

Board responses to PRSPs

The Synthesis Project has recently produced a draft brief on trends in IFI Executive Board responses to (I)PRSPs. While there are no clear cut patterns in the comments ED's make, there are a few themes that receive consistent attention in Board discussions:

- Country ownership and the quality of the participatory process.
- Problems of timing and the risk of rushing the PRSP process, especially the risk to the participatory process.
- Whether fiscal choices are consistent with poverty reduction and growth objectives and the realism of programme cost estimates.
- Governance, fiduciary reforms, transparency, accountability and corruption.

PRSP Review

The World Bank and IMF are conducting a comprehensive review of the PRSP approach. For full details of the review and some materials, see: <http://www.worldbank.org/poverty/strategies/review/index.htm>

They are soliciting inputs from a variety of sources, including donors such as DFID, partner governments, NGOs and CSOs, and research institutions. DFID has contributed to this review (see below).

The IFIs have also held events to discuss regional experience with PRSPs – DFID staff have attended events in Budapest, Dakar, Santa Cruz, and Hanoi (see below).

An international conference will be held January 14-16 in Washington DC. IFIs will present their preliminary findings in an 'Issues and Options' paper – the conference will then inform the staff report to the Boards in March 2002.

Costing PRSPs

A draft review of approaches to costing in 8 full PRSPs and 3 PRSP Progress Reports (Tanzania, Burkina Faso, Uganda) prepared by the Synthesis Project reveals that:

- All full PRSPs provide some estimate of the fiscal cost of reaching PRS objectives and the size of the subsequent financing gap.
- Rarely are these costings complete. Some are based on guesswork, others on a very limited and sometimes out of date set of unit cost data (usually from sectors with SWAPs), some are too general to be useful.
- Aside from obvious methodological difficulties, the problem in generating sensible cost estimates of reaching PRS targets is the lack of realism of many of these targets, weak links between programmes and indicators/targets, and the generally weak process of prioritisation underpinning the PRS and the wider budgeting process.

Effective costing requires:

- better links between programmes and intermediate indicators/targets
- close integration of PRS objectives with an MTEF (or similar forward budgeting framework)
- a fully integrated PIP
- a process of negotiation between the MoF and line Ministries that is transparent, consistent across sectors and clearly linked to the achievement of poverty reduction goals.

We know that DFID has been supporting work on costing in several countries, **we'd like to know more** about how you think this work is developing and where you see the challenges now.

PRSPs in the transition countries

ATEP have recently produced a short briefing on PRSPs in the transition countries. A few key issues arise in relation to transition countries.

- European accession demands are usually a higher priority than the PRSP process. There are some difficulties with ensuring synergies between these processes.
- DFID offices are actively engaged in PRSP processes in these countries, and are often key donor advocates for PRSP principles in countries such as Albania and Moldova.
- Debates around aid instruments and donor coordination are not well advanced in the transition countries. At present, PRSPs are not providing the primary impetus for such changes in the transition countries.
- The formal political institutions in these countries sometimes fall outside the norm, as with Bosnia-Herzegovina's 16 governmental bodies. This has a considerable impact on the policy making process.

SPA Donor Engagement Report

The Synthesis Project has recently published a report for the Strategic Partnership with Africa on donor engagement with PRSPs. This is a confidential report that is available on the DFID intranet or can be emailed to DFID staff members.

Country offices may remember answering a survey on this topic. Your answers informed the report above, and will also be synthesised into a report on DFID's engagement with PRSPs – to be disseminated early next year.

DFID Contribution to PRSP Review

DFID has contributed a number of materials to the PRSP Review. In addition to submitting a number of commissioned papers (available on the intranet site), DFID has also sent a short strategic paper outlining the issues of most concern.

This paper focuses on:

- Deepening and extending the PRS partnership – including changing aid relationships and aligning Bank activities behind the PRSP
- Co-ordinated donor response – including donor reviews of PRSPs
- Macro strategies – including macro-micro linkages, lack of growth orientation and link with the PRGF
- Capacity constraints
- Poverty and Social Impact Analysis
- Reducing the transactions costs of aid
- Streamlining conditionality
- Financing the PRS – including programmatic lending

For more information, contact Lucia Hanmer of IFID l-hanmer@dfid.gov.uk

Nepal: Donor Coordination

DFID Nepal's response to the donor engagement questionnaire showed that DFID is strongly engaged in donor coordination activities around the PRSP.

DFID chairs the PRSP Donor Support Group in Nepal, which has both multilateral donors and bilateral donors as members.

The group has three main functions –

1. to coordinate donor engagement in the PRSP process.
2. to build a core group of donors willing to treat CSPs as business plans for supporting the PRSP.
3. to bring together the various development plans that donors and government use. There is now agreement that the GoN 10th Five-year Development Plan will form the PRSP.

Hanoi: WB Forum on PRSPs

DFID attended the regional conference on PRSPs in East Asia, held in Hanoi on 4-6 December 2001.

Most countries attending the conference are not far progressed in the PRSP process, with the exception of Vietnam. There was little experience to share around PRSPs, and discussion was often rather general and focused on what governments were already doing.

Similar constraints to PRSPs were enumerated by all delegations:

- lack of human and institutional capacity and of financial resources
- too many pressing needs, without a clear sense of how to prioritise and sequence
- the essential prerequisites of macro economic stability
- the challenge of growth
- the need for better governance

In addition, decentralisation, the role of donors in PRSPs, inequality, monitoring and evaluation, and budgeting for the poor were discussed.

Contact us for more information.

DFID Nicaragua

In Nicaragua, DFID has been the host of the Cartagena Group, a regular meeting of GoN, civil society, local government (mayors) and donors. This group recently, after much negotiation, convened a national PRSP workshop to integrate three separate consultation processes.

The integration of the separate consultation processes was an important step forward for Nicaragua's PRSP process. The workshop has moved the process forward into discussions on implementation, monitoring and evaluation. The GoN has been persuaded to accept this workshop and donors have been better able to support the process.

NGOs and CSOs on PRSPs

A number of NGOs have contributed analytical papers to the PRSP Review, including Christian Aid, Eurodad, Catholic Relief Services, World Vision, and a coalition of Southern NGOs. All these papers are available at <http://www.worldbank.org/poverty/strategies/review/extrev.htm>

They join a number of other NGOs that have produced general critiques of PRSPs, such as the World Development Movement, Oxfam, and Gender Action. In addition, locally-based NGOs and CSOs have produced materials for contribution to national PRSP processes, for instance in Cambodia, Malawi, and Georgia.

The Synthesis Project has access to these documents, which can be provided on request.

Popularising the PRSP

DFID Tanzania and DFID Uganda have helped the PRSP consultation process in East Africa by funding the translation of the PRSP into local languages and easy-to understand formats. In Tanzania, DFID also funded the costs of national dissemination.

Institutionalisation study

A study on PRSPs in Africa has recently been published and will form a key input to the PRSP Review. The study explores the initial impact of PRSP formulation in 8 African countries looking particularly at the relationship between the PRS and existing strategy/planning processes and the prospects for institutionalising poverty reduction in public policy. The study, which was well received at the recent SPA Technical Group meeting (see below) was commissioned by the SPA and partly funded by DFID.

- 'Institutionalisation of PRSPs in Eight African Countries', David Booth, et al, ODI, October 2001 <http://www.odi.org.uk/pppg/institutionalisation.html>

SPA Technical Group Meeting

The Strategic Partnership for Africa Technical Group met on 7-9 November in Addis Ababa. The SPA is emerging as the leading progressive forum working on the design and implementation of African development partnerships based around PRSP principles.

Some important points were made, including:

- The PRSP framework requires changes in the way that donor and IFI conditionality is designed and monitored (as concluded by the Institutionalisation Study).
- Donors should focus on supporting national institution-building efforts.
- Participatory practices need to be deepened in the long term.
- The requirement for separate accounting of HIPC expenditures risks undermining efforts to improve budgeting and financial management.
- Donors should ensure that aid modalities promote ownership and that sector programmes do not conflict with the PRSP approach.
- Donors should ensure that countries retain ownership after completing a full PRSP.

Contact us for more details.

Online

The Project's intranet site is still going strong with new material added regularly. The location has changed - it is now at <http://insight/prspproject>. The site not only provides access to Project briefings and newsletters, but also to other PRSP analytical related material, a country PRSP timetable and related links. Please have a browse and feel free to send us comments.

An internet site will soon be available at <http://www.prpsynthesis.org/>. This site will include all public project outputs and a selection of other information. More information will be available in early 2002.

SPA-ECA Joint Meeting

The SPA Technical Group meetings included the first joint meeting with the Economic Commission for Africa's PRSP Learning Group. It was agreed that such meetings would take place annually and that joint working groups would be established.

A consensus was reached on a wide range of issues, including:

- Country ownership should be strengthened, and donor activities governed by national priorities.
- Donors should support social impact analysis.
- PERs, MTEFs, and budget processes should be integrated with the PRSP framework.
- All donor activities in-country in support of government should be delivered through government systems unless there are compelling reasons to the contrary.
- PRSPs have increased attention to public financial management and § accountability issues, but institutionalisation remains weak. A joint team will be established for assessing PFM systems.

For a public statement of conclusions from the meeting, contact us on prsp@dfid.gov.uk

Email

The Project has a new confidential email address: prsp@dfid.gov.uk. Email sent to this address is read only within the DFID building. Please continue to copy us in on your PRSP-related correspondence, trip reports, memos, and observations.

It is **very important** that we receive this information – without it the Project cannot properly fulfil its function. We aim to be an intra-DFID learning tool, transferring the experience and lessons on how DFID country programmes work with PRS processes. For instance, we are collecting DFID's comments on I-PRSPs in order to facilitate information sharing. You can ask us for copies of these comments if you require some guidance.

However, without copies of your correspondence, we cannot properly assist your engagement with PRSPs. Please copy us in on PRSP-related correspondence as often as possible.