

Reference DFID PSIA Pilots

FROM: Emily George
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DATE: 05 April 2004

CC: PAM Team
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Consultants who worked on the
PSIA Pilots and on the Follow up
studies

To: Marshall Elliot
Andy Norton,
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Jeremy Holland,
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Dear Colleagues,

The Department for International Development commissioned a series of pilot ex-ante Poverty and Social Impact Analysis (PSIAs) in 7 countries in 2002.

In October 2003 an international PSIA workshop was held in The Hague, co-hosted by the UK and The Netherlands. The aim of this workshop was to develop a way forwards for bilateral donors on PSIA. The outcome of this workshop – the **North Sea Manifesto** is attached.

Antonio Francisco presented a follow up to the DFID Mozambique pilot, including its impacts and impressions of what factors may have limited or improved the level of impact – **his report** is attached. This presentation stimulated demand from the donors present, and from national governments from developing countries that were not involved in the pilots, for a review of direct and indirect impacts of the other DFID pilot studies. DFID agreed to take this forwards. This commitment is mentioned in the North Sea Manifesto.

Since then the Poverty Analysis and Monitoring team have worked with country teams in Armenia and Uganda in order to commission further follow-ups on the pilots in these countries. The generic **terms of reference** are attached. These were modified through discussions with the country teams to make them more relevant for each country, but the basic aims remain the same.

These follow up studies were completed in March 2004 and were presented within DFID locally and in London. **The reports** are attached for your information; these will be all available on the DFID intranet site, and the World Bank website. Printed versions will be available from DFID. Please contact povertyanalysismonitoring@dfid.gov.uk or myself if you would like to receive any copies of these.

These studies reveal that all three of the pilot studies did have an impact on policy making in the respective country:

In Mozambique, the PSIA on fuel tax reforms informed policy makers in the Ministry of Planning and Finances:

"Following the last revisions introduced in the 2002 Mozambique PSIA Pilot Study last April 2003 there have already been at least two revisions of the fuel prices in Mozambique, one in May and the other one in September..... a senior director at the MPF explained that the last two fuel revisions were to so extent motivated, or at least directly informed, by the findings and recommendations provided by the Mozambique PSIA Study."

In Uganda, the study revealed how the PSIA pilot on a strategic export initiative impacted in a number of direct and indirect ways:

"The impact of the PSIA Pilot study is evident in five main areas:

- *Contribution to the long term and an on-going planning process for the re-orientation of STRATEX in line with PEAP/PRSP/PMA model.*
- *There has been a big effort to mainstream gender into the PEAP/PRSP Revision Process by MFPED/PMAU partly as a result of the key finding of the PSIA that gender inequality was a key factor in hampering macro economic growth and success of programmes.*
- *Contribution to the poverty monitoring and analysis plans presented in the Uganda Poverty Status Report 2003.*
- *Expressions of country ownership of the PSIA.*
- *Defining who will take the PSIA forward."*

In Armenia, the PSIA on proposed water reforms fed into the PRSP, and into law making on the water sector:

"..the study contributed to the PRSP, raised awareness of PSIA as a concept, and inspired confidence in selected donors for new studies..... The PRSP reflects the concern stressed in PSIA Pilot report that if irrigation tariffs are to be set according to zones, there will be a need for alleviating its potential social impact in certain regions..... The PSIA Pilot report [also] recommends mass installation of water meters "on a more generous instalment basis of payments spread over several years. "Meters for the extremely poor should be installed free of charge"This scheme was stipulated by a Law on privileges granted for water services payments"

However, the studies revealed a number of lessons to be learnt from these pilots on how best to ensure PSIA's are able to influence policymaking. In summary:

- Government ownership needs to be strong in order to ensure credibility of the study and to embed the results into policy making processes – *"stakeholders directly implementing the STRATEX Initiative have not understood the reason for the choice of STRATEX for the PSIA Pilot or the potential usefulness of the PSIA findings for STRATEX. In their opinion, PSIA was a demonstration that tore STRATEX apart without regard to its original objective of macro economic growth" - Uganda Follow up*
- The users need to be involved from the beginning of the process. In addition it is important to understand both their technical level of

understanding, and the questions they would like answering. The latter should be an iterative process, in which the analysts feed back results to the users, during the study process.

- It is important to ensure dissemination takes place – consultants are only there for a limited amount of time and someone in country needs to take forward dissemination to ensure the report is able to feed into policy making. Funds need to be allocated to dissemination (including translation where appropriate) and key stakeholders, including those who are consulted, as part of the process should be sent the final report within as short a timescale as possible.

dissemination of the report was limited and no resources were allocated for awareness-raising and advocacy purposes. The fact that the final Armenian version of the report was not officially presented to a wider local audience of policy-makers and the public, did affect its impact – Armenia Follow up

there has not been any further effort to make the study available to the key stakeholders or the public in general. The MPF, as the immediate client interested in the Mozambique PSIA Pilot Study, has made no effort to translate it into the official language in the country (Portuguese), which also restricts its accessibility to a wider public – Mozambique follow up

- The follow up studies revealed a need for further investigation into various areas of the particular reforms, and suggested that a short 40-day study was limiting the value of PSIA. However a balance needs to be struck between affordability and timeliness on the one hand (key for real policy influence), and detail and rigour on the other.

Emily George