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PRS Update

Below is a list of country reports that have been completed since May 2003. All these documents are available on the World Bank website. The total number of PRSPs being implemented has reached 30 with 12 being completed over the past year.

Completed PRSPs and JSAs of PRSPs:

- Azerbaijan - PRSP (14 May 2003) and JSA (29 May 2003)
- Ghana - JSA of the PRSP (19 May 2003)
- Mozambique - JSA of the PRSP (9 July 2003)
- Chad - PRSP (17 July 2003)
- Cameroon - PRSP (12 August 2003)
- Georgia - PRSP (27 August 2003)

Completed I-PRSPs and JSAs of i-PRSPs:

- Bangladesh - I-PRSP (23 June 2003) and JSA (26 June 2003)

Annual Reports:

- Albania - Annual Progress Report (16 June 2003)
- Lesotho - Preparation Status Report and JSA of PSR (19 June 2003)
- Sierra Leone - Preparation Status Report and JSA of PSR (23 June 2003)
- Cape Verde - Preparation Status Report (26 June 2003) and JSA (22 July 2003)
- Albania - JSA of the Annual Progress Report (23 July 2003)

PRSPs - Progress in Implementation

The latest in a series of now annual PRSP progress reports is currently being prepared by the staff of the IMF and World Bank. A draft version was completed on 31 July 2003 and assesses whether lessons highlighted in previous reports have been taken on board and whether new challenges to implementation have emerged.

Broad findings raised in the report include:

- There is some evidence of learning although it is becoming increasingly clear that the PRSP is an instrument being charged with multiple objectives, many of which imply tensions
- These tensions are, in particular, manifesting themselves in the following respects:
 - lack of prioritization;
 - concern over the breadth of the government's commitment beyond the team responsible for preparation;
 - lack of realism and a failure to assess tradeoffs in the macroeconomic frameworks which underpin PRSPs;
 - weak PEM and difficulties in linking PRSPs to the budget are substantial challenges;
 - and there is significant scope to improve donor alignment and harmonization around national strategies.
- However, the broad principles of the CDF expressed in the PRSP approach and the Monterrey Consensus remain fully valid. Provided progress continues, there is no reason to conclude that the PRSP approach should not begin to deliver on its promises.

Ruth Driscoll joins our team

We are very happy to announce that Ruth Driscoll has joined the PRSP Monitoring and Synthesis Project as a Research Officer.

Before joining ODI, Ruth worked as Clare Short's Political Advisor at DFID.

Ruth can be contacted at: r.driscoll@odi.org.uk

PRSPs in Asia

The PRSP Monitoring and Synthesis Project will shortly publish 'Synthesis Note 8: PRSPs in Asia'. This note will be available on our website.

Key findings include:

- While there are clear conceptual links between PRSPs and national development plans in many countries, these are yet to be tested in practice and are likely to rely on the extent of ownership of the PRSP outside the centre.
- Political actors and parties are currently disengaged from the PRSP process across most of Asia.
- The PRSP is fitting uneasily into ongoing tensions between Ministries of Finance and Ministries of Planning compounding weaknesses in costing, prioritisation and links to the budget.
- Monitoring and evaluation is not a 'live issue' in many countries, but there are some signs of a disconnect emerging between PRSP monitoring and MDG monitoring.
- Participation has been dominated by NGOs and large CSOs, although research and academic bodies have been more engaged than in other regions. The participatory process has drawn heavy criticism from some quarters; although there has also been high praise from others.
- At present the PRSP is not providing a catalyst for greater donor coordination. Where there was existing momentum in this direction, the PRSP has provided an opportunity to strengthen it. Where this momentum does not exist, the PRSP is not being seized as an opportunity to address the problem.
- DFID's own assistance to the PRSP process in Asia is generally part of a broader package of assistance. Direct support to the PRSP process is often a very small percentage of the overall aid programme but this is expected to grow as PRSPs move into the implementation stage.

Cambodia - building government ownership

Cambodia completed its full PRSP in December 2002. A JSA was completed on 23 January 2003 and it went to the Boards in February 2003.

One of the main issues for governmental ownership of the PRSP process in Asia is the tensions between the Ministry of Planning and the Ministry of Finance (often linked to control of separate development and recurrent budgets). This issue is evident in Cambodia where the PRSP was formulated by an inter-ministerial group under the chair of the Ministry of Planning. Initially, the MoF was not centrally engaged with the PRSP process which was partly due to the inter-ministerial approach of the PRSP process being somewhat at odds with their usual way of budgeting. The MoF tends not to include the MoP in its work, although it is now showing more interest in the PRSP process and is engaging with the inter-ministerial group.

The engagement of all the key central ministries is particularly important for linking the PRSP with the budget. Although the MTEF tries to link the budget and the PRSP process, at present it is not fulfilling this role.

According to the NGO Forum in Cambodia, the PRSP process has been notable for its inclusion of government officials in the process of preparing sectoral matrices. However, the Forum also notes that those working on sectoral plans in line ministries were generally different than those in line ministry PRSP teams.

Outside the sectoral ministries, there has been minimal engagement in the PRSP process by political actors. The National Assembly did not attend the first public event on PRSP despite being invited (NGO Forum) and the PRSP was not debated in the National Assembly. This is in direct contrast to the experience with the pre-existing national plan, the Social and Economic Development Plan, which was debated in the National Assembly.

Next Generation PRSPs

Bolivia, Nicaragua and Uganda are currently in the process of revising their national PRSPs. For Uganda and Bolivia, the revision of the PEAP is part of the planned PRSP cycle while in Nicaragua the decision to revise the national PRSP was taken by the new government (elected in November 2001) shortly after the full PRSP had been passed by the Boards in September 2001. However, central to all these revision processes is the common recognition that the reiteration of the PRSP is an opportunity to strengthen the poverty focus in national planning.

This is clearly stated in Uganda's Ministry of Finance, Planning and Economic Development's 'PEAP Revision Guide' (June 2003), where it affirms that the PEAP in Uganda is being revised in order to strengthen its poverty eradication focus (see next article for more details).

Likewise, the newly elected government in Nicaragua began the revision process of the existing PRSP in order to strengthen Pillars I and IV (the Macro and Governance sections). This evolved into a comprehensive re-writing exercise and it is becoming clear that this new document - now called the ENADES or END - will replace the existing PRSP. Initially wary of this un-scheduled revision process, the World Bank is now accepting the process and acknowledging greater government ownership in the revisions. The ENADES should be completed in 2004.

In Bolivia, there is strong political commitment to improve the focus and strengthen the prioritisation in the revised EBRP (PRSP). Until now, there has been no links between the EBRP and the budget with consequent lack of focus and prioritisation but the government is currently preparing its first multiyear budget which is hoped to improve the links between the revised PRS and the multiyear plan. The revised EBRP is expected later this year.

NOTE: This newsletter is produced by the PRSP Monitoring and Synthesis Project (for more about us, see www.prspsynthesis.org). The newsletter is intended primarily for DFID staff, to share information on DFID's experience of the PRSP process internationally - it is not an official statement of DFID views or policy.

Uganda: Revision of the PEAP

Uganda's Ministry of Finance, Planning and Economic Development has recently produced a 'PEAP Revision Guide' (June 2003) detailing the rationale behind the revision as well as the process.

Uganda's PEAP 2001 is being revised for 3 key reasons:

- Significant global and domestic developments warrant the current PEAP to be revised.
- The revision process allows for a progress review on the attainment of PEAP objectives.
- It gives Government an opportunity to address emerging issues and challenges by setting out the medium term policies and programmes.

Since 2001, challenges and constraints have emerged that need to be addressed in the revised PEAP. These include slow and inequitable growth, continued need for structural transformation of the economy, uneven regional progress in poverty reduction (with the North lagging behind in particular), limited progress in some of the social indicators (notably infant and under-five mortality rates, as well as the maternal mortality rate), recognition that gender inequalities constrain desired outcomes, implementation and institutional constraints, improvement of PEAP targets and monitoring indicators and the need to establish a better link between the PEAP and the budget process, through detailed costing of the achievement of the PEAP targets.

Institutional related developments to be included in the revision are also listed in the Revision Guide.

One of the major issues which is expected to spark debate during the Ugandan PEAP revision is the tension between Government's desire to reduce the budget deficit and aid dependency on the one hand and the costs involved in meeting the PEAP Targets and the MDGs on the other hand. There is growing evidence that many of the PEAP Targets and MDGs cannot be met without substantial efficiency gains or higher public spending.

The recent PSR published in May 2003 brought to completion the first phase of the PEAP revision exercise. The second Ugandan PPA (see www.uppap.or.ug) is another crucial background document. These reports provide key analytical insights from which the second phase - detailed stakeholder consultations and drafting of the revised PEAP - is to draw. Government expects to finalise the new PEAP by the end of this calendar year.

Yemen: full PRS

Yemen's first PRSP (2003-2005) was approved by the World Bank and IMF Boards at the beginning of August 2002. This followed a long period of preparation - the I-PRSP was completed in 2000 from which lessons were drawn in preparing the full PRSP during 2001/02. Although the preparation of the PRSP was intended to be an inclusive process, donors and civil society felt that the process was more concerned with information sharing than with genuine participation. Nonetheless, the production of the PRSP was supported by donors and civil society, who saw it as a major step along Yemen's path to development.

A Government decree established a structure at central level for the implementation and monitoring of the PRS. This includes Ministerial, Steering and Technical Committees, together with a PRSP Follow-Up and Monitoring (FUM) Unit in the Ministry of Planning and Development. The governorate and local level structures will be established next year.

As has been seen elsewhere, the PRS was designed in relative isolation from the annual budget and PRS-related planning is not yet reflected in budget lines. Yemen currently has little capacity to reflect the PRS in budget lines given the weakness of its financial systems. The IMF are working with the Ministry of Finance to develop capacity for national budget preparation processes, and ensuring these reflect PRS priorities.

Key areas for strengthening links between the PRS and the budget in Yemen include:

- Improving co-ordination and communication between MoPD and MoF, to strengthen the linkage of PRS implementation with the annual budget process
- Improving articulation of Yemen's poverty reduction goals and objectives to ensure specific resource allocation for PRS activities.
- Strengthening the capacity of the GoY to accurately monitor the cost of service delivery so as to improve the setting and costing of targets.

Mozambique: PAF

From 2004, the G11 donors and World Bank in Mozambique will use a common Performance Assessment Framework (PAF) for Budget Support. The objective is to increase predictability and transparency of budget support, align behind the PRS, increase donor harmonisation and use accountability to donors to enhance rather than undermine national accountability.

A matrix has been developed by Government, identifying key annual actions that are considered necessary for the achievement of PRS objectives and for which the Government is prepared to be held to account. In the future the Government will use this approach in its annual national planning, and submit the same documentation to Parliament and donors.

Progress against targets and indicators will be monitored annually through the national monitoring processes. Donors will use this documentation and process, paying particular attention to dialogue and monitoring of a short list of 'key targets' in the areas of macro-financial and governance.

The process leading up to the development of the PAF included:

- Growing number of donors providing budget support and coordination for the delivery of this (Joint Agreement with Government since 2000)
- Request from Government for more predictable and transparent budget support from G11
- Consensus building among G11 through drafting a 'Principles Paper' outlining the objective of future arrangements for budget support, principles underlying the PAF, review process and donor response mechanism
- Decision by World Bank to develop a PRSC and strong message from Government that it would only accept one conditionality framework
- An important process of intensive dialogue between the Ministry of Planning and Finance and Line Ministries to agree priorities

For more information contact Melanie Speight (m-speight@dfid.gov.uk).

Gender in PRSPs

A report for the UK Gender and Development Network has been produced on "Failing women, sustaining poverty: gender in poverty reduction strategy papers" (Ann Whitehead, May 2003). The report notes that only a handful of PRSPs can be said to have taken women's poverty seriously and tries to determine why this is the case, by examining four country case studies in depth (Tanzania, Bolivia, Malawi and Yemen).

Gender issues appear in a fragmented and arbitrary way in the policy priorities and budget commitments of PRSPs. Some 'women in development' issues are raised, especially in the sections on health and education, but gender is not well integrated. There is very limited attention to women's material well-being, and no recognition that macro-economic policy and national budgets can be gendered.

These failings have a number of sources:

- the description of the poor does not extend to a causal analysis of why they are poor, so gender relations cannot be advanced as an explanation of women's poverty. There is also insufficient sex disaggregation of data, and women's incomes, livelihoods and resource constraints are poorly captured.
- governments often have a poor understanding of gender issues, particularly the Finance Ministries that have the responsibility for the PRSPs.
- the national women's organisations are often weak, lacking in influence and with limited capacity for gendered poverty analysis.

In order to influence the analysis and policy making in PRSPs, the report recommends a need for more expertise in macro-economics and in gendered national budgets, together with a specific focus on micro issues that effect women's material well being.

Zambia PRSP

The Zambia PRSP went to the Boards of the WB and IMF in May 2002. In late 2002 the PRSP was absorbed into a Transitional National Development Plan, prompted by the President. This represents a possible dilution of the poverty focus of the PRSP, since the TNDP also covers government activities not included in the PRSP (defence spending, judiciary, etc) – however, the PRSP does remain part of the TNDP.

A current difficulty is that the PRSP financing plan tables do not link to budget categories and the inputs into line ministry programmes implied by the PRSP are not defined in the accounting system. In addition, past outturn figures show overspends regularly happening on non-PRSP focused programmes (e.g. foreign embassies, civil service pay), while PRSP-type priorities suffer (e.g. capital investment in communications and roads).

A great deal of work has been done to define the institutional framework for monitoring, and core indicators have been defined to track inputs, outputs, outcomes and impacts in each thematic area. There have been delays in establishing the central capacity to oversee and collate monitoring activity. DFID is supporting the umbrella group Civil Society for Poverty Reduction to carry out independent monitoring work.

There is currently no general budget support in Zambia. In the short term, there is a risk of multilateral agencies such as the WB and the EC creating similar but different performance assessment frameworks for their interim instruments. DFID and seven other like-minded donors have developed a Harmonisation Action Plan. Yet there is still a danger that bilateral donors are rhetorically aligning their activities with the PRSP without changing behaviour on the ground.

Evaluability of general budget support

DFID's Evaluation Department commissioned OPM and ODI to produce a report on country experiences of General Budget Support (GBS). The exercise was conceived as an "evaluability study" – that is, an initial enquiry to settle a number of preliminary questions and help in the design an eventual programme of joint evaluation or research.

The focus of the study is on the claims made about GBS as an aid modality, and its suitability, effectiveness and sustainability as a means of channelling international support to poverty reduction. The full synthesis report is available on the ODI website.

Three preliminary conclusions are suggested:

- A variety of objectives are being pursued by different governments and donors through the use of budget support. If greater consistency could be established over objectives, and hence over management mechanisms, then it seems likely that the impact would be greater.
- The postulated positive effects of budget support are not automatic. Indications from Uganda suggest that incentives are changing in the right direction, and agents can be expected to respond to incentives, but complementary measures are needed. The implications for resourcing country programmes need to be followed through.
- The "operating rules" for general budget support need to be more explicitly stated and agreed in advance. A more honest assessment of the operating context is required as the concepts of "conditionality" and "partnership" tend to confuse the understanding of the situation and may be hindering attempts to establish clarity over operating rules. A better theoretical framework would be that of a *multi-stakeholder club*, drawing on standard concepts from the economic theory of the firm.

This study was also presented at a workshop (3–4 March 2003, Glasgow), hosted by DFID on behalf of the DAC Evaluation Working Party. The workshop brought together evaluation specialists and other representatives from a wide range of bilateral and multilateral agencies to undertake a preliminary discussion on evaluating general budget support. Work is continuing with a view to DAC endorsement of a complete "evaluability framework" for GBS in the autumn.

Connections 10 - request for ideas and contributions

We are starting to plan the next issue of our newsletter and have decided that Connections 10 will concentrate on the following themes:

- Issues for the next generation of PRSPs - how are countries preparing for the next iteration of their PRSP?
- The political sustainability of PRSPs
- Challenges in embedding the PRSP agenda in donor organisations
- PRS Monitoring and the MDGs

We would be really interested to hear ideas or receive contributions (articles of a maximum of 250 words) on these themes. We are particularly keen to hear about individual country experiences. If you would like to contribute to the next newsletter, we would request that we receive your input as soon as possible.

For more information, please contact Zaza Curran (z.curran@odi.org.uk) or Ruth Driscoll (r.driscoll@odi.org.uk).

REMINDER...

The PRSP Monitoring and Synthesis Project wants your PRSP information! Please send us your memos, trip reports, updates, and commissioned studies. We rely on country-level information to produce this newsletter and our briefing notes, and to be able to respond to information requests. We are security-cleared to receive confidential information at our secure email address prsp@dfid.gov.uk and treat all information with discretion. If you have any questions about what you should send us, please just ask. For more information, see our intranet site: <http://insight/prspproject>