

Beyond the Numbers: The Institutional Dimension of PRS Monitoring Systems



The World Bank

PREM Poverty Reduction Group

Introduction

As part of the poverty reduction strategy (PRS) initiative, countries have been developing monitoring systems to track PRS implementation and its impact on poverty. PRS monitoring systems are central to the effective design and implementation of a PRS. They support decision making, foster accountability, and promote dialogue.

This synthesis note is a summary of the study, *Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies*. PRS monitoring is defined broadly to include the tracking of overall progress in poverty reduction, monitoring and evaluating the implementation of PRS policies and programs, and the monitoring of budgets and expenditures. The system therefore focuses on the entire input, output, and impact chain.

While most countries involved in implementing a PRS already have in place a range of individual monitoring mechanisms, drawing them together into a common system is a relatively new undertaking that poses substantial practical challenges. In many countries, the

systems suffer from fragmentation, lack of coordination, lack of demand, unclear mandates and responsibilities, lack of relevance and timeliness of data, and limited accessibility. This underlines the importance of institutional arrangements that bring all activities together in a coherent framework: with well-defined roles and responsibilities, rules, procedures, reporting mechanisms, and so on.

A PRS monitoring system therefore also incorporates a range of institutional functions, which include mechanisms to:

- coordinate among data producers;
- develop common technical standards and platforms;
- organize information flows;
- compile and analyze data from various sectors;
- analyze and evaluate PRS programs;
- generate annual progress reports and other outputs;
- disseminate outputs to government and the public;
- provide advice and support to policy makers; and
- organize the participation of civil society. ■

Progress to Date

The case studies demonstrate that progress in establishing effective PRS monitoring systems has been limited. Few systems have created functioning links between monitoring and decision making. Organizing a coordinated monitoring system and ensuring that monitoring data are used in the policy process are both proving major practical challenges.

The difficulties include the following:

1. a lack of operational detail, costing, and prioritization in many PRSs, making it difficult to select meaningful indicators for monitoring PRS implementation;
2. practical issues with data collection, especially routine administrative data and weaknesses in public expenditure management systems, making it difficult to track PRS expenditures;

3. difficulties in the coordination of activities; territoriality among public sector agencies, combined with a lack of incentives to participate, has led to resistance to rationalization and coordination and hampers the translation of formal plans into practice;
4. a deficit in analysis and evaluation; and
5. low demand among policy makers for monitoring information.

Most PRS monitoring systems are still too young to permit proper assessments of the structures themselves. Nonetheless, there are signs that the process of establishing PRS monitoring systems is prompting a review of sectoral policies and their consistency with PRS objectives. ■

Organizing Monitoring Activities

Before establishing a PRS monitoring system, most countries already possess a range of monitoring mechanisms, often as a result of diverse donor programs. The lack of a consistent monitoring framework causes problems, including duplication and redundancies in information systems, excessive administrative burdens, lack of data compatibility, and poor information flows. Adding new monitoring obligations without simplifying existing arrangements is unlikely to help. The main challenges in establishing a PRS monitoring system therefore revolve around rationalizing existing monitoring mechanisms and coordinating numerous separate actors.

Typically, countries have devised formal plans for their PRS monitoring systems, but these are not fully implemented. This may result partly from the process of designing the systems themselves. Often, this process is narrow and based on limited stocktaking and few consultations with stakeholders, and actual designs are frequently elaborated by external consultants. Many of the plans are also particularly weak in terms of operational details such as roles, responsibilities, standards, modalities for cooperation, and so on. This results in limited buy-in by the actors and limited accountability and compliance.

A process of designing and implementing a PRS monitoring system that generates buy-in by stakeholders may therefore be as important as the selected design. Ideally, the institutional design should emerge out of a shared commitment to solving the practical problems of PRS implementation. Systems are consensual in nature and tend to function only if participants find them useful and legitimate and agree on a common purpose.

Most existing systems contain the following elements:

- a high-level steering committee to provide political support, oversight, and a link to the center of government;
- a coordination unit or secretariat to coordinate among agencies, compile data, and draft reports;
- interagency committees or working groups to facilitate coordination, often with civil society and donor representation;
- a national statistics institute to set data standards and provide technical support for data producers; and
- line ministries and other agencies that appoint PRS monitoring system liaisons that are responsible for collating sectoral data.

Experience suggests the following variables are important.

1. *Strong political leadership.* Placing the institutional lead close to the center of government or the budget process is likely to give the system greater authority, while facilitating the creation of links to the policy and budget process. Countries have typically located the core of their PRS monitoring systems in the ministry of finance, the ministry of planning, or the office of the (vice-) president. Experience suggests that leadership is more effective if it resides with a single agency rather than an interagency committee. Similarly, a champion is important in helping a system take root, but could be dangerous if the system becomes tied to a personality. Experience shows that flexibility is important in the broader components of the PRS monitoring system, as the locus of leadership may eventually need to be changed.

2. *Coordination of actors.* The coordinating structure should be designed to encourage active participation by key stakeholders, without imposing too great a burden on participants. Elaborate coordination structures have shown a tendency to weaken over time. Incentives often work to the disadvantage of coordination because each agency tries to protect its own program. The experience in the 12 countries offers lessons. An effective system avoids burdensome structures and focuses on building functional relationships among actors, with clear roles and responsibilities and well-defined activities. A capable secretariat facilitates information flows, organizes dialogues, assists monitoring system members, and mediates among actors. The identification of roles and responsibilities, advocacy for the system, and broad political leadership are critical. Donor funding for separate monitoring mechanisms at the project level provides disincentives for coordination. Donors should be involved in the design process so as to ensure that their monitoring requirements are served through the national PRS monitoring system.

3. *Links with line ministries.* Most PRS monitoring systems are second-tier systems that rely on a supply of routine data from line ministries. The link works best when the nominated liaison points are substantively involved in monitoring and evaluation for sectoral policy making and management purposes and have the authority, time, and incentives to play this role effectively. Where sectoral monitoring itself is weak, the PRS monitoring system may need to include an active strategy for promoting sound monitoring practices, such as rules requiring that monitoring and evaluation functions be

incorporated into departmental budgets, work plans, and job descriptions. Ensuring that the needs of the PRS monitoring systems and of donors are aligned with sectoral information systems is likely to increase compliance and performance.

4. *Involvement of national statistics agencies.* National statistics agencies are often the most institutionally advanced elements in PRS monitoring systems. However, the system arrangements must ensure complementarity with existing statistical systems and statistical planning so as to avoid duplication, limit potential rivalry between the statistical systems and the PRS monitoring system, and strengthen links between central agencies and line ministries. In addition, PRS monitoring systems should ensure that statistics agencies have sufficient resources and mandates to play their role in setting standards, providing technical assistance, and building the capacity of other system members. This may help increase the compatibility and complementarity of the data supplied by numerous agencies.

5. *Involvement of local governments.* PRS monitoring in a decentralized system poses particular challenges that have not been satisfactorily resolved in any of the 12 countries examined in the case studies. Capacity constraints at the local level are usually critical, especially in the poorest areas. During the process of decentralizing service delivery, some countries have encouraged local authorities to develop their own monitoring arrangements, while others have preferred to strengthen the monitoring of local governments by the center. Strategies for improving local monitoring include carefully selecting indicators to minimize the administrative burden, linking quality control mechanisms to targeted capacity-building initiatives, using secondary monitoring methods to cross-check local reporting, providing feedback to local governments on monitoring results, and strengthening information flows between local governments and the communities they serve. ■

Making Use of PRS Monitoring

From the case studies, it appears that more attention has been paid to organizing the supply of monitoring information than to ensuring the effective use of this information to improve PRS policies and programs. Low levels of demand for monitoring information also tend to impact on the supply of adequate information. If the results of monitoring are not sought out and used by policy makers and public sector managers, then monitoring comes to be seen merely as a bureaucratic burden, and compliance with monitoring procedures deteriorates. The most promising strategy for strengthening demand is to tailor PRS monitoring system outputs to key points in the policy-making process where information on the performance of policies and programs is likely to be influential, such as around the budget, updates of the PRS, parliamentary sessions, public dialogue, and donor strategy elaboration.

Important elements in encouraging the greater use of PRS monitoring information include the following:

1. *Analysis and evaluation.* If PRS monitoring is to influence policy making, the practice of analysis and evaluation needs to be institutionalized in the PRS monitoring system. This is a striking deficit in most systems to date. Some countries have created central analytical units in the office of the president, the ministry of finance, or the national statistics institute. These units

have worked best when they have remained small, been close to government, and focused purely on analysis. Another useful technique has been joint analytical exercises between donors and government. Finally, since governments typically face constraints in terms of the capacity for analysis, the PRS monitoring system should ensure that the analytical capacity of nongovernmental actors such as universities, research institutions, nongovernmental organizations, and donors is harnessed.

2. *Outputs and dissemination.* If they are to have an impact, the information and analysis resulting from monitoring activities must be compiled into outputs and disseminated across government and to the public. This is another area of major weakness in existing systems, many of which have focused on donor requirements. Information should be circulated back among central agencies, local and regional governments, service providers, parliaments, the media, the general public, and donors. A dissemination strategy should be a central part of PRS monitoring systems. To this effect, the PRS monitoring system must develop outputs that are tailored to the needs of the various decision makers and users and are timed to feed into policy cycles. Making information accessible to various audiences requires presenting monitoring data in both technical and non-technical ways, which is often a new skill for governments.

3. Links with budget and planning. Perhaps the most promising strategy for building demand is to link PRS monitoring to the budget process. Wherever public sector agencies are bidding for public funds (for example, through the annual budget), this presents an opportunity to require them to justify their bids according to PRS objectives and evidence on program performance. This has been done in two of the countries under study, Tanzania and Uganda, with a notable (if uneven) boost in results-oriented policy making. For this to be more effective, it is helpful to have an agency in the ministry of finance or close to the center of government with the capacity and authority to engage with the sectors on their policy choices and play the challenge function around budget preparation. When linking a PRS monitoring system to the budget, care needs to be taken to avoid creating perverse incentives that may distort the monitoring process. In addition, there is a danger in linking budgets to the ability to monitor rather than to the

ability to deliver and to punish the low performers who might be most in need of support. Overall, the link between PRS monitoring and the budget process is difficult to implement and depends on the maturity of the medium-term expenditure framework and the public expenditure management system.

4. Links with parliament. Finally, the lack of involvement of parliaments in existing PRS monitoring systems represents a missed opportunity to help ensure parliaments are able to carry out their role of oversight and control of the executive and their role of representation for their constituencies. Possible strategies to strengthen the capacity of parliaments include engaging with existing parliamentary groups, building the economic literacy of representatives, presenting data in a non-technical and timely fashion, identifying existing venues to present the information, and developing alliances between parliaments and civil society groups. ■

Organizing Participation

Nongovernmental organizations, private interdisciplinary research entities, universities, unions, lobby groups, and other members of civil society can play a role in PRS monitoring on both the supply side and the demand side. Among the countries in the case studies, the level and type of civil society involvement varies considerably; it includes performing monitoring activities (whether as part of the PRS monitoring system or independently), participating in monitoring committees and working groups, providing analysis and policy advice, and interpreting and disseminating monitoring outputs to the general public.

Typically, apart from most of the countries in Latin America, the participation of civil society has not been formalized. Selecting civil society representatives can raise questions of legitimacy if civil society does not already have well-developed representative structures, and it may not always be appropriate to try to reflect a single civil society voice in the PRS monitoring system. Civil society organizations do not always wish to be part of a formal PRS monitoring system for fear of compromising their independence, and funding modalities should respect this choice. ■

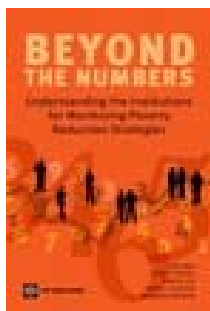
Conclusions

The experience of the 12 countries under study teaches us that, in elaborating and implementing a PRS monitoring system, one should:

- build on existing elements;
- recognize that changes will be gradual;
- aim at starting a process of change rather than at designing a “perfect” system;

- focus on building flexible arrangements that can be adapted to change;
- clearly define relations, incentives, and activities;
- identify entry points in decision-making processes and, in particular, the budget process; and
- adapt the various outputs to the intended users. ■

Publication



Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies

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World Bank
2006

While there is much literature on the technical side of PRS monitoring, less guidance is available on the institutional challenges. *Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies* provides lessons on the design and functioning of PRS monitoring systems, based on the experience of twelve PRS countries. The focus of the publication is on the institutional arrangements of PRS monitoring systems - the rules and processes which bring the various actors and monitoring activities together in a coherent framework.

Part I reviews the experience in 12 case study countries covering both the organization of monitoring activities and the use of monitoring information in the policy process.

Part II includes a diagnostic tool and offers guidance for policy makers.

Part III concludes the study with summaries of the 12 country studies. These twelve PRS countries are Albania, Bolivia, Guyana, Honduras, The Kyrgyz Republic, Malawi, Mali, Mauritania, Nicaragua, Niger, Tanzania, and Uganda. The volume closes with a bibliography.

This publication can be ordered from The World Bank online bookstore at www.worldbank.org/reference (type “Beyond the numbers”).

A free electronic version can be downloaded from: www.worldbank.org/povertymonitoring, click on “Poverty Monitoring Systems”.

French and Spanish versions can also be downloaded at www.worldbank.org/povertymonitoring, click on “Poverty Monitoring Systems”.

Diagnostic Tool

Beyond the Numbers: Understanding the Institutions for Monitoring Poverty Reduction Strategies includes a diagnostic tool, which presents in schematic form the issues that should be considered in the design and implementation of a system for monitoring the execution of a PRS. It is intended to generate country-specific information that maps out the current PRS monitoring system and the demands, activities, and capabilities of key stakeholders. By addressing the issues in the checklist, one should be able to identify the opportunities, limitations, and options for building and strengthening a PRS monitoring system.

The first component—*the institutional context and design of the PRS monitoring system*—is geared toward understanding the stakeholders and agencies involved in PRS monitoring, the way they interact with each other, and their interests and abilities with regard to participation in the PRS monitoring system.

The second component—*the ability of the PRS monitoring system to supply information*—focuses on the activities, capabilities, and resources of key actors and agencies on the supply side of the PRS monitoring system. The goal is to understand the capacity of the system to supply the data and analysis needed to monitor the PRS effectively.

The third component—*the demand for and use of PRS monitoring system information*—focuses on the assessment of the information needs of stakeholders and on mapping the processes and systems through which the monitoring information is used. The aim is to understand the demand side, that is, the need, uses, and incentives for PRS monitoring outputs.

To access an electronic copy of this diagnostic tool please go to: www.worldbank.org/povertymonitoring, and go to Part 2, Chapter 1 of the publication.

Resources on the PRS approach

The World Bank provides a range of resources available to support the PRS approach. Materials available include:

PRSP. The PRS webpage provides a variety of material and links, including to country documents, the PRS Sourcebook, policy papers and implementation reviews, staff guidelines, training material, and information on the PRS Trust Fund. See www.worldbank.org/prsp.

Poverty analysis. Poverty analysis is a key step in formulating a poverty reduction strategy. The website presents techniques for poverty measurement and analysis. See www.worldbank.org/povertyanalysis.

Poverty mapping. Local level poverty data is essential for resource allocation and policy design. The site provides information on poverty maps and their policy applications. See www.worldbank.org/povertymap

Poverty and Social Impact Analysis (PSIA). The analysis of the distributional impact of policy reforms on the well-being of different groups, particularly the poor, promotes evidence-based policy choices and fosters public debate. See www.worldbank.org/psia.

Poverty monitoring. Poverty monitoring involves tracking progress over time in achieving results in terms of reduction in poverty and is an essential component of any PRS. See www.worldbank.org/povertymonitoring.

Impact evaluation. Impact evaluations assess the changes in the well-being of individuals that can be attributed to a particular project, program or policy. The website provides resources to assess and improve the effectiveness of interventions. See www.worldbank.org/impacetevaluation.

PRS and the budget. The Public Spending for Poverty Reduction website provides information and good practices on the role of budget systems for PRS implementation. See www.worldbank.org/poverty-pubspending.

Pro-poor growth and inequality. The site offers an introduction on how growth and changes in inequality affect poverty reduction and tools to better analyze these links. See www.worldbank.org/propoorgrowth.

Employment and shared growth: Employment opportunities are key transmission channels between growth and poverty reduction. This website provides resources on employment-focused strategies for shared growth. See www.worldbank.org/employment

Migration and development: The importance of migration is increasing in the analytical and operational work of The World Bank Group. This website provides resources to support country teams in addressing specific migration and remittances topics. See www.worldbank.org/migration

Resources on Data and Statistical Systems

The *World Bank Data Group* provides national and international statistics and assist countries to improve their capacity to produce and use statistics. See www.worldbank.org/data

The *Data-Quality Assessment Framework (DQAF)* proposes a procedure to assess the dimensions of statistics programs and agencies to strengthen their capacity. See www.imf.org/external/np/sta/dsbb/2001/supp.htm.

The *General Data Dissemination System (GDDS)* is a macroeconomic and social framework for statistical

development and capacity building in developing countries. See <http://dsbb.imf.org/Applications/web/gdds/gddshome/>.

The *Guide to Designing a National Strategy for the Development of Statistics (NSDS)* helps design strategies to strengthen statistical capacity. See <http://www.paris21.org/>.

Statistical Capacity-Building Indicators (SCBI) provide an overview of a country's statistical capacity and needs, and ways to facilitate capacity building. See <http://www.paris21.org/documents/1024.pdf>.

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September 2006