

**Motivation**

In the aftermath of the 2002 political crisis, the government used part of the HIPC funds to pay for the tuition fees of all public primary school children to boost relatively low enrollment rates. The government sought to evaluate the effectiveness of this measure on enrollment and so implemented a PETS. The study was expected to shed light on the effectiveness of decentralization policies as well as provide information on expenditure allocations and leakage in the education system from the two main funding programs in the education system (one administered by the World Bank, the other by the MoE).

**Objectives**

The main objective of the study was to provide information on expenditure allocations and leakage in the education system. Three surveys were implemented: the first one to evaluate the impact of the political crisis on economic activities and on social service delivery; the second one to track budget at the school level and the last one to collect information at the district level on budget allocation.

**Main findings**

Problems that were noticed during the survey were multiple and related to: lack of communication and transparency; lack of basic accounting rules; slow budget execution; districts are not client-driven enough. While sometimes there is no leakage, but a mere reallocation of funds, this reallocation enhances incentives for leakage, especially given that the rules concerning the reallocations are not transparent.

**Leakage**

Leakage of cash funds at the lower echelon of the education sector is perceived to be low (10% and 8% for the two main sources of cash contributions to schools) whereas leakage of material is more common as 28% of schools report receiving less material than stated by the district. Leakage is associated with remoteness as 56% of schools in the Communes at far distance from the capital of the province show leakages in comparison with only 21% of the schools in the Communes close to the capital.

**Other findings**

Schools are uninformed about decisions taken higher up in the education sector system concerning their potential resources and possibilities. Only 35% of schools reported knowing at the beginning of the year what they were supposed to receive from the district level (Cisco).

Significant delays to get IPSTE and CRESED at the school level are noticed. Significantly higher increase in enrollment is observed in more remote (poorer) schools, indicating that the reduction in schooling costs was an effective pro-poor policy. Lack of inspection and monitoring at the district and school levels about the way funds are used. Important differences in salaries between regions for non civil servant teachers (in a 1 to 3 ratio) are recorded, reflecting differences in the relative wealth of provinces.

**Sample**

First survey: 36 districts and 326 primary schools.

Second survey: 185 primary schools were surveyed, about half of the schools included in the first survey.

Third survey: 24 district administrations (out of 111).

**Sample design**

First survey: stratified random sample covering 144 communes in 36 districts (out of 111).

Second survey: track budget at the school level. The purpose was to provide nationally representative figures on budget and leakages from Cisco to the school level.

Third survey: budget allocation at the district level

**Resources monitored**

-Two main funding programs to schools : CRESED and IPSTE

-District allocation data collected for two years, 2001-02 and 2002-03

2 levels: (districts school authorities (Cisco) and schools)

**Recommendations**

Simplify the accounting system; improve information and communication pass-through; provide additional training for personnel at the district and school level; increase inspections and monitoring at all levels; speed up budget execution at the district level; require districts to become client-driven; hire more teachers and create more incentives to teach in remote areas; continue the system of free education.

**Main report**

Francken, Nathalie (2003) "Service Delivery in Public Primary Schools in Madagascar: Results of a Budget Tracking Survey," The World Bank, Madagascar Country Office, Antananarivo, September.