



**IMPROVE THE ABSORPTION OF DONOR FUNDS**  
**GUIDELINES TO SUPPORT**  
**EXTERNAL ASSISTANCE MANAGEMENT**  
**AND COORDINATION**



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The following is a list of guides with guidelines and steps to help strengthen external assistance management and coordination. The main stakeholders to help execute these guidelines is the Directorate of Economic Cooperation (DCE) of the President's Office (the overall coordinator) and the Ministry of Economy and Finance (MOEF). The guides take further the findings, conclusions, and recommendations of the final report of the subject consultancy dated 21 December 2022

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## A. Strategy and Manual Preparation

### Guide 1: National Development Assistance Strategy Review and Preparation

Activity	Implementor	Timing
<p><b>Objective:</b> To identify an outline and steps to prepare a National Aid Strategy that identifies the Government's public investment and technical assistance priority needs and presents them to Development Partners so the development and reform agenda can be addressed in a coordinated manner and funding is targeted to priority needs. The strategy should be aligned with the Public Investment Strategy (GIP) and the Public Investment Operations Manual. The strategy should be an implementation document to help actualize the Plan Emergence Madagascar</p>		
<p>1. Review document Declaration de Politique de l'Aide Exterieur au Developpement (version draft), Septembre 2022. The document identifies Madagascar's aid history, some structures and a process for preparing development assistance program. However, elements are missing, it is overly general, and updates are needed. The draft policy statement provides some direction but it concentrates on 'how to' go about identifying public investment projects and programs and does not identify the actual investment priorities and project or program details. Prepare outline of strategy and form a working group of key stakeholders (coordinated by DCE) to prepare the strategy.</p>	<p>DCE &amp; parts of MOEF (economy and planning, budget and Treasury)</p>	<p>4-6 weeks</p>
<p>2. Prepare an inventory of public investment projects from the Plan Emergence Madagascar (PEM) and other issue or sector strategies, identify investment priority project and programs for the next 3-5 years.</p>	<p>DCE, MOEF, Line Ministries</p>	<p>4-8 weeks</p>
<p>3. Projects identified should follow an agreed template to include: 1) objective, 2) activities and timeline, 3) expected outcomes and results, 4) performance indicators, and, 5) costs (national government costs and amount to be financed externally) and timeline for costs (per year). A project template covering these elements should be agreed upon so there is consistent information for each project. Review templates in Project-Guide de Gestion des Projets D'Investissements Publics, Décembre 2019 to see if appropriate and if any refinement is needed.</p>	<p>DCE, MOEF, Line Ministries</p>	<p>4-8 weeks</p>
<p>4. Identification of marketing plan to promote development assistance strategy to Development Partners and NGOs (presentation meeting, sector and issue meetings)</p>	<p>DCE</p>	<p>2 weeks</p>
<p>5. Formulate strategy to monitor and implement the development assistance strategy so that key stakeholders (DCE, MOEF, line ministries, etc), have clear roles to implement and monitor</p>	<p>DCE, MOEF, Line Ministries</p>	<p>3 weeks</p>
<p>6. Seek approval of draft strategy for presentation to Development Partners and NGOs</p>	<p>DCE</p>	<p>2 weeks</p>
<p>7. Present final development assistance strategy to Development Partners and have ongoing meetings discussions to implement and monitor plan</p>	<p>DCE, MOEF, Line Ministries, coordinated by DCE</p>	<p>Ongoing</p>

## Guide 2: Public Investment Strategy (GIP) Review and Preparation

Activity	Implementor	Timing
<p><b>Objective:</b> To review and validate the Public Investment Strategy (GIP) so that a clear policy and programmatic framework is in place in terms of: 1) institutional responsibilities, and 2) planning, implementation and monitoring procedures. The strategy should be aligned with the National Development Assistance Strategy and the Public Investment Operations Manual. The strategy should follow the planning, management and implementation, and monitoring and evaluation project and programme cycle described in the 21 December 2022 final report.</p>		
<p>1. Review document Strategie de Gestion des Investissements Publics, Update 2021 and Project-Guide de Gestion des Projects D'Investissements Publics, Decembre 2019. The 2019 and 2021 version appears to cover the main areas for a public investment strategy and project selection. However, the documents need to be updated to be aligned with the Public Investment Operations Manual (currently being prepared by the MOEF), and the current institutional framework. For example, OSCIF is identified as the coordinator in these documents (OCSIF no longer exists). The institutional framework must be clarified so the final document is aligned with the current framework. Any processes should be aligned with the Public Investment Operations Manual and the annual and medium-term budget process.</p> <p>Prepare an outline of the strategy that combines both documents (2019 and 2021 documents) to help streamline understanding of the purpose and use of the document and creates a more coherent systematic approach. Form a working group of key stakeholders (coordinated by DCE) to prepare the strategy and the accompanying procedures and templates.</p>	<p>DCE &amp; parts of MOEF (economy and planning, budget and Treasury)</p>	<p>4-6 weeks</p>
<p>2. Seek approval of draft strategy (one document that is combination of the 2019 and 2021 documents)</p>	<p>DCE</p>	<p>2 weeks</p>
<p>3. Organize training of line ministry personnel on the strategy. The training should take place at the same time as for the Public Investment Operations Manual.</p>	<p>DCE, MOEF, Line Ministries</p>	<p>2-4 weeks</p>
<p>4. Present final strategy to Development Partners and NGO representatives to promote the strategies use and gain feedback so there is better alignment between government and Development Partner procedures. This may be done in workshops or through briefings of individual Development Partners.</p>	<p>DCE, MOEF, Development Partners, NGO reps</p>	<p>2-3 weeks</p>

### Guide 3: Public Investment Operations Manual

Activity	Implementor	Timing
<p><b>Objective:</b> To review and validate the Public Investment Operations Manual so that procedures and processes are transparent, streamlined and workable and they are aligned with the GOM's budget, accounting, and auditing rules and procedures. The Manual should be aligned with the National Development Assistance Strategy and the Public Investment Strategy.</p> <p>Note: The MOEF has reported that they are working on two operations manuals with one to address the process for loans, credits and budget support (that is included in the national budget) and another manual that deals with grants and other technical assistance delivery modalities.</p>		
<p>1. Review any draft Operations Manual (s) that are: 1) in place and being used; 2) or drafted and in a final state of review. Review based on barriers and blockages in the December 2022 report and those identified by MOEF and DCE. Ensure processes and procedures are transparent, streamlined and workable so as to improve the execution rate. Ensure alignment with the National Development Assistance Strategy and the Public Investment Strategy so there is no overlap or offsetting timelines or procedures. Ensure alignment with budget (annual and medium term), accounting, and auditing requirements and procedures.</p> <p>Form a working group of key stakeholders (coordinated by MOEF), the same or similar to that for the Public Investment Strategy (GIP) working group to review and validate the manual.</p>	MOEF (economy and planning, budget and Treasury) and DCE	4-6 weeks
<p>2. Test Verification - The working group would test the processes indicated in the Operations Manual by processing various project-related requests to include: 1) budget formulation and approval; 2) budget change and approval; 3) required reporting for budget and debt management purposes; 4) procurement - RFP preparation and other procurement steps and other processes that are deemed necessary to be tested by the working group. Use actual examples from existing PIUs so it is a "real world" experience. Obtain lessons learned to improve upon processes and procedures.</p>		
<p>3. Conduct validation workshops to review Operations Manuals with select 1) line ministry and PIU managers, and 2) Development Partners. Take feedback from validation workshops to improve upon policies and procedures.</p>	DCE, MOEF, Line Ministries, Development Partners	1-2 weeks
<p>4. Seek approval of Operations Manual(s)</p>	MOEF, DCE	1-2 weeks
<p>5. Organize training of line ministry personnel and PIUs on the Operations Manual(s). The training should take place at the same time as for the Public Investment Strategy (GIP). The training should be performed by assigned government personal from MOEF and/or an in-country training institution. Training should be offered on an ongoing quarterly basis.</p>	DCE	2 weeks

## B. Institution and Capacity Building

### Guide 4: Public Investment Management Steering Group Functions

Activity	Implementor	Timing
<p><b>Objective:</b> To identify the functions of the Public Investment Management Steering Group so it can coordinate, help implement and improve upon the public investment management system in Madagascar. The functions should involve preparation, implementation, and monitoring of the Public Investment Strategy (GIP), Public Investment Operations Manual(s) and National Development Assistance Strategy.</p>		
<p>1. Identify make-up of Steering Group to include the following:</p> <ul style="list-style-type: none"> <li>o DCE- Coordinator</li> <li>o Delivery Unit</li> <li>o MOEF               <ul style="list-style-type: none"> <li>- DG FAG</li> <li>- Treasury (accounting, public debt, studies and audit units)</li> <li>- DGEP (planning, economic modeling, monitoring and evaluation coordination units)</li> <li>- Direction de la Coordination et du Suivi des Reformes</li> <li>- Bureau d'Appui a la Cooperation Exterieur</li> </ul> </li> <li>o Prime Minister's Office</li> <li>o Selected Line Ministries</li> <li>o Selected PIUs (for certain functions as outlined in above guides)</li> </ul> <p>And, other stakeholders that are deemed necessary and appropriate.</p>	<p>DCE (coordinator), MOEF, PMO, Delivery Unit Selected LMs, Selected PIUs</p>	<p>1-3 weeks</p>
<p>2. Identify and agree upon Steering Group functions to include:</p> <ul style="list-style-type: none"> <li>o Coordinate, implement and improve upon the external assistance system and processes to include planning, managing and monitoring the Public Investment Strategy and Operation Manual(s);</li> <li>o Coordinate development assistance attraction to include coordinating the preparation of the National Development Assistance Strategy and monitoring its implementation;</li> <li>o Focus on improving aid absorption, in real terms (by comparing aid delivery rates as a whole, by sector/issue and by region) and addressing aid effectiveness by focusing on results (comparing planned outcomes and expected results with actual outcomes and results per project design templates);</li> <li>o Improve working relationships in a coordinated manner with Development Partners to facilitate development assistance attraction and measuring and achieving results; and</li> <li>o Design and implement ongoing training program so Steering Group is prepared to take on assigned functions and training occurs for line ministries, PIUs and regional/local governments</li> </ul>	<p>Steering Group</p>	<p>1-2 weeks</p>
<p>3. Create a Timed Steering Group Work Plan to include preparation, implementation, and monitoring of Public Investment Strategy (GIP), Public Investment Operations Manual(s) and National Development Assistance Strategy; Development Partner and NGO meetings; and training programs.</p>	<p>Steering Group</p>	<p>2-3 weeks</p>



**Guide 5: Identify Functions of Public Investment Management Personnel at the Line Ministry and Local Government Levels; Identify Training Program for Personnel**

Activity	Implementor	Timing
<p><b>Objective:</b> To identify the public investment management functions at the Line Ministry and local government levels and develop an ongoing training program so that personnel have the appropriate skill set to coordinate and provide oversight and support for the implementation of public investment projects and programs. Also provide training to PIUs to be able to implement the Public Investment Operation Manual(s).</p>		
<p>1. Establish (if not already done so) a Public Investment Coordination Unit in each line ministry with the following functions:</p> <ul style="list-style-type: none"> <li>o Liaises with PIUs and central agencies (DCE, MOEF, PMO) for planning, implementation and monitoring. The units should have at least one person (preferably 3 people) who is knowledgeable and capable to facilitate financial processing and approvals, one person to facilitate other approvals and requirements, and one person for monitoring and evaluation.</li> <li>o Participate in ministry/sector strategic and annual planning;</li> <li>o Coordinates with DCE and Development Partners;</li> <li>o Facilitate PIUs in implementing operations manual (and associated processes and systems) to allow for efficient and timely processing; and</li> <li>o Provide ministry, sector, and project monitoring information to MOEF and DCE.</li> </ul> <p>A first step would be to conduct an institutional and capacity assessment to help identify the next steps of each line ministry to see which of these functions currently exist since some ministries have such units or staff and what human resource capacities are present or absent. The aim would be to have consistent structures and capacities across government to work with the central units, PIUs and Development Partners.</p>	<p>PMO and Line Ministries in coordination with DCE</p>	<p>4-6 weeks Ongoing</p>
<p>2. As part of the finance and planning units or functions at the local government level, extend the public investment management framework to the local level:</p> <ul style="list-style-type: none"> <li>o Identify 2-3 local governments, with the assistance and support of RINDRA to extend the framework to these governments;</li> <li>o Conduct a capacity assessment at the selected local governments; and</li> <li>o Establish units (or identify 1-2 personnel) to: 1) work with local communities, central government and development partners to identify regional development needs; 2) act as a liaison to help eliminate any implementation issues at the local level by working with the relevant stakeholders (local government administrations, civil society, project implementors (PIUs, ministries, etc.), and development partners); and 3) provide monitoring inputs to central government agencies and development partners for reporting purposes. The units and personnel should directly link with any public finance decentralization efforts so the finance and public investment activities are being addressed in a parallel and integrated manner.</li> </ul>	<p>DCE, MOEF, PMO, RINDRA, 2-3 local governments</p>	<p>3-6 months Ongoing</p>
<p>3. For PIUs develop consistent capacities in all PIUs to conduct at least the following functions:</p> <ul style="list-style-type: none"> <li>o Prepare and implement annual and multi-year work plans;</li> <li>o Conduct personnel management and conducts hiring and management per aligned GOM and Development Partner procedures (one procedure, as outlined in operations manual, that fulfills necessary requirements of both stakeholders and is workable in a timely manner);</li> <li>o Conduct financial management and adheres to aligned GOM and Development Partner financial processes;</li> <li>o Conduct procurement procedure - one procedure that fulfills necessary requirements of both GOM and Development Partner requirements and is workable in a timely manner; and</li> </ul>	<p>Steering Group</p>	

Activity	Implementor	Timing
<ul style="list-style-type: none"> <li>o Reports on project outputs, outcomes and results on an agreed to timely basis.</li> </ul>		
<p>4. Design Training Program to improve human resource capacity to conduct development assistance planning, coordination, and monitoring at the central, line ministry and regional/local levels (one integrated training program to address the training needs of these 3 groups) including on operations manual. Identify training source (local educational institution and trainers that would include existing practitioners.</p> <p>Such training should not be one-time but a consistent scheduled program, offered quarterly or at least every 6-months. Possible topics are:</p> <ul style="list-style-type: none"> <li>o Overview: The Program Cycle and GOM's Public Investment Architecture</li> <li>o GOM's Public Investment Strategy (GIP)</li> <li>o Public Investment Operations Manual Implementation</li> <li>o Work Plan and Schedule Development</li> <li>o Financial Administration and Management</li> <li>o Hiring and Contracting Procedures</li> <li>o Procurement Procedures</li> <li>o Monitoring and Evaluation Information Preparation and Reporting</li> </ul> <p>Trainers should include existing actors in the implementation of the operations manuals. The use of positive examples (real success stories) that already exist should be used so the positive characteristics are multiplied. The training can also be used to gain feedback on the processes and procedures so the manuals can be improved upon over time. The training should start with project execution managers and personnel. The training should include personnel from the external assistance coordination units at the line ministry and local government levels</p> <p>The training can be a certification program with participants being certified for project and program coordination and execution</p>	<p>Steering Group and relevant education institution (INDDL, ENAM, ENMG), relevant Line Ministries and Local Governments</p>	<p>3 months for training design; 6-9 months for annual work program adoption</p>

## Guide 6: Public Investment/Aid Management Database Way Forward

Activity	Implementor	Timing
<p><b>Objective:</b> To establish a Public Investment/Aid Management Data System, from existing databases, to collect data on public investments funded by external assistance and report on data in a transparent manner for government and public information purposes so investment performance and results can be measured in an ongoing manner. The system should have alignment and same data as the annual and medium-term budgets and for debt management.</p>		
<p>1. Create a Monitoring and Evaluation Working Group (a subgroup of the Steering Committee) to evaluate existing public investment and aid management databases and identify ways to streamline by consolidating or linking the databases and align financial data between databases and budget and accounting systems (and verify data; and data is inclusive of debt data). Other functions are to:</p> <ul style="list-style-type: none"> <li>o Prepare system architecture using or adjusting one of the existing databases or the linking of databases. Please note that it is essential that data corresponds to budget and other accounting and debt management and reporting functions and data needs<sup>1</sup>.</li> <li>o Prepare one information gathering template that is implemented by one entity for data collection and inputting.</li> <li>o Identify reporting needs and reporting schedule to include quarterly and annual reporting inclusive of quarterly statistical reports on aid absorption and annual report. The annual report would have similar sections in the current ODA annual report and review aid absorption in the same sections. To do this, ensure that baseline (planned) expenditure is recorded, and measurable indicator data can be collected and analyzed. After collecting data, compare planned to disbursed data in annual report so absorptive capacity and more results and effectiveness discussions can take place.</li> <li>o Create reporting formats that are project, program, issue, or sector specific.</li> <li>o Identify training needs to implement system and conduct training on data collection, analysis, and reporting.</li> </ul>	<p>MOEF (DGEP, budget and Treasury), Delivery Unit and DCE (MOEF DGEP M&amp;E Directorate should coordinate)</p>	<p>4-6 weeks</p>
<p>2. Establish (or recognize) the Central Institutional Monitoring and Evaluation Unit - The main focal point for the monitoring and evaluation system is the MOEF/DGEP's Directorate of Coordinating Monitoring and Evaluation Programs. Its functions and location in the MOEF clearly place it as the body that creates the monitoring and evaluation policies, provides support to line ministries and PIUs, collaborates with donors, prepares reporting such as the annual Aid Coordination Report, and houses the AMP.</p> <p>The Directorate should have direct linkages and working relationships with the DCE, Delivery Unit, other MOEF units and line ministries and PIUs to conduct its functions in a coordinated way and avoid overlap and duplication of effort. The M&amp;E Working Group can coordinate the involved government units so the units work together to have an effective monitoring and evaluation system. The working group can also reach out to Development Partners so that monitoring and evaluation efforts are better aligned and reduces overlap and repetition.</p>	<p>MOEF (DGEP, budget and Treasury), Delivery Unit and DCE (MOEF DGEP M&amp;E Directorate should coordinate)</p>	<p>2-4 weeks</p>

<sup>1</sup> The AMP is seen as a reliable database that has moved to the DGEP's monitoring and evaluation directorate. The database has remained active and is currently being vetted and updated given the recent move to the directorate. The AMP has provided the data for the annual Aid Coordination Report. At the same time other databases have been created, namely in the DCE and Delivery Unit and another is under construction at the MOEF's debt management unit. From the descriptions of these databases, there does seem to be repetition and overlap. Also, the Treasury Department and Budget Department collect, maintain, and report on external assistance finance data.

Activity	Implementor	Timing
<p>3. M&amp;E Use for the Program Cycle – The information gathered and reported on in the M&amp;E system is one way to keep the program cycle rolling forward. The monitoring and evaluation information that is produced should feed directly to the planning component of the cycle to help inform progress or issues of the PEM, the annual and medium-term budget, sector and cross sector strategies, and specific public investment projects. The data and reporting should also feed into the planning and programming efforts of Development Partners.</p> <p>The M&amp;E Working Group should:</p> <ul style="list-style-type: none"> <li>o Identify methods and reporting that can better inform the planning process within government (working with the DGEP’s planning directorate amongst others including line ministries).</li> <li>o Identify methods so Development Partners have data access and reporting (see #1, above).</li> <li>o Ensure reports (see #1, above) include information on development effectiveness and results and information is available to stakeholders (throughout government, Development Partners and civil society).</li> </ul>	<p>MOEF (DGEP, budget and Treasury), Delivery Unit and DCE (MOEF DGEP should coordinate)</p>	<p>2-4 weeks</p>

## Guide 7: Conduct Training Assessment and Design Training Program of DCE and Steering Group

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Activity	Implementor	Timing
<p><b>Objective:</b> To conduct a training assessment and design a training program so that the main Steering Group entities have management and personnel who can manage and coordinate public investments in an efficient manner to improve external assistance delivery in accordance with international standards and practices.</p>		
<p>1. Conduct a capacity assessment of DCE, Delivery Unit, Prime Minister's Office, and relevant MOEF units to include responsible personnel in Treasury, budget office, DGEP. Assessment should include:</p> <ul style="list-style-type: none"> <li>o Position (managerial, technical staff, support staff, etc)</li> <li>o Time in position</li> <li>o Functions and responsibilities</li> <li>o Career history</li> <li>o Education and training background</li> <li>o Career interests and alignment with current/future role(s)</li> </ul>	<p>DCE, PMO, MOEF (DGEP, budget and Treasury)</p>	<p>2-6 weeks</p>
<p>2. Identify mission for key managers and staff to visit a country that has an effective public investment and development assistance management system and is also involved in decentralization and regional local government development. Rwanda has been cited as an example.</p>	<p>Coordinated by DCE and UNDP</p>	<p>1-2 weeks</p>
<p>3. Review position descriptions within the entities identified to ensure descriptions consider the public investment and development assistance coordination management and technical functions.</p>	<p>Ministry/ Department HR</p>	<p>2-3 weeks</p>
<p>4. Based on capacity assessment, design a tailored training program to effective public investment and aid coordination management can take place inclusive of the functions and outputs identified in the above guides including, but not limited to:</p> <ul style="list-style-type: none"> <li>o Program and project design and selection</li> <li>o Report preparation</li> <li>o Data collection, analysis, and reporting</li> <li>o Public Investment Operations Manual Use</li> <li>o Project management</li> </ul> <p>Training should be designed for specific groups that are involved in specific functional tasks as well as have awareness of the entire public investment and aid coordination architecture for Madagascar. Training should be provided for existing and, thereafter, for new hires.</p>	<p>Coordinated by DCE and including other relevant GOM units</p>	<p>2-4 weeks and ongoing periodically</p>

