

# Getting Serious About Meeting the Millennium Development Goals

A Comprehensive Development Framework  
Progress Report





# ACRONYMS

AFRISTAT	Observatoire Economique et Statistique d'Afrique Subsaharienne
AfDB	African Development Bank
ADB	Asian Development Bank
CDF	Comprehensive Development Framework
CG	Consultative group
CIDA	Canadian International Development Agency
CPIA	Country Policy and Institutional Assessment
CSO	Civil society organization
DfID	Department for International Development
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EC	European Community
EU	European Union
GDP	Gross Domestic Product
GER	Gross enrollment ratio
HIPC	Heavily indebted poor countries
HIV/AIDS	Human immunodeficiency virus/Acquired immunodeficiency syndrome
IDA	International Development Association
IDB	Inter-american Development Bank
IDGs	International Development Goals
IMF	International Monetary Fund
IPRSP	Interim poverty reduction strategy paper
LICUS	Low-income countries under stress
MDBs	Multilateral Development Banks
M&E	Monitoring and evaluation
MDGs	Millennium Development Goals
MTEF	Medium-term expenditure framework
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
OED	Operations Evaluation Department
PER	Public expenditure review
PETS	Public expenditure tracking system
PRSC	Poverty reduction support credit
PRSP	Poverty reduction strategy paper
PRS	Poverty reduction strategy
RT	Roundtable
SME	Small and medium enterprises
SWAps	Sector-wide approaches
UN	United Nations
UNDP	United Nations Development Program

\*This report has been prepared by the CDF Secretariat.



# ABSTRACT

This report reviews the implementation of the Comprehensive Development Framework (CDF) principles in 48 low-income countries. Overall, it shows that countries that are making progress in implementing the CDF principles generally perform better and are more likely to achieve the MDGs by 2015 than those making less CDF implementation progress.

The main implication of the report is that *Getting Serious about Meeting the MDGs* requires a concerted effort by the Bank and other development partners to give increased and explicit attention to the implementation of the CDF principles in supporting the strengthening of national strategies through the PRS process. This support coupled with implementation of the eighth MDG—increased aid, debt relief, and open trade—is essential for reaching the MDGs. The report identifies six areas for increased attention:

- A long-term development perspective guiding shorter-term actions is often missing. The Bank and partners should support countries in taking a long-term view, including helping countries formulate and integrate their long-term development goals, for example MDGs, into their visions. To help with priority setting, they should help strengthen the links between the long-term vision, medium-term strategy and budget.
- It can take years to achieve a strong dialogue among stakeholders on the definition and implementation of a national strategy, and many countries have not yet been able to do so. Therefore, the Bank and partners should encourage national dialogue at an early stage of strategy development, with explicit linkages between stakeholder consultations and permanent institutions responsible for decision making in the executive, legislature and local governments.
- Analytical work is key to improving the knowledge basis for the development and implementation of a national strategy. At present this work tends to be produced with limited country leadership. To increase the impact of analytical work on national decisions and outcomes, and to build capacity, the Bank and partners should undertake analytical work jointly, with active country stakeholder involvement.
- Investment projects are likely to continue to play a significant role in development, but often remain outside of strategy processes. To scale up their impact, the Bank and partners need to encourage the convergence of country processes for planning investment projects with those for PRSs, and focus their support on sector-wide approaches. This can help focus investment projects not only on narrow project objectives but also on results toward long-term goals, for example MDGs.
- Few countries have adequate data and M&E systems to monitor progress toward their long-term goals, for example MDGs. Countries need coherent and concerted support to bring various data gathering initiatives into single, integrated and transparent systems. The Bank and partners should provide this support, and rely on country-led data and M&E systems rather than create parallel ones.
- While the CDF principles are widely recognized as underpinning development work, support for their implementation is uneven. The Bank and partners should adapt and implement operational and personnel policies explicitly to the CDF principles, as evidenced by operational, behavioral and cultural changes.



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# 1 OVERALL ASSESSMENT AND MAIN IMPLICATIONS

This report assesses progress being made in 48 low-income countries in implementing the CDF principles. The assessment covers the 48 countries that had completed poverty reduction strategy papers or IPRSPs by October 2002, and one other country (Eritrea), and provides indicative examples of progress in specific countries.<sup>1</sup> This Chapter provides an overall assessment of CDF implementation progress and, based on this progress, the likelihood of different groups of countries achieving the first seven Millennium Development Goals (MDGs) to which they have committed.<sup>2</sup> It outlines the main implications of this assessment, highlighting six main areas for increased attention from the Bank and other development partners. Chapter 2 explains the relationship between the CDF principles and the MDGs, as well as the correlation between CDF principles and country performance. Chapters 3–6 examine implementation progress of each of the four CDF principles in turn.

The assessment is based on information available as of January 2003 supplemented by information derived from PRSPs issued since then. Its main findings were discussed in summary form with the Bank Board of Executive Directors at a CDF Learning Group Meeting on January 29, 2003. It builds on the 2001 CDF progress report.<sup>3</sup> The resulting implications build on and reinforce those of the recent multi-partner evaluation of the CDF, prepared by the Bank's Operations Evaluation Department and the Development Economics Research Group under the aegis of a 30-member multi-partner steering committee<sup>4</sup> (Box 1.1), and on those of the last joint Bank-IMF review of progress in PRSP implementation.<sup>5</sup>

## OVERALL ASSESSMENT

There is at least some element of progress in CDF implementation in all 48 countries covered by this report, however progress is uneven. Countries can be divided into three groups with respect to implementation of the CDF principles and, because CDF implementation is correlated with stronger country performance and has a crucial bearing on a country's

chance of achieving country-owned Millennium Development Goals, their likelihood to reach these goals by 2015 (Figure 1.1):

- *Group 1.* A relatively small leading group of 12 countries has made good progress in implementing CDF principles and faces a reasonably good chance of achieving the MDGs defined in their poverty reduction strategies, provided that they stay the course. These countries have put in place the processes needed to achieve success, and have defined relatively clearly the goals they are pursuing. Most have taken action to align government and partners' actions with those goals, and to track development outcomes.
- *Group 2.* An intermediate group of 11 countries is making selective progress in implementing the CDF principles. With concerted internal actions and focused external partner support, they may more firmly embark on the road to achieving the MDGs.
- *Group 3.* At the other end of the spectrum, a group of 25 countries—more than half of which have features of low-income countries under stress (LICUS)<sup>6</sup> or are affected by conflict or both—has made little progress in implementing the CDF principles. They are unlikely to reach the 2015 poverty reduction goals or related country goals under present circumstances. Closer adherence to the CDF principles can help these countries get on the right track.

Poverty reduction strategy papers have been an effective instrument to consolidate commitment to CDF principles, especially in Group 1 countries.

All of the 12 countries in Group 1 have completed full PRSPs with the CDF principles more or less underlying their preparation and initial implementation. Their progress in implementing the CDF principles is good, in view of the time constraints imposed either internally or externally on PRSP preparation, capacity

### Box 1.1 Recommendations from the Multi-partner Evaluation of the Comprehensive Development Framework

#### Long-term holistic vision

*All donors:* provide long-term assistance for capacity strengthening; provide predictable and reliable financing.

*Bank:* improve cross-sectoral programming and implementation.

*Recipient countries:* strengthen the link between long-term frameworks and budgets.

#### Country ownership

*All donors:* work with the government in devising an approach for consultations with elected officials and non-government representatives.

*Bank:* clarify the Bank's openness to alternative PRSP-consistent development strategies, and differentiate more clearly the Board's roles vis-à-vis the PRSP and the Country Assistance Strategy.

*Recipient countries:* government and parliament should consult among diverse interest groups.

#### Country-led partnership

*All donors:* step back from micro-managing the aid process at the country level; give the recipient country voice and oversight over aid quality; decentralize staff and delegate more authority to the field; plan for phase out of project implementation units.

*Bank:* continue decentralization and delegation of authority to field offices; select, train, and reward staff in part for their partnership performance; practice what the Bank preaches regarding harmonization and simplification, program or budget support, selectivity and stepping back.

*Recipient countries:* put responsibility for aid coordination at a high level of government, and implement and enforce procurement and other rules that will engender the confidence of donors.

#### Results focus

*All donors:* strengthen and use country-led M&E systems.

*Bank:* enhance the capacity of the Bank to track and analyze the implementation of CDF principles and their impacts.

*Recipient countries:* adopt a results orientation through greater accountability to the public.

#### The road ahead

The report identifies several important areas that would benefit from expanded learning efforts:

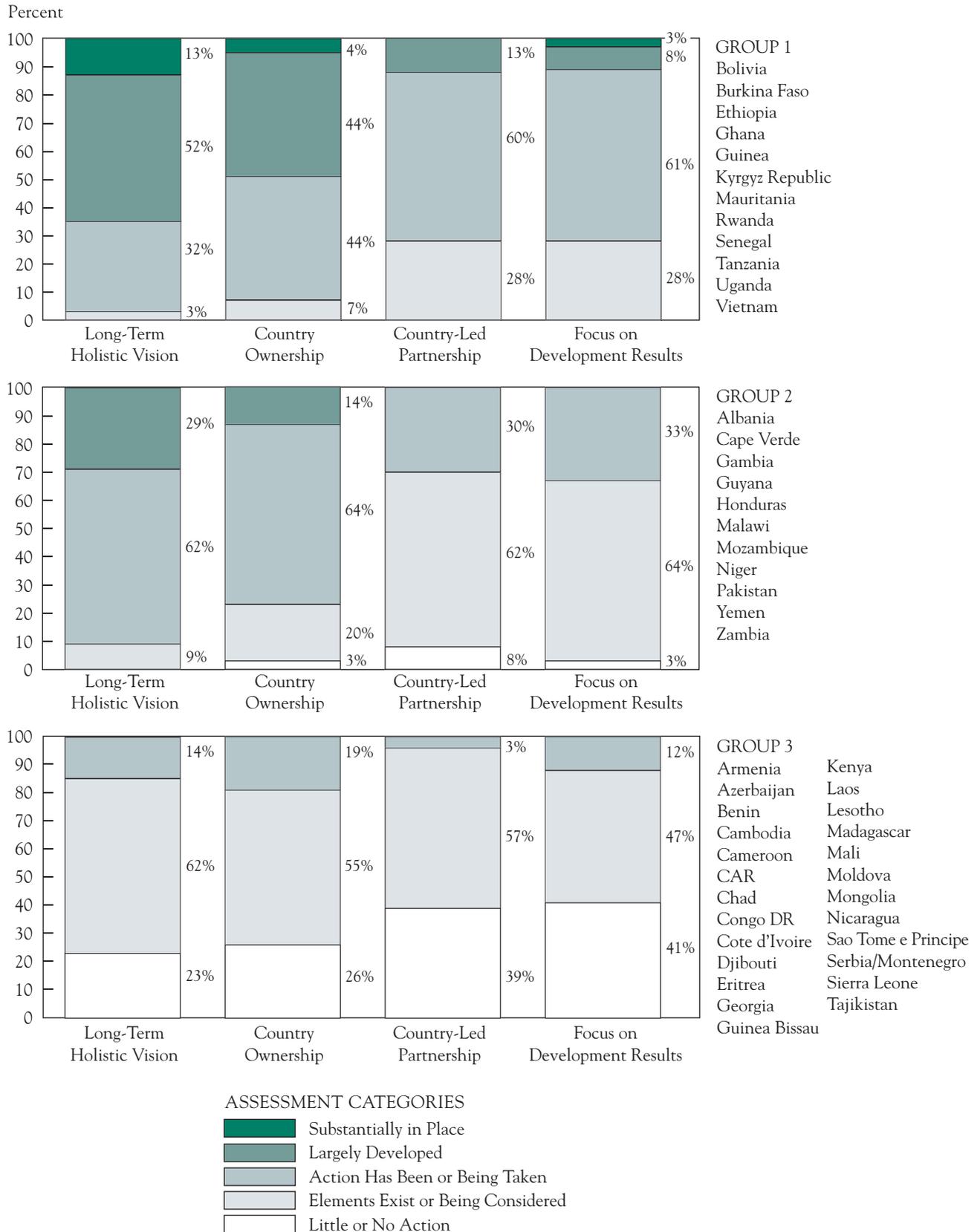
- establish country-owned monitoring and evaluation systems that bring stakeholders together, building from information and monitoring initiatives in government and among civil society, donors, and the private sector.
- expand involvement in CDF processes by marginalized groups in civil society and the private sector.
- start a debate in donor countries about changing incentives, pooling resources and pooling results, public attitudes to aid and the role of audit offices and treasuries in compounding the problem.
- expand learning between recipient countries—e.g. Uganda's experience with the Medium-Term Expenditure Framework (MTEF) and hard budget constraints.

shortfalls, and the difficulty of engaging in sometimes unprecedented participatory processes. In these countries, the focus is now on implementing poverty reduction strategies through partnerships among national actors and between national and external partners; on creating stronger links between strategy and budget, which are scarce and imperfect even when they exist; and on measuring and communicating results.

Many of the 11 countries in Group 2 have completed PRSPs or are close to doing so; over time these countries can be expected to make better CDF implementation progress. In these countries, the focus is on helping them maintain a steady course, with careful attention to the CDF principles to avoid backsliding.

Most of the 25 countries in Group 3 have completed IPRSPs but not PRSPs; indeed, in many of them,

**Figure 1.1 CDF Implementation Progress Overall Assessment<sup>a</sup>**  
 (percent of observations falling in each assessment category)



a. Annex 2 shows implementation progress by country and group.

PRSP preparation or implementation has stalled or is continuing without a strong grounding in the CDF principles, creating a credibility gap. The focus in these countries is to support capacity building, learning by doing, and the sharing of good practice on CDF processes from more experienced countries, recognizing that improved CDF implementation can only be achieved over the long-term.

## MAIN IMPLICATIONS

In its continuing support for the development, implementation, monitoring and updating of poverty reduction strategies, the Bank and its partners in other development assistance agencies should give increased and explicit attention to CDF principles as their underlying basis,<sup>7</sup> particularly in Group 2 and 3 countries, to have the best hope that low-income countries can achieve the Millennium Development Goals. Even in Group 1 countries, Bank support consistent with the CDF principles continues to be important to ensure it is in tune with the processes these countries have institutionalized for implementing the CDF principles.

The assessment shows that the Bank—in coordination with other external partners and client countries—should give increased attention to six main areas.

**(1) Encourage a long-term perspective to anchor the strategy and budget.** PRSPs need to take a long-term perspective, using the CDF principles as their underlying framework. The Bank should encourage countries to take such a perspective in preparing PRSPs and in their progress reports on implementation. In developing this long-term perspective, countries should take a holistic view by putting all elements important to poverty reduction, including macroeconomic and social issues, for consideration by policy makers at the same time. However, they should be careful to focus their strategies on what is realistic and not try to take on all development issues at once. Particularly in Group 1 countries, the Bank should emphasize capacity building and cross-country learning to strengthen the links between long-term visions, medium-term strategies and expenditure frameworks, and budgets. Particularly in Group 2 and 3 countries, given that vision and strategy formulation through participatory processes takes time, the Bank should support the development of participatory mechanisms, linked early on to existing institutions in the executive, legislature and local governments, and the budget process, that can be sustained over time. In all low-income countries that have not defined PRS-based

long-term goals, the Bank should make it a priority to help countries formulate these goals, including those related to the MDGs.

**(2) Encourage national dialogue early in strategy formulation and during implementation.** Many countries have not managed to achieve a genuine and sustained national dialogue. The Bank can help build capacity for stronger participatory processes through several types of action. It can help countries learn from one another's experiences in conducting and sustaining consultation processes and incorporating the results into government decision-making. In Group 1 countries, it can help extend and deepen the involvement of government and of country stakeholders in strategy implementation and review. Tasks needed here may include helping improve coordination between government agencies, e.g. planning, sector, and finance ministries (when the strategy process is coordinated by one without strong collaboration with the others); strengthening mechanisms to involve line ministries and local governments in the strategy process; supporting involvement of a broad cross-section of stakeholders in systematic and transparent participatory mechanisms; and strengthening the capacity of parliaments.

Many of the Group 2 and 3 countries lack strong histories of consultation and need to gain familiarity with participatory processes. The Bank should encourage these countries to develop homegrown processes early at the IPRSP stage, and help them mobilize financing for participatory processes. It should facilitate coordinated and targeted capacity building in the executive, legislature, local governments and civil society, including direct exchange of experience among developing countries. Reaching out early is the best way for countries to build capacity in interactive dialogue, and can also help to prevent a perception of the Bank or other development partners dominating the development of PRSPs. The Bank should also encourage countries to build on existing processes that are grounded in the CDF principles, and to merge parallel strategy-development processes, rather than to adopt a new process for the PRSP in each case. When possible, it should encourage countries that embark on new processes to start by involving organizations that represent a broad segment of the population and that are chosen transparently, encourage collective ownership of the dialogue itself so that the process is not associated with any one organization, and encourage a significant investment in preparation and dissemination of pre-meeting and follow-up materials for each consultation.

**(3) Facilitate country leadership of analytical work and the preparation of comprehensive capacity building strategies.** More and more analytical work is being undertaken to support the development and implementation of poverty reduction strategies, but it tends to be produced by the Bank jointly with other external partners, with limited leadership or commitment from within the country. As a result, the recommendations of many studies are easily ignored by people who are best placed to act on them. One key element to improving the outcome orientation of analytical work, and to build capacity overtime within countries, is to encourage it to be led by governments and to capture local expertise while at the same time reinforcing closer cooperation among external partners. Given capacity shortfalls, the Bank should continue and intensify its efforts to help build analytical capacity within all countries. It should encourage governments to incorporate a comprehensive capacity building strategy in PRS efforts, including at the progress reporting stage. In the short-term, the Bank should support and track the success of country-led analytical work, following its use and impact on policy and capacity, and drawing lessons for wider dissemination and adoption.

**(4) Ensure that CDF principles underpin investment projects.** Even with the trend toward programmatic budget support aligned with PRSs, many investment projects still remain outside of the PRS framework. To scale up the impact of investment projects, the Bank and its partners should focus on including all projects in government budget processes and move toward sector-wide approaches. They should encourage countries to incorporate investment projects within PRSs, ensuring stakeholder participation and a focus on the country's long-term goals in addition to project specific objectives.

**(5) Tailor country-level data systems to monitor country-specific MDGs.** Few countries have adequate data or analytical capacity to monitor their progress toward their long-term goals. The Bank should scale up its efforts to help countries develop cost effective and easy to use data and M&E systems that focus on long-term goals, with a realistic and manageable set of indicators that can measure progress toward them and inform the adjustment of policy or goals based on intermediate results. This will require developing relevant expertise and building institutions, in and outside of government, and strengthening government capacity to consolidate existing disparate initiatives in support of one integrated country system. It will require strengthening the flow of information between different organizations, and supporting the collection

and analysis of household survey data based on an agreed methodology that is comparable overtime and across countries. Efforts to harmonize support for statistical capacity building, such as "Paris 21," a global partnership program,<sup>8</sup> might usefully be built upon. Countries should be encouraged to monitor the PRSP process for its adherence to CDF principles.

**(6) Mainstream the CDF principles throughout all operational development work.** While some progress is evident within development assistance agencies, the Bank and other external partners are still far from fully adapting operational policies to the CDF principles, and systematically supporting their implementation in programs at the country level. Insufficient policy alignment with the CDF principles opens too many opportunities for pursuing inconsistent approaches, which can cause confusion about the role of external partners vis-à-vis governments and country stakeholders. Similarly, staff behaviors associated with sound partnership practices should be encouraged through incentives, including recruitment, reward and promotion policies, to help ensure a consistent approach by all external partners. These policy and cultural adjustments can take time, but should be expedited and monitored.

The Bank Group faces strategic, operating, financial, and reputational/stakeholder risks. Supporting the implementation of CDF principles when assisting the PRS process helps the Bank minimize these risks. The CDF Guidance issued to staff in 1999<sup>9</sup> will be updated to reflect the lessons from PRSP implementation experience and the changed environment since the Millennium Declaration. This update will help the Bank to better assist countries to meet the Millennium Development Goals.

## NOTES

1. Of the 48 countries, 29 are in Africa, eight in Eastern Europe and Central Asia, four in Latin America and the Caribbean, four in East Asia, one in South Asia, and two in the Middle East and North Africa. Eritrea was one of the countries that was monitored for a pilot period following the introduction of the CDF. As of May 2003, 27 of these countries had completed a PRSP, and 20 an IPRSP. Annex 1 lists the 48 countries covered. Annex 3 describes how the CDF Secretariat tracks and assesses CDF implementation.

2. The Bank, other development assistance agencies and developed countries have a responsibility to implement the eighth MDG—to establish a global partnership for development by increasing aid, providing debt relief and reducing trade barriers. The use of the acronym MDGs in this

report refers to the seven MDGs of developing country responsibility tailored to country circumstances through a participatory process, unless otherwise noted.

3. *Comprehensive Development Framework: Meeting the Promise? Early Experience and Emerging Issues*, Sec M2001-0529/1, September 27, 2001.

4. *Multi-partner Evaluation of the Comprehensive Development Framework*, Operations Evaluation Department, The World Bank, May 16, 2003, Report No. 25882.

5. *Poverty Reduction Strategy Papers (PRSPs)—Progress in Implementation*, DC2002-0016, September 13, 2002, The World Bank/IMF. This review stressed the challenges of 1) alignment by partners, including the Bank and Fund, in supporting PRSP implementation; 2) shifting beyond process, to content and implementation, and greater understanding of the linkages between policies and poverty outcomes; and 3) realism in the setting of goals and targets, as well as in managing expectations, both within countries and among their development partners.

6. The Bank has recently stepped up its engagement with LICUS countries, notably by using knowledge instruments to help them promote change toward better policies

and institutions. See *Report on the World Bank Group Task Force on Low-income Countries Under Stress* (Sec. M2002-0367), July 8, 2002.

7. The PRSP was introduced as an instrument for implementing CDF principles. See *Development Committee Communiqué, September 1999*, CD/99-29, and *The Comprehensive Development Framework (CDF) and Poverty Reduction Strategy Papers (PRSP)*. Joint note by James D. Wolfensohn and Stanley Fischer, April 5, 2000, (SecM2000-474, Annex 6).

8. The Paris 21 Consortium—Partnership in Statistics for Development in the 21st Century—was set up in November 1999, by the UN, OECD, The World Bank, IMF and EC. Its membership is worldwide. It aims to build statistical capacity as the foundation for effective development policies by helping to develop well-managed statistical systems that are appropriately resourced. In the longer term, Paris 21 aims to help to promote a culture of evidence-based policy making and monitoring in all countries, but especially in poor developing countries.

9. CDF Internal Guidance Note, The World Bank, April 26, 1999.

# CDF: KEY TO ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals now guide much of the interaction between developing and developed countries, and between developing countries and development assistance agencies (Box 2.1). These goals are a compact among all members of the international community to reduce poverty in its many dimensions and to promote sustainable development. The aim of all parties is that the seven goals for which developing countries are responsible be attained not only at a global level—which could be done for many of the goals if just a few highly populated countries reach them—but also at the individual country level—a much more difficult objective. The eighth goal must be implemented by all developed countries and development assistance agencies.

## THE RELATIONSHIP BETWEEN THE CDF PRINCIPLES AND THE MDGs

The MDGs are targets that can galvanize countries and communities into action and help them to achieve greater accountability for development results, but they are not in themselves a strategy on how to achieve goals. Translating them into action requires an operational framework at the national level. In more than 70 low-income countries, this operational framework is increasingly being provided by a country-led poverty reduction strategy.<sup>1</sup> In designing these strategies, individual countries incorporate those aspects of the MDGs that fit their own situations (indeed, several countries have already achieved some of the MDGs). Experience underlines that in order to have the best hope of success, poverty reduction strategies need to embody the four Comprehensive Development Framework principles—long-term holistic vision, country ownership, country-led partnership, and focus on development results. Each CDF principle has a crucial bearing on a country's achievement of the MDGs.

The MDGs are goals that require parallel and well-sequenced actions in many interdependent areas. To achieve them, countries must thus set them in the context of a *long-term holistic vision* for national development. For example, to reduce infant mortality,

countries may need to take action beyond the health sector, particularly in improving education for girls before they become mothers. This may involve addressing gender issues as well as improving physical access to schools through rehabilitating and maintaining or extending rural roads. Other supporting interventions such as extending access to clean water may also be needed. Similarly, to improve primary school enrollment in general, countries may need to go beyond education investments and into the spheres of institutional change, infrastructure investments, and other areas of human development. And crucially, to reach goals visions need to be linked to precise strategies which in turn must be prioritized, fully costed and be linked to budgets to ensure adequate funding to implement them.

*Country ownership* is crucial. Countries have already committed to attain the MDGs at the Millennium Summit. Even so, the MDGs will have the most hope of being met if they are tailored to country circumstances, emerging from an informed national dialogue and reflecting the aspirations of a broad range of the country's citizens. In defining their national goals, the challenge that all countries face is to capture these aspirations, ensuring that citizens and their institutions, formal and informal, play a role in defining the long-term vision that frames the goals.

The Millennium Declaration stresses *partnership*. Since low-income country governments do not have the resources or capacities they need to achieve the MDGs single-handedly, partners, under government leadership, play a key role. External partners need to align their support with poverty reduction strategies, using grants, loans, analytical support, or technical assistance designed to fit each country's requirements and capacities, and to harmonize their policies and procedures for the sake of efficiency and lower transaction costs. Public-private partnerships in, among other things, the delivery of basic services, are also important.

To achieve the MDGs also requires the government and its partners to explicitly *focus on development results*. The driver is “what gets measured gets done,” so the responsibility of government is to ensure that

### Box 2.1 Millennium Development Goals

The eight Millennium Development Goals, derived from the world summits and conferences of the 1990s, were adopted by the 189 member states of the United Nations in the Millennium Declaration<sup>a</sup> at the Millennium Summit in September 2000. The Millennium Declaration, which resolves to pursue poverty reduction using the CDF principles, sets global targets for the year 2015 for reducing poverty and achieving sustainable development.<sup>b</sup>

#### Developing Country Responsibility

- To eradicate extreme poverty and hunger
- To achieve universal primary education
- To promote gender equality and empower women
- To reduce child mortality
- To improve maternal health
- To combat HIV/AIDS, malaria, and other diseases
- To ensure environmental sustainability

#### Developed Country and Development Assistance Agency Responsibility

- To establish a global partnership for development

The MDGs represent an unprecedented commitment from UN member states, the UN system, and the Bank, and have subsequently been reaffirmed in the Monterrey Consensus and the Johannesburg Plan of Implementation. They are further defined through 18 targets and 48 monitorable performance indicators: the goals and targets are interlinked and progress in the different areas is considered to be mutually reinforcing.

a. *United Nations Millennium Declaration*, Resolution adopted by the General Assembly, A/55/L.2, September 18, 2000.

b. *Roadmap Towards the Implementation of the United Nations Millennium Declaration*, Report of the Secretary-General, A/56/326, September 6, 2001. Paragraphs 297–298 make explicit reference to support by UN agencies of the CDF and PRSP processes.

the right goals get set, pursued, and assessed. Responsibility for the management of development resources requires transparency in the handling of public accounts, and the ample disclosure of information with which to measure progress toward stated goals.

### CDF IMPLEMENTATION AND COUNTRY PERFORMANCE

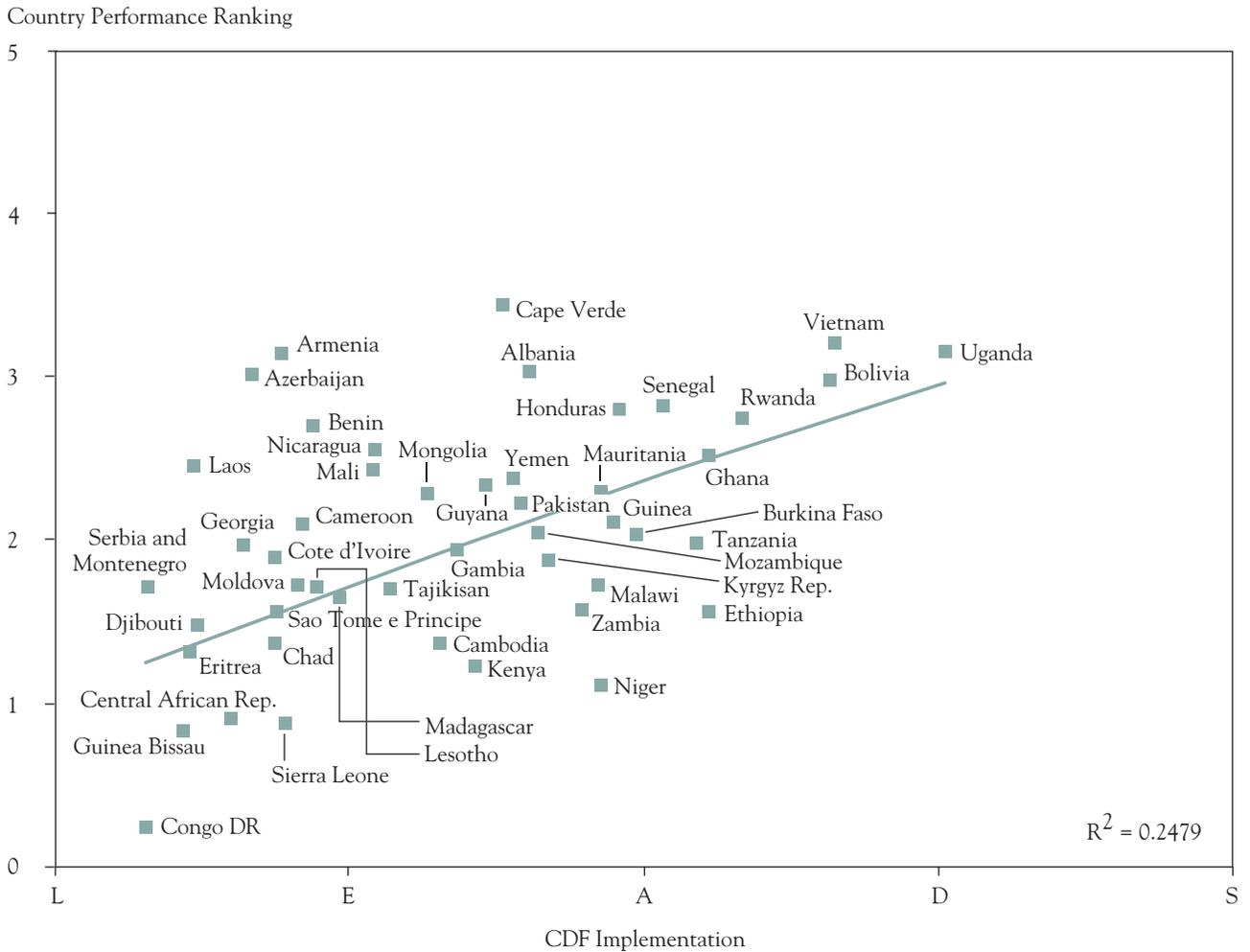
There is a correlation between CDF implementation experience and country performance. Figure 2.1 shows that for the most part countries that have made good progress in implementing the CDF principles tend to be those that rank higher in economic, social, and institutional performance, as measured by growth, income, child mortality, primary school enrollment, and youth literacy, and the country policy and institutional assessment quintile ranking on public sector management and institutions. The countries where correlation is weakest, because of their relatively poor country performance but relatively good CDF implementation experience, are typically countries that have recently

embarked on the PRSP process and where CDF implementation progress is at an early stage. The countries with relatively good country performance but relatively poor CDF implementation are for the most part former command economies that suffered a significant drop in GDP levels in the first half of the 1990s, boosting growth rates in the second half of the decade, and that gave high priority to social expenditures for many decades.

### NOTES

1. For these countries, “the primary strategic and implementation vehicle for reaching the MDGs will be the poverty reduction strategy paper (PRSP).” “Relationship between MDGs and PRSPs”, joint letter from Shengman Zhang, Managing Director, World Bank and Mark Malloch Brown, Chair, UN Development Program, to UN resident coordinators and World Bank country directors, May 5, 2003. PRSPs, prepared by the government after broad consultation, provide the basis for support to the country’s poverty reduction strategy from The World Bank and IMF, the UN agencies, and other development assistance agencies.

Figure 2.1 CDF Implementation and Country Performance<sup>a</sup>



a. The correlation shown summarizes the diamonds in Annex 5, which shows the implementation of CDF principles country by country. Both axes correspond to simple averages of the values observed in the axes of the diamonds for each country. The performance axis shows the ranking of each one of the countries in each aspect within the 48 countries. The four aspects are: (1) the five-year average rate of growth for 1995–2000; (2) the average of the latest social indicators on child mortality, primary enrollment, and youth literacy; (3) GDP per capita measured in US dollars at 1995 purchasing power parity; and (4) the quintile ranking of the country performance institutional assessment (CPIA) rating on public sector management and institutions. The values for CDF implementation correspond to the rating, on a scale from 1 to 5, of the degree of progress in implementing each of the CDF principles: long-term holistic vision, country ownership, country-led partnership, and focus on development results.



# 3 LONG-TERM HOLISTIC VISION

## PROGRESS AT A GLANCE

To achieve significant, long-lasting development results requires time and a consistent focus even under the best of circumstances. Experience shows that a key characteristic of successful development is that country goals remain anchored in a long-term vision.

One third of the 48 countries reviewed have a well-developed long-term vision. Of these, Bolivia, Uganda, and Vietnam can be said to have a robust process for linking long-term vision to strategy and for developing long-term goals. Nearly a third of the countries are taking steps to develop a long-term vision, but just over one third—mostly conflict-affected or with LICUS traits—are still not taking action or have taken insufficient steps in this area (Figure 3.1, Column 1).

To be actionable, a long-term vision needs to be embodied in a medium-term strategy that defines goals—with associated roles for the private sector, civil society, local governments, and external partners—and is adequately budgeted. As a result of the introduction of the PRSP process, 60 percent of the countries have developed medium-term development strategies or are taking steps to do so (Figure 3.1, Column 2). Of these strategies, about half are well developed and almost all are anchored in a long-term vision; most are embodied in PRSPs, and a few in IPRSPs. Bolivia, Uganda, and Vietnam are the most advanced. In the remaining 40 percent of the countries—more than half of them conflict-affected or LICUS—medium-term strategies remain at early stages of development.

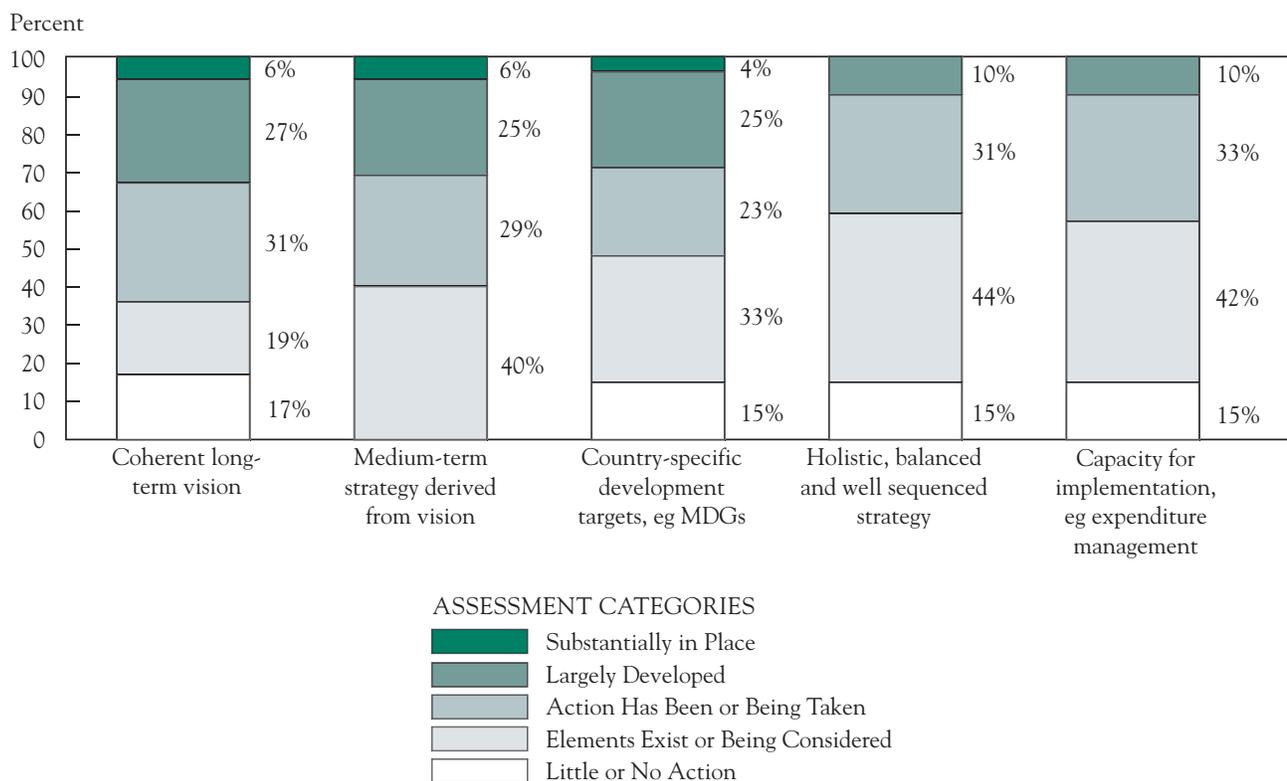
Thirty percent of the countries have well articulated development goals; they include three quarters of the countries that have a long-term vision. The achievements of Uganda and Vietnam stand out in this respect. However, half the countries are not focusing systematically on development goals or have not set development targets. In several countries, immediate worries preempt attention to long-term goals. The most challenging cases of countries without well-articulated goals are among those countries that are both conflict-affected and LICUS (Figure 3.1, Column 3).

In articulating development goals, most countries adapt the pursuit of the Millennium Development Goals to their own circumstances. (Annex 4 shows which countries have adopted at least some element of each MDG at the country level as reflected in PRSPs and IPRSPs.) Among the countries that have completed a full PRSP, the large majority have cast their targets in terms of achieving the MDGs. In a few countries, notably Guinea, Mauritania, and Vietnam, objectives are more ambitious than the MDGs. Some others, notably Burkina Faso, Niger, and Yemen, have set targets less ambitious than the MDGs, conditioned by their own starting points and needs. In the few cases, including Albania, Tanzania, and Zambia, where no explicit reference is made to the MDGs, development targets and indicators are consistent with these goals.

For countries with an IPRSP, the pattern is different. Among these countries, only seven have expressed socioeconomic objectives in line with more than one of the Millennium Development Goals, usually related to poverty, education, maternal health, child mortality, AIDS, or the environment, but never all of them. Only a few of them have referred explicitly to these goals. Only two take the gender equality goal into consideration.

Some countries have explicitly identified graduation from the group of least developed countries as an overarching goal. In two cases, Albania and Serbia-Montenegro, the long-term vision is engulfed by accession to the European Union, and the EU Stabilization and Association Process programs strongly shape the initial strategy.

Resource and capacity constraints force countries to recognize tradeoffs and decide on priorities. In doing so, it is vital to work out what the long-term vision and the strategy imply for the country's fiscal resources over the medium term. Medium-term expenditure frameworks need to give due regard to resource constraints but also to set the fiscal stage so that government programs and budgets reflect the policies and actions that are required to meet long-term goals. Ten percent of the countries show evidence of adequate

**Figure 3.1 Long-term Holistic Vision***(percent of countries falling in each assessment category)*

sequencing of priorities within the framework of a holistic strategy.<sup>1</sup> Nearly a third of the countries are taking action to improve selectivity and strengthen their prioritization processes. But in the remaining 60 percent of countries, inadequate prioritization of goals is a major bottleneck (Figure 3.1, Column 4).

The holistic, comprehensive approach needed for success with the MDGs is difficult in practice, given resource/capacity constraints. Fewer than half the countries have strategies that reflect their capacity to implement and to manage public expenditures adequately (Figure 3.1, Column 5). Among those that do not, more than half are conflict-affected or have LICUS traits. On the positive side, 10 percent of the countries do have strategies that well reflect their capacity to implement.<sup>2</sup>

#### VISION AND STRATEGY DEVELOPMENT PROCESS

Most of the national visions have been put forward by government agencies, (typically the ministry in charge of the economy or planning or the office of the president or prime minister), receiving some support from

the rest of government and from external and internal partners. Some countries have a constitution or a written legal text that establishes democratic, political, social, and economic rights that define elements of a long-term vision. Some have maintained a steady direction in development policies, accompanied by a rather stable macroeconomic environment over a decade or more, despite changes in government. Such stability can be interpreted as the reflection of an implicit long-term vision, albeit not a holistic one, that has wide support across different social groups with regular and peaceful transitions in power as well as limited military spending.

The PRSP process has been used to start developing a long-term vision in a number of countries previously without one. Perhaps the most important contributions of the PRSP process to the development of the long-term vision are that it brings out an explicit awareness of the poverty issues confronted by the country and that it promotes broader participation by eliciting the views of different stakeholders.

In many countries with a history of a command economy, the long-standing practice of planning has

led governments to develop medium-term strategies that aim at directing the entire economy and are revised regularly against multi-year plans. Strategies developed in this way may be understood as embodying a long-term vision but they may not have broad-based support within the country. Some countries have entered a PRSP process that is parallel to these existing planning or strategy processes; most of them have eventually brought the two together or plan to do so in the next stage, but some have thus far maintained parallel processes causing confusion about what the national strategy is, and which strategy will be implemented.

### LINKING TO THE BUDGET

To create a real link between short-term fiscal management and long-term poverty reduction policy objectives typically requires predictable and realistic budget allocations over several years. A country can only forge this link if it has a well-sequenced medium-term expenditure framework. From the medium-term framework, in turn, it is important to define annual budgets in which specific resource amounts are assigned to concrete programs. Having a working budget well anchored in a medium-term expenditure framework makes it much easier to prioritize goals.

To build a budget that is consistent with macroeconomic stability, planners need to take account of contributions from external partners and the private sector that have a bearing on the macroeconomic environment. Contributions to the budget may take the form of loans and thus affect both the fiscal position and the sustainability of the external balance. Even if contributions take the form of grants, their relative size and their uses may noticeably affect competitiveness.<sup>3</sup>

Only a few countries are managing their fiscal resources and setting up their medium-term expenditure plans in a formal framework that shapes their annual budgets. Only ten of the countries with a PRSP and three of the countries with an IPRSP have medium-term expenditure frameworks (MTEFs) that are meant to shape their annual budgets.<sup>4</sup> In only seven of these 13 countries is the MTEF deliberately consistent with strategy and long-term goals.<sup>5</sup>

In Ghana and Pakistan, an institutional setting for budget management has facilitated the development of medium-term expenditure frameworks. In Burkina Faso, the medium-term fiscal framework focuses on just the expenditure side, leaving the match between resource availability and programmed spending to the yearly budget exercises; here the MTEF is

being used as a tool to integrate the process of sectoral decision making, facilitating the allocation of resources in accordance with priorities. In Benin and Cambodia, MTEFs are just being developed, with a firm commitment to using them to improve fiscal management.

In Bolivia and Honduras, a formal conventional framework is missing, but fiscal management is carried out within a rough approximation of the projected expenditure pattern that is needed to attain long-term goals. These countries have recognized the need to have a formal medium-term framework to shape their fiscal policies and are developing such frameworks. Honduras has taken a first step by developing a three-year budget. In Guyana, the existence of a medium-term public spending framework is only indicative, having little or no bearing on the yearly budget exercises and resulting in a medium-term program that may be unrealistic.

Benin and Cape Verde have started building a framework by developing medium-term expenditure plans for particular sectors. These plans allow some consistency in expenditures within particular sectors, albeit without regard to allocations to other sectors or overall resource constraints. Uganda has achieved some success in aligning its sectoral frameworks with its overall MTEF, but a key challenge is to ensure their consistency with a sustainable macroeconomic framework.

In some cases, budget management consistent with the medium-term strategy has evolved prior to a PRSP process, and in others a medium-term expenditure framework has been developed as part of the PRSP process. In Uganda, prudent macroeconomic policies were combined with long-term poverty reduction goals, and strong budget management consistent with overall strategy had evolved even before a PRSP was developed. In both Uganda and Pakistan, the pre-existing medium-term fiscal framework has shaped at least part of the poverty reduction strategy, and governments are making efforts to bring the two together. Tanzania's poverty reduction strategy draws to a large extent on a pre-existing medium-term fiscal framework. A number of other countries have developed MTEFs with help from external partners and as part of the PRSP process. Except for Kenya and Moldova, all of these countries have full PRSPs. All of them are using the MTEFs to shape their yearly budgets, notwithstanding the relative newness of this instrument in these countries. In some cases a preexisting medium-term fiscal framework has been sidelined by political developments or exogenous shocks. But a number of countries have successfully adapted their frameworks to external economic shocks or changes in the political climate.

## CAPACITY CONSTRAINTS

Implementation capacity is a major bottleneck in almost all countries at both the central and local level, and many IPRSPs are ambitious given this weakness. Areas of particular difficulty are the collection and management of data on poverty—crucial for designing, implementing, and monitoring strategies and programs—and financial management capacity. Decentralization adds a particular challenge to capacity development. The implementation capacity of decentralized governments is of concern, even in countries such as Bolivia, Ethiopia, or Ghana whose capacity at the central level is relatively good.

Only a few countries have explicit capacity development priorities and strategies. In some, sector strategies and multi-sector programs are supporting important steps towards more coherent program-based capacity development.

## CONCLUSIONS

- The PRSP process is influencing countries' focus on a balanced institutional and socioeconomic agenda, by putting all elements important to poverty reduction, including macroeconomic and social issues, for consideration by policymakers at the same time. But of itself, a PRSP or IPRSP does not ensure that a long-term vision is in place or that one will eventually emerge. For this, the PRSP process must be strongly grounded in CDF principles.

- IPRSPs in many countries tend to describe short- to medium-term programs, seen as necessary to get debt relief, rather than the holistic strategies to achieve longer-term development results that are a feature of most PRSPs.
- While most countries that have completed PRSPs have adapted the MDGs to their circumstances, budget and capacity constraints are real. Not all of the relevant goals and necessary related actions are being pursued comprehensively.
- With notable exceptions, PRSPs do not address trade-offs well, nor do they explicitly address the need to prioritize goals, given the limits of budgets and capacity. In general, greater alignment is still needed between PRSP actions and overall budget cycle processes.

## NOTES

1. Ethiopia, Malawi, Rwanda, Uganda, and Vietnam.
2. Albania, Bolivia, Rwanda, Uganda, and Vietnam.
3. The overall macroeconomic impact, of course, will depend on the consistency of the entire set of policies, including those that affect absorptive capacity as defined by the structural and institutional setting.
4. Albania, Burkina Faso, Ghana, Kenya, Mauritania, Moldova, Niger, Rwanda, Pakistan, Tanzania, Uganda, Yemen, and Zambia.
5. Burkina Faso, Ghana, Mauritania, Pakistan, Tanzania, Uganda, and Yemen.

# 4 COUNTRY OWNERSHIP

## PROGRESS AT A GLANCE

Long-term visions can only hold when they reflect the aspirations of society about national goals. And the lessons of development show that change will succeed only if carried out and fueled by the country involved. Accordingly, country ownership is key to the implementation of successful poverty-reduction strategies. In nearly a third of the countries, the long-term vision and related medium-term strategy are considered homegrown, reflecting the aspirations of citizens (Figure 4.1, Column 1).

One essential element of country ownership is strong government leadership, usually with the president, prime minister or other senior minister guiding and supporting strategy development, and strong collaboration and partnership across government, including in budget formulation. And, since the basic features of a long-term vision should be able to withstand the ebbs and flows of political processes, a second essential element of country ownership is the broadening of consensus, by proactively seeking and incorporating the views of country stakeholders. These consultations should be deeply rooted in cultural background and involve key institutions—both governmental, including parliaments, and non-governmental,—thus reaching out to all political forces. Participation should be wide and transparent, and give a voice to the poorest segments of society as well as to the private sector, the engine of growth.

Governments in nearly two-thirds of the countries are taking action to involve stakeholders in formulating development strategy, and in nearly half of these cases, they have managed to promote deeper and broader involvement (Figure 4.1, Column 2). These countries have made good progress in consolidating a vision or in taking action towards producing a national long-term agenda. But in nearly one-third of the 48 countries, the evidence shows at best initial steps. External partners can promote wider participation in policy processes and thus enhance the degree of country ownership of development policies. But to avoid

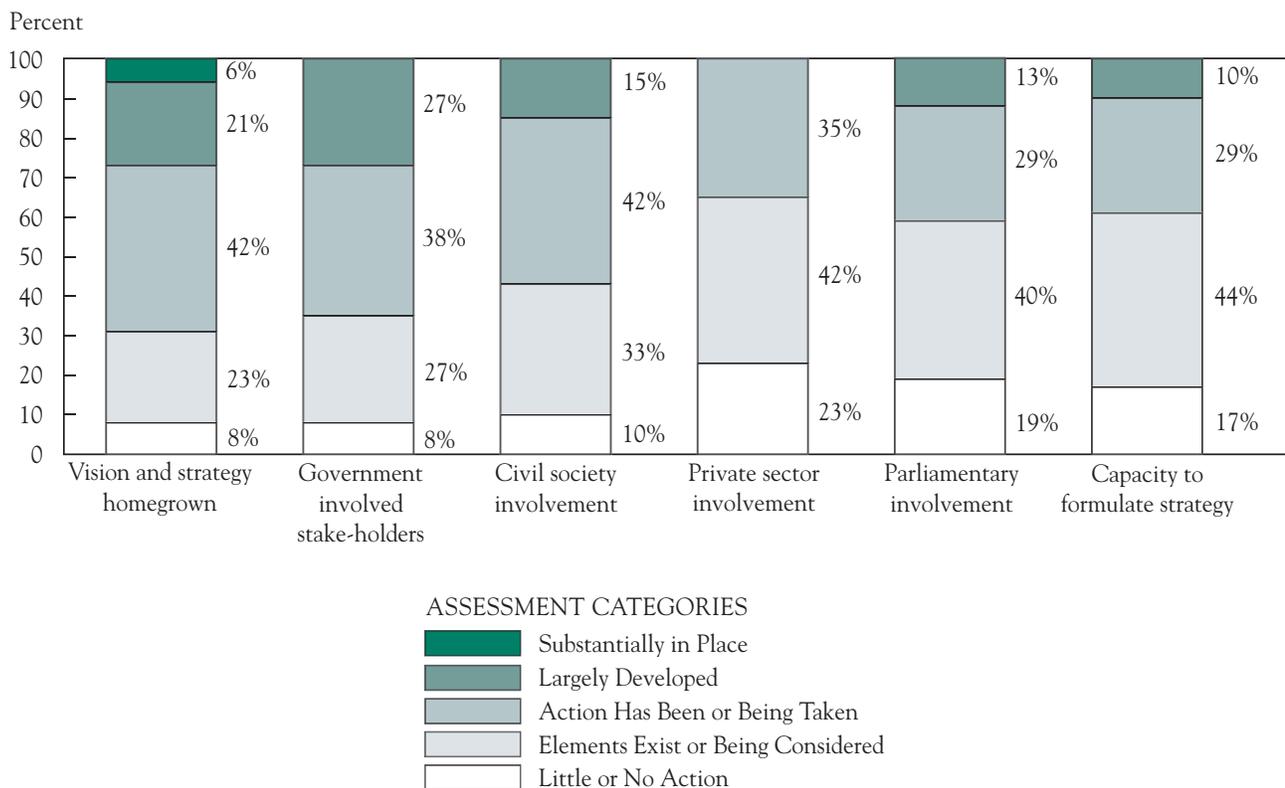
the perception that poverty reduction strategies must fit foreign straitjackets, external partners should take a facilitating role, providing advice or expertise, not leadership, in strategy formulation.

In practice, consultations have tended to involve civil society—either citizens or their organizations—more than parliamentarians or the private sector. The process of engaging civil society is quite advanced in seven of the countries studied,<sup>1</sup> but only incipient or at a standstill in more than 40 percent of the countries (Figure 4.1, Column 3)—more than half of which are conflict-affected or with LICUS traits. The private sector is only weakly involved in the strategy development process, although 35 percent of the countries are taking action towards engaging it more strongly (Figure 4.1, Column 4). Parliamentarians have been invited to play a role, often in a personal capacity, in more than two-thirds of the countries, but in only six countries is the involvement of parliament as an institution largely developed (Figure 4.1, Column 5).<sup>2</sup>

The internal processes that establish country ownership are largely contingent on the government's capacity to take on a leadership role and formulate strategy through interactive processes. In only 10 percent of the countries is government capacity in strategy and policy formulation largely developed (Figure 4.1, Column 6).

## GOVERNMENT LEADERSHIP: CRUCIAL TO OWNERSHIP

Government ownership of long-term development goals is often concentrated in a few central ministries or agencies. It is often strongest within just one branch, usually the ministry of finance and/or planning, prime minister's office, or office of the president, where most strategy documents are produced. In many cases, line ministries and other key government bodies have participated fully in strategy formulation through inter-ministerial steering committees and/or working groups. Even when such collaborative structures exist, however, achieving broad ownership within government

**Figure 4.1 Country Ownership***(percent of countries falling in each assessment category)*

remains a challenge. It requires a well-established state system with functioning institutions and commitment from top-level ministers, who in some countries change frequently, as well as from civil servants, who are often unmotivated, given distorted incentive systems in many civil services.

Within government, rivalries or insufficient top political leadership sometimes inhibit ownership. In several cases, more than one ministry is charged with formulating strategy, resulting in competing and sometimes conflicting documents and causing internal confusion. Even when line ministries are involved and there is one common strategy, poor collaboration between finance and planning ministries may mean that the strategy is not affordable. Sometimes strategy documents are still produced with little top political ownership, simply to access donor funding or debt relief.

**STAKEHOLDER CONSULTATION IN PRACTICE**

The PRSP process has helped to reinforce country ownership, especially in countries without a strong history of consultation but also in others, by encour-

aging consultative processes within and outside government. Consultation with stakeholders is now widespread.

Although there is no one formula for involving stakeholders, all countries that have completed a PRSP have held national, regional, and local consultations with a wide spectrum of stakeholders, as well as technical workshops with experts. Almost all have set up active technical—usually sectoral or thematic but sometimes process-oriented—working groups, sometimes led by non-government players and sometimes involving representatives of civil society in drafting, as in Côte d'Ivoire, Lesotho, Mongolia, and Zambia. Some countries that have not yet prepared PRSPs have held consultations in the course of IPRSP preparation or another strategy development process, but most have restricted involvement to government agencies while making plans for broad consultations to feed into a full PRSP.

Consultations tend to have the most impact in countries that have a history of consultation prior to the development of a PRSP. In developing a PRSP, many of these countries have relied on earlier poverty

reduction strategies or initiatives developed in close consultation with stakeholders.

Many other countries have little tradition of consultation but are used to relying on centralized top-down leadership; some of these have introduced consultative processes more successfully than others. Sometimes, as in Benin, Madagascar, Mali, or Mozambique, consultations have had limited success in broadening consensus beyond government. To some, consultation has been perceived as a tool to solicit reactions to existing programs and policies, or, simply as a vehicle for lectures on the government's priorities—a perception that has often been exacerbated by inconsistent follow-up. Time pressures have affected the pace and depth of consultations (particularly in HIPC eligible countries), as has the inexperience of some governments with interactive and inclusive consultation processes.

Consultations are sometimes partial, ad hoc, and informal, and have not always collected systematic information. Several governments have not reflected transparently the results of workshops in their strategies. Sometimes consultations have raised expectations too high; the groups consulted have not participated fully, for lack of capacity, or have not stated their priorities, and governments have not adequately explained the budget constraints they face or even their responsibility for prioritizing. Some governments have embarked on ambitious information campaigns but often such campaigns have been poorly implemented.

## CONSULTING PARTNERS DURING STRATEGY DEVELOPMENT

### External partners

Almost all the 48 countries have involved external partners in the PRSP process. Indeed in many cases, that process has started out as donor-driven, primarily by the Bank, IMF, or UNDP, or has been reluctantly embarked on to access HIPC debt relief or funds from external partners. But many governments have increasingly embraced the process. External partners have been involved through inclusion in the consultation process or through ad hoc meetings with governments and other actors involved. In some cases, external partners have provided funding to set up the participatory process, and in many cases they have also been called to comment on early drafts of the PRSP. Sometimes external partners have built up strong coalitions with civil society organizations in fostering participation, as in Albania, Azerbaijan, and Cote d'Ivoire.

In some of the cases, external partners have helped by hiring consultants that then draft the PRSP. These documents tend to be technically robust. But experience shows that a lead role for externally financed consultants in developing a long-term vision and strategy can lessen the degree of country ownership, and that it may take a country several years to appropriate a significant part of that vision. In some cases, it may even lead to the deferment of the document. In numerous countries, external partners have tried to change the outcome of the consultation process; some have tried to have their own favored projects included in the strategy; and some have intervened drastically to match the final draft PRSP with their own expectations.

### Civil society organizations and the poor

CSOs have taken prominent roles during strategy development in some countries, especially those with more developed and organized CSO sectors. In Ethiopia, CSOs established an independent task force to contribute to and monitor the consultative process. In some countries, CSOs have participated actively in PRSP steering committees. In Bolivia and Honduras, they have been involved in developing indicators and targets. Sometimes, as in Honduras and Zambia, they have produced their own PRSP.

Some countries have made strong efforts to engage the poor in the consultative process, largely by inviting them to workshops. Some have carried out participatory poverty assessments as part of the strategy development process, and incorporated their findings into the strategy.

### Parliaments

Parliamentarians are often involved in strategy formulation, but their involvement has rarely been systematic or institutionalized (Box 4.1). Individual parliamentarians have played a role as representatives of civil society at large, conveying views and ideas from and to their constituencies, or in their personal capacity, and have taken part in consultations and workshops leading to the elaboration of PRSPs. In some countries, they have participated in formal PRSP structures such as steering committees, participation committees, or working groups. In some cases, such as Côte d'Ivoire, Kyrgyz Republic, and Senegal, leaders of parliamentary bodies have played a significant role.

To a much lesser extent, parliament has been involved as an institution. Only in a limited number of countries have parliamentary bodies been important

#### **Box 4.1 Parliamentary involvement as a multi-faceted process**

To be sustainable, long-term strategies and visions need to involve all the institutional actors of a polity. As elective bodies representing a wide spectrum of opinions and ideas, parliaments can become an important arena to broaden consensus. However, parliamentary institutions are complex structures. Far from being simply the collection of representatives of the electoral body, parliaments comprise political groups, standing and select committees, ad hoc commissions, and the plenary. Individual parliamentarians can bring into the consultation process the views of their constituents, who may often comprise the poorest strata of society, although in some parliamentary systems parliamentarians are elected through political party mechanisms that are not entirely representative. Political groups can become the institutional tool to involve all political forces in the process. Parliamentary committees can provide an informed and expert view on different issues. Select committees and ad hoc commissions can focus on poverty in a structured and systematic fashion. The plenary, whose proceedings are often broadcast nationally, can become the arena where debate and consensus on poverty reduction builds up. To achieve real participation and ownership, the effective involvement of parliamentary institutions should be as multi-faceted and wide-ranging as are parliaments themselves.

partners by holding hearings on the poverty reduction strategy or formally approving it. Different institutional arrangements and constitutional traditions significantly affect the role parliaments play in different countries, and full involvement of parliamentary bodies does not always imply transparency and participation of all political actors in the PRSP process. Only in a few countries has the political opposition been expressly involved. In some countries, parliaments and parliamentarians have not formally taken part in strategy formulation, or have played a limited role. In most conflict-affected countries and those with LICUS traits, parliaments are either weak or non-existent—Rwanda being an exception.

Parliamentary committees are represented in PRSP steering committees, and have taken part in consultations and workshops in Cambodia, Ghana, Mongolia, and Yemen. In some countries, the PRSP has been debated in plenary meetings. In others, there are plans

for such debates, or for the discussion of PRSP commitments in the context of national budget debates.

#### **Private sector**

In practice, the size of the private sector, presence of a large informal private sector and of small producers, the role of foreign ownership, and the existence of state-owned enterprises all affect the involvement of the private sector in strategy formulation. In many countries the private sector has played no significant role in developing strategy and in some cases it has shown little interest. In Georgia and Tajikistan, a formal private sector is only beginning to materialize, but there is a growing interest on the part of both governments and private enterprises to collaborate.

Most governments that have sought private sector participation in strategy formulation have done so through formal consultations and workshops with umbrella business associations, and in many countries private sector representatives have participated in formal structures overseeing or drafting strategies. In Bolivia, Burkina Faso, Madagascar, and Uganda, governments have explicitly sought to ensure the participation of small businesses and/or small farmers. Kenya and Madagascar have held periodic consultations between private sector representatives and government on policy matters. In Ethiopia, the Chamber of Commerce established working groups whose conclusions were taken into account by the government (Box 4.2). Private sector representatives also have been involved in PRSP review processes in Bolivia and Burkina Faso. Private sector organizations in Benin, Honduras, and Senegal have taken the initiative through the chamber of commerce to comment on the PRSP or to present proposals, thus motivating governments to ask them for more involvement. In Ghana, the private sector participates in an annual national economic dialogue.

#### **POLITICAL OR ECONOMIC EVENTS**

Political and economic events can preempt the attention of governments and stakeholders and affect the ownership of long-term poverty reduction goals. The country strategy process has helped to maintain continuity of policy through government transitions in Bolivia, Ghana, and Honduras, although not without some influence of the new governments' political platforms on existing policy. Ownership is being challenged now in Bolivia and Côte d'Ivoire where political unrest and violence are eroding confidence in govern-

### Box 4.2 Making the private sector a development partner: Ethiopia

In the process leading up to the completion of the PRSP, the Government of Ethiopia engaged in a series of consultations with the private sector to discuss impediments to the establishment of an enabling business environment. Between March and May 2002, extensive discussions were held between government officials and private sector representatives on capacity building, decentralization, and service delivery. Between June and July 2002, workshops were organized in six different cities by the Government, the Ethiopian Chamber of Commerce, and the donor community, leading up to a two-day consultation on Private Sector Development and Pro-Poor Growth. The resulting proposals for reform were to a large extent accepted by the Government and incorporated into the PRSP.

ments. In Guyana for a time, an increase in political and social tensions diverted attention away from long-term vision and strategy development, and in Madagascar an NGO-formed PRSP monitoring group was discontinued during the crisis. In Zambia, the PRSP process stalled during the election, as it did in the Central African Republic in the aftermath of a coup d'état. In Eritrea, the political situation has limited debate. In Honduras and Nicaragua, Hurricane Mitch severely affected infrastructure and key exports, such as bananas, coffee, cane sugar, sesame and shrimp, resulting in a short-term focus almost solely on reconstruction.

### CAPACITY CONSTRAINTS

Capacity to formulate strategy is a necessary condition for ownership. It is weak in most low-income countries. Government's ability to tap the capacity of civil society and the private sector is relatively strong in a few countries, but it needs significant improvement in many others, particularly those with a limited history of consultation. Several countries have relatively weak

institutions and weak regulations that are not adequately enforced. Public sector performance and accountability are crucial, and civil service reforms are underway in several countries where policies and incentives do not motivate staff or reward performance. Shortages of adequately motivated professionals in public service are a major difficulty in many countries.

Civil society and private sector capacity are severely limited in many countries. Skilled and capable people are the backbone of country capacity, but some countries still face widespread illiteracy and low education levels. And in other countries a pervasive planned economy culture is still a limiting factor.

### CONCLUSIONS

- Government leadership in involving stakeholders in strategy and policy formulation is increasing, but is sometimes exercised reluctantly.
- Even some countries that are making progress express uncertainty in embarking on the processes usually needed to build consensus for reforms.
- Citizens have increasingly been consulted about their priorities for action, but, with notable exceptions, inconsistent or weak follow up raises doubts about the sincerity of government efforts.
- Systematic involvement of parliaments and of the private sector in vision and strategy development is vital but often missing.
- Country ownership is often affected by political or economic turmoil, but can help countries continue to strive for shared long-term goals even in difficult times, and especially through successive political cycles in stable countries.

### NOTES

1. Gambia, Guinea, Mauritania, Senegal, Uganda, Vietnam, Zambia.

2. Burkina Faso, Ghana, Guinea, Rwanda, Uganda, Zambia.



# 5 COUNTRY-LED PARTNERSHIP

## PROGRESS AT A GLANCE

To be more effective, external assistance needs to be better aligned with poverty reduction strategies, and depends on the harmonization of development assistance agencies' policies, practices, and procedures. Country resource and capacity constraints require that external partners take steps to help improve their collective efficiency, by reducing the costs of doing business and helping to strengthen country capacities to meet accepted standards. The poverty reduction strategy implementation process creates an opening to change traditional donor-recipient relationships by providing a coherent framework for assistance to become recipient-driven, and by providing grounds for integrating external assistance into the national budgetary process as quickly as country standards permit.

Country ownership will be greater and last longer if those who help formulate policies and strategies become partners in implementation. Although the private sector sometimes plays a limited role in strategy development or implementation in most of the 48 countries, it has a clear and central role as a partner. So too does civil society, both to augment the government's implementation capacity and to preserve social cohesion. Many governments have made plans to involve CSOs in implementing poverty reduction strategies.

Only three of the 48 countries—Rwanda, Uganda, and Vietnam—have managed to take material lead of the coordination process, particularly of external partners' contributions but also increasingly internal partners. Another 30 percent of countries are taking promising action, mainly in the context of the consultative group or roundtable processes. In most countries, government leadership of the coordination of external and internal partners remains an elusive goal (Figure 5.1, Column 1).

The alignment of partners' assistance with poverty reduction strategies is well advanced in only 10 percent of the countries;<sup>1</sup> and all of these countries have fairly well-developed strategies (Figure 5.1, Column 2). In two-thirds of the countries, alignment is not happening, in some because a unified well-developed national

strategy does not yet exist, although partners seem to be sensitive to the evolving situation. Many partners cannot extricate themselves quickly from programs of long standing; hence a lag in alignment is to be expected.

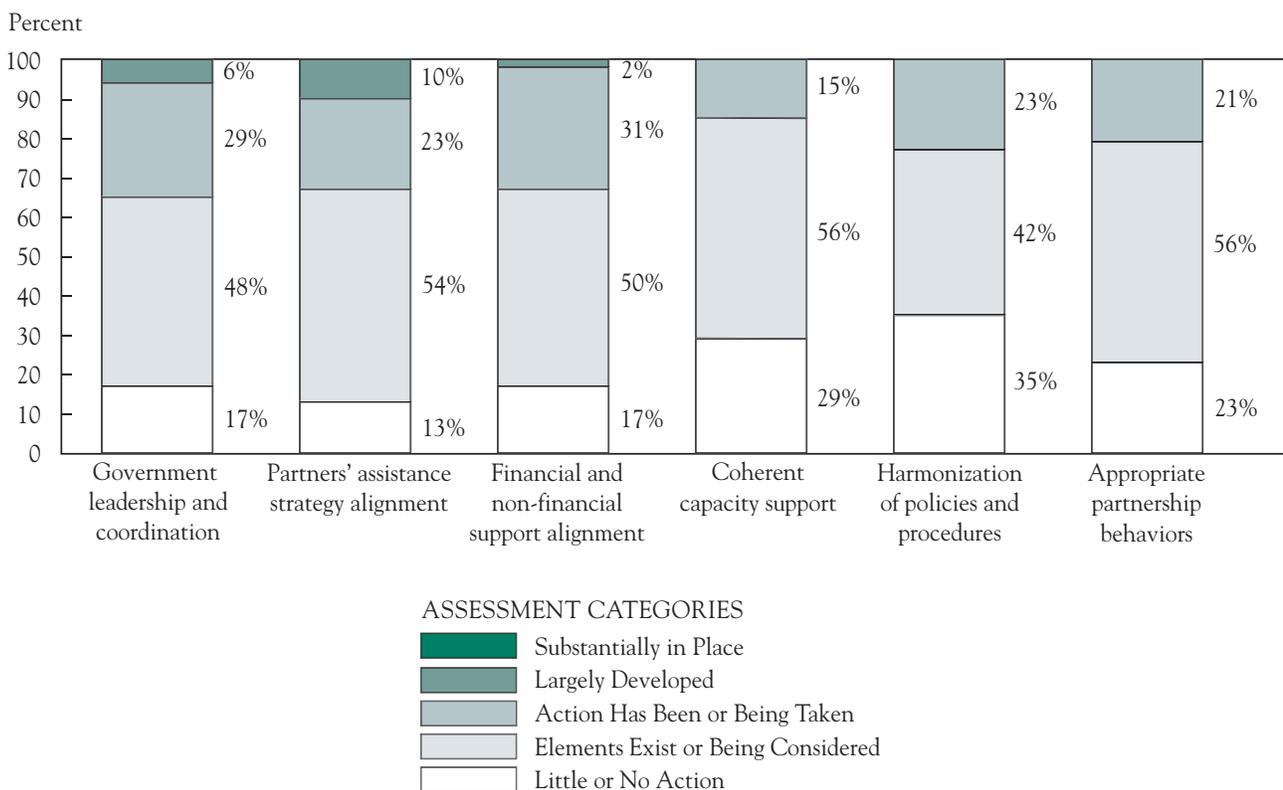
Partly for the same reasons, the ways in which partners are delivering their financial and non-financial assistance has only started the process of change. In one third of the countries, external partners are taking steps to adopt instruments that are better suited to scaling up the impact of their assistance: they are increasing their support for sector-wide approaches, offering some general budget support, and rethinking how best to deliver advice and analytical support. This change is most advanced in Uganda. But in the remaining two-thirds of countries, many of them either LICUS or conflict-affected, little progress has been observed (Figure 5.1, Column 3).

The great majority of external partners continue to provide technical assistance for strengthening capacity, mostly associated with the implementation of their operations. However, only in seven of the 48 countries are external partners taking action to bring greater coordination and coherence to the delivery of support for capacity building.<sup>2</sup> In only a few are external partners making a consolidated effort to address the major capacity bottlenecks that hinder development effectiveness as a whole (Figure 5.1, Column 4).

The harmonization of policies and procedures on procurement, financial management, and safeguards has received extraordinary attention in the past year from the multilateral development banks and bilateral aid agencies,<sup>3</sup> and the record of progress shows that in more than 20 percent of the countries some harmonization is taking place, although no country stands out. In the remaining countries, harmonization is a distant goal (Figure 5.1, Column 5).

In addition to addressing the delivery of different kinds of support, working toward country-led partnership also requires external partners to make organizational and behavioral adjustments consistent with the CDF principles. Country-led partnership is impossible if external partners are not prepared or not equipped to collaborate with a wide range of actors on the

**Figure 5.1 Country-led Partnership**  
(percent of countries falling in each assessment category)



ground. Encouraging learning and knowledge sharing to support in-country needs, recruiting staff with a skills-mix that includes partnership and integrative skills, or, most often, delegating decision-making to the country level, are being considered in three quarters of the countries. However, action is being taken in only 20 percent of the countries, and in no country can it be said that such changes are largely developed (Figure 5.1, Column 6).

**GOVERNMENT LEADERSHIP AND COORDINATION**

Governments are increasingly coordinating the implementation of poverty reduction strategies, particularly in countries where country ownership is strongest. For many years, consultative group (CG) meetings and roundtables (RT) have been a cornerstone for country-level meetings of government and external partners, and in several countries they have been evolving into a much more effective instrument for engaging and coordinating the contributions of partners both external and internal. They are now increasingly held in-country, with an expanded range of participants that

include internal partners, are chaired or jointly chaired by the government, and are more interactive and dialogue-based (Box 5.1).

Effectively engaging partners is a continuous process that needs to go beyond CG/RT meetings and needs clear government leadership. Building trust among government, national stakeholders, and external partners is central to improving collaboration. Despite encouraging examples of governments taking the lead in coordinating PRSP implementation, external partners are still leading coordination in most countries. Several countries have institutionalized different formats for engaging partners, but more than half of the 48 countries have made little progress in this area.

**ALIGNMENT WITH POVERTY REDUCTION STRATEGIES**

**External Partners**

A growing number of external partners accept the PRSP as a framework that is owned and driven by developing

### Box 5.1 The changing role of consultative groups and roundtables: towards integrated country strategies

**Changing objectives:** Countries including Ethiopia, Ghana, Rwanda, and Vietnam are increasingly using the CG/RT mechanisms to formally present and discuss their PRSPs; achieve consensus on PRSP priorities; call external partners to align their assistance behind the PRSP priorities; and address issues of the broader partnership and alignment agenda.

**Changing venue and expanding the range of participants:** Many countries (Benin, Cambodia, Eritrea, Ethiopia, Ghana, Honduras, Kyrgyz Republic, Laos, Malawi, Mongolia, Mozambique, Rwanda, Tanzania, Uganda, Vietnam, and Zambia) are holding CG/RT meetings in-country. This enables broad participation of national stakeholders, including representatives of sectoral ministries, local private sector, and civil society. It contributes to a better understanding of development challenges, increases transparency and mutual accountability among national development stakeholders, and strengthens national ownership.

**Changing roles:** External partners, specifically the Bank, UNDP, regional development banks, and the EU have traditionally played a convening role in preparing and chairing CG/RT meetings.<sup>a</sup> Within the framework of country ownership and government leadership, this is beginning to change. In some countries (Bolivia, Mali, Niger, Pakistan, and Rwanda), the government now chairs CG/RT meetings. In other countries (Burkina Faso, Ethiopia, Ghana, Kyrgyz Republic, Laos, Mongolia, Vietnam, Yemen, and Zambia), it is jointly chaired.

**Changing format:** With the expanding participation of national stakeholders, the design of CG/RT meetings becomes increasingly important. The meetings are moving to a much more interactive, dialogue-based design. For example, during the April 2002 Ghana CG meeting, six permanent government-external partners' sector groups met to discuss the country's PRSP at the sectoral level.

a. The World Bank traditionally (co-) chairs CG meetings for about 60 countries, UNDP and partner countries traditionally convene and chair RT meetings for about 20 countries, and regional development banks chair CGs for another five countries. See John Eriksson, *The Drive to Partnership: Aid Coordination and the World Bank*, Operations Evaluation Department, The World Bank, 2001.

countries and being used for aligning assistance strategies with countries' priorities. In almost half of the 48 countries, external partners have made progress in strengthening and better coordinating external assistance in one of several areas—institutionalized mechanisms for aid coordination, alignment of external financing with the PRSP and/or budget process, more flexible financing modalities, and initial steps in working with other external partners on harmonizing policies and procedures. In the other countries, political instability, governance issues, and conflict have sometimes stood in the way of better-coordinated external assistance. Their public sector and fiduciary systems need significant support to develop the capacity to implement the needed reforms. In many such situations, external partners take wait-and-see positions.

### Internal Partners

#### *Local governments*

Governments in a considerable number of countries see decentralization and devolution as ways to empower individuals and foster ownership and participation, as well as to implement poverty-reduction strategies. Countries still in the process of preparing a PRSP envisage some form of devolution of power and competencies to local authorities in order to enhance the participation process and tackle poverty at the grassroots level; they include Armenia, Cameroon, Georgia, and Madagascar. In some cases, notably Yemen, central governments have transferred, or plan to transfer, competencies in the area of health and education to local communities with a view to strengthening the participation of civil society in managing these sectors. In Kyrgyz Republic, stimulating the system of local self-government and budget decentralization is regarded as a means to foster greater reliance on CSOs and community potential in resolving regional issues.

#### *Public-private partnerships*

Public-private partnerships in the implementation of strategies and policies can enhance ownership and effectively contribute to reducing poverty. Private sector development is critical to raise productivity and allow the poor to secure jobs and start businesses. To deliver better basic services for poor people may require reliance on private actors, focusing the public sector on improving regulations and on building institutional capacity.<sup>4</sup>

Several countries that have already completed a PRSP envisage strong partnerships between the private and the public sector in implementing policies and strategies, but the role of the private sector in implementation is still far from widespread and often limited in scope. Most of the 48 countries have not envisaged such partnerships.

Governments foresee a strong role for the private sector in areas where private operators have already been active, often in infrastructure. Some PRSPs envisage a role for private actors in education, with an exclusive or quasi-exclusive role in pre-primary education and vocational training, health, and tourism. Private actors are increasingly seen as important partners in the development of agriculture and food-marketing systems. Honduras will seek private-sector support in the reform of the pension system. Mali foresees a greater involvement of the private sector in economic policy decision-making. Cameroon, which encourages SMEs to produce the goods and services most in demand by the poor, will urge large businesses to subcontract with SMEs to ensure viability and transfer of technologies. However, few countries have established or plan to establish formal arrangements institutionalizing private-public partnerships.

#### *Civil society—nongovernmental organizations*

Implementation partnerships between the public and private sector should be complemented by a strong alliance between civil society and government. Individuals need to be motivated to be fully involved, and therefore be confident that policy implementation directly involves them. Involvement creates social capital, which has proven essential to reduce poverty, through the internal social and cultural cohesion of society, norms, and values governing interactions among people. Social cohesion can be preserved and developed only if civil society is actively involved in the transformation of society that development always implies.

A number of governments envisage a role for civil society in implementing poverty reduction strategies (Box 5.2). Among countries that have completed a PRSP, several plan to involve civil society organizations in policy implementation. Some governments have acknowledged that civil society could play a useful role but do not yet have solid plans for this purpose. Among the countries that are still preparing PRSPs, only a few do refer to the need to involve civil society in implementation.

### **Box 5.2 The role of civil society organizations**

Civil society organizations have been involved in agriculture, rural development, and water management, mainly through cooperation with government (in Albania, Benin, Bolivia, Cambodia, Ghana, Kyrgyz Republic, Malawi, Mauritania, Nicaragua, Rwanda, and Uganda). In some cases CSOs are regarded as important players in micro financing and in providing loans for SMEs (Bolivia, Cambodia, Guinea, Guyana, Honduras, and Nicaragua). Cooperation with universities, research institutions, parents' associations, and CSOs has been planned in education and training (Albania, Cambodia, Ghana, Honduras, the Kyrgyz Republic, Malawi, and Rwanda). In Uganda, CSOs have been involved in the democratization process through formal monitoring of elections. In Benin, private think tanks and civil society organizations are expected to be part of the Social Change Observatory System, monitoring the effects of reform on society. In Albania, bar associations are expected to be among the institutions monitoring the protection of human rights in legal and judicial procedures. In Bolivia, civil society organizations are expected to participate in the National System for Risk Reduction and Disaster Management.

## **FINANCIAL AND NON-FINANCIAL SUPPORT**

### **Financial support**

In countries with the most advanced poverty reduction strategies, implementation support for these strategies is moving away from stand-alone projects toward a programmatic approach, typically at the sectoral level (Box 5.3). For a recipient country, programmatic support has the advantage of improving the predictability of external financing; its prerequisites are a credible strategy that focuses on results, along with a sound public expenditure framework and appropriate standards of transparency and governance in budgetary processes and execution. The shift to more programmatic support reflects the commitment by development assistance agencies to align their assistance with poverty reduction strategies, and to harmonize their policies, procedures, and processes.<sup>5</sup> Using programmatic approaches allows them to synchronize their assistance with the country's planning and review cycles for policy dialogue, and to provide resources on a predictable multi-year basis.

### Box 5.3 The role of sector-wide approaches

Almost 20 countries are receiving support using sector-wide approaches in the health sector, and many of the same countries are also receiving such support in education, agriculture, or other sectors. The most successful sectoral programs have a relatively clear vision or theme for the sector, such as universal primary education in Uganda, or decentralization of funding to integrated district health services in Ghana. A review of progress with sector-wide approaches has confirmed that governments need a wide-ranging and high-level commitment to a strategy to which donors can broadly agree. Linkage to a credible medium-term budget process and civil service reform process helps to ensure the approach is realistic. Policy change happens through consultation, persuasion, and alignment over an extended period.

In several countries, some external partners have agreed to support the government's overall approach and strategy, channeling more of their assistance through the national budget.<sup>6</sup> For example, the European Union and/or bilateral donors are providing budgetary support to several countries. Agreed performance indicators/benchmarks are used as criteria for disbursing budget support within a coordinated framework, with the aim of streamlining conditionality and reducing transaction costs (in Malawi and Tanzania), and disbursements are to some degree linked with the budget cycle (in Malawi and Burkina Faso).

In many of the low-income countries that are just beginning to implement poverty reduction strategies, some external partners remain cautious about programmatic support. While a number of external partners are moving toward such support, mostly in the form of sector-wide approaches, projects continue to play a significant role. Some development assistance agencies cite countries' weak public expenditure and fiduciary management systems and their shortage of capacity for managing aid flows efficiently. Some argue that their mandates preclude them from providing programmatic budget support or harmonizing their policies and procedures related to project lending; some face internal resistance to such reforms from within, and many have staff and consultants in client countries who resist the move to programmatic support.

Experience indicates that project support can be as effective as budgetary support if it is provided under the umbrella of agreed sector policies. Looking ahead,

a key factor in moving from project-based planning and implementation to programmatic approaches with common financing mechanisms is the strength of the recipient country's budget processes and fiduciary systems. Linking financial support to the performance of these systems is a difficult but important entry point for improving governance, as well as being essential for increasing the overall effectiveness of development policies and programs.

### Joint analytical work

In a few cases, joint analytical work with external partners is being undertaken under country leadership. In most cases, collaboration between external partners has been increasing but without leadership from within the country. Participatory poverty assessments involving several external partners and civil society are becoming increasingly common, and have underpinned the formulation of country strategies. In some countries, the Bank and other agencies are undertaking public expenditure reviews jointly with the government. In Albania, the government is developing a rural strategy jointly with the Bank and other partners, while in Ethiopia a whole range of joint assessments is being carried out with respect to the fiduciary and monitoring and evaluation systems. Increasingly, partners such as the World Bank, UNDP, EU, or IMF together identify knowledge gaps to be filled and jointly undertake the necessary work. In Burkina Faso, strategies in key sectors (transport, education, health) are being prepared jointly with external partners.

In moving toward programmatic support, many countries are undertaking annual public expenditure reviews in collaboration with external partners. In Tanzania, a PER Working Group, including the government, external partners, research and academic institutions, and NGOs, determines the agenda for the annual public expenditure process, guides and finances the implementation of the agreed work program, and reviews all outputs. Elsewhere the Bank in collaboration with other external partners has completed, or is preparing, country financial accountability assessments and country procurement assessment reports, to identify gaps and constraints in the national financial and procurement systems in order to build up capacity. This type of joint work has the following benefits: (1) transfer of knowledge and expertise, (2) effective use of resources, and (3) better understanding of the budgetary issues and the reform agenda by the wider public, which can help to improve the basis for consensus in selecting policy options. It is increasingly being brought

together under one framework with capacity building as its central objective.

Countries themselves need to step up their efforts to build capacity for undertaking analytic work, and for fostering broad-based national ownership of this work and its policy implications.

### Support for capacity development

External partners have made little progress in aligning and prioritizing their support for capacity development, and almost all the 48 countries continue to need more cohesive support in this area. There are a few examples of donor-aligned capacity development support, such as the Benin public expenditure review or the Bolivia institutional reform program, where external partners have been providing integrated technical and financial assistance for implementation. In Ethiopia, Guinea Bissau, Lao PDR, and Madagascar, external partners are beginning to support and help coordinate efforts to assess capacity needs.

### HARMONIZATION OF OPERATIONAL POLICIES AND PROCEDURES

Progress has also been limited in harmonizing external partners' financial management and procurement policies, procedures, and practices. Harmonization efforts at the country level are just beginning. They can succeed, if carried out simultaneously with efforts at the institutional level, in an environment of strong government leadership and commitment to improving public sector management. By providing leadership and clear objectives some developing countries are establishing favorable conditions for harmonization.

Drawing on country financial accountability assessments, modifications to government and external partner policies, procedures, and practices can be identified that make development assistance more efficient, accountable, and transparent. In Cambodia, the Bank and ADB have collaborated to produce joint operational procedures and a joint financial management manual designed to train local government staff managing development assistance. A few countries have made progress in harmonizing procurement procedures.<sup>7</sup>

### PARTNERSHIP BEHAVIORS

While external partners' changes in policies and structures are important, the biggest challenge lies in staff

behavioral and organizational culture changes. In the past, staff have tended to be recruited and promoted for their technical competencies and skills. While these competencies are still relevant, working in line with the CDF principles requires additional competencies and behaviors with a high premium on partnering, relationship building, dialogue, and cross-sectoral work.

External partners' staff have developed strong and effective forms of collaboration, including monthly meetings at the technical and sectoral level, in Honduras. This has been facilitated by significant institutional changes of some partners, including Canadian CIDA that has delegated all decision-making on the country budget to the country office. Another example is Uganda where, driven by the multi-sectoral requirements of the PRSC, the Bank's PRSC team developed new ways of cross-sectoral collaboration within the Bank, with external partners and with the country. There is a single, integrated team that works on the PRSC, instead of a stream of missions to prepare sector-specific projects.<sup>8</sup> This collaboration has brought to the forefront cross-cutting issues that affect all the sectors. Despite such promising examples, in several countries officials from development assistance agencies are still perceived as not supporting CDF principles. To counteract the risk of key staff not being able to work in a partnership mode, institutions are beginning to look at recruitment and promotion anew. An interesting example is provided by UNDG, which in recent years has established an independent assessment system, where all prospective Resident Representatives are assessed on their ability to promote and work in partnership.

External partners can be slow in adapting to country-level needs. Some partners are making efforts to decentralize their decision making process to the country level, while simplifying and modernizing policies and procedures at the agency level. Reducing inefficiencies and transaction costs has become a central focus for the Bank and other MDBs, as well as for bilaterals such as Canada, the Netherlands, Norway, Sweden, and the UK.

### CONCLUSIONS

- External partners are increasingly seeking to align their assistance with PRSPs. Yet many PRSPs, particularly IPRSPs, are not sufficiently specific or comprehensive to allow for substantial alignment.

- Countries are receiving a lot of support for capacity development from external partners, but the scope for greater coherence is evident. There is great scope for more country-led and better-coordinated analytical support.
- Several external partners are adopting programmatic budget support. But project financing continues to play a significant role and likely will continue to do so, given the predictions of some development agencies, and the time that countries need to build up their public expenditure and fiduciary management systems in readiness for programmatic support. Sector-wide approaches are proving effective in these circumstances.
- Several harmonization initiatives are being pursued to help low-income countries improve their accountability standards and overall management of aid.

## NOTES

1. Ghana, Ethiopia, Rwanda, Uganda, Vietnam.
2. Bolivia, Ethiopia, Ghana, Rwanda, Tanzania, Uganda, Vietnam.
3. *High-Level Forum on Harmonization* (Sec M 2003-0088), February 28, 2003.
4. *Private Sector Development Strategy. Issues and Options. A Discussion Document* (June 1, 2001) and *Private Sector Development Strategy. Directions for the World Bank Group* (April 9, 2002).
5. *Review of the Poverty Reduction Strategy Paper (PRSP) Approach: Main Findings*, DC 2002-0003, March 27, 2002.
6. *Development Effectiveness and Scaling Up: Lessons and Challenges from Case Studies*, DC 2002-0018, September 18, 2002.
7. *Country Level Harmonization: Emerging Implementation Lessons*, OPCS, The World Bank, Washington, DC, 2003.
8. *Aligning Assistance for Development Effectiveness, Promising Country Experience*, CDF Secretariat, The World Bank, February 2003.



# 6 FOCUS ON DEVELOPMENT RESULTS

## PROGRESS AT A GLANCE

The fourth principle of the CDF approach is a focus on development results—monitoring development outcomes and making information on progress widely available. Strategies seldom escape the need for mid-course adjustment, either of targets or of the strategies themselves. To judge whether adjustments are needed to meet country goals, including those related to the MDGs, requires reliable information on inputs and outcomes.

Both quantitative and qualitative data are key to the effectiveness of development strategies. The design of realistic budgets for these strategies depends on having accurate financial information on the programs that the budget is to fund. And information on budgeted expenditures must be complemented with information on how these expenditures are affecting poverty reduction and progress towards medium-term goals. In practice, however, insufficient statistical capacity, poor governance, and the presence of extra-budgetary programs and unaccounted budgets of some parastatal entities often make it very difficult to generate reliable data. More than 40 percent of countries are acting to improve their information systems to allow governments to manage and coordinate the development process. In the other 60 percent of countries, these capacities are only incipient, making development management and coordination fundamentally weak (Figure 6.1, Column 1).

If the development process is to be a partnership effort between government and other stakeholders, then information must be publicly accessible. Governments can only be accountable to civil society and to the private sector if there is a way to gauge the costs and benefits of any given program. In addition, external partners need to be able to verify whether their contributions have been used as intended, and the extent to which programs have attained the goals they believed they were supporting. Providing access to development information to stakeholders also facilitates their participation in strategy formulation and adjustment. Active measures are needed to make this

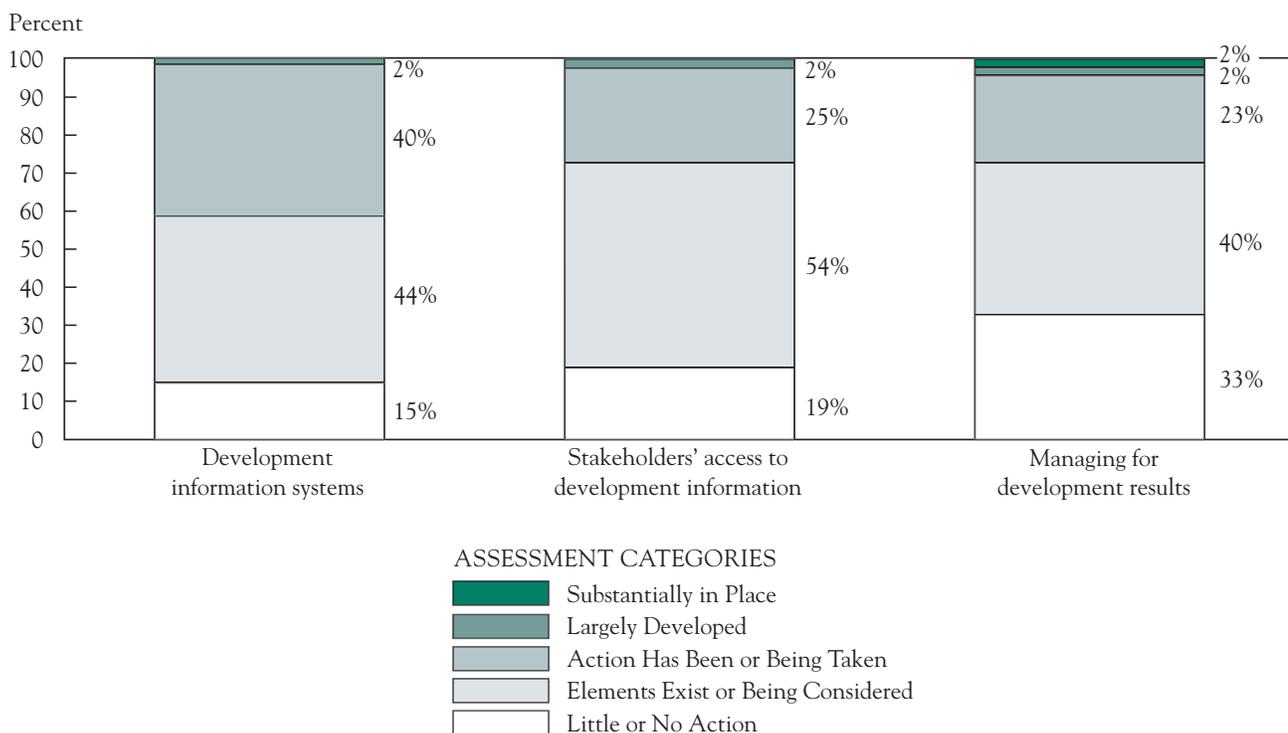
happen, breaking the potential barriers of illiteracy, distance to remote locations, and language differences. Relying on publications or internet-based systems alone may not achieve the goal; the media can also play a pivotal role. About one of four countries is taking action to make information available to the public (Figure 6.1, Column 2).

To implement their strategies, countries need functioning monitoring and evaluation systems and a mechanism to translate the findings from M&E into corrective actions to keep countries on the path to meeting their goals, including those related to the MDGs. More than one fourth of the countries are taking action in this area, some of which have made strong progress (Figure 6.1, Column 3).<sup>1</sup> As one might expect, none of the LICUS is making a lot of progress in this area.

Members of civil society and the private sector are, as direct stakeholders of poverty reduction strategies, well placed to monitor their implementation, and their explicit inclusion in monitoring and evaluation also strengthens the government's accountability for results. Parliamentary bodies, for their part, have just as important a role to play in monitoring and scrutinizing the implementation of strategies as they have in formulating national goals and designing strategy.

## AVAILABILITY OF INFORMATION ON RESULTS

The availability of information on development results is limited. Such information is difficult to obtain, whether through household surveys, participatory poverty assessments, censuses, or other statistical approaches, especially for countries with limited capacity. Not surprisingly, countries with former command economies tend to have better information on program outcomes; they carry out household surveys and censuses at regular intervals<sup>2</sup> and their statistical systems have better-defined ways for keeping track of the provision of services. Certain other countries have a long statistical tradition and carry out their own surveys regularly. Some countries have been working for some time to build up their social indicators statistical systems, making significant progress and scheduling

**Figure 6.1 Focus on Development Results***(percent of countries falling in each assessment category)*

surveys. Other countries are just beginning to plan or carry out their first surveys.

Data gathering on results has improved with the drive by the international community to reduce poverty. A number of initiatives, especially the Millennium Development Goals, the comprehensive poverty diagnostics that precede the preparation of poverty reduction strategy papers, and poverty and social impact analyses, have made available more data on poverty. The UNDP “poverty observatories,” as well as efforts by others such as AFRISTAT, and “Paris 21,” a global partnership program, are also boosting the availability of information on the impact of development programs on poverty although in some cases they are creating duplication of efforts. In many countries, external partners finance household surveys and censuses, although not at regular intervals and often with different methodologies.

### STAKEHOLDERS’ ACCESS TO RESULTS INFORMATION

Given the diversity of the groups that need access to information, the means by which information is transmitted are highly relevant. Explanatory publications

accessible to the public at large multiply the impact of available information. The media plays a key role in disseminating development information, and unbiased reporting can enhance transparency and increase the accountability of all stakeholders. In many countries, illiteracy and language differences present barriers to disseminating information. Even for people who can read, print publications may be expensive and difficult to disseminate widely, while internet access is still quite narrowly confined. Television or radio, depending on country circumstances, typically reaches more people.

Few countries widely disseminate information on results. Uganda, more noticeably than the other countries studied, has an active policy of disseminating information about progress on its poverty reduction strategy, through monthly press conferences of leading government officials, regular publications, radio in multiple dialects, special explanatory publications, and indicators to end-users even at the program level in educational and health facilities. The policy allows end-users of the programs to understand what is going on and gauge the success or failure of the programs.

Some other governments have special communication policies to help the public follow poverty reduction efforts. Several have a tradition of making

information available to the media and allowing considerable coverage of government activities, and some, including, Azerbaijan and Guinea, air regular television programs for discussion of the main issues. Many governments have opened websites for the discussion and eventual follow-up of their development strategies; some of these websites include information about spending, inputs and outcomes. Country Gateways, the country-level components of the Development Gateway, are under construction in a number of countries. Chad, Tajikistan, and Yemen issue information in all their most widely used languages.

In a number of countries that have traditionally limited access to information, some stakeholder groups may not get information on development strategies and implementation progress. In some cases, information is released gradually to different groups. In Armenia, Kyrgyz Republic, and Vietnam, governments are exploring innovative ways of disseminating information, breaking with a more restrictive tradition.

## RESULTS INFORMATION AND STRATEGY ADJUSTMENT

On the whole, countries' monitoring of progress toward the MDGs as adapted through PRSPs needs more attention.<sup>3</sup> Despite the increased emphasis on quantitative targets, few PRSPs follow through with monitoring and evaluation programs. Only a few countries have systems that monitor MDG indicators.

Attention to the monitoring and evaluation of outcomes remains largely insufficient and is mostly directed to projects funded by external partners. But some countries are starting to put into place monitoring and evaluation systems that gather country-level results information related to achievement of the MDGs and other long-term goals defined in PRSPs, and that are useful for reassessing strategy. These M&E efforts are being undertaken largely in a participatory fashion.

### Participation in government-led monitoring and evaluation

Several governments consult different stakeholders, domestic and external, when the time comes to evaluate outcomes and reassess strategy. A number of countries have established special units within government to track development outcomes, analyze them and, on that basis, make recommendations for adjustment of strategies. However, continuing and deepening stakeholder involvement in the strategy monitoring process, after the initial consultations on vision and goals,

remains a challenge for all countries. Institutionalizing frameworks for ongoing stakeholder involvement makes continued participation more likely. Government efforts toward institutionalization have taken various forms:

- *Continued broad consultation:* Mauritania has a highly participatory process for following up the PRSP and preparing an implementation report: an annual NGO workshop for more than 100 NGOs and national conferences and interregional consensus-building workshops to assess the implementation of the PRSP. Burkina Faso involves stakeholders in a PRSP review process, involving a series of at least four regional workshops attended by more than 450 representatives of civil society, the private sector, development assistance agencies, and local and central government. In Bolivia and Ghana, the governments are committed to regular review meetings with external partners in order to gauge progress.
- *Legal framework for the participatory process:* Bolivia's National Dialogue process, underway since 2000 among government, civil society, and private sector representatives, has defined the priority programs in the PRSP and is developing follow-up participatory mechanisms. The National Dialogue is now institutionalized in a law that establishes periodic reviews every three years.
- *Monitoring bodies that include stakeholder participation:* Tanzania has established a strategy for monitoring poverty reduction initiatives, integrating a broad cross-section of internal and external partners in working groups.<sup>4</sup> In Nicaragua, a wide range of internal stakeholders are involved in a strategic planning committee created in the aftermath of Hurricane Mitch. This committee now provides follow-up to the Nicaraguan PRSP. In Honduras, to monitor progress on poverty reduction initiatives, the government has set up a consultative committee of representatives of civil society and NGOs. In Bolivia, civil society monitors PRSP programs through local oversight committees. Uganda's Poverty Action Fund, which uses debt-relief proceeds to supplement the government's budgeted efforts in poverty reduction, is administered in conjunction with Ugandan CSOs, which monitor expenditures and outcomes at the district level.

### CSO initiatives in monitoring and evaluation

Several cases show CSOs taking the initiative in monitoring and evaluation activities independent from or parallel to government-led processes. These initiatives can make a significant contribution to the development of government accountability in achieving development results.

In some countries, CSOs are working to influence budget processes, allocation decisions, and monitoring of expenditures, and are learning and adapting various methods for these purposes. In Ethiopia, for example, CSOs are exploring other countries' civil society programs for budget analysis and monitoring, CSO-administered report cards to evaluate government service, and assessment of PRSP outcomes through self-rated poverty surveys. They are considering monitoring the Ethiopian PRSP for its adherence to CDF principles. This area needs greater harmonization of external partner reporting and evaluation requirements, and greater and more coherent capacity-building efforts. In Ghana, one CSO has started to analyze and track budget decisions and is preparing to monitor public service delivery with citizen report cards, as part of PRSP monitoring. CSOs in Uganda have started to adapt methods such as the public expenditure tracking surveys (PETS) for CSO input and budget tracking. In Albania, the city of Tirana has piloted a survey of the quality of service and user satisfaction through citizen report cards.

### Role of Parliaments

Parliaments make an invaluable contribution to keeping development programs on track. They are the institutions through which the people's views are formally channeled through elections and taken into account in the country's decision-making process. Parliaments can determine whether poverty reduction policies are adequately reflected in national budgets; they can monitor outcomes and decide whether a strategy needs adjustment.

The formal involvement of parliaments in monitoring and discussing the results of poverty-reduction strategies remains weak and limited in most of the 48 countries. Among countries that have completed PRSPs, only a few have explicitly envisaged a formal role for parliaments in monitoring and reviewing the implementation of poverty-reduction strategies. In Uganda, monitoring is embedded in the annual budget formulation, with the PRSP Progress Report sub-

mitted to parliament as background for the budget. In Bolivia, the National Dialogue Law requires the government to submit annual reports on strategy implementation to the National Congress. In Ghana, a Parliamentary Select Committee will monitor the implementation of the PRSP. In Guinea, annual budget debates will include a special section on poverty reduction strategy results and achievements. In Benin and the Gambia, parliamentarians will sit in the monitoring commissions beside other stakeholders. In Albania and Cambodia, governments intend to fully involve parliamentary bodies in the implementation process. In Mozambique, Parliament is expected to evaluate outcomes and recommend adjustments to strategy.

### CONCLUSIONS

- For most low-income countries, weak public sector management systems and other capacity shortfalls make managing for results a distant aim.
- Information on budget and country level outcomes is inadequate, and when available it is often gathered using different methodologies, producing data that are not always comparable over time.
- With notable exceptions, the flow of public information on results is limited.
- Almost no countries have adequate monitoring and evaluation efforts at the country level, jeopardizing meaningful adjustment of poverty reduction strategies.
- Very few of the countries with PRSPs give parliament a formal role in monitoring and reviewing progress toward development goals. Strengthening the role of parliaments is just as important as strengthening that of the executive branch of power.

### NOTES

1. Bolivia, Burkina Faso, Ethiopia, Ghana, Kenya, Honduras, Malawi, Niger, Rwanda, Senegal, Tanzania, Uganda, Vietnam.

2. The emphasis of household surveys is defined by the objectives of individual country strategies. These surveys may focus on poverty, household expenditure, demographics, health, education, or a combination.

3. See also the *2002 Annual Review of Development Effectiveness: Achieving Development Outcomes: The Millennium*

*Challenge.* Operations Evaluation Department, The World Bank, Washington, DC, 2002.

4. Tanzania was one of the first countries to publish a report (with UNDP) on progress toward the MDGs, and in 2002 it produced a report on costing the achievement of

the MDGs. See *Aligning Assistance for Development Effectiveness: Promising Country Experience*, CDF Secretariat, The World Bank, Washington, DC, February 2003, and *IDA Results Measurement System: Progress and Proposals*, IDA/SecM2003-0060, February 20, 2003.



# ANNEXES

## ANNEX 1. COUNTRIES COVERED BY THE ANALYSIS

(Status as of end-October 2002)

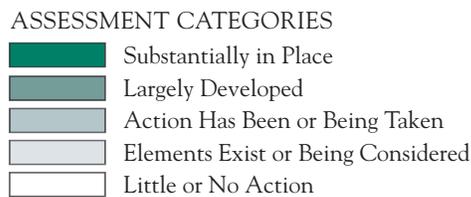
Country	Date of PRSP Document	Conflict Affected or LICUS Traits	Country	Date of PRSP Document	Conflict Affected or LICUS Traits
<i>Africa</i>			<i>East Asia and Pacific</i>		
Benin	IP – Jun 2000*		Cambodia	IP – Oct 2000*	CA and LT
Burkina Faso	P – May 2000		Laos	IP – Mar 2001	LT
Cameroon	IP – Aug 2000	LT	Mongolia	IP – Jun 2001	
Cape Verde	IP – Jan 2002		Vietnam	P – May 2002	
CAR	IP – Dec 2000	CA and LT	<i>Europe and Central Asia</i>		
Chad	IP – Jul 2000	LT	Albania	P – Nov 2001	
Congo DR	IP – May 2002	CA and LT	Armenia	IP – Mar 2001	
Cote d'Ivoire	IP – Jan 2002	CA	Azerbaijan	IP – May 2001*	CA and LT
Eritrea		CA	Georgia	IP – Nov 2000	CA
Ethiopia	P – Jul 2002	CA	Kyrgyz Rep.	IP – Jun 2001*	LT
Gambia	P – Apr 2002		Moldova	IP – Apr 2002	
Ghana	IP – Jun 2000*		Serbia and Montenegro	IP – Aug 2002	
Guinea	P – Jan 2002		Tajikistan	P – Jun 2002	CA and LT
Guinea-Bissau	IP – Sep 2000	CA and LT	<i>Latin America and the Caribbean</i>		
Kenya	IP – Jul 2000		Bolivia	P – Mar 2001	
Lesotho	IP – Dec 2000		Guyana	P – May 2002	
Madagascar	IP – Nov 2000	CA	Honduras	P – Sep 2001	
Malawi	P – Apr 2002		Nicaragua	P – Jul 2001	
Mali	P – May 2002		<i>Middle East and North Africa</i>		
Mauritania	P – Dec 2000		Djibouti	IP – Dec 2001	CA and LT
Mozambique	P – Apr 2001		Yemen	P – May 2002	LT
Niger	P – Jan 2002		<i>South Asia</i>		
Rwanda	P – Jun 2002	CA	Pakistan	IP – Nov 2001	
Sao Tome e Principe	IP – Apr 2000				
Senegal	IP – May 2000*				
Sierra Leone	IP – Jun 2001	CA and LT			
Tanzania	P – Nov 2000				
Uganda	P – Sep 2001				
Zambia	P – Mar 2002				

IP = Interim PRSP  
P = PRSP  
CA = Conflict Affected  
LT = LICUS traits

Note: The dates listed in the table correspond to the date published on the document. Countries shown with an asterisk (\*) have produced PRSP documents since November 1, 2002: Azerbaijan (PRSP, 5/2003), Benin (PRSP, 12/2002), Cambodia (PRSP, 12/2002), Ghana (PRSP, 2/2003), Senegal (PRSP, 11/2002), and Kyrgyz Republic (PRSP 1/2003).

ANNEX 2. CDF IMPLEMENTATION PROGRESS BY COUNTRY AND GROUP

		GROUP 1											
		Burkina Faso		Ethiopia	Ghana	Guinea	Kyrgyz Republic	Mauritania	Rwanda	Senegal	Tanzania	Uganda	Vietnam
<b>LONG-TERM HOLISTIC VISION</b>													
	Coherent long-term vision	Substantially in Place	Little or No Action	Largely Developed	Substantially in Place	Substantially in Place							
	Medium-term strategy derived from vision	Substantially in Place	Largely Developed	Little or No Action	Largely Developed	Substantially in Place	Substantially in Place						
	Country-specific development targets, eg MDGs	Largely Developed	Largely Developed	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Largely Developed	Largely Developed	Largely Developed	Largely Developed	Substantially in Place	Substantially in Place
	Holistic, balanced and well sequenced strategy	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Largely Developed
	Capacity for implementation, eg expenditure management	Largely Developed	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Largely Developed				
<b>COUNTRY OWNERSHIP</b>													
	Vision and strategy homegrown	Substantially in Place	Little or No Action	Largely Developed	Substantially in Place	Substantially in Place							
	Government involved stakeholders	Largely Developed	Little or No Action	Largely Developed	Little or No Action	Largely Developed	Largely Developed						
	Civil society involvement	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Largely Developed	Largely Developed				
	Private sector involvement	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action
	Parliamentary involvement	Little or No Action	Largely Developed	Little or No Action	Largely Developed	Largely Developed	Little or No Action	Largely Developed	Largely Developed	Little or No Action	Little or No Action	Largely Developed	Little or No Action
	Capacity to formulate strategy	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Largely Developed
<b>COUNTRY-LED PARTNERSHIP</b>													
	Government leadership and coordination	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Largely Developed
	Partners' assistance strategy alignment	Little or No Action	Little or No Action	Largely Developed	Largely Developed	Little or No Action	Little or No Action	Largely Developed	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Largely Developed
	Financial and non-financial support alignment	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action
	Coherent capacity support	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action
	Harmonization of policies and procedures	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action
	Appropriate partnership behaviors	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action
<b>FOCUS ON DEVELOPMENT RESULTS</b>													
	Development information systems	Largely Developed	Little or No Action	Little or No Action									
	Stakeholders' access to development information	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Little or No Action	Largely Developed	Little or No Action
	Managing for development results	Largely Developed	Little or No Action	Substantially in Place	Little or No Action								



## ANNEX 2. CDF IMPLEMENTATION PROGRESS BY COUNTRY AND GROUP

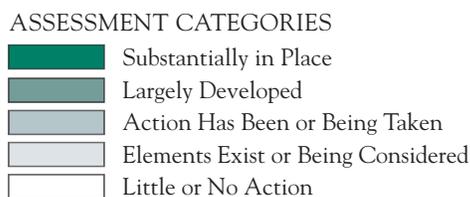
		GROUP 2										
		Albania	Cape Verde	Gambia	Guyana	Honduras	Malawi	Mozambique	Niger	Pakistan	Yemen	Zambia
<b>LONG-TERM HOLISTIC VISION</b>												
	Coherent long-term vision	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Elements Exist or Being Considered
	Medium-term strategy derived from vision	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered			
	Country-specific development targets, eg MDGs	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered			
	Holistic, balanced and well sequenced strategy	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered								
	Capacity for implementation, eg expenditure management	Substantially in Place	Elements Exist or Being Considered									
<b>COUNTRY OWNERSHIP</b>												
	Vision and strategy homegrown	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place							
	Government involved stakeholders	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place						
	Civil society involvement	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place						
	Private sector involvement	Elements Exist or Being Considered										
	Parliamentary involvement	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place					
	Capacity to formulate strategy	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered						
<b>COUNTRY-LED PARTNERSHIP</b>												
	Government leadership and coordination	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered			
	Partners' assistance strategy alignment	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered
	Financial and non-financial support alignment	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place			
	Coherent capacity support	Elements Exist or Being Considered										
	Harmonization of policies and procedures	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place				
	Appropriate partnership behaviors	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place			
<b>FOCUS ON DEVELOPMENT RESULTS</b>												
	Development information systems	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered			
	Stakeholders' access to development information	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered
	Managing for development results	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered			

## ASSESSMENT CATEGORIES

Substantially in Place	Substantially in Place
Largely Developed	Largely Developed
Action Has Been or Being Taken	Action Has Been or Being Taken
Elements Exist or Being Considered	Elements Exist or Being Considered
Little or No Action	Little or No Action

ANNEX 2. CDF IMPLEMENTATION PROGRESS BY COUNTRY AND GROUP

		GROUP 3												
		Azer- Armenia	Azer- bajjan	Benin	Cam- bodia	Cam- eroon	CAR	Chad	Congo DR	Cote d'Ivoire	Djibouti	Eritrea	Georgia	Guinea- Bissau
<b>LONG-TERM HOLISTIC VISION</b>														
	Coherent long-term vision													
	Medium-term strategy derived from vision													
	Country-specific development targets, eg MDGs													
	Holistic, balanced and well sequenced strategy													
	Capacity for implementation, eg expenditure management													
<b>COUNTRY OWNERSHIP</b>														
	Vision and strategy homegrown													
	Government involved stakeholders													
	Civil society involvement													
	Private sector involvement													
	Parliamentary involvement													
	Capacity to formulate strategy													
<b>COUNTRY-LED PARTNERSHIP</b>														
	Government leadership and coordination													
	Partners' assistance strategy alignment													
	Financial and non-financial support alignment													
	Coherent capacity support													
	Harmonization of policies and procedures													
	Appropriate partnership behaviors													
<b>FOCUS ON DEVELOPMENT RESULTS</b>														
	Development information systems													
	Stakeholders' access to development information													
	Managing for development results													



## ANNEX 2. CDF IMPLEMENTATION PROGRESS BY COUNTRY AND GROUP

**GROUP 3 (continued)**

	Kenya	Laos	Lesotho	Mada-gascar	Mali	Moldova	Mon-golia	Nicar-agua	Sao Tome e Principe	Serbia & Montenegro	Sierra Leone	Taji-kistan
<b>LONG-TERM HOLISTIC VISION</b>												
Coherent long-term vision	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Substantially in Place	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered
Medium-term strategy derived from vision	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place			
Country-specific development targets, eg MDGs	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Substantially in Place			
Holistic, balanced and well sequenced strategy	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered						
Capacity for implementation, eg expenditure management	Substantially in Place	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered						
<b>COUNTRY OWNERSHIP</b>												
Vision and strategy homegrown	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Little or No Action	Substantially in Place	Substantially in Place
Government involved stakeholders	Substantially in Place	Little or No Action	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place
Civil society involvement	Substantially in Place	Little or No Action	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Substantially in Place			
Private sector involvement	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered			
Parliamentary involvement	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Substantially in Place
Capacity to formulate strategy	Elements Exist or Being Considered	Little or No Action	Little or No Action	Substantially in Place	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered			
<b>COUNTRY-LED PARTNERSHIP</b>												
Government leadership and coordination	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Little or No Action	Substantially in Place	Little or No Action	Little or No Action	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered
Partners' assistance strategy alignment	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered						
Financial and non-financial support alignment	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Substantially in Place	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered
Coherent capacity support	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered				
Harmonization of policies and procedures	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered	Little or No Action			
Appropriate partnership behaviors	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered				
<b>FOCUS ON DEVELOPMENT RESULTS</b>												
Development information systems	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Elements Exist or Being Considered	Elements Exist or Being Considered	Substantially in Place	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Elements Exist or Being Considered
Stakeholders' access to development information	Substantially in Place	Little or No Action	Little or No Action	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action	Little or No Action	Elements Exist or Being Considered			
Managing for development results	Substantially in Place	Little or No Action	Little or No Action	Little or No Action	Elements Exist or Being Considered	Elements Exist or Being Considered	Little or No Action	Elements Exist or Being Considered	Little or No Action			

## ASSESSMENT CATEGORIES

	Substantially in Place
	Largely Developed
	Action Has Been or Being Taken
	Elements Exist or Being Considered
	Little or No Action

### ANNEX 3. CDF IMPLEMENTATION TRACKING AND ASSESSMENT METHODOLOGY

The CDF Secretariat uses a CDF tracking system to track and assess countries' progress in implementing CDF principles.

#### Tracking

Through various sources, including publicly available documents<sup>a</sup> such as PRSPs and joint staff assessments, World Bank country department staff, bilateral and multilateral partners in the field, and developing country officials, it tracks progress on 20 criteria (previously 16) to capture information on action taken in individual countries toward implementing each of the four CDF principles:

- I. Long-term holistic vision
  1. Coherent long-term vision
  2. Medium-term strategy, derived from vision.
  3. Country-specific development results, drawing on MDGs.
  4. Holistic, balanced, and well-sequenced strategy.
  5. Capacity for implementation, including expenditure management.
- II. Country ownership
  6. Vision and strategy home grown.
  7. Government involved stakeholders.
  8. Civil society involvement.
  9. Private sector involvement.
  10. Parliamentary involvement.
  11. Capacity to formulate strategy.
- III. Country-led partnership
  12. Government leadership and coordination.
  13. Partners' assistance strategy alignment.
  14. Financial and non-financial support alignment.
  15. Coherent capacity support.
  16. Harmonization of policies and procedures.
  17. Appropriate partnership behaviors.
- IV. Focus on Development Results
  18. Development information systems.
  19. Stakeholders' access to development information.
  20. Managing for development results.

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a. The most recent assessment of CDF implementation progress also relied on these references:

- Addai, E., and Gaere, L. (2001), *Capacity-building and Systems Development for Sector-wide Approaches (SWAs): The Experience of the Ghana Health Sector*. Prepared for the UK DFID Health Systems Resource Centre.
- Annan, Joe (1999), *Ghana Health Sector-wide Programme, a Case Study* Prepared for DAC I/CD Network and Policy Branch of CIDA.
- Brown, A., et al. (2002), *Aid Transaction Costs in Vietnam*, Report prepared for the Ministry of Planning and Investment, financed by DFID, managed by UNDP.
- DAC Task Force on Donor Practices (2002), *Harmonizing Donor Practices for Effective Aid Delivery—Good Practice Papers: A DAC Reference Document*.
- Franz, Brian, and Komich, Carla (2003), *A Donor Coordination Assessment for USAID/Mozambique*, (processed).
- World Bank Operations Evaluation Department (2003), *Multi-partner Evaluation of the Comprehensive Development Framework*.
- "Poverty Working Group/Poverty Task Force in Vietnam: The Drive to Partnership—An Informal Report for the Consultative Group Meeting for Vietnam," Hanoi, December 10–11 2002 (processed).
- Zeballos, Marianella (2002), "Country Strategy Workshop—Coordination Government-International Cooperation—Bolivia," Stockholm.

## Assessment

Based on the tracking information, CDF Secretariat staff make qualitative directional assessments of the extent of action taken in individual countries toward implementing each of the four principles. The assessments do not reflect absolute progress, but the direction in which individual countries are moving.

- L Little or no action:** Due to a wide variety of circumstances, including political developments, capacity limitations, unforeseen events, action has remained at a virtual standstill.
- E Elements exist/being considered:** There is some basis for making progress, either through what already exists, or definite plans.
- A Action being taken:** Progress is being made, although not yet enough, and the basis exists for even more substantive progress.
- D Largely developed:** Significant action taken already, although some further action is needed.
- S Substantially in place:** The activity is virtually accomplished.

## CDF Progress and Performance Rating Diamonds (Annex 5)

### *CDF Progress Diamonds:*

The assessment overall for each axis is the simple average of the component individual assessments. A country which has all criteria “Substantially in Place”, for a given axis, would therefore be marked at the boundary of the diamond for that axis.

### *Performance Rating Diamond:*

The ratings cover four criteria intended collectively to provide a sense of a country’s overall socioeconomic progress and the balance within it. The criteria are:

1. GDP Growth 1995–2000.
2. GDP per Capita 2000 (Purchasing Power Parity; 1995US\$)
3. Progress on selected Human Development MDGs. This rating is based on progress against three indicators, used as a proxy for social development, in “Achieving the Millennium Development Goals in Africa, Progress, Prospects, and Policy Implications, Global Poverty Report 2002,” June 2002, AfDB in collaboration with the World Bank, with contributions from the ADB, EBRD, IMF and IDB. These indicators are:
  - Net primary enrollment ratio (percent of relevant age group); target 100%.
  - Youth literacy rate (percent ages 15–24); target 100%.
  - Under 5 mortality rate (per 1,000); target reduced to 1/3 of 1990 figure. Where data is not available for a given indicator, or that indicator had been substantially achieved by 1990, the indicator is ignored. The overall figure is then the simple average of progress on the relevant indicators.
4. Country Policy and Institutional Assessment (CPIA). This rating reflects the 2002 CPIA assessments, allocated by quintile.

For the first three of these criteria, the figures are converted into a ranking among the 48 countries in our sample, so that the best performing country for any given axis is marked at the boundary of the diamond. For the last criteria ranking is by actual quintile, with the best performing countries on this axis nearest the boundary of the diamond.

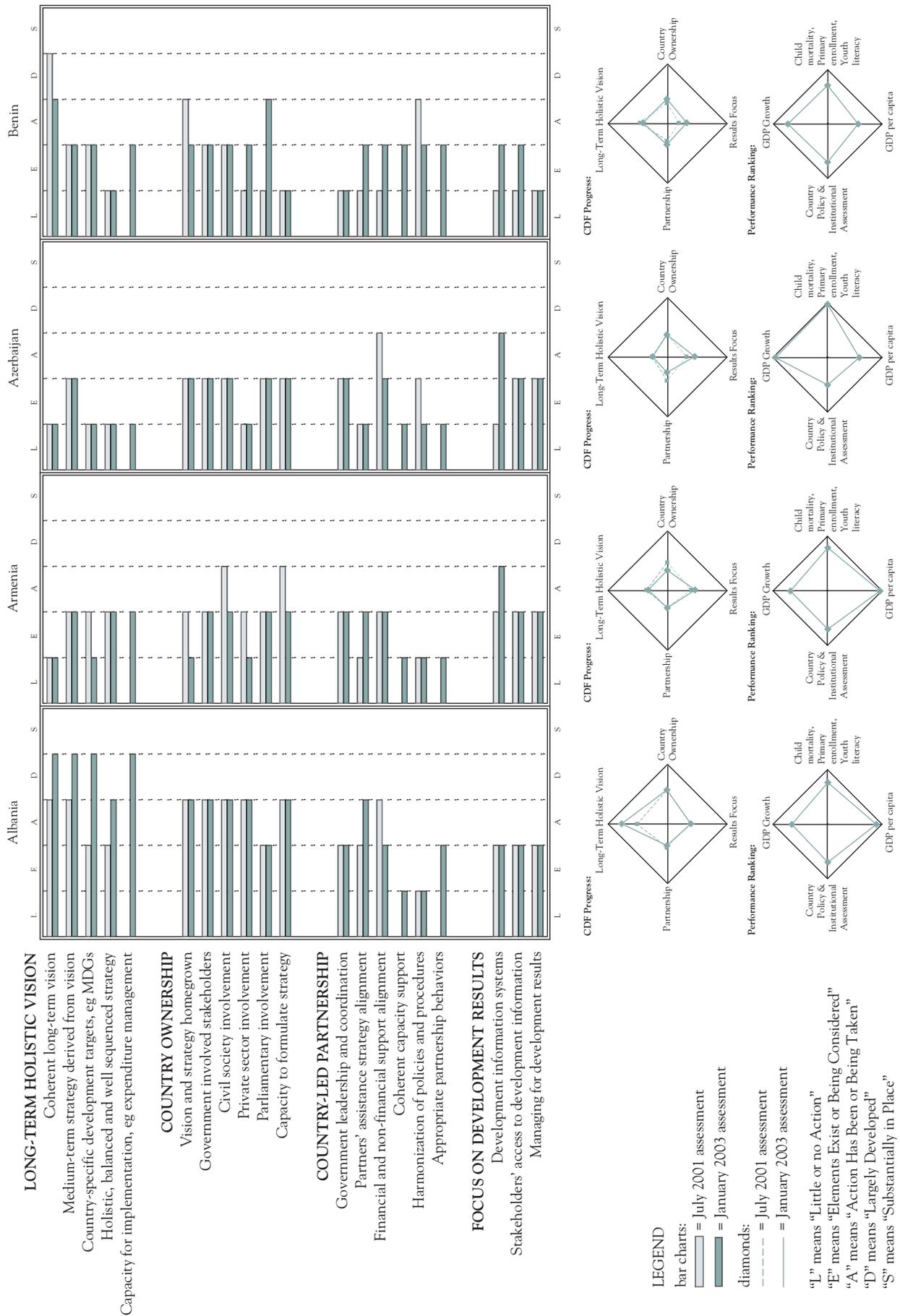
## ANNEX 4. COUNTRY DEVELOPMENT GOALS AND THE MDGs

	GOAL 1 <i>Eradicate extreme poverty and hunger</i>	GOAL 2 <i>Achieve universal primary education</i>	GOAL 3 <i>Promote gender equality and empower women</i>	GOAL 4 <i>Reduce child mortality</i>	GOAL 5 <i>Improve maternal health</i>	GOAL 6 <i>Combat HIV/AIDS, malaria and other diseases</i>	GOAL 7 <i>Ensure environ- mental sustainability</i>
<i>Countries that have completed PRSPs</i>							
Albania PRSP 2001	✓	✓	X	✓	✓	✓	✓
Azerbaijan PRSP 2003	✓	✓	✓	✓	✓	✓	✓
Benin PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Bolivia PRSP 2001	✓	✓	✓	✓	✓	X	✓
Burkina Faso PRSP 2000	✓	✓	✓	✓	✓	✓	✓
Cambodia PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Ethiopia PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Gambia PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Ghana PRSP 2003	✓	✓	X	✓	✓	✓	✓
Guinea PRSP 2002	X	✓	✓	✓	✓	✓	✓
Guyana PRSP 2002	✓	✓	X	✓	✓	✓	✓
Honduras PRSP 2001	✓	✓	✓	✓	✓	X	✓
Kyrgyz Republic PRSP 2003	✓	✓	X	✓	✓	✓	✓
Malawi PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Mali PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Mauritania PRSP 2000	✓	✓	✓	✓	✓	✓	✓
Mozambique PRSP 2001	X	✓	X	✓	✓	✓	✓
Nicaragua PRSP 2001	✓	✓	X	✓	✓	X	✓
Niger PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Rwanda PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Senegal PRSP 2002	✓	✓	X	✓	✓	✓	✓
Tajikistan PRSP 2002	X	✓	X	✓	✓	X	✓
Tanzania PRSP 2000	✓	✓	✓	✓	✓	✓	✓
Uganda PRSP 2001	✓	✓	X	X	X	✓	✓
Vietnam PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Yemen PRSP 2002	✓	✓	✓	✓	✓	✓	✓
Zambia PRSP 2002	X	✓	X	✓	✓	✓	✓
<i>Countries that have not completed PRSPs</i>							
Armenia IPRSP 2001	✓	✓	X	✓	✓	X	X
Cameroon IPRSP 2000	X	X	X	X	X	X	X
Cape Verde IPRSP 2002	X	X	X	X	X	X	X
CAR IPRSP 2000	✓	✓	X	✓	✓	X	X
Chad IPRSP 2000	X	X	X	X	X	✓	X
Congo DR IPRSP 2002	✓	X	X	X	X	X	X
Cote d'Ivoire IPRSP 2002	✓	✓	X	✓	✓	✓	✓
Djibouti IPRSP 2001	X	✓	X	X	X	X	X
Georgia IPRSP 2000	X	✓	X	X	X	X	X
Guinea Bissau IPRSP 2000	X	✓	✓	✓	✓	✓	X
Kenya IPRSP 2000	X	✓	X	✓	✓	X	X
Lao PDR IPRSP 2001	X	X	X	X	X	X	X
Lesotho IPRSP 2000	X	X	X	X	X	X	X
Madagascar IPRSP 2000	X	✓	X	✓	✓	✓	✓
Moldova IPRSP 2002	X	X	X	X	X	X	X
Mongolia IPRSP 2001	✓	X	X	X	X	X	X
Pakistan IPRSP 2001	X	✓	✓	✓	X	X	✓
Sao Tome & Principe IPRSP 2000	X	✓	X	X	X	X	X
Serbia & Montenegro IPRSP 2002	X	X	X	X	X	X	X
Sierra Leone IPRSP 2001	X	✓	✓	✓	✓	X	✓

✓ Some element of goal recognized within PRSP or IPRSP.

X No element of goal recognized in PRSP or IPRSP.

## ANNEX 5. COUNTRY PROFILES—IMPLEMENTATION OF CDF PRINCIPLES—PROGRESS AS OF JANUARY 2003



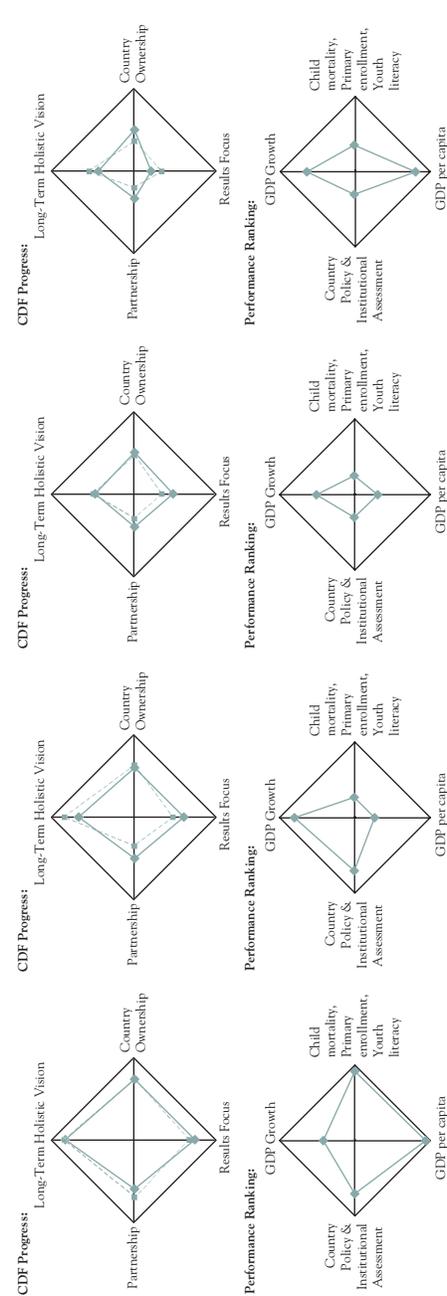
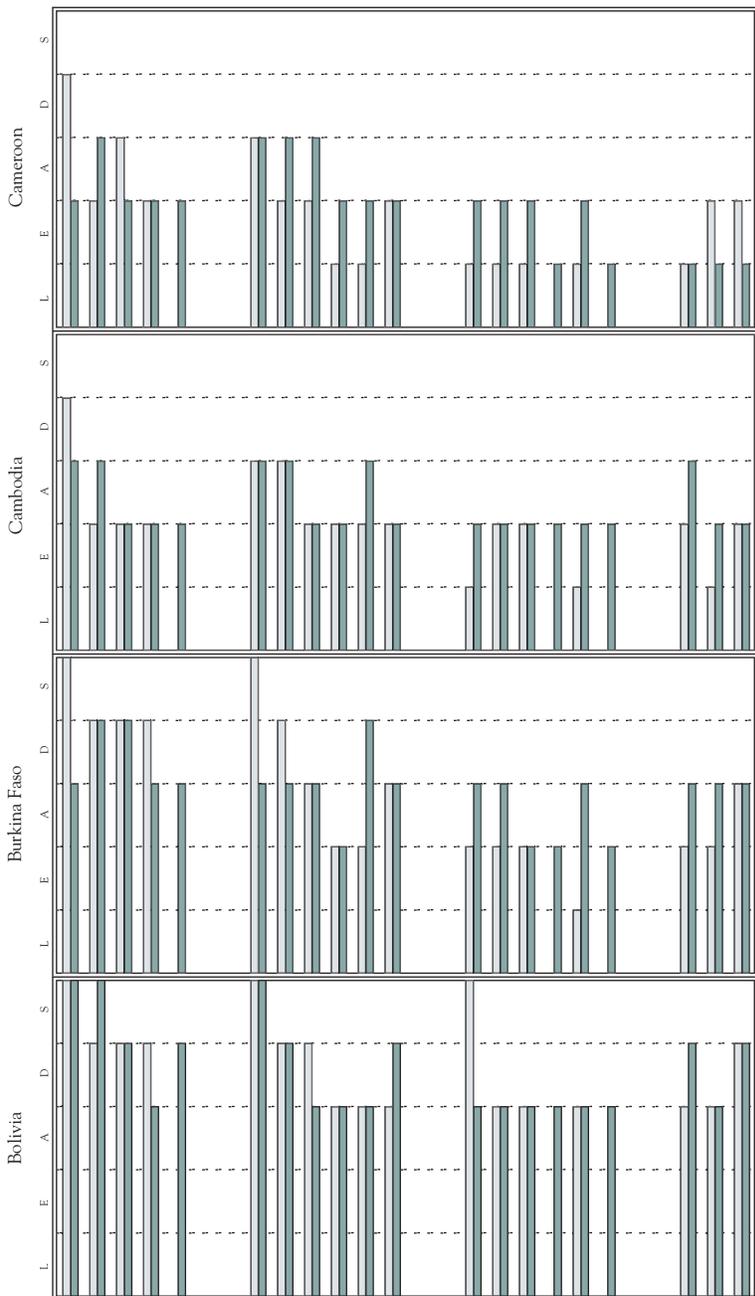
ANNEX 5. COUNTRY PROFILES—IMPLEMENTATION OF CDF PRINCIPLES—PROGRESS AS OF JANUARY 2003

**LONG-TERM HOLISTIC VISION**  
 Coherent long-term vision  
 Medium-term strategy derived from vision  
 Country-specific development targets, eg MDGs  
 Holistic, balanced and well sequenced strategy  
 Capacity for implementation, eg expenditure management

**COUNTRY OWNERSHIP**  
 Vision and strategy homegrown  
 Government involved stakeholders  
 Civil society involvement  
 Private sector involvement  
 Parliamentary involvement  
 Capacity to formulate strategy

**COUNTRY-LED PARTNERSHIP**  
 Government leadership and coordination  
 Partners' assistance strategy alignment  
 Financial and non-financial support alignment  
 Coherent capacity support  
 Harmonization of policies and procedures  
 Appropriate partnership behaviors

**FOCUS ON DEVELOPMENT RESULTS**  
 Development information systems  
 Stakeholders' access to development information  
 Managing for development results

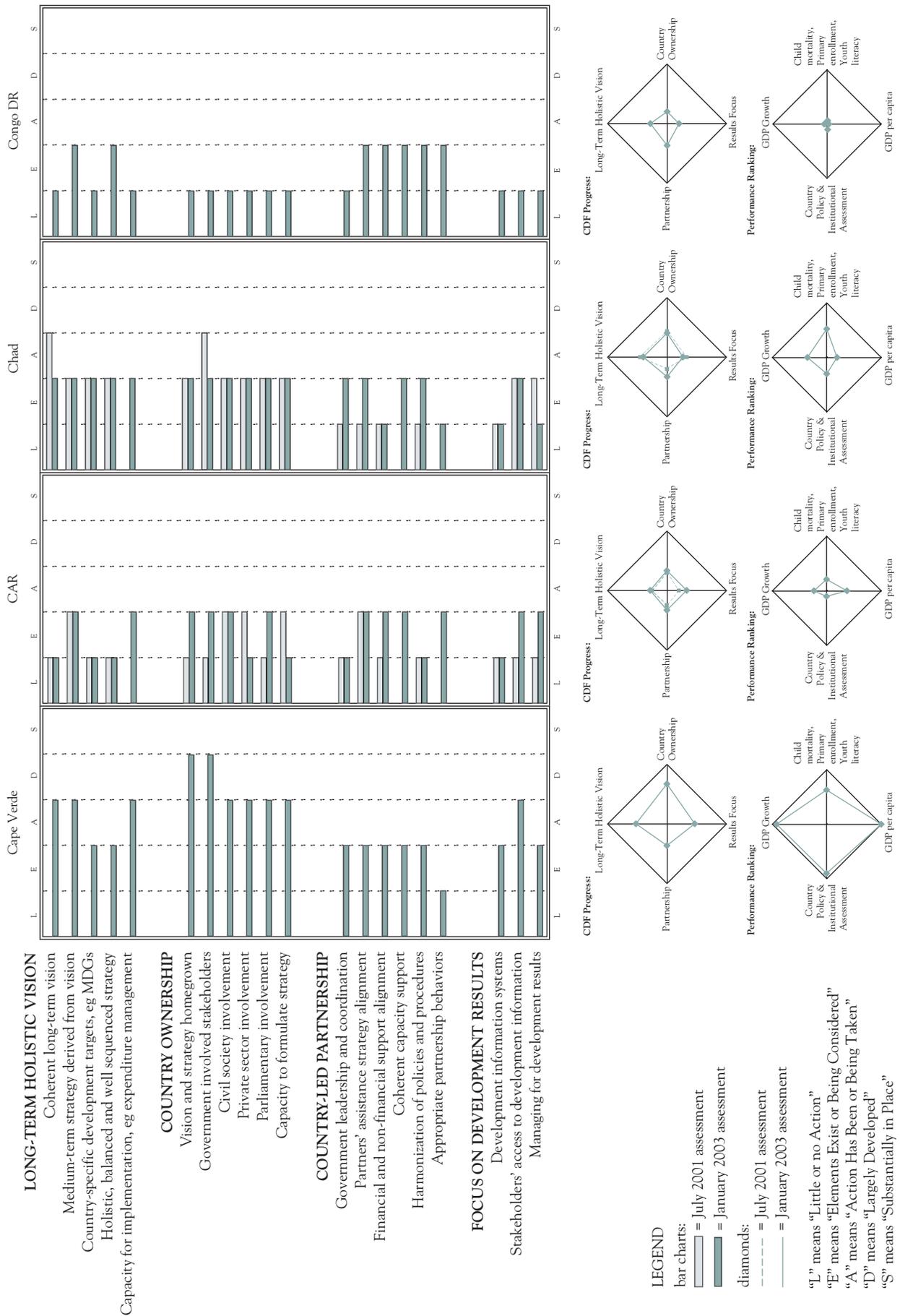


**LEGEND**  
 bar charts:  
 [light bar] = July 2001 assessment  
 [dark bar] = January 2003 assessment

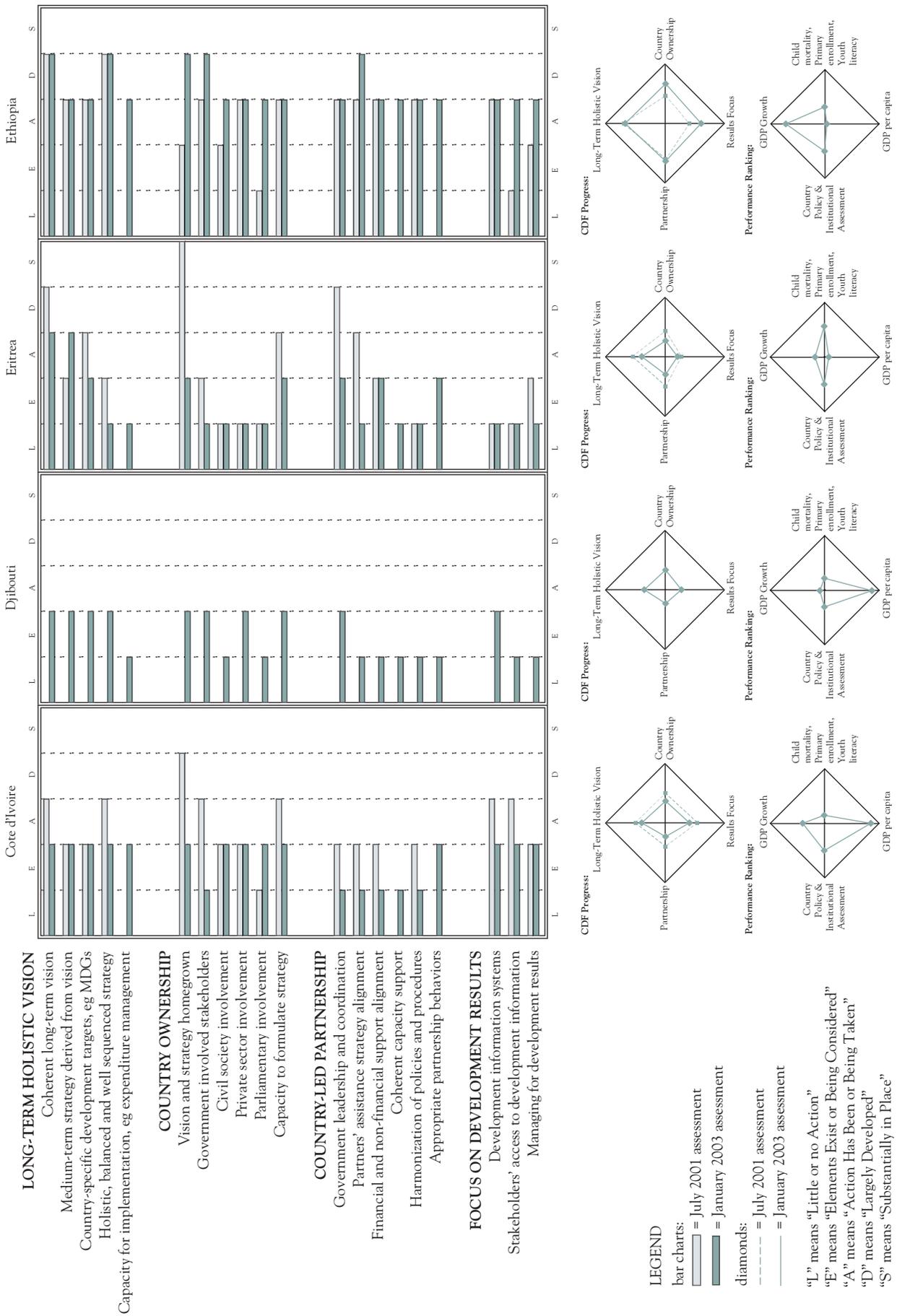
diamonds:  
 [dashed line] = July 2001 assessment  
 [solid line] = January 2003 assessment

“L” means “Little or no Action”  
 “E” means “Elements Exist or Being Considered”  
 “A” means “Action Has Been or Being Taken”  
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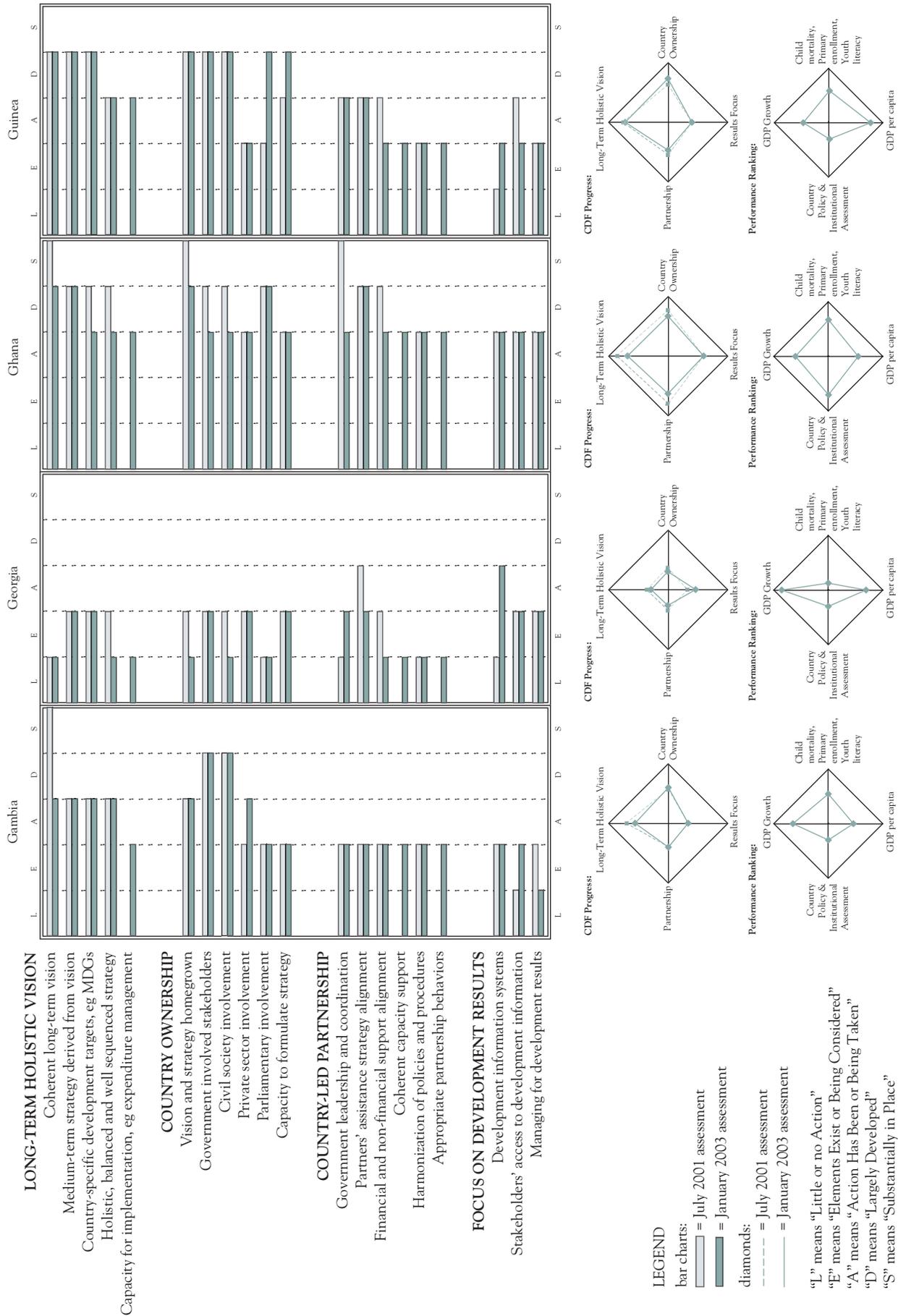
## ANNEX 5. COUNTRY PROFILES—IMPLEMENTATION OF CDF PRINCIPLES—PROGRESS AS OF JANUARY 2003



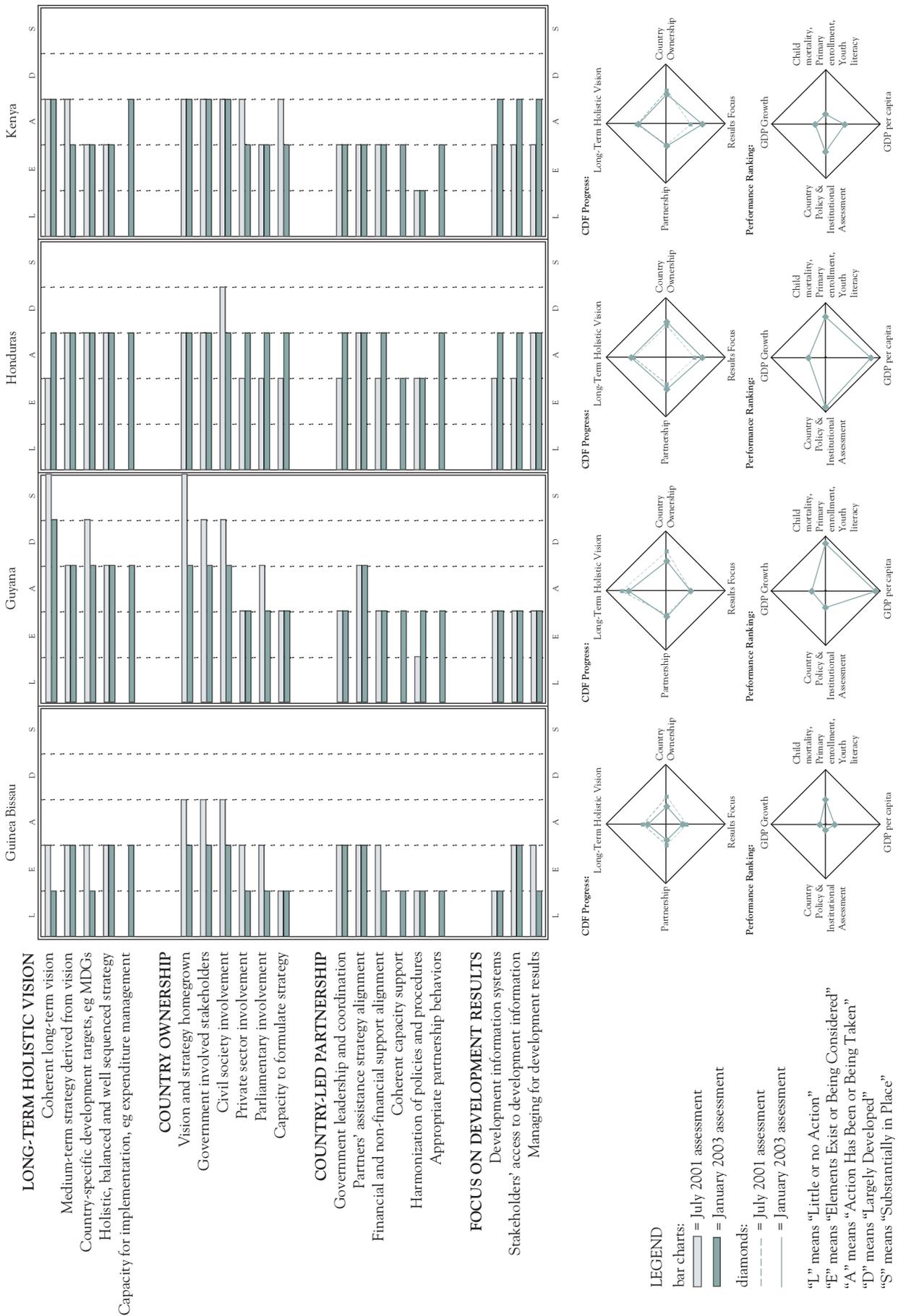
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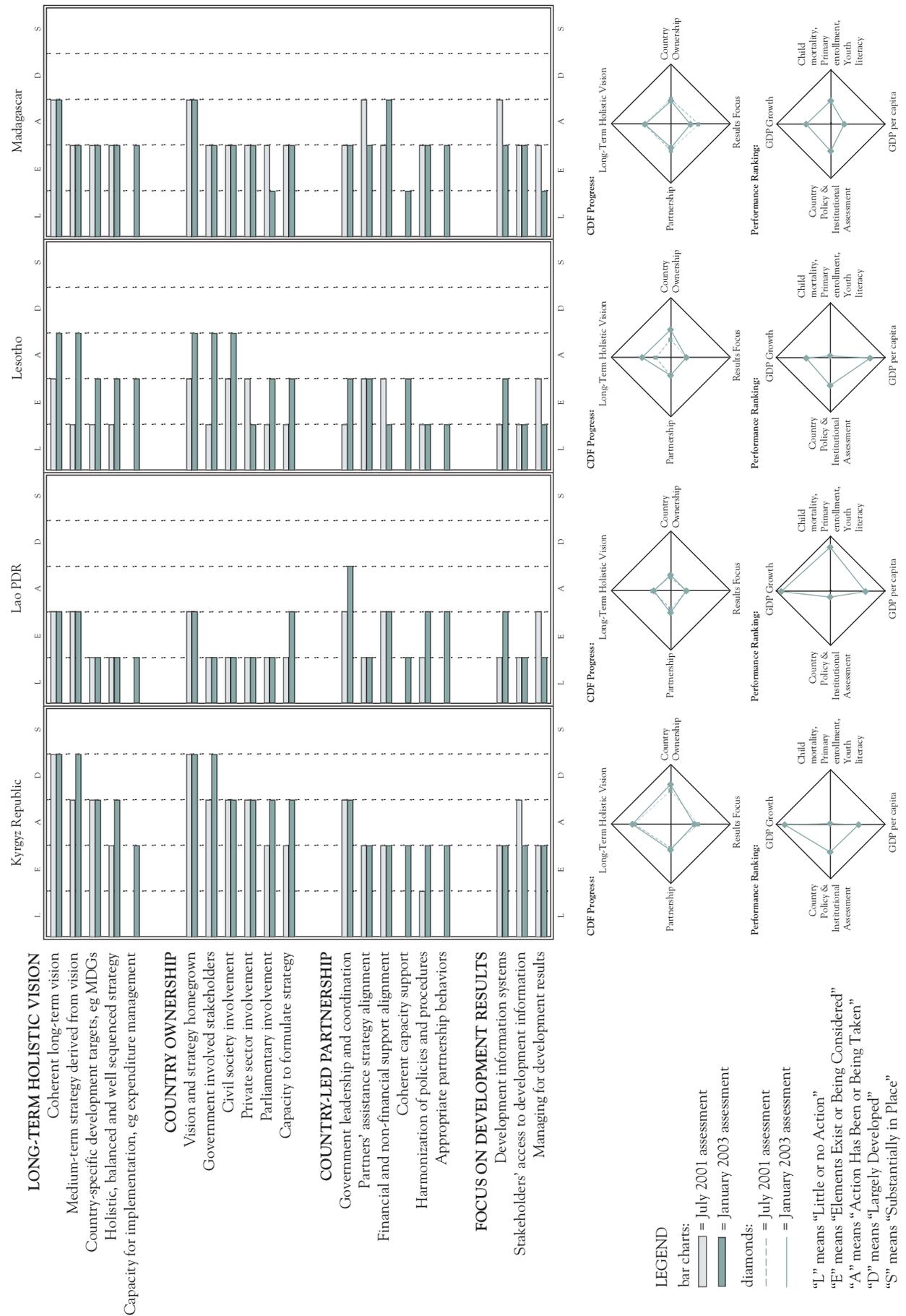
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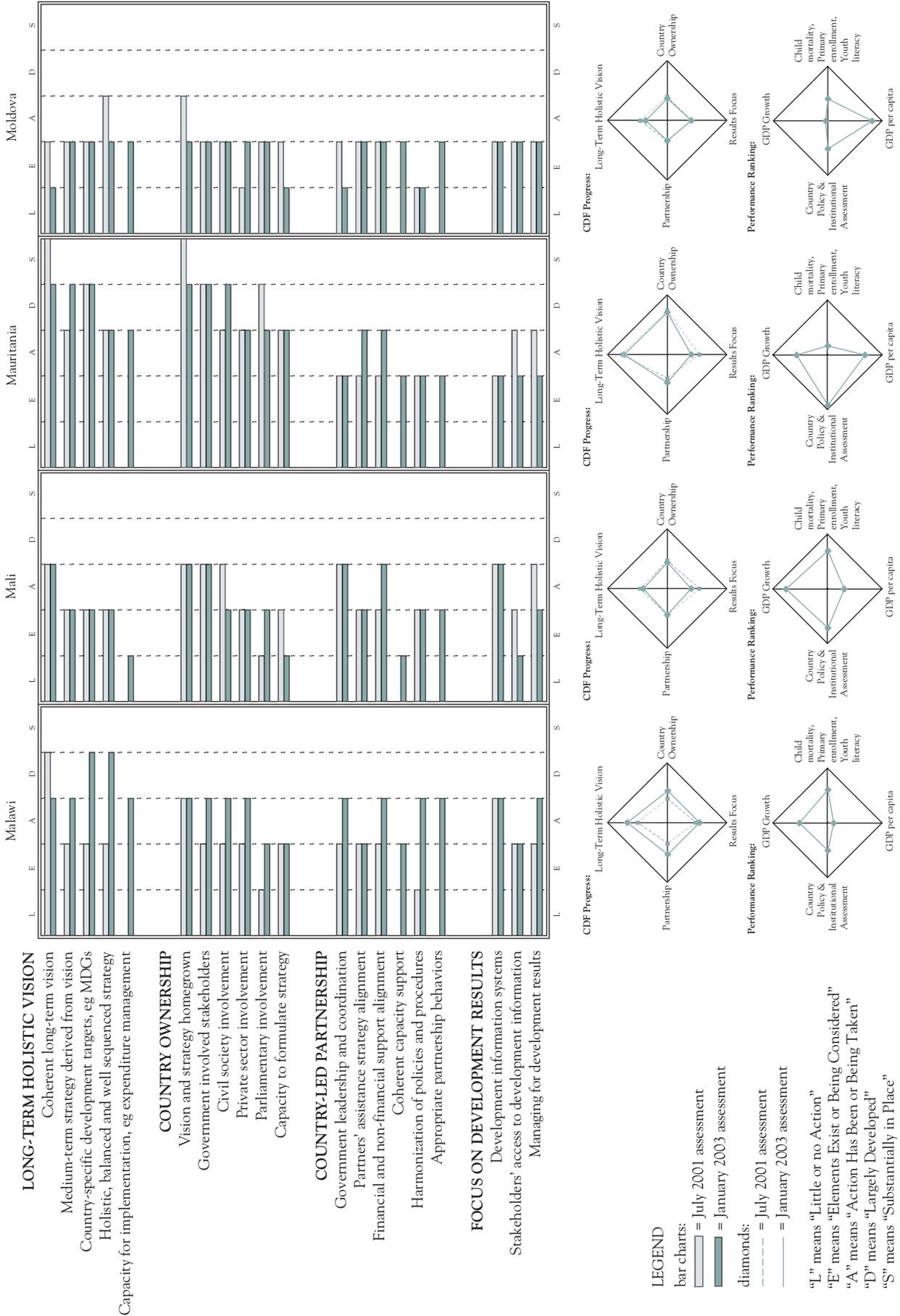
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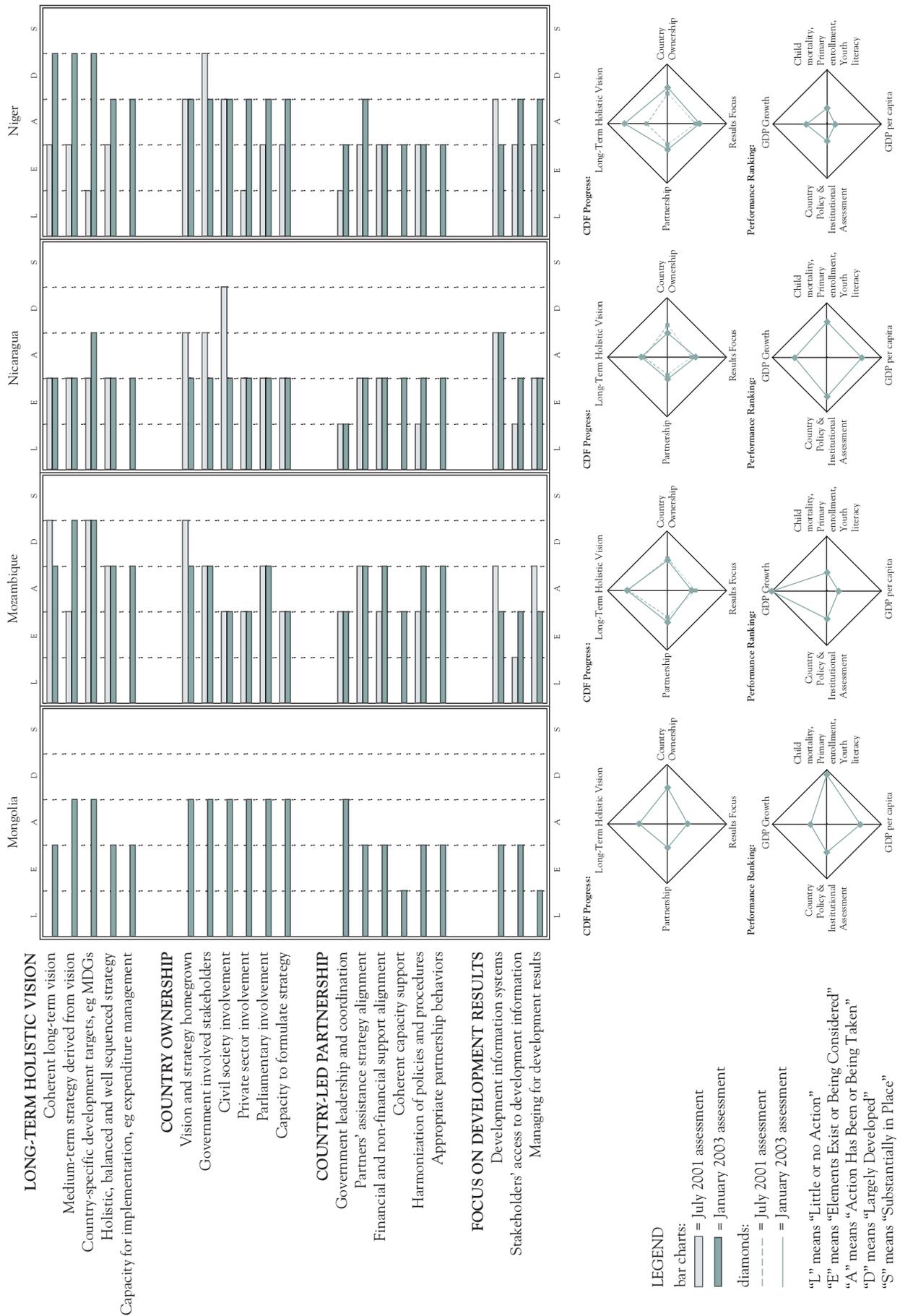
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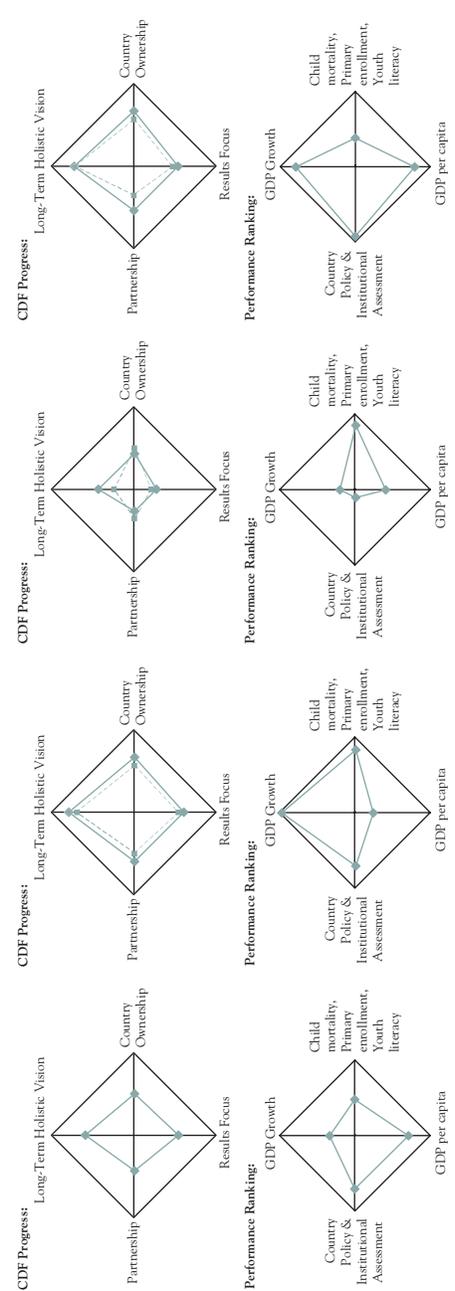
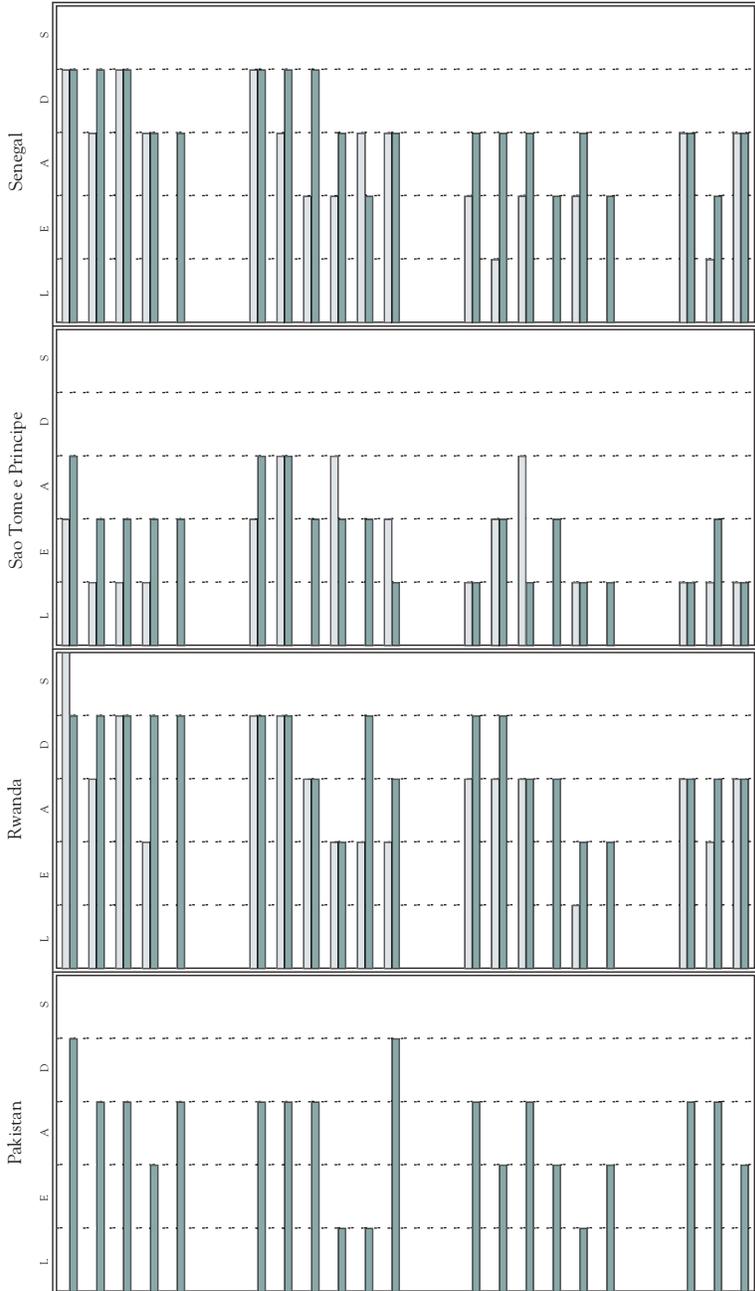
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**LONG-TERM HOLISTIC VISION**  
 Coherent long-term vision  
 Medium-term strategy derived from vision  
 Country-specific development targets, eg MDGs  
 Holistic, balanced and well sequenced strategy  
 Capacity for implementation, eg expenditure management

**COUNTRY OWNERSHIP**  
 Vision and strategy homegrown  
 Government involved stakeholders  
 Civil society involvement  
 Private sector involvement  
 Parliamentary involvement  
 Capacity to formulate strategy

**COUNTRY-LED PARTNERSHIP**  
 Government leadership and coordination  
 Partners' assistance strategy alignment  
 Financial and non-financial support alignment  
 Coherent capacity support  
 Harmonization of policies and procedures  
 Appropriate partnership behaviors

**FOCUS ON DEVELOPMENT RESULTS**  
 Development information systems  
 Stakeholders' access to development information  
 Managing for development results

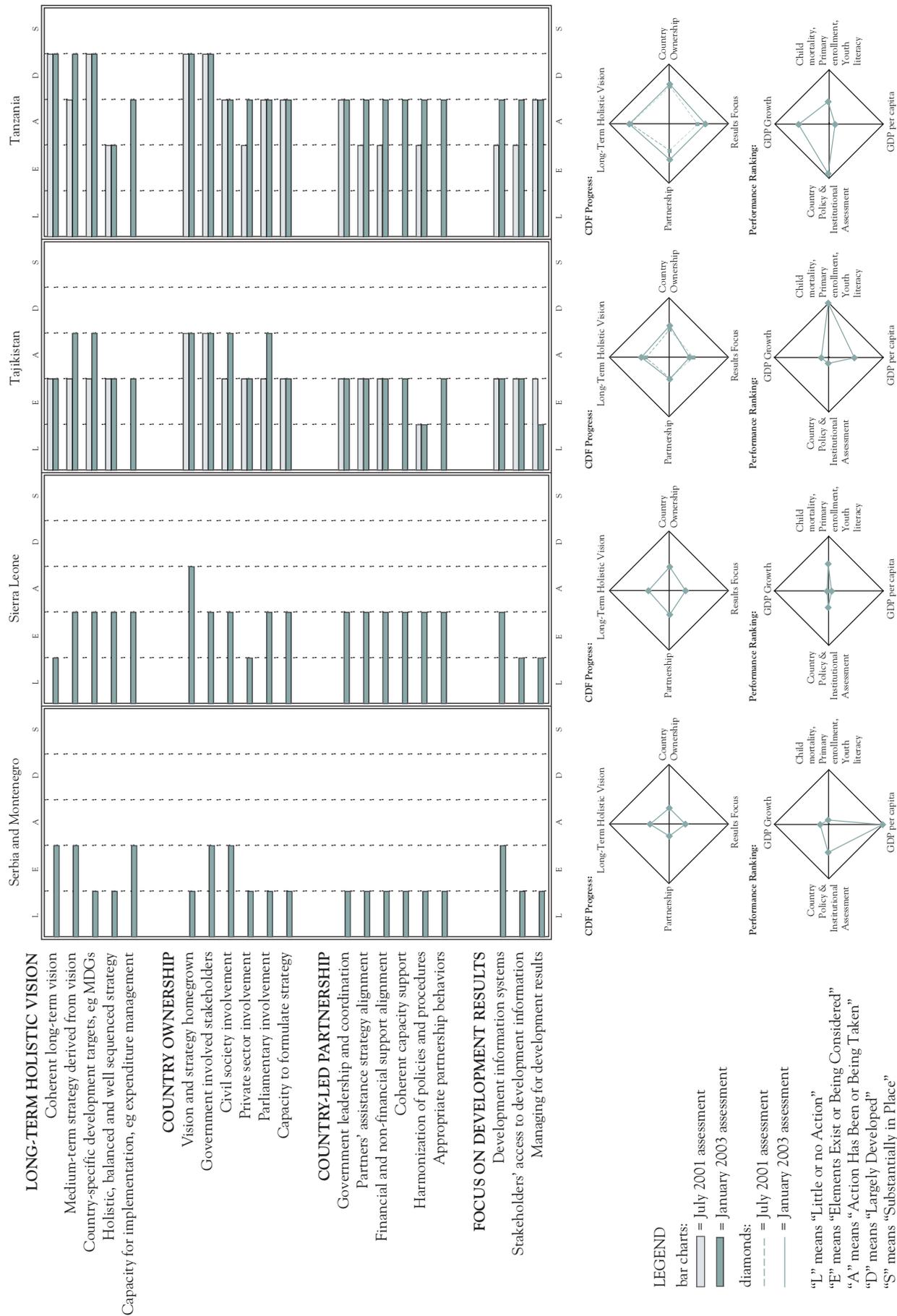


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