substantial reduction in the transaction costs supported by the Malian government. The assessment made upon the completion of the project was very positive. The enrollment rate of school-aged children had doubled, but even so, the overall number remained very low and in high contrast to the national average. Both,



the KFW and the GTZ therefore approved new budgets for the continuation of their respective initiatives.

A new political decision taken in Germany at around the same time, however, forced the KFW to withdraw its active participation from the Malian education sector, yet without discontinuing its financial contributions. This decision addressed a series of political commitments, among which the ones worth highlighting are:

- To limit the number of strategic sectors to three in priority countries, and to one in non-priority ones. Although Mali is part of the priority country group for the German co-operation, the education sector is not among the three it chooses to concentrate on<sup>50</sup>;
- To spend a substantial amount of the KFW co-operation budget in financing the so-called Big Five priority areas at the international level, among which is education<sup>51</sup>;
- To improve the quality and efficiency of the German ODA funds by promoting harmonisation with other partners<sup>52</sup>.

Among other solutions, this political decision aimed to develop a delegated co-operation relationship with a partner able to represent the interests of the KFW in the sector.

Education was among the three priority intervention areas for the French co-operation in Mali<sup>53</sup>. Moreover, the AFD had extensive experience in the education sector, which had been gained in different areas of the country, the necessary specialized personnel, and an office in Bamako. The low enrollment rates in the district and the results achieved by the German project raised the interest of the AFD for a potential collaboration to complete the work in progress. Lacking direct experience in the area, however, the French co-operation decided to collaborate with donors that regularly intervened there.

To promote efficiency, the AFD adhered to the principles of aid appropriation and harmonisation<sup>54</sup>. In contrast to the KFW, however, the AFD was trying to find a way to provide more thorough support for addressing the education problem in Mali, not only by building schools. As a result, it began to entertain the idea of establishing a

joint project that could employ the synergies and complementarity present in the first German project.

The GTZ already had a strong local presence in the Mopti district, as well as an official representation in Bamako. Its main objective was to provide continuity to the social mobilisation and capacity reinforcement activities, as a way to increase the levels of elementary-level enrollment in the district. With the intention to capitalize on gained experience, the GTZ immediately renewed its bilateral project with the MEN<sup>55</sup>, maintaining its previous responsibility for direct execution of the contracted activities. When the joint project started to take shape, the GTZ expressed a keen interest in co-financing and agreed to use the budget of its new project on the condition that it may continue the direct execution of the technical projects.

The Malian education authorities showed a great interest in pursuing the technical and financial co-operation in this region; this, especially through a joint project that would link the construction of education infrastructure with other social and institutional factors of influence on the offer and demand for education. Furthermore, the Malian government was particularly interested in improving the appropriation levels of the ODA. This led the authorities within the sector to assume the management of the integrated project. Within this context, and given the scarce human and material resources available to the Malian government, the local authorities quickly accepted the idea of a possible distribution of tasks between the donors, which would assign one interlocutor for representation and would reduce the costs of the transaction.

### **The process of identifying the delegated co-operation arrangements**

During the preparations for the joint project, the KFW pursued the possibility of establishing a delegated co-operation for the “Education Infrastructure” component which it had been supporting, in order to avoid having to withdraw its financial contributions. The

identification of a leading donor was very easy in this particular case, since only one donor was interested in co-financing this part of the project: the AFD.

It was now up to the KFW to determine if this potential donor had the capacity to adequately represent them in the planned activities. This task also proved to be uncomplicated, as the decision was quickly reached in the framework of the assessment missions of the KFW<sup>56</sup>, without the need to review the co-operation objectives or the procedures applied by the AFD. The reasons for this follow below.

The KFW and the AFD are both financial co-operation institutions with banking functions, who share very similar objectives and procedures<sup>57</sup>. As a result, they also share an extensive co-operation experience with each other in several areas, sectors and countries. When the negotiation of the agreement was taking place, the two donor countries had not yet signed the statement of purpose that officially strengthened their collaboration (end of 2005). At the time, however, there did exist among them an implicit agreement based on the mutual trust gained through the numerous joint initiatives they had put in practice. These experiences are also related to delegated co-operation partnerships<sup>58</sup>, but they mostly consisted of co-financing<sup>59</sup>, distribution of specific tasks<sup>60</sup>, harmonizing policy dialogue<sup>61</sup> or temporary personnel exchange between the two institutions<sup>62</sup>.

The close relationship between the KFW and the AFD developed within the framework of other agreements and partnerships, together with their strong political willingness to strengthen their collaboration, allowed for a great deal of flexibility on the part of both donors during their negotiations for the delegated co-operation agreement. As a result, the KFW accepted the AFD procedures for managing the funds and developing the education infrastructure. In turn, the AFD made the commitment to apply the KFW principles for preparing the annual follow-up report and to keep their partner up to date on the progress of the co-operation.

Another factor that simplified the identification process of the arrangement is linked to the fact that the project under negotiation was very specific and low-cost. The project also had a logical

framework with specific implementation, and financial and technical guidelines that had already been approved by all the actors involved. More specifically, the “Education Infrastructure” component of this project represented the experience gained by the KFW while carrying out the previous project. As a result, the tasks delegated to the AFD, as leading donor, basically consisted of technical and operational tasks. This, of course, facilitated the delegation process, given that it did not entail representation tasks in policy dialogue. Sharing the same co-operation philosophy was an added bonus in this case.

Lastly, the AFD already had field-based staff in Mali, which was specialized in the education sector. Although the AFD did not have experience in financing education infrastructures in the Mopti district, it did have similar experience in another country. Moreover, once the strategy for the construction of the education infrastructure was established, the experience needed to carry out this component of the project was not very important, given that the execution of the project was done through the AGETIPE.

The need to conduct an exhaustive audit, as it was done in the previous delegated co-operation experience studied, was not considered a necessity in this case. This was due to the fact that both institutions had very similar objectives and procedures; that they already enjoyed a high level of trust based on extensive experience of working with each other; and that the mandate for delegation only required relatively easy and low-cost administration tasks. The donors settled for exchanging their procedures and their perspectives on their new joint project, taking advantage of the various missions carried out in the field and also between the head offices.

The negotiations on the viability for a delegated co-operation agreement between the KFW and the AFD to carry out the first component of the project concluded with a consultation with the Malian government, which was represented by authorities within the education sector. The latter showed appreciation for the harmonization initiative of the donors, which saved the KFW financial support it would have otherwise lost, and which brought them additional French funds for deployment to the region. According to

the government, the cost of the project would not have justified multiple interlocutors and, consequently, an increase in the transaction costs for the aid received.

The GTZ remained out of this delegated co-operation agreement mainly for two reasons. On the one hand, the KFW, who took the initiative to delegate part of its responsibilities in the project, did not have an interest in contributing to the activities financed by the GTZ. On the other hand, the latter was also not interested in getting involved with developing education infrastructure, an area less suited to its technical co-operation profile.

Finally, it is worth asking why the AFD and the GTZ did not establish a second delegated co-operation agreement to manage the “Social Mobilization” component that both institutions previously co-financed. After all, the GTZ already had extensive experience in this area and the AFD could have opted to delegate its participation and concentrate more on the tasks of the first component. Furthermore, this would have allowed the French and German co-operations to establish a more concrete and symmetrical partnership at the field-level.

This option was not viable, however, since the GTZ, was not only interested in co-financing the activities of the second project component, but it also wanted to assume the executive role for carrying them out. If the AFD would have delegated the management of its contribution to support social mobilization to the GTZ, it would have delegated to an institution that would have had more interests invested in the project and, therefore, it would not have been able to provide an objective evaluation of the achieved results. Moreover, France wanted to improve the appropriation level of the co-operation received by Mali. If the AFD would have contributed its funds for the second component to the GTZ by delegating their management, the latter would have become beneficiaries in kind, with a minimum level of participation from the local authorities. Lastly, France wanted to acquire a more general knowledge of the development problem of the local elementary education system. As a result, it insisted on a direct involvement in the social mobilization activities.

The alternative that was ultimately decided upon was to co-finance this component but keeping both partners actively involved. As a result, the responsibility to transfer the execution mandate for the funds received from France to the GTZ was relayed to the Malian authorities, who had just signed a bilateral agreement for these purposes.

### **The establishment and the content of the agreements**

The completion of the delegated co-operation agreement and the rest of the related contracts were signed within only two months, thus ensuring the consistency of its content. The signing of this document gave juridical authority to the conclusions of the negotiations between the parts involved and added a more general dimension to the project. More specifically, it allowed for an official notification to the Malian government and all the other donors in the sector concerning the partnership established and the distribution of responsibilities accorded between the AFD and the KFW in order to harmonise the execution of education infrastructure.

In September 2001, the Malian government simultaneously established bilateral agreements with both, the AFD and the KFW, which detail their respective financial contributions to the project for promoting elementary-level education in the 5<sup>th</sup> district<sup>63</sup>. These agreements are very different from each other and, although it is not mentioned specifically, they do implicitly provide for a decision to establish a delegated co-operation between the two partners. That is why the financial convention between France and Mali is much more detailed and it specifies the financial contract signed between the latter and the KFW.

The signing of the delegated co-operation agreement took place in October and November 2001, immediately after the establishment of the bilateral agreements with Mali. The agreement was agreed upon in the form of a management mandate with contractual elements. Its content is summarized in Box 4.

#### BOX 4: Contents of the delegated co-operation agreement between the KFW and the AFD (2001-2006)

Project Objectives	To promote harmonisation and to reduce transaction costs in order to improve the efficiency of the jointly financed project for the promotion of elementary-level education in Mali's 5th District, within the PISE framework.
Object and range of the project	The KFW delegates the AFD the management of its financial contribution (€4.639M) for carrying out the project promoting elementary-level education in Mali's 5th District, outlines in the " <i>Convention séparée du projet</i> ".
Responsible parties for the coordination of the project	On the part of the KFW, it is the West Sahel Division <sup>64</sup> that relies on the Social Affairs Division (both within the head offices) for following-up on the technical aspects linked to education. On the part of the AFD, it is the Education Division within the head offices <sup>65</sup> , which delegates the daily implementation of the agreement to the Bamako office.
Bilateral agreements with the Malian government	The AFD and the KFW bilaterally establish a financial contract with the government of Mali, represented by the MAEME, in which each specific financial contributions to the project are spelled out respectively.
Contributions of the KFW and the AFD	Each partner assigns a maximum of €4.639.125,76 for financing the "Education Infrastructure" component. The disbursements are meant to pay for concrete activities related to the project, according to methods stipulated by the project and the bilateral agreement between the AFD and the Malian government.
The Management of the contributions	The AFD jointly manages both contributions, relying on its own rules and procedures. The disbursements made towards the project are always pari-passu, employing 50% of each of the financial sources. The KFW funds are sent to a special AFD account destined exclusively to financing payments within the project framework. The disbursements are split in four equal parts and are provided upon the request of the AFD, after it has been

	proved that at least 75% of the previous disbursement has been spent. The interests gained on this account increase the funds available to the project.
Acquisition of goods and services	The AFD procedures are applied, together with the details within the Convention Séparée du Projet <sup>66</sup> .
Reports	The AFD prepares the annual project progress reports for the KFW, as well as a final report using the format usually applied by the latter. Furthermore, the AFD regularly shares the mission supervision reports with the KFW.
Consultations between the KFW and the AFD	There is no provision for an annual meeting, but both donors can consult reach other on any issue connected to the agreement, by self initiative. All the communication is carried out in writing and passes through all the units within the head offices responsible for the coordination of the agreement.
Evaluations and Revisions	The accounts and the financial reports that the AFD receives are audited in the middle and at the end of the project term by independent experts, according to the international accounting norms. The KFW participates in the ex-post evaluation of the project, and it can also join this supervision, if it so wishes.
Breach of contract and disputes	The inoperability of one of the regulations does not affect the rest. Any dispute among the parties has to be settled in a friendly manner.
Modification and term of the agreement	The mandate for the administration of the funds covers all the time necessary for satisfying all the obligations stipulated by the contract, including the use of the funds according to the rules stipulated in the joint project. The disbursements are limited to December 31, 2006, with the possibility to extend this date by common agreement. Any of the parties can put an end to the agreement by providing a 90-day notice.
Visibility clause	The AFD has the obligation to clearly indicate the contribution of the KFW in any public or official communication referring to the project.



Representation Costs	The AFD receives remuneration from the KFW as compensation for the costs generated by the execution of the mandate. The quantity and the method of the disbursement of these costs are determined by common agreement by official mail.
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**Source:** Administration mandate established between the KFW and the AFD for carrying out the project promoting elementary-level education in Mali's 5th District, within the PISE framework. October 2001.

Lastly, the donors complemented the joint agreement with the *Convention séparée du projet*, in November 2001. This convention clearly specifies the execution methods for the project.

### **The implementation of and the follow-up to the agreement**

The management mandate that the KFW granted to the AFD was applied without any difficulties due to the fact that both parties faithfully adhered to their respective designated roles. France managed the German funds for delegated co-operation by representing its partner in all the areas related to the implementation of the project and keeping them updated of the progress of the co-operation. In exchange, Germany always made their contributions to the AFD on time and maintained its silent positions throughout the process. The KFW always maintained a minimal position on the follow-up of the delegated tasks, which can be explained by the close relationship it shared with the AFD.

It was expected that the delegated co-operation agreement remain valid until the end of 2007. The following analysis will present the details on how this agreement has functioned in practice, by pointing out the achievements and the difficulties experienced throughout its implementation process.

The AFD managed the sum of all funds contributed by France and Germany towards building education infrastructure in Mopti. This was done by applying own rules and procedures. The disbursements were made periodically, before the request of the executive entity designated by the MEN (the AGEPITE). These

disbursements represent cash advances, direct payments to companies and reimbursements of costs.

France kept separate accounts for the expenses and deposits in the so-called “mandate account”, which received the contributions made by the KFW, while it maintained one single account for the disbursements made jointly, and in equal amounts, for financing the project. The AFD did not prepare any periodical financial reports. It did, however, briefly justify the use of the first three installments of the German subvention (divided in four equal parts) before requesting the next payments. The accounts prepared by the AFD received the certification of a team of external auditors halfway through the project; however, they will not expect to be evaluated again until the end of the mandate.

Aside from managing the contributions, the AFD also represented the KFW before the Malian authorities at different levels of the implementation and follow-up of the project. This representation was also exercised during the negotiations on the PISE that took place with the other donors in the sector, in the dialogue applications stipulated by the *Cadre Partenarial*. It should be mentioned that in this context, the AFD always fulfilled its commitment to safeguard the visibility of the German co-operation in the project.

The Malian authorities managed the implementation of the project and elaborated an annual progress report that was shared with the donor partners. Through the organizational plan, the MEN delegated the responsibility to organize the building of education infrastructures to the AGETIPE, and the coordination of the social mobilization activities and reinforcement capacities to the GTZ. These entities elaborated periodical reports (every two or three months) with process, financial and technical indicators that allow the government to conduct an overall follow-up of the project, in relation to its own framework. The financial reports prepared by these entities were also used to justify new disbursements.

The Malian government never provided France with a report focused specifically on the contributions that it managed (funds from

the AFD and the KFW), but it did use data from the reports previously mentioned in order to conduct a follow-up on the project. The agency's representation in Bamako constantly maintained communication with the sector authorities and the executive entities, and played an operational role in the follow-up of the project.

All this data was complemented and verified during the supervisory and evaluation field missions organised by the special division on education within the head offices. Thus, every six months, the quality and conditions of the project implementation were evaluated. The main conclusions were subsequently compiled within a field report, which was then shared with the KFW. The Malian co-operation agency conducted a general evaluation of the project every year, after which it prepared progress reports including specific operational recommendations.

Based on this data, the AFD prepared its own annual report that was sent to the KFW, using the latter's standard format. Through it, France officially shared with Germany the state of the joint co-operation in the education sector, in the 5<sup>th</sup> district of Mali. The KFW always seemed satisfied with the quality and content of these reports, which allowed it to justify its contributions without the need to periodically participate in the supervisory missions<sup>67</sup>.

The benefit gained by Germany from these reports has been maximized by the fact that these have been presented in a familiar format. Contrary to what it may seem like, the preparation of this report does not imply any additional work on the part of the AFD staff, given that they only have to change the format of the data already used in the internal evaluation process.

The KFW provided the AFD with remuneration, in order to compensate for all the costs incurred by all the financial, representation and information tasks it performed. Although both institutions maintained the principle of reciprocity in all the delegated co-operation activities, this partnership was not perfect and the agreements were negotiated on a case by case basis. For this reason, the financial dimension of these agreements promotes a certain level of rigour with respect to the expenses of each mandate in question.

A fundamental aspect of this experience is that the communication established between the AFD and the KFW within the framework of this agreement was very limited, thus reducing the administration costs related to the mandate. The information provided in the annual report was complemented by some regular meetings between the head offices, which were mainly focused on resolving technical aspects in the field of education. The participation of the KFW in the bi-annual supervisory missions gradually decreased, especially after the AFD took over responsibilities. Moreover, the AFD representation in Mali did not maintain any kind of contact, either formal or informal, with the KFW head offices. What perhaps seems most surprising, however, especially in relation to the case previously studied, is that there were no statutory annual meetings for follow-ups to the delegated co-operation agreement.

This limited communication, however, did not affect the trust relationship between the two institutions. The KFW considered that the AFD facilitated all the necessary data for the project follow-ups, and thus maintained full confidence in the management and representation functions that the latter performed in its name. That is why it did not consider it an inconvenience to maintain a silent position.

The head offices of both institutions, however, did conduct annual statutory meetings, as a way to supervise the overall co-operation between them<sup>68</sup>. These consultations were organized through the Strategic Relations Department of the AFD and the Strategic and Methodological Department of the KFW. If any difficulty with the implementation of the agreement would have emerged, this official meeting could have been useful in finding an adequate solution.

It may be worth analysing how the KFW could reconcile the difficulties often experienced when being a silent partner; this, especially when possessing a substantial relative advantage compared to its leading donor, as it did in this case. As a matter of fact, during the initial stages of the agreement, the KFW capitalized on its gained experience in the region by playing a more active part in its implementation, and maintaining an informal, albeit regular dialogue

with all the actors involved. The AFD, however, was very quick to catch up on the experience necessary, thus letting the KFW retire to its silent position without compromising the interests of the project.

From that moment, the KFW made a firm commitment to avoid pursuing any personal interests that may require them to play a more active role, as it did in the previous project. As a result, the KFW refused to give in to the requests made by the GTZ, for example, who was used to dealing directly with the KFW on the complementary issues related to the project, and who had very little experience in collaborating with the AFD. Gradually, however, the GTZ and the AFD did manage to become more familiar with each other's internal mechanisms and procedures, and to develop a working relationship that no longer required the assistance of the KFW<sup>69</sup>. Another source of pressure on the delegated roles was being exerted by the goods and services providers that had been previously working with the KFW and who saw the delegated partnership as a threat to the continuity of their business.

The discontinuation of KFW's active participation in the sector during the first years of the agreement, however, was facilitated by the fact that the agency did not have a permanent representation in Mali. Even when such office was opened in 2003 in Bamako, it had a reduced number of personnel and no education expert on staff.

### **The results obtained and the open possibilities**

The results obtained by the administration mandate for the joint project have been very positive. Although they are preliminary, they still present some elements of analysis that would be useful to expound. An ex-post evaluation of the joint project<sup>70</sup> is planned after the conclusion of the agreements (the co-financing and the administration mandate), which will expire within the next few months. Its results could complement the ones already attained. There are no plans, however, for a performance evaluation of the delegated co-operation agreement; such an assessment would add valuable information on the gained experience.

By and large, the French-German partnership for promoting education in Mali's 5<sup>th</sup> district has been beneficial for all actors involved. The results obtained have exceeded by far what was initially expected, thanks to the close relationship between the KFW and the AFD. As an added bonus to this joint project, the efforts involved in carrying it out have also contributed to the overall improvement of the policy and appropriation levels for the local education development. A discussion on the advantages and disadvantages of this co-operation administration mandate would now be useful.

First, important steps forward were made in building classrooms throughout the Mopti district. This was due not only to the mobilization of more substantial amounts of money for the project, but also to the successful harmonization of procedures, which considerably reduced the transaction costs for the local authorities. It should be mentioned that the change in procedures initially did cause slight difficulties for the local government. Those, however, were rapidly overcome, since the French norms were very similar to those that had been previously applied by the KFW. Moreover, having a field office of the leading donor in the region greatly facilitated a better familiarity with and application of these procedures. The transaction costs were also reduced thanks to the designation of one single interlocutor (the AFD) to represent the French and German interests in the negotiations on the building of education infrastructures with the local authorities.

AFD's presence in the region also helped the MEN to improve the efficiency of the co-operation in terms of consistency and appropriation, as well. Since France favored a more general approach to co-operation, it promoted the idea of a project that would integrate the development of infrastructure, social awareness and capacities. The local education authorities took charge of managing and carrying out this project by using an approach implementing economies of scale (compiling a single progress report, organising joint missions, etc). These measures further reduced the costs for carrying out and following up on the project. As it has been explained above, the fact that the AFD did not delegate the administration of the co-financed

activities to the GTZ, somehow managed to elevate the appropriation level of the local authorities<sup>71</sup>.

One of the drawbacks to this situation, however, was that the local authorities did lose direct control over the German co-operation funds, for which now France served as intermediary. This situation could be seen as a loss of control and authority on the part of the Malian government as far as the building of schools in the 5<sup>th</sup> district was concerned; this, especially when the interventions of both co-operation partners were so well coordinated, as to avoid duplications or vacuums.

On the other hand, however, the delegated co-operation agreement with the KFW facilitated the AFD a very smooth access to and establishment in the region. France maximised the experience already possessed by its partner by fully capitalizing on the contacts and efforts already initiated there, but with the added advantage of working by using a more general approach. The authority to represent the German interests and to manage the most part of the funds for building education infrastructure in the region provided the AFD with substantial weight in the dialogue on harmonisation with the local authorities. Apart from these benefits directly related to the co-operation project, the AFD consequently also managed to improve its strategic position as a donor in the whole sector by representing the rest of the donors in the negotiations with the government<sup>72</sup>. All these results were achieved without incurring any additional administration costs, given that the KFW was already compensating France with remuneration.

Thanks to the delegated administration mandate with the AFD, the KFW managed to maintain its financial contribution to the sector without interfering with the new German policy, while at the same time fulfilling its international commitments for improving aid efficiency. The objective of the agreement (building new schools in Mopti) was practically the same as the one intended by its previous independent project. This time, however, the remuneration costs for the delegated tasks proved to be considerably lower than those supported earlier. This low administration costs was mainly due to the

employment of an economy of scale. The AFD managed the German funds according to its own norms (very similar to Germany's), and by using its specialized field staff. Due to the excellent working relationship between the two agencies, the KfW did not find it difficult to maintain its silent position; this prevented the AFD from performing additional and unnecessary tasks to inform its partner.

It is worth highlighting the fact that the KfW's new role as silent partner did not considerably detract from its visibility within the sector for two reasons. First, all the official communication and information duly specifies its contribution to the project. Second, the agency's level of visibility was already quite low, due to the fact that it was based only by carrying out its first project; and this without any field representation. While it is now true that the German diplomatic mission in Bamako does not have many opportunities to show its contributions to the development of the education in the region, it does enjoy other forms of compensation thanks to the representation efforts that the AFD carries out in its name.

Aside from the concrete results achieved by carrying out this joint project, the delegated co-operation established between the KfW and the AFD also helped improve the level of mutual knowledge and trust among them, thus reinforcing their already close relationship. This joint venture has also brought forward new experiences and lessons that could contribute to amendments in their statement of purpose, whose revision is due shortly, or to the establishment of new guiding principles in this field. Moreover, this general and informal reciprocity has helped to rationalise the ODA: the higher level of specialisation achieved by the AFD in the Malian education sector is clearly reflected in the KfW's specialisation in other countries (in Chad, for example).

Despite the high impact that the French-German partnership has had on the development of education in Mopti, the decision to continue this venture was ultimately determined by important contextual changes and problems within the sector. First, the joint project has achieved its main objective of increasing the number of schools in the region and, at the same time, the social demand for



education. As planned, this has resulted in a significant increase in the gross rate of school enrollment within the region, thus reducing the discrepancies with the national average. Second, within the last few years, the aid mechanisms within the sector have increasingly shifted more towards budgetary support, thus already creating a base for a policy dialogue coordinated among donors and led by the government. Finally, the deficiencies within the sector seem to have more to do with a lack of institutional ability to take over the actual control over education policy, especially at a decentralised level. For these reasons, both the AFD and the KFW have ruled out the possibility of continuing the project, as well as the administration mandate it is linked with.

The KFW still has to fulfill the objectives to improve world education through increase in budgetary support and to honor international commitments to aid efficiency (sector and geographic concentration, harmonisation, etc.)<sup>73</sup>. As a result, the KFW has expressed an interest in continuing its financial contribution to the PISE, though not through active involvement. In turn, the AFD has reaffirmed its commitment to the Malian education sector, but has chosen to channel the better part of its co-operation to budgetary support and the co-finance of a national plan for institutional strengthening<sup>74</sup>. The Malian authorities also seem partial to the new ODA instruments, and seem to regard favorably any partnership between donors that could improve aid coordination and harmonisation, as long as they are kept well-informed.

One of the options available to the KFW is to channel its funds as sector budgetary support, within the framework of the *Arrangement Spécifique*. The level of involvement required by an adequate policy dialogue with the government and the rest of the partners, however, would entail very high administration costs. For this reason, it is quite logical that the KFW try to form a partnership with another active partner that shares the same philosophy and has the capacities to represent it. If that is the case, the selection of a leading donor would imply going through another identification process, since having shared a delegated co-operation agreement with the AFD in one

project does not mean that the best option would be to also delegate sector budgetary support to the same institution.

The alternatives for this option would be either to make contributions through the catalytic fund of the Fast Track for the Education for All Initiative; or through a general budgetary support contribution, using a multi-sector approach and maintaining the strategic dialogue on the main education objectives. A decision on these options was expected by the end of 2007, after concluding negotiations with the Malian government.



## 4. Assessment of the delegated co-operation experiences in the Malian education sector

Although the two delegated co-operation experiences under study are very different from each other, they both share the objective of contributing to the development of education in Mali. Starting in 2001, Mali began receiving funds that would perhaps not have obtained through any other way, thanks to the co-operation partnerships among the five bilateral donors. As it has been discussed above, the silent partners could have opted for other alternatives, but these did not necessarily guarantee the channeling of funds towards the PISE. If we take 2005 as a reference year, the volume of subventions brought in by the two delegated co-operation agreements reached close to €9.4M, representing 13% of the ODA for education in Mali<sup>75</sup>. This high percentage is largely due to the agreement established between the Netherlands, Sweden and Norway, given that it provided budgetary support for the whole sector, as opposed to financing only one project, as the agreement between the AFD and the KFW did.

Moreover, the costs incurred by the delegated co-operation agreements to the Malian government are far lower than if the donors would each have actively gotten involved. Consequently, not only were the aid administration procedures and the criteria for negotiating the budgetary support harmonised, but the number of interlocutors with the government was also reduced. All this simplified the relationship between the government and the donors, making it easier to work towards common goals.

The aid administration costs supported by the donors were also reduced, especially once the agreements were established. This is especially true with the administration mandate between the KFW and the AFD. In both cases, the silent partners managed to provide quality aid to the sector without the necessity for active participation, which substantially reduced the administration costs. Sweden did, however, conduct a much more intensive follow-up on the work exercised by the Netherlands in its name, as opposed to the one adopted by the KFW on the AFD. On the other hand, the leading donors have represented their silent partners through an implementation of economies of scale (fixed costs on the representation in the country or the specialised personnel, etc), which allowed them to obtain more results at a lower cost. But the costs incurred by the Netherlands while implementing the delegated co-operation agreement were much higher than those supported by the AFD, especially since the latter relayed them to its silent partner.

The additional aid towards the education sector was also due to the higher efficiency in the coordination of the field interventions. In the case of the project for promoting education in Mopti, possible duplications or vacuums were avoided and the already-existing synergies with complementary aspects of the project were formalised. At the same time, the partnership established for offering sector budgetary support facilitated a more reasonable and reachable set of aims for the progress indicators of the national education policy. Moreover, thanks to this improvement in aid coordination and to the reduction of transaction costs, the national authorities could better carry out their control and leadership functions with respect to public policy, in general, and co-operation, in particular.

As a result, the additional financial contributions obtained from 2001 and until now have contributed to improving the technical indicators in the sector, adding up to the rest of the country's own and co-operation resources. It is impossible to determine what part of the progress is due to the delegated co-operation agreements, but since they are related to relatively higher-quality aid, this shows to be proportionally better off. In this context, the overall trend of the main

indicators between 2001 and 2005 (the last year for which statistical data is available) offers an interesting reference (Table 1).

**TABLE 1: Progress indicators for the education sector, 2001-2005**

<b>Education indicators</b>	<b>2001</b>	<b>2005</b>	<b>Annual Variation</b>
Part of the education sector current budget within the State current budget (in %)	26,6	30,29	3,5%
Enrollment records (in number of students)	1.126.294	1.505.903	8,4%
Gross enrolment rate (in %)	60,9	72,2	4,6%
Gross access rate to the 1st cycle of elementary education (in %)	59,3	67,6	3,5%
Rate of completion of the 1st cycle of elementary education (in %)	35,6	43,2	5,3%
Rate of retentions in the 1st cycle of elementary education (in %)	69,7	76,6	2,5%
Student/Teacher ratio	56	63	-2,5%
Percentage of students who repeat the year in the 1st cycle of elementary education (in %)	19,5	18,7	1,0%
Percentage of students who repeat the year in the 2nd cycle of elementary education (in %)	23,5	24	-0%

**Source:** Official data of the MEN, Government of Mali, presented in the proposal for the action plan for the accelerated implementation of the PISE II, in favor of universal elementary education. Bamako, October 2006.

Within the last years, Mali has expressed its political willingness to provide help to the education sector through budgetary support. Substantial improvements have been made with respect to the coverage of elementary-level education thanks to the liberalization of the teaching offer, an ambitious program for building education infrastructure and a major increase in teaching staff. This increase in

access to elementary-level education, however, has been made at the costs of quality and equity.

With respect to the efficiency of the ODA in Mali, it is important to point out that the aid of the donors has qualitatively improved due to a higher specialisation obtained through task delegation. As a result, the KFW has been able to concentrate more on purification and drinking water or decentralisation while the AFD has been carrying on in its name in the education sector. This kind of co-operation has allowed for a wider coverage of the thematic areas promoting development in Mali.

Aside from the financial, technical and efficacy impacts of the aid on the Malian education sector, the delegated co-operation agreements have also had a collateral impact at the international level. The field experience gained by the two partner institutions has further consolidated their already close relationship, thus facilitating the establishment of similar partnerships in other countries or sectors, based on the best practices already obtained. There were also several important advantages to the geographic specialisation of the aid. Sweden, for example, later managed to intervene in the sector without having to gain a vast knowledge beforehand, –which would have entailed substantial administrative costs– and to specialise in the same area in countries like Malawi, where it represents Sweden.

Generally speaking, these delegated co-operation agreements have provided a practical application for the donors' international commitments to develop elementary-level education and to improve the efficiency of the ODA.

## **The trend for delegated co-operation in the education sector in mali**

As it has been seen, the future for this type of partnerships in Mali depends to a large extent on the political decisions adopted by the donor partners with respect to their international commitments and the best way to fulfill them. If the tendency to concentrate aid to the poorest countries or to the basic social sectors through budgetary

mechanisms can be linked with a better geographic or sector specialisation of each donor, then this could result in an increase of co-operation funds for the education sector in Mali while maintaining the number of active donor partners in the sector constant. The delegated co-operation agreements are a way to fulfill both levels of compromise, but the existence of other possible alternatives, such as the catalytic fund of the Education for All-Fast Track Initiative, should not be forgotten.

On the other hand, Mali is a pilot country for initiatives favoring joint programming and assistance, at least among the EU member countries. The implementation of this new strategy will create numerous opportunities for rationalising the donor interventions that are currently concentrated to sectors like education. More specifically, delegated co-operation can represent an easier political measure and a moderate step towards the achievement of a more efficient division of work among bilateral donors. The reason for this is that, through a delegated co-operation agreement, a partner that wishes to withdraw from any given sector has the opportunity to do so while still providing financial contributions to it.

Lastly, the opportunities for delegated co-operation in Mali seem to be conditioned by the government's preferences with respect to the methods and instruments for channeling co-operation funds, as well as by the level of pragmatism the authorities show in promoting the principles of aid harmonisation.





## 5. Main conclusions

The experiences detailed in this study allow us to reach a series of conclusions that corroborate or expand the lessons learned in the framework of other similar initiatives.

Delegated co-operation allows donors to authorise others to act in their name as a way to reduce transaction costs and to improve aid efficiency. This method facilitates the fulfillment of some of the commitments made in the international agenda on harmonisation, but it needs to be studied on a case by case basis, taking the context of the beneficiary sector or country as a frame of reference.

There are other alternatives to reaching these objectives, such as the global thematic funds or the distribution of intervention at the international level for every sector or area. In some cases, these alternatives could prove to be more attractive for improving aid efficiency in terms of harmonisation and reducing transaction costs.

Within the last few years, however, there has been a tendency for increasing use of delegated co-operation, and all the indicators show that this trend will continue. On the one hand, the commitments made by the donors to increase aid; to give priority to the basic social sectors and the LDC's; to complementarity and division of labour; to the sector and geographic especialisation and concentration; and to rationalisation of the resources, have opened new opportunities for developing these kinds of partnerships among them. On the other hand, the donors have become aware of

the advantages associated with these kinds of agreements, and have therefore given priority to finding solutions that diminish the obstacles in establishing them.

### **Trust, as a key transversal factor**

The success of the delegated co-operation partnerships that have been studied in this paper can be attributed, to a large extent, to the strong relationship of trust enjoyed by the actors involved in these delegation mandates.

This high level of mutual trust is based on the already existing similarities between the objectives and the way of operating of each of the actors involved. This relationship has also been nurtured along the way, through the regular communication that the leading donor has been impelled to facilitate to the silent partner on the state of affairs and the results obtained by these joint co-operation projects.

Without this element of trust, it does not seem possible that a leading donor could represent its silent partner at a low administration cost that could make the operation attractive. As a matter of fact, when the actors trust each other, it becomes easier to show flexibility with respect to the working methods of the other partner and to adhere to the distribution of responsibilities agreed upon.

### **The original motivations in favor of delegated co-operation**

Generally speaking, the delegated co-operation agreements are encouraged (or halted) by the silent partner, but all the actors involved have special interests to enter into them.

In the case studies offered above, the delegating actor was looking for a way to satisfy the political decisions taken by its co-operation institution before the citizens-contributors to the ODA. This concerns adopting special budgetary measures to guarantee that a minimal percentage will be channeled towards the education sector or towards the LDC's; and/or the commitment to reduce the number of priority countries. Moreover, another objective pursued in all of the

cases mentioned is the international obligation to reduce the ODA costs for the government and for the institution itself, as well as to improve the efficiency of the aid in question. Also, all the delegated co-operation cases studied have developed due to the existence of a leading donor in the field that had the necessary experience and capacity to take over the delegated responsibilities.

The main reasons why the leading donors have assumed the responsibility to represent the silent partner seem to be linked to the following factors: their commitment to contribute to the harmonisation agenda; the advantages of sharing the risks and decisions when adopting a new co-operation instrument (as in the case with budgetary support); their additional authority in the policy dialogue with the government and the other donors; and the possibility to receive compensation through a direct remuneration from the silent partner or in the reciprocity established in other countries or sectors.

For their part, the partner government has shown support for delegated co-operation partnerships in all the examples studied. In some cases, these allow them to mobilise additional resources and, in others, they allow them to avoid losing funds in any given sector. Moreover, these partnerships provide only one interlocutor and one way of managing and justifying the co-operation (in terms of approaches used, such as the management procedures or the follow-up instruments).

### **The difficulties with preparing the agreements**

The process of preparing the agreements has entailed, in all the cases studied and at all levels (head-office/field representation), more time and resources than initially expected. However, all the actors involved consider that this preliminary phase is necessary and crucial to their successful implementation.

The donor that decides to delegate part of their co-operation has to identify the partner with the best capacity to represent them, and subsequently proposes them the role of leading donor. The beneficiary

country is also consulted in this matter. But before making the final decision, the silent partner has to make sure that the guidelines, norms and procedures of the leading donor will sufficiently justify the use of their funds.

This can be achieved thanks to an already existent and extensive collaboration between the institutions involved, or through carrying out a detailed system audit that can determine if the co-operations are consistent with each other on all the levels. This audit can be very laborious and it can take several months to complete. Its practical objective, however, has less to do with demonstrating that there are no impediments to delegating the financial and administrative management of the funds, but more to do with improving the level of knowledge that the silent partner has on the co-operation strategies and the *modus operandi* of the leading donor. This factor is vital to building the trust relationship among the partners.

Once the leading donor is identified, it is essential that all the aspects of the contract are defined in detail. In order to successfully complete this part of the process, it is certainly very useful to consult special guidelines on delegated co-operation. Among other things, the following things need to be agreed upon: the detailed distribution of responsibilities (both, horizontally among the institutions, as well as vertically, among head offices and field representations); the strategy of the joint co-operation; the most adequate aid methods and instruments; the applicable management procedures; the administrative and financial rules for the disbursements; the follow-up, evaluation and quality control mechanisms of the contributed funds; the level and form of communication of accounting for the funds; the level of visibility and inactivity of the silent partner.

The cases studied have shown that the process of preparing the delegated co-operation agreements has been much more simplified when both partners already possessed experience in this kind of aid method. The political priority given to the development of these strategies and the accepted level of flexibility on the principles and procedures of the leading donors, both are factors that positively influence this process.

The establishment of the delegated co-operation agreements has a high cost. This can be reduced when both institutions share a common vision and form of co-operation in general, or at least in the country or sector concerning the agreement. In the latter case, the field offices have proved to have an added value in reaching consensus more rapidly.

The new co-operation instruments facilitate the use of delegation. In the case of budgetary support, it has been observed that the partners within the sectors share the same vision of development (defined by the public policy within the sector). They also use the same procedures, which are embodied in the national rules. The obstacles that emerge when identifying the co-operation agreements are therefore much less significant in nature, and they usually refer to differences in approaching the policy dialogue with the government.

Nevertheless, some of the obstacles that can come up during this phase can represent a political dimension that is difficult to overcome, such as a change in the silent partner's co-operation policy, for example. In general, these can pose a serious threat to the successful conclusion of the delegated co-operation established between the actors.

In some cases, the head office and the field representation can have slightly different interests. These can create a gap in perception with regards to possibilities and approaches to delegated co-operation, and they generally have a tendency to stop or frustrate the preparations for the operation.

The cost-benefit ratio associated with a delegated co-operation agreement usually improves according to the increase in the monetary value of the delegated part, due to the high cost that the setting up of these operations incurs.

## **The need to formalise the agreements**

In all the cases thus far studied, it has been helpful to have a written and signed contract that serves as a reference when carrying out and following up on the delegated functions.

Formalising the agreement should not pose any difficulties once the details governing the partnership are established. It can, however,

take a long time to put into writing these details and to justify them before the respective legal authorities.

The agreements are always signed either at the head office or at the field representation level. This depends on the level of decentralisation of each institution, as well as on the existence of a representative office in the beneficiary country. The agreements themselves can take many forms, depending on the contractual level of the established partnership.

Some of the donors do not consider it legally viable to distribute resources to a partner country through another donor. In such cases, they therefore need to directly establish bilateral co-operation agreements with the beneficiary country. In other cases, the formal establishment of the co-operation agreement is simplified by the fact that this contract allows the leading donor to bilaterally sign any necessary financial agreement with the partner country.

### **The importance of adhering to the assigned roles while carrying out the delegated co-operation agreements**

The level of success of the implementation and the follow-up of the delegated co-operation agreements seems to be especially dependent on the partners' ability and willingness to adhere to their established roles, and to maintain the element of trust in the partnership. All this requires high levels of flexibility on both parts involved.

The obstacles encountered while carrying out the agreements are generally limited to small operational discrepancies. These are usually solved on a case by case basis and pose no serious threat to the continuity of the contracts. These small implementation problems are directly related to the type of relationship among the partners: the closer the common vision on co-operation, procedural framework and accountability mechanisms they share; and the more detailed the terms of the delegation established among them are, the least problems they are likely to have while carrying them out.

There have been no political or institutional obstacles during the implementation and the follow-up of the agreements. This is due to

two main reasons. First, these aspects are usually dealt with in the preparatory phase. Second, the new political decisions usually do not effect the agreements already being carried out.

The level of involvement of each of the actors during the implementation and the follow-up to the delegated co-operation agreements depends on a series of factors. First, it is directly related to the distribution of roles, tasks and responsibilities among the donors, as well as with the beneficiary government; and second, it also depends on the co-operation instrument applied (project or budgetary aid).

In all the cases studied, partner governments have fulfilled their responsibilities towards the respective co-operation projects or have enforced the applicable national sector policies. The governments prepared the follow-up reports on the specific projects or its general policy, which were sent only to the leading donor. The quality of these reports or the deadlines for their submission were not always on par with what was previously agreed, but this is not a problem particular only to delegated co-operation agreements. In practice, the national authorities are aware of the silent partner's contribution and accept its inactivity.

The leading donor represents its silent partner before the national government by applying its own co-operation and procedural approaches, and always on the condition that this does not incur significant additional costs. Thus far, there have been no problems with the disbursement of funds through an active donor. The latter usually offers accountability for the obtained results through regular reports, bilateral meetings or informal communication. It has been proven that maintaining an adequate communication level has been vital for improving mutual knowledge, respecting the assigned roles and maintaining the level of trust among the partners; this, of course, only when such communication has not been exaggerated or incurred high costs.

The reports are generally prepared applying the format used by the leading donor. In some cases, however, they have also been adapted to fit the format of the silent partner in order to facilitate their reading and comprehension. In both cases, they are prepared on



an annual basis by the authorities within the sector. These reports help the silent partner conduct a technical follow-up and justify their financial contribution, but they need not be validated. Although in some cases they do not fully respond to the requirements of the silent partner, and sometimes they are not handed in on time, this does not present any serious problems with the implementation of the agreements. This, especially when the partners show flexibility and discuss and elaborate on this data during their bilateral meetings or informal communication.

The bilateral meetings between the leading donors and their silent partners are essential to the successful implementation of the delegated co-operation agreements. In some cases, these meetings have only taken place in the case that some difficulty or discrepancy had been detected. In others, these encounters have been formalised as statutory meetings of extreme importance to the follow-up to the delegated co-operation. In this last case, the bilateral meetings take place on an annual basis and facilitate, among other things: a joint evaluation of the results of the co-operation; the validation of the representation efforts carried out by the active donor; an evaluation of the delegated co-operation between the actors; the proposal of adjustment measures, when necessary; and a re-confirmation of the willingness of the actors to continue their joint co-operation venture.

The level of informal communication that the partners maintain differs from one agreement to another. This depends on the issues tackled by the delegated co-operation venture, on the level of involvement that the silent partner wishes to adopt, and on the interrelation capacity of the institutional staff on both sides. In any case, this informal communication has proved to be a key factor in speeding up the representation tasks involved in the agreement or in sorting out misunderstandings without incurring any administration costs or efforts.

The experiences studied have shown that it is much more difficult to maintain a silent position than it has perhaps been expected. In both cases, the silent partners authorised the leading donors to represent them before the national authorities and the other

donors, through a direct show of confidence that they seem to have in the latter's capacity for such a responsibility. However, its implication in the follow-up to the joint co-operation has reached very different levels. As a matter of fact, it has been more helpful when the delegating partner has chosen to adopt a more active role, but this can only happen with the approval of the leading donor.

More concretely, the level of implication of the silent partner is much more elevated in cases, which are characterised by the following elements: the challenge of establishing a quality policy dialogue through a co-operation instrument that is very new to the beneficiary country; the existence of a field representation for each partner; the commitment of the silent partner to actively represent another donor with respect to the delegated functions; and the high level of responsibility that Sweden has before its citizens in regards to the correct use of its ODA (responsibility which can not be delegated).

In some cases, the silent partner can adopt a practically inactive position because it did not consider necessary to conduct a more active follow-up on its delegated contribution due to the following two main factors: first, the character of the joint project was more operational in nature, and therefore did not require high levels of political influence in the sector; and second, both donors are so alike and they share such similar objectives and operational mechanisms with respect to the project they share, that the trust relationship between them was almost perfect.

The cases studied have also shown that the roles assumed by the head and field offices are complementary to each other, and that both can contribute an added value to the delegated co-operation framework. It is absolutely vital, however, that the roles assumed by each are clearly defined and brought to the attention of all actors involved. This elucidation facilitates communication and speeds up the timely solution of potential problems.

Lastly, it is worth considering the complexity that a delegated co-operation agreement can produce when it is applied over an already existing delegation partnership. This situation is particularly complicated when such partnership is not established directly between

the silent partner and the actual leading donor. The result is that, although more financial resources can be mobilised through this arrangement, the additional costs also increase and the policy dialogue to ensure a healthy partnership among the actors becomes more difficult.

## **The main results obtained in practice**

Thanks to the partnerships established among the five bilateral donors studied, the beneficiary country has been able to avoid losing financial resources already on hand, while at the same time, it has been able to receive additional co-operation resources<sup>76</sup>.

The financial contributions channeled through the delegated co-operation agreements have incurred very low transaction costs than they would if all the donors would have participated in an active way. This is mainly due to the fact that the number of interlocutors with the government had been substantially reduced and the different procedures and follow-up criteria were harmonised.

The general aid costs supported by the donors have also been reduced, especially after establishing the agreements. In both cases, the silent partners managed to contribute quality aid without having to actively participate and pay the high administrative costs that this would have implied. Also, the leading donors have represented the interests of their silent partners while taking advantage of economies of scale, which has allowed them to obtain better results at a relatively lower price.

The additional aid has had a higher level of efficiency also due to the better coordination of the field activities. In the case of the joint project, for example, the possible duplications or vacuums were avoided, while in the case of the budgetary aid effort viable measures were adopted in order to evaluate the progress of the national policy.

The delegated co-operation experiences contribute to the reinforcement of the control and leadership functions of the authorities, thanks to the effort to coordinate the aid and to reduce the transaction costs.

The additional financial contributions brought in thanks to the delegated co-operation partnerships have helped improve the technical sector indicators, being summed up to the rest of the co-operation and national resources. Although it is difficult to determine what part of the progress has resulted directly from these agreements, since we can observe a relatively high increase in aid quality, we can assume that delegated co-operation contributes to this in a higher proportion.

The division of tasks and responsibilities allows for an overall improvement of the ODA in the beneficiary country, due to the acquired specialization of the donors and a wider coverage of the different thematic areas.

In contrast to what occurs with the leading donor, the silent partner loses visibility in the field or strategic area where the delegated co-operation takes place. It also loses the experience and the contacts that it would have otherwise had available. However, this absence allows the silent partner to specialise and improve their strategic position in other fields or areas, by fostering a reciprocal partnership.

Moreover, the co-operation relationships studied have helped to improve the relations among their respective institutions. They have also inspired their head offices to capitalise on these positive experiences by applying them to other sectors of countries.

The delegated co-operation partnerships do not always generate a loss of visibility. Sometimes they are a way of maintaining a certain level of visibility in sectors or countries where it would otherwise be necessary to withdraw, in order to fulfill the commitments for aid concentration.

The agreements studied have helped the donors involved to put into practice their international commitments to improving ODA efficiency and/or to give priority to the development of universal elementary education.

### **An inadequate follow-up to the achieved results**

The delegated co-operation experiences studied in this paper were not subject to a rigorous evaluation –based on adequate indicators–

neither while the agreements were being carried out, nor after their conclusion. On the one hand, the actors involved in these agreements do not consider this a priority. On the other, they do not have the necessary guidelines or analysis tools for such an assessment available.

There is an increasing sense of urgency in identifying a monitoring system for the follow-up to the results achieved within the framework of these delegated co-operation experiences.

## List of acronyms

AECID	Spanish Agency for International Cooperation and Development/ Agencia Española de Cooperación Internacional y Desarrollo
AFD	French Agency for Development/Agence Française de Développement
AfDB	African Development Bank
AGETIPE	The Community Works for Employment Agency (Mali)
CeALCI	Center for Latin American and International Cooperation Studies/ Centro de Estudios para América Latina y la Cooperación Internacional
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
CPAR	Country Procurement Assessment Report
DAC/OECD	Development Assistance Committee of the Organisation for Economic Cooperation and Development
DESO	The Sida Education Department
DFID	United Kingdom Department for International Development
DG-DEV	Directorate-General for Development of the EC
DGPOLDE	General Directorate for Planning and Evaluation of Development Policies (Spain)
DPET	Decennial Programme for Education and Training (Senegal)
EC	European Commission
EFA	Education for All
EIB	European Investment Bank
ESAM	Family Consumption Survey (Senegal)
EU	European Union
FCFA	CFA West African Francs
GABSE	The Group for Budgetary Aid to the Education
GDP	Gross Domestic Product
GNP	Gross National Product
GTZ	German Technical Cooperation
HIPC	Heavily Indebted Poor Countries

IMF	International Monetary Fund
JICA	Japanese International Cooperation Aid
KFW	German Financial Cooperation
LDC	Least Developed Countries
M	Million
MAEC	Spanish Ministry of Foreign Affairs and Cooperation
MAEME	Malian Ministry of Foreign Affairs
MDG	Millennium Development Objectives
ME	Ministry of Education (Senegal)
MEF	Ministry of Economy and Finance
MEFP	Ministry of Education and Professional Training
MEN	Ministry of National Education (Mali)
MoU	Memorandum of Understanding
NIP	National Indicative Programme
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Aid
OIT	International Labour Organisation
OTC	Technical Cooperation Bureaus
PACI	Annual International Cooperation Plan
PCRB	The Programme for Coordinating Budgetary and Financial Reforms
PISE	Programme for Investment in the Education Sector (Mali)
PRODEC	Decennial Education Development Programme
PRS	Poverty Reduction Strategy
PSR	Public Spending Review
SCAC	The Secretariat for Cultural Action and Co-operation/ Secretariado de Cooperación y de Acción Cultural
SECI	The State Secretariat for International Co-operation/ Secretaría de Estado de Cooperación Internacional
SEK	Swedish Crowns
Sida	Swedish International Development Cooperation Agency
SWAp	Sector Wide Approach
UEMOA	West African Economic and Monetary Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USAID	United States Aid
WB	World Bank
WFP	World Food Programme

## Notes

- 1 Human Development Report, UNDP, 2006.
- 2 Sources: Strategy Framework for Growth and Poverty Reduction, November 2006. Report on the fifth review of the Growth Facility and Poverty Reduction of the IMF, January 2007.
- 3 The first PRS for Mali covered the period between 2002 and 2006.
- 4 Mali benefits from the Debt Relief Initiative for the Heavily Indebted Poor Countries (HIPC) and from the Multilateral Debt Relief Initiative (MDRI).
- 5 At the juridical level, this protocol is not contractual. It has been signed by the Minister of Economy and Finance, acting on behalf of the government of Mali, and by the donors: the AfDB, the WB, the EC, Canada, France, the Netherlands and Sweden.
- 6 To date, specific protocols for the social, education and health sectors have been signed. There is also a final proposal for the PRS.
- 7 In gross terms, reports show that 1.2 million children did not have access to education in 2000. EFA Global Monitoring Report, UNESCO 2005.
- 8 The initial time-frame proposed was 1998-2008.
- 9 The Orientation law for the Education System (December 1999) and the Charter on the Education Sector General Policy (November 2000).
- 10 All these guidelines are in accordance with the objectives set forth by the government of Mali in the country's EFA and PRS.
- 11 Source: official letter endorsing the education policy in Mali, within the framework of the Education for All-Fast Track Initiative and the Framework of Sector Spending for Medium Term (2006-2008).
- 12 In French, *Cadre Partenarial*.
- 13 It refers to a partner that assumes the role of main interlocutor for the government at the sector level for a period of six months. Currently, it is the AFD.
- 14 There are commissions for the following sub-sectors: elementary education, secondary education, undergraduate and graduate education, technical and professional training and transversal management areas, planning and decentralisation.
- 15 These are sector inspections that evaluate the progress made in all PISE sub-sectors and components. They usually take place February-March and October-November.



- The findings are formalised in an *Aide-mémoire* signed by the MEN and all donors. Civil society and community representatives also take part in this process.
- 16 The donors are: the Netherlands, Sweden, Norway, France (the AFD y SCAC), Germany (the KfW y the GTZ), Canada (AECID), the World Bank, the European Commission, United States (USAID), UNESCO, UNICEF, UNDP, WFP, Belgium, Japan (JICA), Switzerland, the AfDB and the Islamic Development Bank.
  - 17 The Group for Budgetary Aid to the Education Sector (GABSE).
  - 18 In French, *Arrangement Spécifique*. The signatory donors of the protocol are: the Netherlands, Sweden (also representing Norway), France and Canada.
  - 19 It is worth mentioning that the aid instrument provided is not direct budgetary aid for the sector, but to the PISE. It could also be considered as sector-oriented budgetary support geared specifically towards MEN.
  - 20 Charter signed on November 9, 2006 by: France (the SCAC and the AFD), Germany (the GTZ), the Netherlands (who also signed in the name of Sweden and Norway), Canada (AECID), the World Bank, the AfDB, UNICEF, UNESCO, UNDP, WFP, USAID, Belgium, the European Commission and Switzerland.
  - 21 The aid to a special ministry program is an approach to sector budget aid, with the only difference being that in this case the funds will, in fact, be geared to finance a specific project of a ministry program. The funds are included in the general state budget, but they are exempt from some of the national procedures because they do not fuse with the rest of the internal resources. They remain set aside for financing a whole sector programme of a ministry, or only a part of it. The designation of the resources is made within these margins at the discretion of the sector authorities, and they are carried out following the national procedures.
  - 22 The progress indicators were negotiated within the framework of the PISE I.
  - 23 The audit was supervised by the General Controller of the Swedish International Development Cooperation Agency (Sida), who is responsible for the management of the funds and for drawing up all the administrative rules and procedures for Swedish co-operation. This person is also the confidant of the Sida General Director.
  - 24 This evaluation is meant to assess very different minimum criteria from the detailed and in-depth analyses that Sweden has to conduct before getting directly involved as a leading donor within a sector.
  - 25 These transversal analyses were meant to determine if the national education policy was consistent with the principles and priorities of Swedish co-operation. More specifically, they assessed: (i) the emphasis placed on the reduction of poverty, the respect for human rights and the protection of the environment and (ii) the rules and procedures for acquiring goods and services.
  - 26 Memorandum on the evaluation of the Swedish financial contributions to the education and health sectors in Mali through delegated co-operation with the Netherlands, prepared by Cristina Larsson and Anna Haas, DESO, Sida, June 2006.
  - 27 Report on the evaluation of the budgetary support for the education sector in

- Mali, prepared by Marie Dorléans. Norwegian Agency for Development Co-operation (NORAD), February 2006.
- 28 Department for Democracy and Social Development.
  - 29 Other details relative to the management of the funds (such as exchange differences and interests gained) are detailed in the bilateral agreement between the Malian government and the Netherlands.
  - 30 The bilateral agreements with the Malian government were signed on July 1 (the Netherlands) and November 20 (Sweden) of 2007. The memorandum on the delegated co-operation between these two donors was signed on November 30, 2006.
  - 31 The Dutch embassy was already responsible for the coordination of the first delegated co-operation agreement. According to the Swedish guidelines for delegated co-operation, the field representations can assume these functions under the condition that the authority to manage funds is not delegated as well.
  - 32 During this meeting, the progress of the budgetary aid conditions is evaluated and the next disbursements are decided. The participants include representatives of the MEN, of the Ministry of Education and Professional Training (MEFP), of the Ministry of Economy and Finance (MEF), and of the donors that offer budgetary support.
  - 33 For example, the expected criteria within the framework of the *Arrangement Spécifique* for the budgetary aid disbursement in 2006 have not been completely fulfilled by the set deadline.
  - 34 Norway does is not represented in Bamako. Its participation in strategic meetings has only coincided with the renegotiation phase of the co-operation program to support the PISE and of the delegated co-operation agreement between Sweden and the Netherlands.
  - 35 The Netherlands only send it to Sweden because they have no direct co-operation agreement with Norway.
  - 36 Generally, Sweden does not ask the Netherlands for further information or explanations of the report.
  - 37 For example, in 2006, Sweden considered that the policy dialogue for the sector did not emphasize enough the Malian government's lack of strategic vision for reducing poverty and gender inequality through education policies. The suggestion brought forward was to complement the government's strategy for increasing access to education with another strategy, focused on increasing the access to education among the poorest sections of the population, especially among girls. Instead of becoming directly involved in the policy dialogue, Sweden preferred to maintain its silent position and submit its proposal for discussion in the annual meeting with the Netherlands.
  - 38 For example, the disbursement conditions for the first installment of the budgetary aid for 2007 could not be satisfied by November 2006 and the negotiations with the Malian government were prolonged until March 2007. When the group of

donors finally approved the conditions, there was no need to set up an official meeting with Sweden, who had not participated in the negotiations, in order to justify the financial contributions. This was achieved through a simple letter and e-mail exchange, given that Sweden had received regular updates as well as the necessary documents and information from the Netherlands throughout the negotiation process.

- 39 These limits have been especially obvious during the negotiations held with the rest donors for harmonizing the approaches to budgetary aid within the sector and establishing the *Arrangement Spécifique*.
- 40 Paper on Delegated Co-operation produced under the framework of the 2006 FTI Global Monitoring Report *Literacy for Life*, coordinated by UNESCO, Hawke Koopman, 2005.
- 41 Evaluation of Budget Support in Education in Mali, by Marie Darléans, NORAD. February 2006. Evaluation of Swedish contributions to Education and Health sectors in Mali, through a delegated co-operation agreement with the Netherlands, by Cristina Jarssen and Anna Haas, DESO, ASDI, June 2006.
- 42 As it has been mentioned, this is a much more general agreement that was not adopted within the sector. This explains why Sweden was chosen as leader in a sector in which it does not possess the best comparative advantage.
- 43 The same also happened with the delegated co-operation agreement that the donors have made in the health sector.
- 44 Currently, Sweden contributes general budgetary aid to Mali, but it is not geared towards a “multi-sector” application and it does not imply a dialogue on sector policies. The main purpose of this aid is to help control the budgetary deficit of the program.
- 45 This alternative would also involve the termination of the similar delegated co-operation agreement between Sweden and Norway in the health sector.
- 46 Sweden is currently present in 77 countries, with an average annual budget of € 600.000 per country (including the funds for delegated co-operation). By way of comparison, Finland is present in 20 countries, Norway in 13 and Denmark in 8.
- 47 It is worth highlighting that, contrary to other donors, Sweden does include the co-operations in which it doesn't have an active participation in its accounts.
- 48 The Community Works for Employment Agency (AGETIPE).
- 49 Statement of purpose signed on December 13, 2005 in Luxembourg, by three European financial institutions, providers of development aid: the European Investment Bank (EIB), the AFD and the KFW.
- 50 The three sectors of intervention for the KFW in Mali are: drinking water and purification, agriculture and natural resource management and decentralisation.
- 51 The Big Five areas are: education, health, drinking water, the environment efficient forms of energy.
- 52 Germany is member of the Utstein group (informal co-operation between the ministries of development of the Netherlands, Norway, Great Britain and

- Germany) and actively participates in the task-force on DAC/OECD harmonisation.
- 53 The main areas of intervention for the AFD in Mali are: education and professional development, water and the productive sector.
- 54 France is also a member of the DAC/OECD task force on harmonisation.
- 55 The “Elementary Education in the 5th District” project.
- 56 Minutes from the KFW mission evaluation meetings, from November 2000 to March 2001.
- 57 Management, legal, administrative, contractual, follow-up, report and accountability, evaluation and audit procedures.
- 58 Some examples are the delegated co-operation agreements developed between the AFD and the KFW in Chad, Kenya and Georgia.
- 59 On record, the AFD and the KFW have co-financed more than thirty activities.
- 60 For the purpose of conducting diagnostics or evaluations, for example.
- 61 While participating in joint missions, for example.
- 62 Since 1992, the AFD and the KFW have exchanged one employee each, on an annual basis. This activity improves the level of mutual knowledge of both institutions and facilitates the communication between them.
- 63 Both agreements were signed on September 20th, 2001 between the Malian Ministry of Foreign Affairs (MAEME) and the head offices of each of these institutions.
- 64 Under the jurisdiction of the East and West Africa Division.
- 65 Within the Social Project Department.
- 66 The rules established by the AFD allow the use of the procedural manual of the AGETIPE for several aspects.
- 67 This follow-up was carried out by the specialised sector division within the head offices, in collaboration with the field representation.
- 68 These strategic consultations between the head offices were reinforced by the statement of purpose that both institutions signed, together with the BEI, in December 2005.
- 69 The difficulties that the institutions encounter while working together were due mainly to their differences: the GTZ operates in a decentralised way and enjoys a large margin for initiative that allows it to improvise solutions in the field. In contrast, the AFD has a more financial orientation that centralizes all decisions made within the head offices. In practice, the experience with working with one another has been a constructive for both, in regards to adopting new forms of administration and initiatives in the field.
- 70 The KFW has already confirmed its interest to fully participate in this final evaluation, together with the rest of the active donors.
- 71 The appropriation was not fully accomplished in practice, however, which somehow managed to handicap the technical efficiency of the co-financed activities. For example, there have been cases in which the AFD approved the

report provided by the KFZ (as executive actor), thus allowing both donors to receive additional funding for the second phase of the project; but the MEN took longer than expected to act, thus holding back field activities. In the case of a short-term delegated co-operation partnership between the AFD and the GTZ, there would have been a much higher technical efficiency while carrying out the co-financed activities, albeit at the cost of lower appropriation levels.

72 Since April 2007, France has assumed the Presidency of the group of donors within the education sector.

73 Germany has decisively promoted the approval of the Code of Conduct throughout its Presidency of the European Union.

74 France has signed the *Arrangement Spécifique*.

75 Statistic based on the data provided by the PISE independent financial audit for 2005. MAECO Company. August 2006, Bamako.

76 The volume of subventions channeled through these agreements to the education sector in Mali reached 13% of the external financing to the sector in 2005.

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In the last few years, delegated co-operation has emerged within the context of the new international agenda for development, as a form of coordination that promotes aid effectiveness. It represents an advanced level of harmonization between bilateral donors with similar co-operation philosophies, who decide to consolidate their efforts and to use common procedures in order to reduce transaction costs. The present paper tries to explore the main lessons that can be learnt from recent experiences in Mali, in order to foster delegated co-operation as a more utilized practice among bilateral donors.

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