Making Poverty Reduction Strategies Work –
Good Practices, Issues, and Stakeholder Views

A Contribution of German Development Cooperation for the 2005 PRSP Review

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ABBREVIATIONS AND ACRONYMS

BMZ    German Federal Ministry for Economic Cooperation and Development
       (Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung)
CPIA   Country Policy and Institutional Assessment
CSO    Civil Society Organization
CSPR   Civil Society for Poverty Reduction
EC     European Commission
EU     European Union
HIPC   Heavily-Indebted Poor Countries
IMF    International Monetary Fund
JSA    Joint Staff Assessment (of the World Bank and IMF; has been replaced by
       the JSAN)
JSAN   Joint Staff Advisory Note (see previous entry)
LDC    Least Developed Countries
MDG    Millennium Development Goals
MTEF   Medium Term Expenditure Framework
NDP    National Development Plan
PAF    Performance Assessment Framework
PARPA  Plano de Acção para a Redução da Pobreza Absoluta
PER    Public Expenditure Review
PERAC  Public Expenditures Reform Adjustment Credit (of the World Bank)
PFM    public financial management
PRGF   Poverty Reduction and Growth Facility (of the IMF)
PRS    Poverty Reduction Strategy
PRSC   Poverty Reduction Support Credit (of the World Bank)
PRSP   Poverty Reduction Strategy Paper
PSIA   Poverty and Social Impact Analysis
SIGFIP Système Intégré de Gestion des Finances Publiques
SIP    Sector Investment Program
SPA    Special Partnership with Africa
SWAp   Sector Wide Approach
SUMMARY AND INTRODUCTION: MAKING POVERTY REDUCTION STRATEGIES WORK – WHAT IS NEEDED?

The Poverty Reduction Strategy (PRS) approach has been at work for more than five years now – a sufficiently long period for achieving some depth of experience. German development cooperation has been in the fortunate position to observe a good breadth of experience, as well, in the course of providing support to PRS processes in 26 countries around the globe.¹ The purpose of this paper is to summarize these observations and experiences so that they might inform the PRS review of 2005. Our emphasis is more on helping to identify promising and even essential ways to improve and sustain PRS processes and content in the future, rather than to produce a balance sheet of gains and weaknesses to date. In this forward-looking spirit, the analyses presented are based on concrete examples from selected PRSP countries that illustrate best practices or common difficulties and dangers.² The paper also incorporates the findings of recent in-country stakeholder evaluations of the PRS processes.

The PRS approach is well worth improving and sustaining. German development cooperation recognizes it as a highly useful approach for planning the distribution of development resources amongst sectors and policy interventions so as to benefit the poor. The relevance of the PRS approach is underlined by the fact that, as of mid-2005, nearly 60 countries are implementing it. This paper does not spend much time on enumerating and describing all of the positive aspects and effects of the PRS approach; suffice it to underline that it has placed poverty reduction firmly on the political agenda; it has encouraged increased convergence, coherence, and harmonization amongst development efforts, actors, and policies; and it has cultivated and deepened the analysis and understanding of poverty.

On the other hand, the PRS approach has experienced tensions since its inception over five years ago. The shortcomings can be found both in its architecture and in the implementation, and mostly are a product of the trade-offs and risks that are inherent in the PRS approach.³

- The trade-off between pace and PRSP quality
- The trade-off between pace and participation
- The trade-off between quality of the strategy and participation
- The risk of sidelining existing strategies and national action plans
- The risk of neglecting existing project and program experience
- The risk of over-extending government capacity at national and local levels
- The risk of over-extending the capacity of civil society organizations (CSOs)
- The trade-off between the asset of donor plurality and need for a unified approach
- The trade-off between comprehensiveness and prioritization.

¹ For a complete list of regions and countries in which German development cooperation actively supports PRSP processes and issues, see Appendix 1.
² Because a summary paper is limited in the depth and detail it can present, interested readers are encouraged to consult the original reports and papers, which exist for each issue and country example that appears in this text. References and sources are provided throughout the text. Condensed versions of many of the good practices are included in the appendices. For additional information please contact qva@gtz.de
³ Based on GTZ (Asche, H. / Breustedt, C. / Kampmann, M. et al.) 2000
None of these challenges, in itself, indicates a fatal, congenital defect of the PRS approach – which inevitably had to respond to conflicting imperatives, and did so. If, however, the balance on some of these trade-offs is tipped too much to one side or the risks are manifested, then things become critical. This in fact has happened in a number of countries over the last five years.

**So what is needed to make Poverty Reduction Strategies work better?**

While critical voices may call for all corrections to the PRS approach to be undertaken exclusively by the countries themselves without any interference from donors (in the interest of ownership), we take a contrary position: the golden kernel of the PRS approach – its essential principles – needs to be preserved, and this requires prompt action on the part of the donor community, as well. We donors, too, are stakeholders, and we are not indifferent about the future of the approach. Those flaws in the approach that run counter to our political positions necessitate our active engagement.

Furthermore, the weaknesses in the national poverty reduction paradigm cannot be corrected solely within the PRS process. German development cooperation also advocates working on related issues and with relevant instruments to further strengthen the PRS approach from within and from without.

At this point in time, German development cooperation identifies six areas of action to take the PRS approach forward:

1. making Poverty Reduction Strategies sustainable as political instruments;
2. enhancing linkages and coherence between the PRS, medium-term expenditure frameworks (MTEF), and budgets
3. further alignment and harmonization of donor policies to support PRS
4. PRS monitoring
5. participation in PRS processes
6. and, of crucial importance, capacity development for PRS.

This paper takes up each of these in a separate chapter.

The main thrust behind the chapter on making Poverty Reduction Strategies sustainable as political instruments is to make them more operational, to increase their action orientation. As the above reference to the trade-offs and risks inherent in the PRS approach implies, this requires striking a balance between various opposing forces. It is essential that PRSPs be better framed as medium-term, political planning tools, while at the same time linking them more securely to long-term poverty reduction goals, such as the MDGs or, where they exist, other long-term national plans. Better balance needs to be achieved between social and productive sectors. Poverty Reduction Strategies need to focus more tightly on the essentials of the approach to achieve clear impact, and the overabundance of priorities needs to be restructured along the lines of three to five core political actions. On the other hand, the PRSP should incorporate all major macro-economic and structural reforms, and should include alternative,

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cf. the "themes for the review" proposed in the "Concept Note for the Joint World Bank and IMF Report on: Poverty Reduction Strategy Papers–Progress in Implementation, 2005 PRS Review" (p. 3): "(i) strengthening the medium-term orientation of the PRS; (ii) utilizing the PRS as a mutual accountability framework between countries and donors; (iii) broadening and deepening meaningful participation; (iv) enhancing linkages between the PRS, planning documents, the MTEF and budgets; and (v) tailoring the approach to conflict-affected and fragile states."
expansionary scenarios for accommodating increases in MDG-related flows that demonstrate how these resources will be absorbed.

In addition to these adjustments in PRS architecture, Chapter 1 uses concrete country experience to emphasize some specific aspects of the six areas of action outlined above. One of the additional points highlighted is the need to bringing the down-stream instruments (PRSC, PRGF, etc.) – or "PRSP derivatives", which in practice are more likely to be implemented than the PRSPs, themselves – back to center stage. That is, these derivatives need to be made a subject of public dialogue when they cover issues not discussed in the PRSP.

Chapter 1 also discusses the key roles that relevant instruments and approaches can play in revitalizing and sustaining the PRS approach. Some of these approaches that are highlighted as essential for PRS sustainability, such as public financial management, participation, pro-poor growth, and poverty analysis and monitoring – in recent articles called the "4Ps" 5 – are discussed in more detail in the respective chapters of the paper. The message here is that although these approaches have, in part, been developed and applied independently of any PRSP, they now should be linked and used to strengthen the PRS approach. Of these approaches and instruments, we emphasize two that can support the PRS approach at different levels: the relevance of pro-poor growth strategies and the strategic use of Poverty and Social Impact Analysis (PSIA).

PRSPs have offered too few country-specific scenarios for fostering the active participation of the poor in economic growth. Indeed, it seems the best offered by work to date on the issue of pro-poor growth does not yet go much beyond the statement that "growth is good for the poor". While this slogan is borne out by recent experience in India and China, 6 it provides inadequate counsel to those countries whose policies have not generated sufficient growth to help the poor. Ways must be found for designing, considering, and incorporating economic alternatives into PRSPs, PRSCs, PRGFs, etc. Such "forbidden" topics as deregulation, tariffs, privatization, liberalization, etc. must be taken up publicly. Key tasks include establishing a definition for pro-poor growth that is generally accepted, achieving societal consensus on a definition of pro-poor growth in the country context, developing support strategies for those sectors in which most of the poor workforce is – or, in a dynamic view, is likely to be – employed, and addressing income and asset disparities. A sign of success in the PRSP context would be when countries propose significantly modified or differently-sequenced solutions for central economic policy reforms areas, which are then accepted by the creditors.

Poverty and Social Impact Analysis can complement the PRS process at an instrumental level, but can be more than just a methodology. Using the PRSP platform, PSIA can stimulate public debate on critical reform topics and hence strengthen participation and broad-based consensus. Experience to date with the PSIA approach is that some of these exercises really can check poor political courses of action or even significantly alter them. We thus recommend that PSIA be carried out for all major economic reforms, and that they be derived from the PRSP agenda when possible. Furthermore,

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6 Although in China, inequality has risen tremendously and further improvements in the head count poverty index have slowed in recent years.
they should not be applied only ex ante, but also be carried out periodically as part of ongoing monitoring of policy reform.

Budget support demands and encourages improved public financial management. This key topic is taken up in detail in Chapter 2 on **enhancing linkages and coherence between the PRS, the MTEF, and annual budgets**, which provides a number of country examples of good practice. It points to the need to balance public spending between rural and urban areas, in addition to achieving more balance between the social and productive sectors. The chapter calls for improved PRSP prioritization and precision, in order that the strategy can serve better in the roles it plays in investment planning, in directing coherence by the MTEF, and in enabling control and endorsement by national institutions, especially by parliament. The rationalization of public financial management, starting with revenues and continuing through the entire expenditure chain, and the increasing of transparency and accountability throughout the public finance system are prerequisites for making the PRS approach sustainable. A set of clear principles for transparent budget processes is needed that can be applied flexibly (considering the very different levels at which countries exist and very different paces of reform across countries). Regarding PRS monitoring, much work remains to be done to develop meaningful indicators for budget monitoring, and then to eliminate the divergence between these indicators and those used in the policy matrices that govern the flow of donor funds to the national budget. Another main recommendation is to mobilize domestic revenues for use in PRS measures. Key here, too, is capacity development, which helps improve budget processes and strengthen relevant institutions.

The main challenges facing the **alignment and harmonization of donor policies to support PRS** are presented in Chapter 3. This topic, together with capacity development, represents the most pressing areas of work – for donors and partner countries alike – in order to achieve the objectives of the PRS approach. Repeated here is that PRSPs typically do not provide sufficiently clear direction in the medium term for guiding the development efforts of the many actors involved, including donors. Combined with the fact that few consultations have been held on key economic reforms, this creates a vacuum – which donors all too often are ready to fill with their own agenda. The chapter also points out that all actors involved (partner governments, donors, civil society organizations, the private sector) have their own, competing interests. In fact, none of these actors is a homogeneous entity, making harmonization and alignment that much greater of a task. A series of recommendations are made to assist with the job of harmonization and alignment, including: communicating key reform projects amongst the affected ministries and to special interest groups; making the shift to outcome-oriented conditionalities when possible to reflect a buy-in by government and donors in major policy reforms; and the conducting of negotiations between the individual partner countries and donors panels. The recommendations are backed up by good practices that have emerged from the partner countries.

Chapter 4 takes up another of the “4Ps”, **participation**, and presents key principles and good practice examples. Participation was encouraged, and in general truly blossomed, during the PRS formulation phase in many countries. Since then, it has tended to fall dormant. One of the reasons for this is that it simply is not possible to carry out consultations ad infinitum with several hundred societal groups and organizations that exhibit varying levels of cohesion and capacity. Nor is it a viable solution to consign participation to the sole realm of monitoring, as has been the trend in many countries.
Participation should be legitimized and formalized throughout the stages of the strategy, explicitly including implementation. A critical issue is the negotiations with donors that usually take place behind closed doors (e.g., for the PRSC, PFRF, EU budget aid, etc.). Obviously there are trade offs and limits to participation, but open public debate should be held on macro-economic issues and policy to reach broad-based consensus. One main message is that participation must be institutionalized, meaning that it must be based on rights, be integrated into the political structures of the country, be legitimate, and have capable stakeholders. The other main message is that parliaments must be enabled to play a central role in PRS processes.

While participation is hindered by corruption, it is strengthened by decentralization and the shift from the national to the local levels, so both of these topics are addressed in this chapter. And although participation should not be consigned solely to the sphere of monitoring, it surely has an important role to play there, especially in strengthening social accountability mechanisms. Capacity development, so important to all aspects of PRS implementation, is all the more essential to functioning forms of participation, which require strengthened capacities on both technical matters and process issues. Mirroring these messages, and in view of the great importance placed on participation, the topic is not relegated to a single chapter of this paper but instead is treated as a cross-cutting issue throughout.

Another cross-cutting topic is discussed in Chapter 5: PRS monitoring. Monitoring is essential to the success of all poverty reduction efforts, and must be understood as a primarily political task that has a technical side, not the other way around – perhaps all the more so in the PRS context. The difficulties with PRS monitoring that have been encountered so far are presented along with good practice examples of how some countries have overcome them. Although issues with indicators, finding a balanced mix of data and methods, and effective institutional arrangements are highlighted, the key to effective monitoring lies in feeding back the monitoring information into the national dialogue and policy formulation processes. Using the information to enable parliaments and civil society actors to hold their governments accountable is, of course, a crucial part of this. The chapter closes with a discussion of the potentially symbiotic relationship between the donor community and PRS monitoring systems.

German development cooperation acknowledges capacity development as a crucial challenge in reaching the objectives of the PRS process. As with the topics of participation and monitoring, capacity development is a very important cross-cutting issue, and each of the other chapters takes up capacity development in its own context. A chapter is included here on PRS and capacity development in order to present some important country cases within the framework of essential principles on developing capacity. Key amongst these principles are: the need to include various approaches to, strategies for, and methodologies of capacity development at different levels (individual, organizational, and societal); the view of capacity development as an endogenous, country-specific process that is based on voluntary action and motivation; the need for it to be carried out systemically, as opposed to an offering of stand-alone training measures; the fact that ownership of capacity development is absolutely essential to its success; the requirement of accountability to the ultimate beneficiaries; and the need for a continuous mix of specific technical training with cross-cutting issues and the overall "big picture."
After having presented the views of German development cooperation on the current status and needs of PRS implementation, Chapter 7 turns to the views of the in-country stakeholders. Stakeholder assessments were performed in Armenia and Honduras as to the perceptions of representatives of the government, civil society, and the donor community on the PRS implementation processes there. All-in-all, most of the issues and concerns that were expressed by the stakeholders coincide with the topics covered in this paper. But the assessments also generated some very important messages. For one, civil society organizations tend to have a different definition of success for PRS implementation from those held by the government officials and donor representatives – but the latter two groups tend not to be aware of this divergence. In fact, the civil society representatives find that government and donors focus too much on economic growth as the central factor of success, and indeed believe that this single-minded approach neglects other significant aspects of poverty (such as power structures) and actually runs the risk of increasing poverty and disparity in society. The assessments also confirmed that the civil society organizations had not participated meaningfully in PRS implementation – perhaps indicating the need to have them participate in the design of participatory PRS processes in their countries. Finally, the stakeholder groups of both countries indicated the need for an energizing focus for PRS implementation that would stimulate national ownership, help to clarify priorities, and generally increase PRS effectiveness – the Armenian stakeholders explicitly called for the creation of a "vision". We would like to point out that this corresponds with one of our crucial recommendations: that Poverty Reduction Strategies be structured around a small number of core policy actions that can be achieved in the medium term.
CHAPTER 1: MAKING POVERTY REDUCTION STRATEGIES SUSTAINABLE

The PRS approach holds the promise of establishing a political basis for planning the use and distribution of development and HIPC funds amongst sectors and policy interventions so as to benefit the poor, and achieving this in a highly pragmatic manner. So far, this promise remains for a large part unfulfilled. PRSPs are too often unwieldy documents that neither can claim broad ownership nor guide efforts. German development cooperation advocates tightening their focus as medium-term strategies so that they become more effective political instruments that are sustainable and worth being sustained. In other words, the PRS needs to become more action oriented.

In making the approach sustainable, renovations to the PRS architecture should, in the view of German Development Cooperation, specifically aim at:

- Remaining steadfast to the essentials of the approach
- Centering on few core political actions for poverty reduction that can be achieved within three to five years
- Finding a balanced combination of social sector interventions and pro-poor growth strategies
- Rolling out all major macro-economic and structural reforms in the PRSP
- Introducing expansionary scenario(s) into the PRSP that accommodate increased MDG-related aid flows
- Strengthening the link between the analysis of poverty and of policy impacts and the formulation of the strategy
- Systematically loading PSIA results onto the PRS platform
- Institutionalizing realistic forms of participation throughout all PRS processes, most especially in the implementation of the strategy
- Bringing the relevant elements of downstream PRS instruments (PRSC, PRGF, etc.) back to the center stage of public debate
- Strengthening links to the budget (and to MTEF, where it exists)
- Rationalizing public financial management and making it more transparent
- Applying monitoring and evaluation to the above change processes in order to reinforce them and as a part of ongoing PRS monitoring.

Admittedly, this is a rather lengthy list of daunting tasks. The good news is that, of course, none of these efforts must start from scratch. Key to the success of these adjustments and, indeed, of the Poverty Reduction Strategies themselves, is capacity development. Together, they will substantially improve long-term development impacts of the strategies, and ensure poverty reduction.

Focus on medium-term core political actions imbedded in a long-term perspective

In development planning, the medium term usually ranges from three to five years. Thus PRSPs, by definition, should be medium-term planning tools. Making them sustainable as political instruments applied in the longer term depends on their ability to provide a useful prioritization of development efforts and to incorporate the long-term perspective of the Millennium Development Goals, amongst other things.
The German government strongly endorses the move to make PRSPs the national platform for MDG realization, as called for by the UN Secretary General.\(^7\) One of the implications of this is that the practice of carrying out parallel, competing activities on PRSPs and MDGs must be abandoned.

Another implication is that many countries need to reframe and significantly rewrite their PRSP; however, this task should not be rushed. As noted by the UN Secretary General, scaling up public investment, etc., “may not sound revolutionary”, but in actual practice is quite a formidable task for most LDCs. It represents a reverse approach to development planning from the prevalent incremental planning (at best, modified in countries receiving considerable general budget support): “Working back from the 2015 targets and timelines”\(^8\) – a major shift, indeed. Most countries are severely capacity-constrained, and agreement is unanimous that proper costing of policy measures (essential to establishing priorities), in particular, has been among the most difficult tasks in PRS planning.

Completely rewriting the Poverty Reduction Strategy Papers in line with the MDGs must be a carefully considered recommendation of the international community. Significant rewriting is recommended only when:

- Earlier long-term planning (such as a Vision 2020) has already been integrated (MDG should build upon this, not replace it)
- The country is identified as a MDG fast-track country, with operational implications for the donor community
- Another approach is in place for scaling up aid, phased with the improved planning
- Targeted technical assistance and capacity development is made available.

A country such as Uganda, where the government has refined PRSP indicators sufficiently to link them to the MDGs, and which already receives bold financial assistance, is a clear candidate to finalize an MDG-based PRSP. Otherwise, countries should be encouraged to proceed with a selective, sequenced approach to MDG incorporation. This means tracing out the “thinking from the end” only in those areas (selected MDGs or just a sub-set of MD targets) where they are strong enough, technically and financially, to do so; or to concentrate on jointly-identified MDG “quick wins”.

Having a clear connection to long-term development and poverty-fighting goals should help to set the medium-term priorities. A frequent criticism of PRSPs to date is that they very seldom set out clearly prioritized, time-bound, and costed political activities in the main body of the paper. Instead, they simply contain length lists of “priorities”. (Of course, having, say, 120 priorities in a single strategy is tantamount to having zero priorities.) Although it is true that setting priorities is, in a way, the antithesis to taking a comprehensive, holistic view to poverty reduction, the problem is not merely one of

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\(^7\) In his report of March 21, 2005 to the UN General Assembly the Secretary General stated, “Countries that already have poverty reduction strategy papers — nationally owned and developed three-year spending frameworks agreed with the World Bank and other international development partners — should align them with a 10-year framework of policies and investments consistent with achievement of the Millennium Development Goals.”

LDCs being faced with many urgent problems in all sectors. Nor is it that Poverty
Reduction Strategies naturally have taken up all earlier trends and pertinent topics, but
much more that the international community invited governments to do so, as opposed
to developing "original" PRSP priorities tailored to the prevailing poverty situation in
country. To further complicate the matter, many countries have multiple, competing
strategies, all of which demand urgent attention to their own set of priorities (and most
frequently, differing timeframes). Cambodia offers a good practice example for
achieving some unity amongst a number of national, government, and sector strategies
(see box).

Cambodia: The road to the National Development Plan

To date, three major, national planning strategies co-exist in Cambodia: the National
Poverty Reduction Strategy (NPRS 2003-2005 – the country's PRSP), the second Socio-
Economic Development Plan (SEDP II, 2001-2005), and the Cambodian Millennium
Development Goals (CMDG). Additionally, the Rectangular Strategy and the
Government Action Plan serve as the lead policy papers of the Royal Government of
Cambodia (RGC), while several sector strategies have been developed by individual
ministries with donor support. The relationship of these documents to each other is
unclear. A different government agency is responsible for the implementation of each
document. No development framework exists to guide activities or donor assistance.

The RGC has decided to merge the NPRS and the SEDP into one planning document
that also integrates the CMDGs. This new National Strategic Development Plan (NSDP)
is a five year strategy that must be adopted by the National Assembly and will fulfill the
PRSP requirement for PRSC/PRGF disbursement. Drafting of the first NSDP (2006-
2010) is already underway.

A 2004 "Harmonization Workshop" resulted in an action plan agreed between the RGC
and donors. Subsequently, 17 sectoral Technical Working Groups (TWG) were set up to
provide input into the NSDP, to accompany the drafting process, and later to harmonize
sector programs with the national strategy. An 18th TWG on Planning and Poverty
Reduction acts as the central coordinating body at operational level to support
formulation, implementation, and monitoring of the NDSP.

It is anticipated that having a strategy that clearly lies at the center of development and
poverty-reduction planning will increase the effectiveness of government programs and
development cooperation. As the NDSP accommodates the traditional 5-year planning
cycle and will be adopted by the National Assembly (previously, only the SEDP was
subject to Assembly approval), national ownership is expected to broaden and grow.

The absence of true priorities capable of directing anti-poverty efforts in the medium
term creates a vacuum, and development policy, not unlike other policies, abhors a
vacuum. Real prioritization (meaning the prioritization that is actually acted upon), then,
usually occurs downstream from the PRSP in the closed negotiations between
representatives of government and donors over the PRSCs, PRGFs, EU budgetary aid,
etc. – what could be called the "PRSP derivatives". As currently structured, this practice
threatens broad country ownership (as opposed to government ownership) and
precludes participation.
It is also (just) one of the reasons for the predominance of "priorities" in the social sectors. As a recent World Bank paper points out (Paternostro et al. 2005), investment in education and health is in fact an \textit{indirect} way of reducing economic poverty; that it appears as immediate, short-term poverty reduction compared to medium-term strategies aimed directly at employment and income creation, is acceptable only as long as policies for the latter are not convincing or are, themselves, actually rather indirect. Most observers today, therefore, would agree with the recommendation to strike a better balance between the social and productive sectors in the PRSP priorities. (This issue is discussed in more detail in Chapter 2.) \textbf{German development cooperation encourages donors and partner countries to maximize public debate on productive sector support and proactive growth strategies, despite the fact that these items are not strongly represented in the MDGs.}

Taking this further, the true task for the future is to boil the voluminous priority lists down to a limited number (three to five) of \textit{core political actions} that any government can cope with in a three-year period. Re-introducing the notion of core political action (which is not identical with a particular sector that might be key to the action) is critical to PRSP re-invigoration and sustainability. While any number of ways to roll out the core political actions can be envisaged, the way it was performed in the PRS process in Armenia represents a good practice (see box).

\begin{center}
\textbf{Good Practice in Armenia:  Clarifying and agreeing on PRSP priorities}
\end{center}

The 2002 draft of the Armenian PRSP proposed over 100 intervention areas. The attempt to refine this list of priority measures amongst the different political factions had come to a stalemate – it simply was too difficult to discuss such a large palette of options and scenarios. The Ministry of Finance and Economy initiated rounds of discussion with the PRSP Working Group that were supported by Think Tools™ software. This software is designed to facilitate complex decision-making by visually presenting qualitative information in such a way that underlying reasoning is made transparent, inter-relationships between factors are revealed, and the relative values placed on the various options by different stakeholders are calculated and displayed. Different scenarios can be processed and compared. To a large extent, this approach facilitated reaching consensus: concentration on 12 priority intervention areas closely linked to the MTEF and on their respective core political actions.

Different policy actions influence poverty and development at different paces, generating short-term, medium-term, or long-term impact. The different time horizons must be taken into account in selecting and sequencing the core political actions, which then should be monitored accordingly. It is the combination that makes a good strategy. Policy actions creating employment and income joined with affordable support to social sectors is a good way to combine direct and indirect poverty reduction.

\textbf{Closing the "implementation gap"}

When a PRSP lacks a medium-term focus and action orientation, actual priorities tend to be set downstream. This begins with the JSA/Ns, where the "cherry-picking" of priority action by the Bretton Woods Institutions starts. It continues with the drafting of PRSCs, PRGFs, EU budget aid, and other general budget support schemes (as in Ghana or Mozambique), including the selection of conditionalities and triggers. Negotiations over
these PRSP derivatives occur between a select few representatives of a small set of ministries and donors in a virtually participation-free zone. While this might increase ownership amongst central governmental actors, it erodes broad country ownership. And although the phrase "PRSP as theatre" coined by some NGOs (CIDSE-Caritas 2004) might be perceived as an exaggeration in general, it must be taken seriously with respect to the backstage negotiation of these PRSP derivatives.

True, these instruments represent considerable progress in harmonization, poverty focus, reduction and reshaping of conditions, etc. over earlier adjustment support – albeit more so with the EU and multi-donor budget support than with the PRSC or PRGF. This is why the German government is determined to participate increasingly in joint general or sectoral budget support. (This topic is taken up in more depth in Chapter 3.)

The point with regard to the sustainability of the PRS approach is that in the end, implementation of the derivatives tends to become more important than the implementation of the PRSPs themselves. This is what we call the "implementation gap". The development of PRSP action matrices that are devised primarily to enable monitoring the implementation of the derivatives, such as the Performance Assessment Frameworks (PAF), underscore the trend. The implementation gap should progressively be closed: more stakeholders must be able to influence the content of PRSCs and, more importantly, participation in the implementation of the strategy must increase generally. One specific recommendation here is to open the political essence of PRSC and PRGF to public consultation processes – at the very least to parliaments.

Another pivotal recommendation for closing the implementation gap (and generally promoting PRS sustainability) is to strengthen in-country capacities for, and encourage the application of certain instruments, mechanisms, and concepts: (i) poverty analysis and the use of PSIA, (ii) pro poor growth strategies, (iii) participation, (iv) public financial management, and (v) program-based approaches. These areas, although interrelated, operate at different levels aggregation. Work on them has, at least in part, been carried out independently of the PRS approach. This means that they have the potential of helping to sustain the approach both from within and from without – a potential which has not yet been fully tapped. In addition, they can promote the use of independently-developed tools, such as gender or popular budgets, many of which strengthen the participatory dimension of the PRS and are at risk of falling into disuse. These action areas should be combined and bundled in order to ensure more transparency and a new socio-economic orientation, both within the partner countries and the multilateral development banks.

Poverty analysis

One of the most important improvements in development planning made by the PRS approach was the deepening of poverty analysis and broadening of poverty monitoring. They allow a much clearer longitudinal and horizontal/spatial view of the poverty situation in a given country than ever before, as a basis for designing and tracking poverty-reducing efforts. Because monitoring is a cross-cutting task, it is addressed

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9 The first four of these have been termed the "4Ps". See: H. Asche (April 3, 2005) "Chance für die Armutsbekämpfung. Die 4 P: Partizipation, Wachstum für die Armen (PPG), Wirkungsanalyse (PSIA) und Öffentliches Finanzmanagement (PFM)." Zeitschrift Entwicklungspolitik.
throughout the topics of this paper and is discussed more thoroughly in Chapter 5; this section points out its role in making the PRS approach sustainable by strengthening the medium-term focus.

Ideally, poverty analysis provides the basis for the (re)formulation of an effective Poverty Reduction Strategy, and ongoing PRS monitoring contributes timely information needed to keep its implementation on track. The full potential of these roles currently is not being realized for two main reasons.

The first is that many countries have discontinued the broad poverty-analysis work that supported the initial formulation of the PRSPs. One reason for this surely is that, given current levels of capacity and funding, investing in such resource-intensive work as performing household budget surveys for poverty line calculation seems to detract from the planning and implementation of poverty reduction activities. Nevertheless, a recurring finding of the Joint Staff Assessments/Advisory Notes (previously JSA, now JSAN) is that delays in national household surveys are a key weakness in PRS monitoring. German development cooperation takes the view that household budget survey-based poverty analysis should be maintained as a standard tool for poverty monitoring – and as a consequence, some additional MDG resources be devoted to this.

Another reason why poverty analysis and monitoring fall short of their potential is the weak link between analysis and strategy in most PRSPs. Examples abound. For instance, while poverty is largely a rural phenomenon in most countries, support for agriculture and rural development would be obvious interventions. Yet very few PRSPs contain much on agriculture, in operational terms, in the substance of their strategy. The governance issue provides an example that works other way around: in the analytical section of most PRSPs, not much can be found on corruption being a heavy burden on the poor (it often functions, in fact, as a sort of regressive tax). But despite this analytical oversight, bold anti-corruption measures often appear in the later chapters of those same PRSPs.

Although this disconnect between poverty analysis and strategy formulation is partly due to the fact that the relevant sections of the PRSP are drafted by different teams, the main reasons probably lie deeper. The impulse for political action simply does not arise from statistical analysis, but from somewhere else in the country’s political landscape or from the donor community. In actuality, the classic representation of the “PRSP cycle”, suggesting that it begins with “analysis”, mostly has it wrong. Therefore, reasonable recommendations towards PRS sustainability are (a) to update and maintain general poverty profiles as a standard tool for PRS monitoring and (b) to establish, in due course, the analytic and factual underpinnings for existing political priorities through solid impact analysis. These activities would strengthen the link between analysis and strategy, create a constant feedback loop with PRS implementation, and facilitate prioritization.

In this respect, ex ante impact assessment of priority policy options is most relevant and the use of PSIA can play a crucial role. It was an important move on the part of the World Bank, and to a certain extent of the IMF, to foster the increased use of PSIA to anticipate the intended and unintended impacts of the policy reforms stipulated by the PRSPs. But PSIA so far has been a more or less stand-alone tool, without proper incorporation in PRS and other processes. In turn, PRSPs have been criticized for their
avoidance of some of the most important economic policy reforms of the respective countries. Therefore, we recommend that (a) PSIAs should not really be optional, as described in Operational Policy 8.60 of the World Bank, but rather become the rule for important structural economic reforms, and (b) they should be derived from the national PRS where applicable. Strictly speaking, this has not been the case with most of the hundred or so PSIAs carried out to date. As they have been carried out nevertheless, what is still important is (c) to load PSIA results onto the PRS platform. In other words, PSIA results should be presented systematically in the respective consultation forums – and above all to parliament. This is all the more important when the PSIA presents alternative policy options.

A PSIA in the education sector helps the poor in Mozambique

In Mozambique, primary education was neither free nor compulsory. A PSIA was carried out to examine the effects that the direct costs and opportunity costs associated with primary education had on enrollment rates and pupil retention. (Direct costs included official and informal school fees, and other related expenses.) The PSIA took up the counter-factual, and estimated the potential impacts of an elimination of school fees and other contributions. The result was that school attendance would increase appreciably in the absence of the associated costs to the children’s households. In light of the information delivered by the PSIA, the Government of Mozambique in 2004 issued a ministerial decree abolishing the school fees. The PSIA indicates that this government action will disproportionately benefit poor children and their households, hence promote equitable access to education.

PSIA provides the opportunity to deepen the qualitative and/or participatory analysis contained in the PSRP. Past difficulties to take PSIA findings to the public might have stemmed, in part, from reluctance to do so amongst World Bank rank and file. Certainly greater problems have been that PSIA was not synchronized with national legislation, the PRS calendar, or both, or was not country-led or country-owned. Also, some PSIAs have been of low quality, and others have not delivered any new information. All of these issues emphasize the importance of capacity development, as mentioned above. But the requisite investments in capacity development promise to be well worthwhile, because PSIA results have a high potential to stimulate political debate in a constructive, orderly way.\(^\text{10}\) PSIA represents a promising and powerful means of lending PRS consultations greater political relevance. Furthermore, as mentioned earlier, PRS participation has suffered not only from organizational weaknesses but also from its widespread alienation from economic decision-making. Taking up PSIA findings can overcome this. In addition, PSIA can help to strengthen the link between poverty analysis and strategy, thus constituting an important element to identify appropriate core medium-term strategies.

Pro-poor growth strategies

Pro-poor growth has not been a genuine topic of the national PRSPs, in part because the social sectors have enjoyed the priority position, so far. Of course, the fact that

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\(^{10}\) Forthcoming analysis from the Social Development Department of the World Bank demonstrates this.
international research on the subject has yielded only limited results does point to the difficulty of the task. While several countries have incorporated some references to pro-poor growth related issues (the Malawi PRSP has incorporated a fairly sophisticated set of pro-poor-growth motifs), there has been little advance in actual application of pro-poor growth principles or scenarios. Instead, there has been too little open discussion on or participation in the central economic issues, too much clinging to old economic recipes that have not worked in the past.

German development cooperation recognizes several areas of work to better incorporate strategies of poor-pro growth into the PRSs. First, the international community needs to agree on a definition for pro-poor growth, the main debate being between notions of "absolute" and "relative" pro-poor growth. German development cooperation prefers the absolute definition of pro-poor growth, as it is in line with MDG 1. However, reducing inequality may be a value in itself for a society. So, of course, each country needs to define pro-poor growth in its own context. At the country level, the issue takes on more of a political nature, as when deciding what degree of inequality a society is willing to accept.

Another area requiring attention is working out support strategies for those sectors retaining most of the impoverished workforce. In a dynamic view, this could mean anticipating the investment areas and markets likely to receive the bulk of the poor workforce in the future, and adapting trade and other policies to them. The next issue is addressing income and asset disparities. These disparities are known to be growing in many countries. Closely related to this is the need to reduce segmentation between formal and informal employment markets, and to modernize labor laws accordingly. Structural reform programs have largely achieved macro-stabilization in key areas. The job here, then, is to explore the degrees of freedom within this new setting for growth-stimulating, expansionary policy as part of the PRS process. Another task is to generate alternative, country-specific scenarios for fostering the active participation of the poor in economic growth, and incorporating them into the PRSPs, PRSCs, PRGFs, etc. Public discussion must take up such key economic topics as deregulation, tariff reform, privatization, liberalization, etc.

Final tasks relate to timing the diverse activities in a conducive way, and devising mitigation measures for the meantime. Neither existing PRSPs nor growth-related research has paid much attention to the connection between pro-poor growth and social security – even though the active role social security plays in the developing process is being acknowledged increasingly, while the consequences of its absence for economic growth have long been recognized. Hence, more in-country research on programs of social security and ways to include them into pro-poor growth strategies should be conducted, and scenarios developed (for instance, using PSIA).

Participation, public financial management, and donor alignment

Improvements in public financial management, donor alignment, and participation in PRS processes are crucial to the sustainability of the PRS approach. They also are discussed extensively in later chapters (Chapters 2, 3, and 4, respectively). Therefore,

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11 The project "Operationalizing Pro-Poor Growth", a joint undertaking of the World Bank, DfID, AFD, and Germany (BMZ, KfW, GTZ), has been wrestling with this question.
this section makes just very few points about each topic with regard to how they help make the PRS approach sustainable.

Adequate donor alignment in the context of program-based approaches is necessary in order to ensure the sustainability of PRS. Alignment, in turn, depends on two conditions: the existence of clear priorities and core policy actions and strong public financial management.

Efforts to strengthen public financial management in a broad sense have been going on for years, both in connection with PRS and to some extent independent of it. With regard to PRS sustainability, we emphasize three issues:

- Establishing strong links between the Poverty Reduction Strategy Paper, its priorities, and the budget/MTEF.
- Rationalizing public financial management along its entire course, from revenue through the whole expenditure chain, while making the chain and its administration more transparent.
- Making budget processes and outcomes more accessible to the public, increasing government accountability on public finances to its citizens, and further enabling the fight against corruption.

Participation, as a cross-cutting issue, is addressed in each chapter of this paper, and important principles as well as good practice examples are the subject of Chapter 4. In order to serve the sustainability of the PRS approach, new, practicable forms for institutionalizing participation throughout all PRS processes must be found. Key areas requiring attention are:

- Parliaments must be strengthened in their roles and rights vis-à-vis Poverty Reduction Strategies. This entails a good deal of development of their relevant capacities.
- The roles of other societal groups in PRS processes, especially in the implementation of the strategy, must be defined clearly and legitimized.
- The duty of governments to inform their citizenry on PRS issues and developments, including the findings of PRS monitoring, must be firmly established.
- Assistance is needed to empower a critical public.
- Open public debate should be held on macro-economic issues and policy.

Improving the PRSP architecture

Turning to the PRSP setup, German development cooperation heartily welcomes some of the recent changes in the architecture. The abolition of the former JSAs and PRSP board approval are positive achievements, although we would have preferred the Joint Staff Advisory Note becoming a Joint Donor Advisory Note. Further change is needed.

Most parties to the current debate would reject a PRSP blueprint in favor of customized solutions for each partner country. In our view, customized solutions are fine – but if it is architecture, there must be a blueprint. With all due respect for country ownership and tailor-made solutions, some general patterns have emerged, anyway. And some PRS features simply should be mandatory, such as taking serious steps to institutionalize stakeholder participation throughout the process.
The main "architectural" threat to the sustainability of the PRS approach is it becoming ever more complicated, despite its already high level of sophistication. Each criticism of PRS short-comings tends to engender more complex solutions: when impact and outcomes are still not clear, make indicator chains longer and work out ever more intelligent PRS monitoring systems; establish better linkages with the budget and MTEFs (the MTEF is an extremely intricate task itself, operational in only a few LDCs.); accommodate the MDGs; etc.

This proliferation of complexity works against sustainability, and is surely one of the reasons why the widely-expected reduction of transaction costs has not yet materialized. Under the threat of becoming ever more sophisticated, pragmatism must rigorously prevail. Here are just a few suggestions:

- Structuring the PRSP and Annual Progress Report around the few core political actions (as discussed earlier) could also streamline their preparation, making the task of formulating them somewhat less arduous. For upcoming PRSPs and Annual Progress Reports, keeping them shorter and more focused should be considered good practice. The documents would need to touch only lightly on non-priority sectors, just stating briefly where the specific poverty focus of each sector is, and how each can support the key political actions. That is, provided the requirement of PRSP comprehensiveness (ranging from fisheries, health, roads, to tourism) is not abolished altogether, as a result of this review – something that would be fine with us.
- Another good practice could be the extension of a PRSP by one year or more if conditions for a complete re-write are not present.
- We strongly suggest that donors who demand voluminous Annual Progress Reviews to justify their variable tranche disbursement reconsider this position.

The final word on sustainability of the PRS approach: Capacity development

The importance of capacity development for the sustainability of the PRS approach simply cannot be overemphasized. Capacity development is needed in all areas, and will be an essential ingredient of progress with poverty reduction in the very long term. Naturally, this chapter underlines the usefulness of capacity development in the relevant areas to make PRS sustainable. But the weightier recommendation is to perform capacity development within a well-defined strategy, with clear and monitorable targets.

The topic of capacity development has been identified by many evaluations as the overarching cross-cutting issue of successful PRS implementation. German development cooperation emphatically shares this view. Capacity development is integrated throughout this paper, and is presented in detail in Chapter 6.
CHAPTER 2: ENHANCING LINKAGES AND COHERENCE BETWEEN THE PRS, THE MTEF, AND ANNUAL BUDGETS

The next main challenge facing the PRS approach is to organize policy design and implementation in a coherent way. Despite the overall improvements in quality of the second generation PRSPs, prioritization and implementation remain weak in many countries, and the papers do not provide an operational policy framework, or, as the IMF puts it, a "road map for policy making." The major task here is to enhance the linkages between the PRS, the MTEF (where it exists), annual budgets, and sector plans. German development cooperation agrees that the work ahead is "… technically complex and institutionally challenging,"\textsuperscript{12} most especially with regard to the implementation of political priorities through the budget.

German development cooperation recommends focusing on four areas of action in order to achieve the necessary coherence:

- \textbf{Further improve the quality of PRSPs so that they set clear priorities and provide a framework for mobilizing and allocating resources, both domestic and external. This includes achieving a balance between social and productive sectors, and between urban and rural areas.}
- \textbf{Reform public finance systems to increase efficiency and effectiveness in resource allocation.}
- \textbf{Link the budget process, sector processes, and the PRS process.}
- \textbf{Monitor budgetary allocations and their impacts as part of overall PRS monitoring.}

Each of these areas and their sub-tasks require a good deal of capacity development.

Balanced allocation of resources

A number of factors (including a general donor preference for social spending, the assignment of HIPC funds to social sectors, and the MDGs themselves) led to the tendency of the first generation PRSPs to direct funding predominantly to the social sectors. True, the increase of social spending was accompanied by an increase in social outputs in many countries, but better social outputs were seldom associated with reduced income poverty. For instance, the economic benefits yielded by education are quite low unless there are pro-growth policies in place and an effective demand for an educated workforce.\textsuperscript{13}

A large number of studies have demonstrated that poverty is reduced more effectively through a mix of investment in social and productive sectors – yet that many PRSPs neglect directing expenditure to either investment or recurring costs in those sectors related to growth and even pro-poor growth, such as infrastructure and agriculture. All-in-all, investments in productive sectors have the following effects:

\textsuperscript{12} World Bank and International Monetary Fund, 2004: Poverty Reduction Strategy Papers, Progress in Implementation, p. 8.
\textsuperscript{13} See: J. Roberts, 2003; UN Millennium Project, 2005.
1. They facilitate economic growth, which generally is associated with a reduction in poverty.

2. They have complementary effects to social spending, greatly increasing the outcomes in social sectors. For example, energy provision to households significantly reduces respiratory and eye diseases, enrolment rates are higher and mother mortality is lower when roads and available transport services are in place to provide access to schools and hospitals, etc.

3. They help to reduce transaction costs in accessing markets and affect the productive capabilities of the poor.

Clearly, social sector spending is not the only driver of poverty reduction and growth, but investment in agriculture and economic infrastructure and maintenance are equally important (provided they achieve a good balance with recurrent expenditures for salary, operations, and maintenance). PRSPs need to reflect this reality. Tanzania is just one of the countries already attempting more balance by shifting the focus of its PRSP towards sectors that support growth. The Tanzanian PRSP has taken the new name of "National Strategy for Growth and Reduction of Poverty" and emphasizes investment in infrastructure.

Despite the fact that the need to balance spending between social and productive sectors is clear, the actual impact of public spending on poverty reduction and growth is still highly obscure. To gain a better understanding of the impact of sectoral and sub-sectoral spending packages, future research must go beyond the analysis of aggregate sector spending across countries. Another area calling for further inquiry relates to finding the right balance between spending that focuses primarily on growth and spending that aims at reducing poverty, considering that few expenditures fall neatly under just one category. The international community can contribute to this complex field of research by developing a conceptual framework for examining the net welfare effect of the budget on pro-poor growth policies.

In addition to a more balanced sectoral composition of public expenditure, the question of distribution of public spending to rural and urban areas needs to be addressed systematically and in the context of a coherent long-term country strategy. In many developing countries, the amount of public expenditures allocated to urban areas is higher than the respective allocations to rural areas, although population and poverty prevalence is much higher in the latter (for instance, 55% of the Ugandan budget is spent in urban areas, where just 15% of the population lives). One can argue that efficiency of public spending is higher in urban than in rural areas; however, whenever poverty is more severe in rural areas, governments and donors need to address this trade-off.

14 If, as argued, efficiency of public spending in urban areas is higher than in rural areas, then the even more interesting question arises whether the same holds true for effectiveness. If so, would the implication be to focus more on urban than rural areas? How would this jive with the Millennium Development Goal of reducing extreme poverty by half? The UN Millennium Project provides good guidance, stating that the concentration on urban or rural areas is dependent on the particular needs of the region. For instance, while it might make more sense to focus on urban areas in South Asia, an MDG-based strategy for Sub-Saharan Africa must emphasize rural development. (UN Millennium Project 2005, p. 32.)
Participation in budget processes, legitimization, and public sector performance

Budgets take the first step in translating public policy into action. They do this by distributing limited state resources to pertinent policy fields according to political directives and within the politically-sanctioned strictures. This is why, of course, budgets require democratic legitimization. Therefore, if the PRS is to be reflected in the state budget, then it is up to those individuals who make budgetary decisions to see to its incorporation of the PRS. This is also the starting point for the institutionalization of participation in PRS processes.

This is also the reason why it is so crucial to involve parliaments more in the PRS. As stated by Draman and Langdon (GTZ 2005, p. 16), "[a]t the core of Parliamentary role in a functioning democracy is the authority of the people's representatives over the annual spending and revenue plans that make up the national budget." German development cooperation recommends that PRSPs be submitted for discussion by parliament and officially approved by it or by the cabinet, in accordance with the practice of the given country. The companion recommendation is, of course, capacity development for parliamentarians, especially in economic literacy.

Gender budgeting is an instrument that can promote participation on budget issues and has been appreciated by parliaments in a number of countries (see box). An especially useful role for civil society to play with regard to PRSP and budgets lies in monitoring, which is addressed later in this chapter and in Chapter 4.

Gender budgeting

Many governments have started to introduce new budget systems in connection with the PRS process, such as MTEF and program or performance budgeting, that aim to link policy, planning and budgeting. Several PRS countries have established gender budget initiatives in this context. Such initiatives were successfully used in Tanzania, Uganda, Kenya, and Bangladesh to influence the drafting of the PRSPs. Other PRSP countries that have gender budget initiatives include Rwanda and Mozambique.

These countries do not want to establish separate budgets for women, but to mainstream the gender perspective in public finance. They have recognized that state budgets are not gender-neutral in their impact. As just one example, it has been observed in many countries that the introduction of fees in the health sector raises (particularly poor) women's workloads, because they must allocate more time to caring for the ill when their families cannot afford the fees. Thus the costs have been shifted onto women in private households. Gender Budgeting explicitly takes into account unpaid work in the reproduction and subsistence sectors.

Gender budgeting analyses the impacts of both public expenditure and revenue policies on women, men, girls and boys at national and local levels on the one hand (technical aspect), and on the other, aims at a re-prioritization of expenditures and revenues in favor of the needs and interests of women, especially the poor (political aspect). The approach can be used to monitor whether allocations to a sector or program contribute to gender equality and to uncover any gap between stated priorities and actual allocations. Gender budgeting contributes to more transparent and accountable forms of governance.
Gender budgeting can make use of the new space opened up for civil society participation by the PRS process. But it is important to keep in mind that the interaction between government, women’s groups, and research organizations is a highly political process that necessitates capacity development at all levels of economic expertise. There are several toolkits for capturing the gender dimension of budgets, but no blueprint: the methodology must be adapted to the specific national context and budget processes. Gender budgeting may be applied at the national level, or to provincial and municipal budgets; it may be used for a single sector in the context of program-based approaches or for the services of an organization.

Two other areas requiring increased capacity development are public financial management systems and public service delivery. This is borne out by the fact that in some countries, even significant increases in expenditure for health and education were not accompanied by an improvement in outcomes. That is, gains were made at the levels of inputs and outputs (for example, a better supply of drugs to health centers, expanded water facilities, etc.) while outcomes such as maternal and infant mortality rates or prevalence of malaria and HIV/AIDS, stagnated (World Bank 2004). Some countries even experienced a deterioration of outcomes with increased spending. This phenomenon can be explained by low effectiveness and efficiency of the public financial management systems and low performance in service delivery. It also can be explained in part by the increase of funds channeled through the public administration without being accompanied by parallel capacity development efforts as a prerequisite for improved service delivery.

Unfavorable incentive structures provide another explanation for ineffective and inefficient services. Considering that up to 70% of a budget (for instance, in Uganda) is allocated via procurement, the partner countries' capacities and incentive structures in this function should be a particular focus of attention.¹⁵

Positive developments in the reform of public financial management (PFM) are underway in several countries. For instance, Benin is a pilot country for the Public Expenditures Reform Adjustment Credit (PERAC) of the World Bank. Among other things, the credit has been used to introduce a promising, new, computerized system for integrated expenditure management (Système Intégré de Gestion des Finances Publiques – SIGFIP). Ghana has recently passed three bills that mandate important changes to its public financial management system, representing a major step in their institutionalization. The Kenya PRSP dedicates a long passage to discussing PFM, while in Mali, a large PFM program has begun.

It should be noted here that the trend towards decentralization has not proven to be the panacea for improving targeted spending at the local level as hoped. The design of fiscal decentralization seems to be the key (Djafari 2001). The donor community should avoid overburdening country capacities to absorb and effectively use public funds by phasing a slow increase in the use of national procedures and decentralized structures in step with their growing capacities.

Relatedly, the shift of donor funds from investment to salary, operations, and maintenance should be applauded as a necessary and useful development to accompany increased program orientation and budget support. The challenge ahead is to find the right balance between the financing of investments and recurrent expenditures.

Mobilizing domestic revenue

The operational quality of the PRSPs is highly dependent on a realistic estimation of internal and external resource availability. Many countries, especially in sub-Saharan Africa, depend to a large extent on donor funds, to the neglect of mobilizing domestic revenues. Regarding tax systems, countries have concentrated on tax administration and improving “horizontal” equity (that is, equal treatment of foreign and domestic enterprises, removing tax exemptions, etc.). “Vertical” equity has rarely been addressed. The fact that several countries do comparatively well with tax collection points to a potential for other countries to improve their performance here, as well as to increase private savings as a basis for public investment. Also, the donor community should try to find ways to reduce the negative incentives for internal resource mobilization that go along with their financial contributions.

German development cooperation advocates the further development of concepts on how the tapping of internal sources can be increased and how to promote greater vertical equity in taxation. In addition, more research is needed on the impact different tax measures have on poverty reduction and growth (for instance, is progressive taxation a necessary condition for pro-poor growth policies?). This sort of impact analysis needs to be conducted on a country-by-country basis, respecting the specific cultural and economical circumstances, and could be accomplished through PSIA.

Coherence between the PRSP, MTEF, and the budget: Using and strengthening domestic processes

PRSPs require coherence with sectoral strategies and strong coordinating mechanisms if they are to become truly operational. While donors remain skeptical of planning systems in developing countries, we have observed that integrating the PRS process into existing domestic processes clearly is easier when effective planning systems already exist (as in Vietnam) and much more so when these are linked with the budget process. Countries with experience in Sector Wide Approaches (SWAp) or Sector Investment Programs (SIP) also have an advantage with reforming public finance systems and linking with the PRSP. Uganda has a SWAp in place that serves as a relevant good example (see box).

Uganda's governance SWAp

The Justice, Law and Order Sector (JLOS) is critical in achieving the goals of the "good governance pillar" of the Economic Recovery Strategy for Wealth and Employment Creation (Uganda's PRSP). A SWAp has been set up within JLOS that acts as a comprehensive mechanism for involving all the key players in decision-making and implementation. Ten different ministries and institutions comprise the stakeholders of the SWAp, while fourteen multi and bilateral donors contribute to it. Since the
introduction of the SWAp, the sector has become more cost-effective, realizing improvements in the speed and quality of the delivery of justice.

But the JLOS SWAp is much more than a funding mechanism. It has significantly improved coordination, communication, and cooperation throughout the sector, including establishing inter-institutional benchmarking and peer reviews as regular instruments. Through this new partnership within the sector, new approaches have been introduced, such as the Community Service Program. This program benefits especially the poor, as the perpetrator of certain types of crimes no longer spends time in prison, but is allowed to remain in his or her family and continue normal daily work, thus continuing to sustain the household.

A number of coordination mechanisms support cooperation and coordination within the sector. They are administered by special committees and working groups with clear mandates and organizational relationships.

According to an evaluation carried out in 2004, the JLOS SWAp has realized several achievements, most of which have positive impacts on the poor:
- Reduced mistrust amongst the agencies involved
- Reduced backlog of criminal cases
- Significantly reduced time spent on remand
- Increased disposal of petty crimes at local levels
- Growing use of Community Service Orders
- Energizing of commercial court
- Enhanced accountability through Users’ Committees

Furthermore, as a result of JLOS, the human rights situation has been addressed by the heads of the agencies involved. Many other sectors in Uganda are interested in copying the JLOS model as a best practice.

Where the match between the requirements for PRS and existing planning processes/budget linkages are poor, many recipient countries have had to reinvent mechanisms and rebuild capacity that had existed under an outmoded planning system. In quite a number of countries, planning ministries have been re-established and now co-exist with coordinating mechanisms within Ministries of Finance. It is therefore unclear in many countries which ministry leads the PRS process within the government. In the absence of well-defined responsibilities and delineated roles amongst central and line agencies, the schedule of donor missions and funding mechanisms tend to drive the process, particularly in countries with weak institutions. The key to increasing coherence (and alignment) with the PRSP within domestic processes is to begin by strengthening coordinating mechanisms and clarifying the roles of the different ministries. This means, of course, capacity development. Mali is a good practice case for working towards an integrated PRS/Budget system (see box).

A system for integrating PRSP planning and implementation with the budget in Mali

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The biggest constraint for the implementation of the Mali PRSP has been that the strategy/budget nexus is riddled with problems: a lack of coherence between economic framework, budget policy, and the PRSP; a PRS planning period that is incompatible with the budget year; inadequate links between sector MTEFs, program budgets, the planning of the investment budget, and the current budget; and lack of corresponding or even conflicting data being used by key stakeholders. This has been exacerbated by poor communication within the Government of Mali. The results: poor planning and problems with allocations that have made it difficult to recognize the relationship between goals and expenditure in the form of impact, especially in the key sectors of education and health.

In order to overcome these problems, the existing macro-consistency model has been completely overhauled. The model was restructured into modules in such a way that it incorporates all national institutions that are involved in the planning and implementation of the PRS. At the same time, a project database has been developed in order to assist with the planning and execution of public investments (whether financed domestically or externally). A revolutionary aspect of the database is that it is electronically networked, and even provides the option of direct access by donor financial administration systems. The macro-consistency model and the project database are fully linked.

The benefits of this effort extend beyond the production of the model and the database, themselves: their outputs provide the basis for global medium-term financial planning, as well as the framework for planning the coming PRS phase. This integrated PRS/budget planning system could be replicated to very good effect in other countries.

A systematic link is needed between the PRS process/annual review process and the budget planning and execution process. Unfortunately, this has been established in just a few countries. When the two are linked, ongoing prioritization of PRS becomes a much easier task, while PRS implementation and sector strategy alignment are enhanced. The government of Burkina Faso recently altered the cycle on which the Annual Progress Report is prepared so that it can provide input into the MTEF and be linked with the annual budget cycle. Good practice examples, such as Tanzania and Mozambique, demonstrate that institutional weaknesses do not present an insurmountable constraint for establishing such a link. (They, along with Ghana, Kenya, and – to some extent – Mauritania, use their PRSPs as guiding documents for all development planning.) In Senegal, the government is working towards increasing its capacity to absorb ODA. A major problem has been the fact that important reform programs in poverty reduction, decentralization, and the national budget often are being implemented simultaneously. The Senegalese Ministry of Economy and Finance is working towards achieving better coherence between them, while strengthening the focus on achieving development results. Azerbaijan has altered its legal framework in such a way that, as of 2003, all previously extra-budgetary funds must now appear in the budget. This increases fiscal transparency and enables improved costing of PRS policy actions.

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Phasing in the linkage between the PRS and MTEF sector-by-sector has worked well in a number of countries. For instance, Mauritania has developed MTEFs for the rural and urban development, water, energy, health, and education sectors.

Of course, capacity development is key to improving planning and allocation process – but it currently is under-funded. German development cooperation recommends increasing capacity-development efforts and funding to strengthen in-country abilities in the areas of public financial management and planning in the context of poverty reduction. We warn against overambitious budget reform programs with short time horizons, as these endanger ownership and commitment to reform. Donors should support governments in their own efforts for capacity development on three levels:

- Developing a solid reform framework: improve line-item budgeting; design a modest program approach with a medium-term perspective on the basis of sound macroeconomic frameworks. Implement the capacity development framework step-by-step, with a clear focus on reform priorities (usually weaknesses in budget execution figure highly). Give preference to home-grown solutions.

- Improving the performance of the organizations and units instrumental to achieving greater coherence between budget and PRS processes (Ministry of Finance, Treasury, budget units in line agencies, Parliamentary Committees and Statistical Offices) through better co-ordination mechanisms, improved design and regulation of administrative processes, (e.g., budget process, improved data collection, analysis as well as timely and accurate dissemination and reporting) and, above all, through a clear definition of roles and responsibilities.

- Training people, especially decision makers, and supporting them in better fulfilling their functions and in managing the reform process. Create appropriate incentives. Operational staff usually requires training on the new (reformed) processes, and on instruments for performance evaluation and impact analysis.

A good example of using and strengthening domestic processes and coherence between the Poverty Reduction Strategy, the MTEF, and the budget is the current country-lead process in Zambia to develop a new National Development Plan (NDP). The Zambia PRSP, which formally expired at the end of 2004, has been extended by one year, and is now in line with the Transitional National Development Plan (TNDP). The poverty reduction programs for 2005 were tied with the TNDP, and the government formally tied the 2005 budget to it, as well. The new PRSP will be fully-integrated into the new NDP, which has a duration of six years (2006-2011); there will be no independent PRSP. The extended timeframe is not only a positive step towards a medium-term commitment for ensuring the sustainability for poverty reduction efforts, but is also linked to the three-year budget cycle of the MTEF. Accompanying the NDP process, the Government of the Republic of Zambia is also preparing a National Long-Term Vision 2030 (NLTV) and District Strategic Plans. The relevant planning and budgeting processes within the MTEF are to be extended to the district level, in accordance with the Zambian decentralization policy.

Monitoring the implementation of PRS through the budget and data coherence
Monitoring the budget and using the budget to monitor PRS implementation are elements of the overall PRS monitoring system, which is the topic of Chapter 5. Here we touch on three specific issues.

The first is that, to be useful for monitoring purposes, budget classifications must fulfill program budgeting requirements and be presented in a medium-term framework. These are huge obstacles for countries with weak institutions (in sub-Saharan Africa only two countries, i.e. South Africa and Uganda, fulfill them). However, quite a number of countries are designing frameworks that better fulfill these requirements without overstretching their own administrative capacity (e.g., Vietnam, Mali, and Tanzania). The necessary changes entail substantive reforms that simply need a good deal of time to implement. Unfortunately, there is a mismatch between the time needed in recipient countries for implementing PFM and budget reforms, and the urgent need of donors to reduce fiduciary risks rapidly. But country ownership of the PRS process requires that domestic institutions be involved with the monitoring. One implication is that capacities must be strengthened in Auditor Generals’ offices for PRS monitoring.

Another mismatch that needs to be addressed is the divergence between PRS indicators and budget indicators for PRS-implementation on the one hand, and the various indicators reflected in policy matrices which govern the flow of donor funds to the national budget on the other. Administrations in partner countries are overburdened with reporting requirements by the donor community. The way forward is to strengthen the coherence of indicators on the partner side through capacity development. Speaking very generally, efforts should be made to ensure that:

- there are not too many indicators for the PRS
- indicators for sector strategies are harmonized with PRS indicators
- a medium-term fiscal framework is in place for establishing budget indicators for PRS implementation
- there is a clear definition of roles and responsibilities – including a strong role for the Statistical Offices – along the flow of work process for data production, analysis and dissemination.

The third issue has to do with parliamentary involvement in monitoring. While donors have created a strong demand for monitoring PRS implementation, particularly with respect to outcomes of budgetary allocations related to PRS, political monitoring through parliamentarians is not very prevalent or advanced, despite its importance to country ownership. (According to a recent survey, Annual Progress Reviews were presented to Parliament in only one-fifth of the countries that are part of the Special Partnership with Africa program.) Nevertheless, good practice examples can be found in a number of countries, including in sub-Saharan Africa. For instance, in Malawi the Budget and Finance Committee’s reports on the budget estimates have included certain aspects of PRS implementation through the budget. In Mauritania, the PRSP is approved by

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Parliament, creating a stronger demand for better monitoring through parliamentarian committees.  

There also are some good practices of broader civil society involvement in monitoring expenditure. Tanzania has had good experience with the Public Expenditure Review (PER) process. Not only were parliament's capacities strengthened through participating in the process, but those of many CSOs, as well. The PER initiated CSO engagement in the national political cycle. In Cameroon, a special mechanism for the management and monitoring of the use of HIPC funds created a new quality of transparency in public finances. This mechanism has involved a great deal of capacity development for national CSOs in the management of public funds. It also supports dialogue amongst high-level government officials, representatives of CSOs, and donors on issues such as the programming, budgeting, and monitoring of poverty reduction measures. Moreover, it ensures that HIPC funds are used in the spirit of the HIPC Initiative. (See the box on Cameroon in Chapter 4.)

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CHAPTER 3: ALIGNMENT AND HARMONIZATION OF DONOR POLICIES TO SUPPORT POVERTY REDUCTION STRATEGIES

The alignment of donor policies with the Poverty Reduction Strategy process and the harmonization of donor practices are key to the effectiveness of development cooperation – regardless of the aid modalities. At the same time, regulated cooperation between donors and partner countries in the context of budget support (for instance, joint donor missions, framework agreements, policy matrices, dialogue panels) gives rise to particular challenges for the alignment and harmonization of policies as well as for the division of tasks amongst the donors.

The German government advocates the increased use of general budget support and other forms of program-based funding whenever the conditions for them exist. This chapter briefly analyzes those issues related to alignment and harmonization of donor policies in budget support programs that German development cooperation finds most pressing. It also recommends some solutions to problems encountered to date. Together, these are:

- So far, the large majority of PRSPs have not provided a sufficient basis for aligning donor policies because they are too general. To avoid the (re)emergence of donor-driven agendas, partner countries need to introduce a medium-term action orientation to their PRSP.
- Donors and partner countries have different interests and perspectives as regards development cooperation. Alignment requires proper attention to both sides’ interests. Deepening in-country analytical work can help here; such instruments as the PSIA or CPIA are especially suited to this task.
- Various government and civil society stakeholders pursue different interests. When certain societal forces are left out of reform processes, they might try to block them. Extending in-country dialogue between government and civil society on major reform issues is strongly recommended – a process that might need to be jump-started by donors in some countries.
- A number of problems exist with conditionalities. While donors need them, they threaten essential country ownership of PRSPs and reform programs. Too many conditionalities overburden country capacities, while it is not always easy for donors to assess their fulfillment. Therefore, partner governments and donors need to agree on medium-term development goals, but not on the details of how the countries will reach them. Other possible solutions to these dilemmas are: agreeing to limit the number of conditionalities, shifting from input to outcome conditionalities when possible, identifying target corridors as opposed to fixed values, and focusing on core political actions.
- Donor harmonization can create financing bottlenecks in the case of non-fulfillment of conditionalities. One way to deal with this is to combine fixed and variable disbursement tranches.
- Harmonization presents many management and coordination challenges to the donors. Mechanisms that support a division of work amongst donor organizations based on their comparative advantages, such as delegated cooperation and silent partnerships, should be adopted.
- Looking ahead, the final recommendation is to consider the possibility of moving from program-based to country-based conditionalities in order to treat common or cross-cutting policy areas (such as efficiency of public financial systems) uniformly.
PRSP as the basis for alignment

A recurrent finding of this paper, which has been borne out by several recent evaluations, is that PRSPs generally do not provide a sufficient basis for planning specific reform steps. Accordingly, the policy dialogue between donors and partner countries which is part of the budget support process has not yet been linked directly to the PRSP. Burkina Faso, Ghana, Mozambique, and Uganda represent some of the few positive expections (of widely varying ambition and magnitude) where donor alignment and harmonization have successfully been based on the PRSP. Uganda’s experience with a number of coordination and alignment mechanisms puts it on the more ambitious end of the scale. A rather large box summarizes Uganda's relevant good practices in the education sector at the end of this chapter.

Although a three to five year cycle is recommended for the overall PRS process, implying a medium-term planning horizon, PRSPs in fact were not designed explicitly as a basis for medium-term, results-oriented development cooperation. Instead, they usually have been drawn up by the partner country to fulfill the requirements for HIPC debt relief, to qualify for a PRSC, and/or to qualify for a PRGF. Poverty Reduction Strategies most often have been framed as long-term declarations of intent, that also are required to be comprehensive.

Meanwhile, budget support projects are tied to conditionalities that directly foster political changes. In the absence of coherent and operational 3 to 5-year strategic plans (as is the case in very many partner countries), the budget support donors tend to fill this gap with their own requirements, thus repeating past mistakes that had led to a donor-driven agenda and collide with the ideal of country ownership of the PRSP. To avoid this, the partner countries need a medium-term, results-oriented, and confirmable reform agenda that, as far as possible, is the result of a national consultation process. This is the basic precondition for an alignment of donor policies. Although this represents a return to "PRSP essentials", in many partner countries such a precondition has yet to be introduced. Once this has taken place, the challenge will be to balance conflicting interests between the donors and the partner country in negotiations.

Reconciling the different interests of partner countries and donors

The term "alignment" suggests a one-sided adjustment by the donors to the policies of the partner country. In actuality, it is a process of negotiation that only produces effective development successes if the perspectives of both sides – including their varying accountability rules and incentive structures – are taken into account. However, the relationship between donors and partner countries are asymmetrical in several respects.

Developing countries urgently need the financial resources available through official development cooperation. According to the IMF, 33 countries currently use development cooperation funding to cover more than 50% of their budgeted state expenditures. Most of the countries that receive budget support are part of this group. Therefore, in order to access development cooperation funds, they tend to accept the development policy ideas and demands of the donors. One danger with this is that any

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23 See also: IMF, Evaluation of IMF’s Role in PRSPs and PRGFs, Washington 2004.
rules for internal accountability or mechanisms that constrain actions politically might end up being circumvented.\textsuperscript{24}

The donor organizations, in turn, lack sufficient information to be able to judge whether a partner country really is willing and able to use the funds in accordance with development policy purposes. This makes it difficult for them to satisfy their accountability obligations vis-à-vis taxpayers and shareholders. To avoid these risks, they tie their support to conditionalities. By the same token, the heavy dependence of low income countries on external assistance makes it especially difficult for the donors to abandon cooperation when the conditionalities are not fulfilled. If they did, they would aggravate the social problems in the partner country.

\textit{In order to take the various legitimacy issues – particularly regarding the agreement of conditionalities – into better account in the policy dialogue, it is advisable to deepen the analytical work in partner countries.} The World Bank has developed a number of highly useful analytical instruments that could be applied to this task, such as the Poverty and Social Impact Analysis (PSIA) and the Country Political and Institutional Analysis (CPIA). As demonstrated below, however, there is a need for additional, systematically prepared information on the political power structures and the specific interests of different social forces. Above all the partner governments – but also the donors – need the results of political analyses for designing their activities to acquaint special-interest groups with key reform projects and to try to find as large a majority as possible to support these projects.

\textbf{Taking into account the interests of other in-country stakeholders}

The alignment of donor policies with the partner’s policies must take into consideration that the national government, not to mention the full set of national stakeholders, is not homogeneous. In most cases, the donors and the Ministry of Finance agree on a program that substantially depends on the participation of other institutions and societal actors for its implementation and ultimate success, even though these stakeholders (other ministries, local authorities, unions, civil society organizations) were not part of the negotiations. Whether and to what extent those stakeholders who were not involved in the negotiations will support the resulting agreements depends on the degree to which the agreements match or account for their own specific interests. Aligning donor policies solely with the plans of the central ministries is too narrow-sighted, and risks the success of a given program. In order to avoid blockade situations, the interests of the relevant social forces should be taken into consideration as much as possible.

For the most part, consultations between governments and civil society groups in the partner countries have taken place only during the PRSP elaboration process so far, and in numerous cases not all relevant groups and major issues have been included. On the contrary, almost no consultations have been held to date on the key reforms that are fostered by budget support projects.

\textsuperscript{24} Indeed, we strongly suspect that, all too often, the legal, institutional and technical instruments that have been introduced in many PRSP countries to increase accountability have been initiated by us donors to contain our own fiduciary risks – and not, in the first place, to strengthen accountability vis-à-vis the national public. So ownership for the control mechanisms probably is not too strong, either.
While the partner government, alone, is responsible for presenting the reforms to its people and for conducting the dialogue with relevant state and non-state organizations, this process usually needs to be jump-started by the donors and supported by process facilitators (usually provided through Technical Cooperation or by political foundations). This is particularly necessary in countries in which the government has little democratic legitimacy. German development cooperation recommends that, during the preparatory process for budget support projects, the plans incorporate procedures for the transfer of information and the discussion about reform projects between the main ministry involved and other affected ministries, the local authorities, and special interest associations. Despite narrow timeframes, this can work as long as the budget support program is based on a medium-term political agenda that clearly defines the successive reform steps.

From "ownership vs. donorship" to constructive dialogue on conditionalities

Experience with the structural adjustment programs of the 1980s and 1990s has taught us that conditionalities are effective only when the partner government truly wants to introduce the agreed reforms. (That experience should put to rest for all time the notion of being able to "buy" reforms.) So why are conditionalities necessary if the partner country is prepared to initiate the relevant reforms anyway? Could donors refrain from imposing them at all? The answer is no, because as a rule, donors cannot assess ex ante the degree to which a partner government is ready for reform. Official development cooperation is always taxpayer money, so the donors are under heavy pressure to ensure that the funds are being used for legitimate purposes. From the perspective of the donor organizations, conditionalities create incentives for reforms, thereby mitigating the risk of supporting partner government policies that never materialize – and in the end, legitimizing the donors' actions with the general public in their home countries. Therefore, the question is not whether conditionalities are necessary or not; rather, they need to be selected and defined in such a way that the partner country can implement them as far as possible. The way to achieve this is through agreement by the partner government and the donors on medium-term development policy goals, without stipulating in detail how to attain them.

Outcome-oriented conditionalities (for instance, an increase in the school enrollment rate) have an advantage over traditional input-oriented conditionalities (such as the share of budget expenditures earmarked for primary education) in that the national authorities usually have better information about which reforms will be accepted by the affected societal actors, and which institutional capacities are available. Thus, they are better suited to strengthening the partner country's ownership. Moreover, outcome-oriented conditionalities – unlike input conditionalities – aim to increase the measures' effectiveness. In illustration, a government conceivably could fulfill a requirement to increase expenditure in education without meaningfully increasing the access to schooling of children from poor households.

Although the shift to outcome-oriented conditionalities is a move in the right direction, it is not always practicable in the short term. Unlike the area of social service provision, several other policy areas (including institutional or economic reforms) are more difficult to supply with verifiable indicators for outcomes. Furthermore, the time required to generate outcomes is frequently incompatible with both the annual budget cycle of the partner country and the disbursement pattern of the donors, which is based on the budget cycle. From the viewpoint of the partner country, this can lead to planning
uncertainties. What is more, exogenous shocks (changed foreign trade conditions, natural catastrophes, political crises in the region) may prevent a partner government from attaining the target outcomes, at no fault of its own. The strong results orientation of the conditionalities makes sense in principle, but a full-scale reorientation towards outcome-based conditionalities will hardly be possible in practice. German development cooperation recommends achieving a harmonious combination of input, output and outcome conditionalities based on the time frame and availability of data. The following illustration of this is based on the economic promotion of disadvantaged country regions:

a) Input conditionality: increase in budget funds allocated to road construction
b) Output conditionality: number of roads constructed
c) Outcome conditionality: increase in the transport of goods.

For this example, the long-term impact of the measures would be a rise in per-capita income. It would not make sense to agree on an impact conditionality, as the time required to achieve the targeted impacts would be difficult to predict ex ante. Also, an impact depends on so many different influencing factors that a direct attribution to specific measures is impossible.

The more complex the conditionality, the longer the time factor, and the greater the data requirements for monitoring. Whereas the input conditionality can be implemented during a budget cycle, the remaining categories all require a longer time frame. This could be taken into account in medium-term policy planning (for instance, conditionality A in year 1, conditionality B in year 3, conditionality C in year 4).

**Tracking the fulfillment of conditionalities**

The fulfillment of conditionalities is usually verified on the basis of targets and indicators. To be effective, the conditionalities and their indicators absolutely must be derived from the larger context, meaning the higher goal of the reform. If they are formulated independent of this context, a situation could arise in which a conditionality is formally fulfilled, yet the development policy goal on which it is based is neglected. For example, the pilot introduction of an electronic financial management information system may formally fulfill a requirement for disbursement; however, if the system proves over time to be too complex and unwieldy for the relevant staff to operate, despite thorough capacity development, no real progress has been made towards achieving the overarching goal of more transparent and more efficient financial management.

Often the simple decision of "fulfilled/not fulfilled" is not possible in assessing progress with a given conditionality. This could open the door to conflicting estimations of degree of fulfillment by different donors, possibly motivated in part by various levels of pressure to disburse funds. Therefore, it makes sense to agree on target corridors for conditionalities wherever possible. That is, instead of determining a single absolute value to be measured in a particular indicator at a particular time, a value range could be agreed (for instance, increase in the enrollment rate by an amount between X% and Y%). This procedure clearly cannot be applied to input conditionalities, but is highly suited for outcome conditionalities. Then positive incentives could be introduced, for example in the form of a higher disbursement volume upon achievement of the upper limit of the target corridor, which would allow the efforts of particularly efficient partner governments to be recognized.
The trade-off between donor harmonization and volatile disbursement flows

In the low income countries, primarily in sub-Saharan Africa, a growing number of donors offer budget support. This means, too, that the number of conditionalities is rising that the partners must fulfill in order to access the donor funds. Typically, a certain number of conditionalities are agreed by the donor block; however, individual donors might set additional conditionalities on specific policies that they especially want to support in the interest of their country strategy. All conditionalities taken together require the partner country to implement legislation, plans of action, public investments, etc. simultaneously in several policy areas (e.g., public financial management, education, health care, promotion of the private sector). This puts the partners under considerable pressure, especially in light of limited institutional capacities. It also carries the risk that individual conditionalities cannot be fulfilled.

In view of the partners’ capacity restrictions, it makes sense to harmonize the conditionalities. At the same time, donors incur high transaction costs when they need to monitor several agreements and recommendations. Therefore, there are strong benefits on both sides for all budget support donors to agree on a uniform set of conditionalities.

There is also a substantial risk associated with the block of budget support donors acting in unison on uniform conditionalities: disbursement flows become more volatile. In other words, if a partner country does not fulfill the harmonized conditionalities, all donors would have to cease their disbursements at the same time. In consequence, the partner government would suddenly lose a significant share of funding, and come under substantial domestic political pressure. As a final consequence, the reform process in the partner country might be interrupted. This is why most donors currently reject this model. Another (albeit unspoken) reason for the rejection of fully-harmonized conditionalities is probably that individual donors fear that their role in the policy dialogue may be further restricted.

So instead of reconciling the conditionalities, many donors favor deriving them from a uniform political framework. Compared to the prevailing practice in individual partner countries, this certainly represents progress, and is therefore a good interim solution. Nonetheless, it cannot be the long-term solution, as the individual donors still focus mainly on the fulfillment of “their” conditionalities and lose sight of the overall political framework. And in countries where up to 15 donors provide budget support, there still would be a proliferation of conditionalities that would place a very heavy burden on the partner country. One way to solve this problem could be to agree on a country-specific maximum number of conditionalities. Of course, the varying degree of complexity of the conditionalities would have to be taken into account, too. Perhaps they could be organized around a relatively small number of core political actions that the partner country aims to realize in the medium term (see Chapter 1). This also would support country ownership.

Another possible solution is to tie only part of the donor funds to the fulfillment of conditions. An appropriate approach is to split the disbursements into a "fixed tranche" and a "variable tranche", as is the practice of the European Commission. Whereas the fixed tranche is not tied to any conditionalities – provided that the IMF has made a positive assessment – the conditionalities that are imposed relate solely to the second
tranche. In this way, if the conditionalities are not fulfilled, the volatility of the disbursements can be limited without having to forgo performance incentives. The percentage breakdown of the disbursements between the fixed and the variable tranches would need to be based on the extent to which each individual country depends on donor support. For countries where public revenues are financed through budget support to a high degree, the share of the fixed tranche must be high enough to ensure that the functioning of the public administration is not jeopardized automatically when conditionalities are not fulfilled.

**Managing coordination within the donor group**

In many partner countries, all donors take part in the negotiations with the partner government. This usually means that all issues, even detailed one, must be coordinated beforehand. For large budget support programs involving up to 15 donors, this process requires a substantial amount of time and ties up considerable personnel resources. (The flood of e-mails alone is quite difficult for the competent staff to handle.) In addition, the greater the number of donors, the more difficult the negotiations become for the partner government. **More delegated cooperation and silent partnerships, therefore, are urgently needed – as already has been agreed by the "Working Party on Aid Effectiveness and Donor Practices" of the OECD (DAC). The systematic documentation and propagation of good practices and lessons learned on effective division of tasks amongst budget support donors would help such efforts significantly.**

In the case of Mozambique, the division of work amongst the donors is a solid step in the right direction. There, a group of 16 donors, called the "Program Aid Partners", provide general budget and balance of payments support. The budget support is aimed directly at the implementation of the PARPA (*Plano de Ação para a Redução da Pobreza Absoluta* – the Mozambican PRSP). This group uses an innovative mechanism for carrying out negotiations with the partner government concerning development policy topics that cut across several sectors: The negotiations are conducted by a panel comprising representatives of the current donor serving as chair, the previous and the next chair, as well as those representatives of the World Bank and the EC who have a permanent seat. A new chair is chosen each year during the Joint Review. Sector topics are dealt with in a comparable manner (see box).

**Mozambique: Donor alignment and coordination in the education sector**

Several donor agencies jointly support the education sector strategy "*Plano Estratégico da Educação*", which is closely linked with PARPA. These donors have committed themselves to aligning their policies to support the implementation of this strategy, which they recognize as the single strategic plan for the sector. A binding Memorandum of Understanding combined with continuous steering through jointly-agreed coordination mechanisms have strengthened the performance of the donor community as well as of the government. Improvements in program delivery can be observed, in addition to more efficient usage of funds. The participating donor agencies have accepted their new role as supporters of the Ministry of Education in implementing the country-owned sector strategy; they do not realize their “own” projects or programs any more.

At the same time, the government is undertaking serious attempts to harmonize the sector processes with those of the PARPA. This is perhaps most obvious in the linkages
between the current review of PARPA, the education sector review, and the Joint Review of their Performance Assessment Framework, conducted in concert by the Government of Mozambique and program aid partners. Because the sector review will provide the information needed by the reviews of the Performance Assessment Framework (PAF) and PRSP Annual Progress Report, duplication of efforts are eliminated.

The improved coordination and successful alignment in the education sector has reduced transaction costs to the Government of Mozambique substantially.

In principle, extended delegated cooperation requires that each donor become involved only in policy areas in which they have comparative advantages, and that they stay out of other areas. This system of selective silent partnership could considerably reduce the transaction costs for the donors and, at the same time, enhance the effectiveness of the policy dialogue. The success of this method of dividing the tasks depends first and foremost on a high degree of transparency within the donor community with regard to the negotiation process between the chair and the partner government. Without an open flow of information, individual donors would probably have difficulty delegating the policy dialogue fully or partly to the chairing organizations because of their own internal accountability obligations.

Looking forward: From program-based to country-based conditionalities?

Thus far, the efforts by the donors to align and harmonize their policies have always taken place in the context of individual programs, including budget support programs. Conditionalities and recommendations for supporting the reform process in partner countries are also negotiated in connection with distinct programs. This is why several dialogue processes are conducted in parallel between the partner government and the donors, depending on the number of programs (e.g., sector program on education, health care, and rural development, as well as general budget support). Attempts to reconcile these processes coherently are not always successful. The impacts and efficiency of development cooperation could improve even more if policy areas that are important beyond individual programs (for instance, efficiency of the public administration, in particular of the public financial systems) were treated uniformly.

To take ongoing work on integrating the alignment and harmonization of donor policies into the PRS process even further, it may be useful to negotiate conditionalities with the partner country in general terms on the level of development cooperation instead of individual programs. This would require the donors and the partner country to agree on a joint strategy for development cooperation based on the national reform agenda. A key first step in this direction would be to convert the development cooperation activities of individual donors from program-based to country-based conditionalities for medium-term financing commitments.

Although not going as far as this last recommendation, Uganda and its development partners are very advanced in establishing good mechanisms that support alignment, harmonization, and coordination based on joint funding arrangements in support of the PRSP. We close this chapter with the following box, which presents a multi-dimensional good practice example.
Donor coordination from within and from without in the education sector in Uganda

The Government of Uganda provides a framework and hierarchy that promotes donor involvement and coordination:
With the introduction of the education SWAp, and in order to implement the Education Sector Strategic Plan (ESSP), the Ministry of Education and Sports (MOES) needed a mechanism for involving all the key actors in decision-making and implementation at all levels. To this end, MOES instituted a decision-making, consultation, and advisory framework and hierarchy. The framework and hierarchy established a broad, bottom-up decision-making process that brings the key stakeholders together at each rung of strategy formulation and implementation.

In particular, MOES designed the framework to facilitate as much participation in the implementation of the ESSP as possible on the part of the general budget support donors, the project support donors and agencies, NGOs, CSOs, and the various agents of service delivery. The framework and hierarchy fosters coherence between concepts for measures in the education system with sector goals and the MTEF. One of the major outputs has been the formulation of Sector Investment Plans.

Donors coordinate themselves:
A large number of multi and bilateral donors together contribute over 38% of the education budget in Uganda. These agencies experienced duplication of efforts and very high transaction costs. More importantly, they needed to find a common voice for their interactions with the government. Fifteen of these external funding agencies joined together to form the Education Funding Agencies Group (EFAG).

While the most difficult step was bringing these diverse organizations together and jointly creating a common identity, EFAG was able to sign a Memorandum of Understanding with the Government of Uganda in early 2002. The Memorandum establishes the basis for financial and technical support to the Education SWAp under the overarching goal of poverty eradication. Specifically, it states that the role of EFAG is to cooperate with government's efforts to manage aid effectively by supporting only those initiatives that derive from agreed priorities.

The Memorandum of Understanding provides guidance on:
- Joint government/EFAG review meetings
- Principles for assistance to education
- Modalities for sector support funding of education development activities
- Triggers for the release of EFAG funds
- The Education Sector Consultative Committee
- Education aid management
- Principles of communication
- Government-wide commitments
- Effectiveness
- Sanctions

Subsequently, the development partners agreed on a Code of Conduct and Terms of Reference for EFAG.
The benefits so far include improved communication, clear roles, increased accountability, a clear basis and guidelines for initiating projects, and knowledge management, to name a few. It is expected that transaction costs will decrease with an accompanying increase in efficiency.
CHAPTER 4: PARTICIPATION IN POVERTY REDUCTION STRATEGY PROCESSES

Participation is critical to ownership and to the ultimate success of any development effort. The PRS approach initiated a great wave of participation in the affected partner countries, increasing the space open to – indeed, the demand for – the expression of citizens’ concerns on a scale never before seen. Because the initial thrust of PRS participation centered on consultation processes in the formulation of the strategies, the danger now is that the initial gains will fizzle out as countries enter the phase of implementation.

Participation is also a vital cross-cutting issue for German development cooperation, in general. Key principles of participation as understood by the German government include:

- The definition of participatory development as a process whereby people are actively and significantly involved in all decisions that affect their lives.
- The three dimensions of participation in development:
  - Process participation – people take part in the work processes of projects and programs.
  - Democratic participation – citizens influence decisions made by the state bodies and organizations that represent them.
  - Systemic participation – The creation of institutions and conditions that foster and protect participation broadly in society.

Increased participation is an end in itself. PRS processes provide the opportunity for expanding, broadening, and deepening participation, and will benefit directly while doing so.

In light of the current status of participation in PRS processes and experience to date, this chapter focuses on the work that still needs to be accomplished in six areas: (i) the institutionalization of participation, (ii) the role of parliaments in PRS processes, (iii) capacity development, (iv) corruption, (v) local government structures and decentralization, and (vi) monitoring.

Principles of participation

The most common concept of participation as practiced in most PRS processes so far has been that of participation as broad-based consultation with affected stakeholders. This is a far cry from the concept strongly promoted by the German government, that defines participatory development as “…a process in which people enjoy active and influential participation in all decisions that have an impact on their lives.”

Applying this notion to PRS processes, it means that stakeholders should actively influence prioritization and formulation of policy, the allocation of resources, and the regulation of access to public goods and services. In other words, participation is a fundamental aspect of development and development cooperation. German

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25 BMZ (September 1999) "Participatory Development Cooperation – German Participation Strategy." BMZ Akteull, Nr. 102, p. 2.
development cooperation recognizes three mutually-complementary dimensions of participation:

- **Process participation**: Stakeholders participate in the work processes of projects and programs
  This dimension means involving stakeholders and intended beneficiaries in the planning, management and steering, and evaluation of development projects at the working level. Various stakeholders in the government, civil society, and private sector play a role at this stage. Participatory methods enable stakeholders to articulate and negotiate their interests. They are able to contribute their personal experience and cultural values, and therefore identify with the development activity/program and take responsibility for it.

- **Democratic participation**: Citizens participate in decision-making and steering processes of bodies and organizations that govern them
  Democratic participation occurs at various levels, such as participation in municipal consultations and elections. Implicitly, the objective of democratic participation is to create a political culture of dialogue, including transparency, legality, accountability, and the peaceful transfer of power. This culture of dialogue can be cultivated through political participation in elections and decision-making on issues concerning public goods. It also can be fostered through the protection and enfranchisement of minorities and disadvantaged groups.

- **Systemic participation**: The creation and development of systems, policy, and social institutions that enable and guarantee participation
  The third dimension recognizes that stakeholder participation in decision-making can be facilitated or constrained by rules, practices, and institutions. Building a systemic framework to guarantee participation, such as through tax or legal reform measures, is not the task of government institutions alone. Rather, it is an undertaking that encompasses the interrelationships between the state, civil society, and the private sector; each of these should be actively involved.

The PRS approach lends itself to the application of participation principles in each of these dimensions. However, the practice of participation has fallen short of its potential within PRS processes. German development cooperation has identified some areas that require attention in order to expand participation in the context of Poverty Reduction Strategies, perhaps the most urgent of which is the institutionalization of participation.

**Institutionalizing participation**

Participation – at least in a limited form – has blossomed during the PRS formulation phase in many countries. In response to early criticism, the circle of participants in consultations on strategy development has grown to include parliament, trade unions, private sector actors, and marginalized groups. But these blossoms are in danger of wilting. One of the reasons for this is that it simply is not possible to carry out consultations ad infinitum with several hundred societal groups and organizations that exhibit varying levels of cohesion and capacity. Another is that, as countries move into PRS implementation, few mechanisms are in place to ensure active participation in the relevant processes. To close this "participation gap", German development

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26 Mainstreaming Participation project, GTZ, commissioned by the German Federal Ministry for Economic Cooperation and Development, www2.gtz.de/participation.
cooperation calls for institutionalized participation to be established throughout all PRS processes as a democratic standard for Poverty Reduction Strategies.

Participation can be considered institutionalized when it is based on rights, has been integrated into the political structures of the country, is legitimate, and has capable stakeholders. These conditions are necessary to prevent participation from remaining ad hoc, tentative, and fragile. Tanzania adopted this four-pronged definition of participation in its "Consultation Guidelines for the Poverty Reduction Strategy Review", which explicitly states that "...consultation aims at institutionalizing the participation process." In fact, Tanzania has already taken some first steps in the direction of institutionalizing participation for the PRS. (See box.)

**Formalizing arrangements to encourage participation in PRSP consultations in Tanzania**

The most recent Tanzanian PRSP Annual Progress Report has expanded the opportunities for stakeholder participation as compared to the process under the first PRSP. Participation in the formulation of the first Tanzanian PRSP was squeezed into a tight timeframe, involved only a small group of NGOs selected by government, did not exhibit much impact on policy content, and did not provide much space for public debate.

In response to these criticisms, "Consultation Guidelines for the PRSP Review" has established new conditions for participation:

- An ample timeline for consultations
- Transparent planning of the PRSP Review process
- More extensive consultations in collaboration with a larger number of government agencies
- Leadership of consultations to be shared by the government with other domestic stakeholders
- Broader CSO participation, now to include business associations and trade unions, too.

In addition, new methods are to be used in conducting the consultations and informing the public, such as workshops, public meetings, radio programs, questionnaires, drama, television, etc.

The government has committed itself to a systematic analysis of the consultation content, and incorporating it throughout the new PRSP.

As noted above, it is necessary to extend participation beyond the realm of consultation and strategy formulation. While several countries have turned to the area of monitoring as the main platform for participation after the Poverty Reduction Strategy has been formulated, it is crucial to institutionalize it in the actual implementation. Armenia provides, in international comparison, one of the very few good examples of institutionalizing participation not only in strategy formulation and monitoring, but also in the PRS implementation process (see box). Interestingly, however, a recent stakeholder assessment revealed that some stakeholders still criticize participation as existing only formally (see Chapter 7).

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27 W. Eberlei (2001) "Instituionalised Participation in Processes Beyond the PRSP." Study commissioned by GTZ. INEF, Duisburg.
Armenia: Institutionalized participation based on legally-binding agreement

An important achievement of the Armenian PRS process is the way in which the participation of non-government stakeholders, including civil society organizations, has been institutionalized. Negotiations between the NGOs/CSOs and government to establish an “All-Armenian Stakeholder Table” began in July 2004, and ultimately resulted in a “Partnership Agreement”. In October 2004, the Agreement was signed by representatives of the government, the National Assembly, municipal governments, trade unions, NGOs, associations of executives and employers, Diaspora organizations, and the Armenian Apostolic Church – and so became a legally binding document.

The Partnership Agreement establishes civil society and the private sector as integral to the PRS implementation and monitoring processes. It also stipulates an institutional structure for participation, consisting of the Participatory Steering Committee, Working Group, and Open Forum. The Participatory Steering Committee and the Working Group play a large role in facilitating the coordination between donors and other stakeholders.

The Partnership Agreement and the high degree of practical engagement of its signatory organizations have contributed substantially to a broader mobilization of the public in support of the PRS process. This demonstrates the importance of having a formalized participation structure.

An important aspect of institutionalizing participation (or any form of participation, for that matter), is determining which organizations are entitled – or just invited – to participate. There are many examples of governments pointedly selecting a chosen few NGOs or CSOs to participate in PRS consultations. On the other hand, low capacities for self-organization amongst civil society at large are also a barrier to broad and institutionalized participation. The weaker the organizational capacities of civil society at large, the harder a task this is. Direct participation of the poor groups is still very difficult to achieve nearly everywhere, and more effort should be spent on finding ways to do this.

It is ideal when the impulse to participate originates from within civil society. A good example from Malawi involves a small group of CSOs that met in November 2000, initially to form a taskforce to organize civil society participation in PRSP consultations. The taskforce evolved into the Malawi Economic Justice Network (MEJN), a CSO umbrella organization that has become active in PRS issues beyond the formulation phase. (As the Government of Malawi had already nominated civil society representatives to the PRS Technical Working Groups prior to the self-organization of MEJN, the Network could take up the useful role of being an actor in "opposition"). Another example is the Civil Society for Poverty Reduction (CSPR), a network formed in October 2000 in Zambia to ensure that civil society organizations participated in the formulation of the PRS at that time. CSPR has remained active ever since as an advocacy group for issues of poverty reduction. The CSPR carries out activities in the areas of poverty and PRS monitoring (including participatory poverty assessments), research, budget analysis, expenditure tracking, information dissemination, and capacity development.
As a final example, the Tanzanian Gender Networking Programme uses a very successful strategy. It enhances participation through close linkages with key governmental units. The Programme starts out by building coalitions with like-minded stakeholders. It organizes research teams for gender budgeting work that are comprised of gender activists, academics, and government actors (planning and budget officers). In this way, government actors have been integrated into the process as researchers, and provide access to data that otherwise would have been hard to obtain. Over the years, a strong and confidential relationship has been established with the government that permits informal consultations and access to relevant information.

The role of parliaments in PRS processes

It only makes sense that parliaments, as national bodies of democratically-elected representatives of the citizens, should play a key role in drafting, implementing, and monitoring the PRSP, including endorsing it. Oddly, this is seldom the case. Reasons for the conspicuously low profile of parliaments in the PRS processes to date is the relatively low significance of the legislature in political terms, the fact that donors tend to focus on the executive, and the tendency to associate participation with civil society.

German development cooperation calls for involving parliaments more in all PRS processes. Parliaments can grant Poverty Reduction Strategies legitimacy by endorsement, and they can be key to improving the Strategies’ performance.

While parliaments have the potential, amongst other things, to strengthen the sorely needed linkages between the PRS and the budget, a recent study28 has found that there are barriers to this. As exhibited by the study countries (Ghana, Malawi, Niger, and Tanzania), the main problem is too little time allotted to parliamentary discussion of, input into, and adoption of the budget. Looking at the Parliamentary Audits that have been completed in Africa so far, the study also finds that parliaments feel they have little influence in setting budget priorities and do not have much opportunity to provide input into budget planning.

The study maintains that, in the budget process, the most important roles parliaments can play to improve PRS performance are in planning, interaction with the executive and the public service, and monitoring (where a governance institution that enjoys some degree of independence can honestly assess the results and impact realized at local levels). Certainly, most parliamentarians could benefit from capacity development on budget and public finance issues to strengthen their performance and influence in these roles.

Furthermore, parliaments are in a good position to champion key issues, such as education (Tanzania) or mainstreaming HIV/AIDS action (Malawi), put them squarely on the PRS agenda, and stimulate improvements in outcomes. Referring back to our earlier recommendation that PRSPs focus on just a few core political actions in the medium term, this again underlines the (potential) importance of parliaments in improving PRS performance. Another area in which parliaments usually are strong is in their relationships with community-based and civil society organizations (although most often not directly with the poor). Burkina Faso anticipates that as parliament plays a

greater role in the PRSP, this will also have the effect of encouraging greater CSO participation.

The study also found that, in Ghana, Malawi and Tanzania, women-led committees were most often successful in securing PRSP gains for women and taking leadership roles on gender equality and the PRSP. Indeed, a main finding is that the current situation can be improved to a large degree by increasing the leadership role of women Members of Parliament in key committees – a recommendation that requires an increase in the number of women MPs as a first step.

Capacity development

There is an enormous body of work to be done in capacity development for participation. Capacities are needed on technical (budget, the content of the PRSP priority actions, etc.) as well as process issues (coalition building, negotiation skills, and others) across the broadest spectrum of actors exhibiting the greatest variations of knowledge and skills (from illiterate subsistence farmers to ministers and cabinet members).

Capacity development is taken up in Chapter 7; here we make just a couple of points in the specific context of participation:

The participatory processes required by the PRS approach typically are brand new in the partner countries. They represent fundamental procedural, attitudinal, and behavioral changes in many of the societies of the PRSP countries. The relevant capacity-development efforts, therefore, require time. Capacity development for participation will entail a good deal of facilitated learning-by-doing, a good deal of repetition and reinforcement. But because capacity development for participation has significant spill-over effects that improve performance of development efforts well beyond PRS processes, it is a very good investment.

Corruption

The full-PRSPs of 34 countries were examined as part of a recent study to see whether and/or how they address the issue of corruption. It turns out that nine out of ten of these PRSPs pointed out the link between poverty reduction and good governance, in general, and the fight against corruption, in particular. In fact,

- Corruption is one cause of poverty. It impedes poverty reduction.
- Poverty is one cause of corruption. It impedes the fight against corruption.
- Particularly in the poorest countries, the fight against poverty and the fight against corruption can only be successful when conducted in concert.

Although we do not go into the analysis here (recommendation: read the study!), we do corroborate the finding that the PRS provides a good platform for the fight against corruption. Three of the processes embedded in the PRS approach are essential:

- Participation: Crucial to the fight against corruption are actors who are capable of monitoring, criticizing, and – when necessary – sanctioning the actions of

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29 This section is based entirely on: W. Eberlei and B. Führmann (2004) Fighting Poverty and Corruption. Integrating the Fight against Corruption into the PRSP process – Analysis and Recommendations for Development Cooperation: GTZ.
governments and other public institutions as well as those of individual public officials or holders of public mandates.

- **Transparency**: The more transparent the actions of actors are, the more difficult and unlikely corrupt practices become.
- **Accountability**: A clear definition of which public institutions are responsible for which political measures, reduces both the incentives and opportunities to misuse public resources for improper purposes. Furthermore, these processes are inter-connected.

A summary of some of the recommendations for fighting corruption in the context of the PRS are:

- Integrate corruption – understood as both a cause of poverty and as a phenomenon affecting particularly poor sections of the population – into the PRS analyses.
- Place a high priority on institutionalizing civil society participation in PRS processes.
- Develop the participation of parliaments in their role as providers of checks and balances, and relate this role to the PRS process.
- Strengthen transparency and accountability through improved information systems in the context of PRS monitoring; reinforce transparency and accountability by improving the analytical capacities in parliaments and civil society.
- Promote accountability by strengthening internal and external systems of checks and balances, while simultaneously promoting the pro-poor orientation of the corresponding institutions.
- Strengthen the judiciary such that they are then able to support poor sections of the population in claiming their rights, including their basic social rights.
- Support and strengthen the legal basis for transparency.
- **Work within the donor community to avoid constraints on real broad-based participation caused by poor donor transparency.**

**Local government structures and decentralization**

Decentralization and active local government structures offer the potential for more direct contact with citizens, the strengthening of democratic participation processes, and greater efficiency and transparency. One of the desired outcomes of decentralization is more effective poverty reduction. But while several studies have confirmed that decentralization creates a more citizen-oriented and transparent framework, it also can increase the number of opportunities to illegally access resources.\(^{30}\)

Decentralization alone will not automatically generate pro-poor results, but must be accompanied by participation and empowerment. To quote an earlier, draft version of the World Bank's PRSP Sourcebook, chapter on governance:\(^{31}\) “Decentralization can be good or bad for the poor but is likely to be bad unless special effort is made at the


Especially important in the design of decentralization is a functioning local democracy, or at least local government structures that give a voice specifically to the poor sections of the population.

Several countries have embarked on reform programs of decentralization to modernize and restructure the roles and functions of government and administrative institutions at the local level as a means of improving PRS implementation and participation. Honduras (see box) and Nicaragua are two of these countries. They have strengthened the municipal level in order to put the PRS to work through institutionalized participatory planning, implementation, and monitoring mechanisms.

<table>
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<tr>
<th>Taking the PRS to the local level in Honduras</th>
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<tr>
<td>Faced with the challenges of using HIPC funds effectively, mainstreaming the PRS, and ensuring some degree of continuity of anti-poverty measures (newly-elected presidents and mayors traditionally take a &quot;back to square one&quot; stance on policy), Honduras developed a system for participatory planning at the municipal level. The government developed a framework for the elaboration of Municipal Development Plans (<em>Planes Estratégicos de Desarrollo Municipal</em> – PEDM).</td>
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<tr>
<td>The national government has developed a set of guidelines, quality criteria, and formats that municipalities must use to develop their PEDMs. These regulations were approved by the Social Cabinet and the PRS Consultative Council in January 2004.</td>
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<tr>
<td>The PEDM process is initiated when approval to begin planning is granted at a Municipal Council Meeting and documented in its minutes. The guidelines for PEDM include minimum requirements for the participation of different sectors of the population – for instance, at least 40% of the registered participants must be women. Quality criteria have been based on PRS strategic guidelines to ensure that clear links are established between the municipal priorities and the national poverty reduction goals. Finally, the guidelines also stipulate a format for the output of the participatory process: the municipal plans. These plans are submitted to the Ministry of the Interior and Justice, which assesses their compliance with the guidelines on the process and with the standards for quality. An approved PEDM gives the municipality access to HIPC funds, transfers from the central government to the municipality, and funding from the Honduran Social Investment Fund. Moreover, the PEDM serves as a mechanism for coordinating and monitoring investments from different sources.</td>
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<tr>
<td>The guidelines do not stipulate the particular participatory methods to be used to elaborate the plans. The process is facilitated at the municipal and community levels by NGOs and international development organizations, which receive prior training on the process.</td>
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<tr>
<td>All 298 municipalities in Honduras have a PEDM in place, designed through community participation in line with the goals of national poverty reduction. Resources are being invested in municipalities based on local and national priorities. Funding from various sources is being articulated, and its execution enjoys greater transparency, efficiency,</td>
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and impact. The PEDMs allow the monitoring of progress in achieving municipal-level PRS goals. Local capacities are being strengthened. The process, as a whole, leads to a greater development of social capital. Greater legitimacy and ownership of the PRS is achieved across the national population.

The system for participatory planning at the municipal level in Nicaragua has many similarities with the Honduran PEDM system. One of the lessons both systems have in common is that political will is essential to the success of the approach.

In general, the experience of German development cooperation underlines the main lessons stated in a recent DAC evaluation. These are that decentralization requires a strong poverty orientation and long-term support. From the donor side, this support means capacity development and funding; from the partner side, central government commitment.

Monitoring

While the subject of PRS monitoring is taken up in the next chapter, this section makes a few points regarding the role of participation. In many PRS countries, monitoring has been an area in which a fair amount of participation has taken place – second only to the consultations of the formulation phase. While German development cooperation would like to see the opportunities for civil society and parliamentary participation in PRS fully realized, it also warns against relegating participation completely to the sphere of monitoring. After all, monitoring is not a substitute for – let alone equivalent to – participation.

That being said, it is perfectly appropriate that parliaments, as an important figure in governments’ formula of checks and balances, play a much greater role in monitoring the PRS, especially in the area of the budget. Solid civil society involvement in monitoring supports transparency and the accountability of governments vis-à-vis their citizens.

On a more technical end, good PRS monitoring requires not just quantitative data, but qualitative information as well. Many of the best methods for soliciting qualitative information are participatory ones.

In closing, this chapter presents the good practice example provided by Cameroon on participation in the monitoring of HIPC funds.

Cameroon: A participatory and transparent mechanism for managing and monitoring HIPC funds

A mechanism has been institutionalized in Cameroon for representatives of civil society to participate in the steering and monitoring of HIPC funds and of the implementation of the PRSP. At the core of the mechanism is a tripartite committee composed of seven representatives of CSOs, five donor representatives, and representatives of key sector ministries. The Committee is chaired by the Minister of Finance and disposes of two.

33 OECD/DAC Evaluation Series (2004) "Lessons Learned on Donor Support to Decentralisation and Local Governance."
support organs. The Committee is mandated to help determine the programs and projects to be funded through HIPC funds and to monitoring their overall implementation.

All programs and projects to receive HIPC funds must first be screened by the Committee. In this assessment work, the Committee is supported by sectoral working groups. This process allows for the selection of measures geared towards effective poverty reduction. Although the Committee officially has only a consultative role, it enjoys a high profile that makes it very difficult for government to ignore its recommendations.

The government's concrete plans are made transparent to the public, which facilitates the monitoring of their implementation and impact. Even more importantly, government must first transfer HIPC funds to a special account with the Central African Regional Bank before they are disbursed to the individual projects and programs. These "advances" are released by the Committee, and government must prove that the previous funds have been used to finance HIPC programs or projects before the next advance is approved. This very transparent mechanism allows for an effective monitoring of the use of HIPC resources, and has successfully prevented their misuse.

These special arrangements have created a new quality of control over and transparency of the use of public funds that had previously been unknown in Cameroon. Civil society now has unprecedented access to information on the use of public monies. Other benefits of the mechanism include solid, on-the-job capacity development that has had a direct impact on the quality of CSOs' contributions to the process; the familiarity with a set of tools and approaches for CSOs' independent analysis of the national budget and its execution (such as tools for budget tracking); and high-level political dialogue between government and civil society representatives on such issues as the programming, budgeting, and monitoring of anti-poverty interventions.
CHAPTER 5: THE MONITORING OF POVERTY REDUCTION STRATEGIES

Monitoring is essential to the success of poverty reduction efforts. It provides the information and feedback needed to keep such efforts on track in achieving their objectives. Because it contributes to all other development practices, monitoring is a cross-cutting task and is addressed in each chapter of this paper. This section presents some of the issues that we have found to be important in PRS monitoring, and discusses how monitoring and poverty analysis strengthen the medium-term orientation of the Poverty Reduction Strategy.34

An effective monitoring system supports results-oriented, evidence-based policy making. In doing this, monitoring can play a number of important roles:

- It can be an effective instrument for steering poverty-oriented programs and adjusting policies so that they better achieve their goals. In this role, monitoring represents an ongoing learning process.
- Monitoring can serve control purposes, for instance, by checking on sector ministries’ performance in applying policy and providing public services from the national through to the local level.
- It also can be used as a tool for legitimization and accountability, thereby strengthening not only the partnership between the donor community and the partner governments, but more importantly between governments and their parliaments and citizenry. In this role, it is essential that the information gained through monitoring is brought into the national dialogue on poverty reduction.
- Finally, monitoring can provide information and analysis that deepens the understanding of the manifestations, root causes, and dynamics of poverty.

The highly-political nature of PRS monitoring is more pronounced than its technical side. However, the tendency has been for countries (and, indeed, donors) to focus on the technical aspects of monitoring. There are many reasons for this, including that the technical problems generally are easier and less time-intensive to solve than the political ones. The difficulties in the political sphere require a great deal of commitment on the part of the partner countries, while at the same time incentives and ownership often are lacking. According to a recent review commissioned by DFID, some countries have started to take up the political dimension of PRS monitoring (notably Uganda, Mozambique, Tanzania, and Vietnam). But conflicts of interest remain a huge issue in almost all countries, not only between the interests of the government and those of its parliaments, its citizens, the private sector, and donors, but also between and within ministries. Added to this, lack of prioritization in the PRSP proper quite often means that the downstream "derivatives" (PRSC, PRGF, etc.) are implemented, rather than the PRSP itself (as discussed in Chapter 1) – further hindering effective PRS monitoring.

Through its work and observations, German development cooperation has identified the following to be the core issues (both technical and political) of PRS monitoring:

- Clearly defining the intended development results and translating them into targets and indicators for monitoring. This includes establishing the links with the relevant MDG targets and indicators.

34 For a more thorough treatment of PRS monitoring, see the August 2004 BMZ/GTZ study (conducted by GFA-Management GmbH), "National Monitoring of Strategies for Sustainable Poverty Reduction/PRSPs".
• Developing adequate outcome and impact indicators for socio-political dimensions of poverty, such as ethnicity, gender, religion, and regional disparities. (Indicators usually exist for capturing economic poverty.)
• Improving data quality, its collection, and analysis.
• Fostering the use of existing monitoring data. (So far, many evaluations have found that in numerous cases, neither the partner countries nor the donor community make use of the information already available.)
• Identifying efficient institutional arrangements and linkages for meeting the information needs of various sectoral, sub-sectoral, regional and sub-regional decision-making units.
• Ensuring that social accountability mechanisms and official monitoring and evaluation systems enhance the dialogue between policy-makers and other stakeholders, and have an impact on the quality of government policy and performance.

Some of the technical advances in these areas can be generalized and applied in other countries. However, the adopted methods will not truly or sustainably benefit the monitoring system unless, at the same time, the political nature of PRS monitoring is attended to in a country-specific and holistic way.

An interesting relationship exists between PRS monitoring and the donor community. The information provided by the PRS monitoring exercises directly benefits the donor community through its potential to legitimize donor agencies' development investments and to lower their fiduciary risks. At the same time, the donors can support the improvement of the monitoring system and also use the information gained to better aim and direct interventions in the partner countries. Disappointingly, donors have made little use of monitoring information, so far. The final section of this chapter takes up the mutual advantages of the PRS monitoring/donor community relationship.

**Appropriate indicators**

Despite the fact that a very great deal of energy (some would even say too much) has been spent on the development of indicators for tracking progress with the PRS, certain weaknesses still can be observed. The way it should work is that a PRS sets clear priorities and plainly states the activities and approaches to be employed for reducing poverty – then indicators are developed to track progress with the stated strategy. In reality, PRSPs are often vague, making the identification of indicators very difficult. In fact, it sometimes seems that the process has been reversed: monitoring practitioners are requested to provide "important indicators related to poverty reduction", which then will make it clearer what the strategy should look like. In many cases, the lack of clear guidance from the body of the PRSP has led to large numbers of sector indicators being taken over indiscriminately, or to indicators being developed along a "shopping list" for problem areas related to poverty.

Ideally, indicators need to be developed to reflect the movement of the various components of a strategy along their results chains: from inputs to the outputs, and on through outcomes and impacts. In other words, indicators must be related to each other in a strategic way. A medium-term orientation is strengthened by concentrating on the indicators at the level of outcomes. Indicators at this level are especially crucial to assessing the success with policy. Indicators for impact should relate clearly to the
MDGs (which should help to eliminate any duplication of efforts that arise when the MDGs are monitored separately). Yemen provides a good practice example on the strategic use of indicators (see box).

**Yemen: Linking PRS and MDG indicators along the results chain**

The Ministry of Planning and International Cooperation in Yemen has developed a software solution to facilitate monitoring the success of poverty reduction policies. The Poverty, Social and Economic (PSE) Monitoring System consists of two modules: the Database Management Module for defining indicators and entering or updating their values, and the Decision Support Module, which retrieves data and can present it in a series of different formats. The internal logic of the PSE Monitoring System is structured around a generic model of results chains, so that it tracks indicators through the levels of input, output, outcome and impact. (This also means it can be applied to nearly any planning or monitoring work that relates to a logframe.)

The PSE monitoring tool supports political decision-making on necessary policy adjustments, so as to improve poverty reduction outcomes. Because it uses indicators to document developments along the entire chain of results, the system also allows analysis of the processes that lead to certain effects. In addition, the PSE Monitoring System promotes transparent and evidence-based political decision-making, and can support policy analysis and dialogue.

The system is very flexible, and can be used at the national and decentralized (governorate) levels. It can be applied to tracking progress with the PRSP, MDGs, development plans, and to any other national or sector strategy. The Decision Support Module can be installed independently of the Database Management Module, so that it can be provided to non-governmental actors involved in monitoring.

In order for indicators to capture critical aspects of poverty, it is important that they be defined or collected in a disaggregated way. Dimensions of disaggregation include geographical regions, urban/rural areas, gender, age, ethnicity, and other aspects that are important in a given country's context. Interestingly, sector ministries often collect administrative data that is fairly well disaggregated, both regionally and by gender. Unfortunately, the disaggregation is often lost when information is compiled for summary reports, and all too frequently is not used for analysis.

So far, very little work has been done to identify indicators for socio-political aspects of poverty. Also, the indicators for good governance and anti-corruption efforts are inadequate, although these are very important topics in many PRSPs. The same holds for outcome indicators on broad-based, pro-poor growth.

Although this might seem obvious, it should be remembered that the point of monitoring is not to track indicators, but to track progress with policies in reducing poverty. Indicators can provide very useful information, but perhaps the most important role they play is in stimulating the discussions on priorities and strategies that leads to their development. Also, indicators represent just one form of information. However, the task of tracking policies and changes in poverty sometimes can be better supported by considering other forms of information, too, that might be richer. Discussions over the
A balanced mix of types of monitoring information and methods

Ideally, PRS monitoring comprises a balanced mix of quantitative, qualitative and participatory approaches. A good mix provides complementary information that, on one hand, tracks trends in poverty (quantitative exercises) and on the other, explains the trends from the perspective of the poor and also uncovers the dynamics of poverty (qualitative and participatory methods). A well-constructed mix of methods can keep costs down: household surveys and censuses are the fundamental sources of information at the level of impact, but they are costly and time-consuming. Several types of qualitative methods can be implemented more quickly and at a lower cost. In addition, qualitative and participatory approaches, by nature, tend to reinforce a medium-term orientation by casting light on the levels of outputs and outcomes, emphasizing such issues as access to and quality of public services. (See the box on qualitative monitoring in Malawi.) Even more importantly, participatory methods can help civil society to hold the government accountable.

Qualitative Impact Monitoring in Malawi

Policy-makers at the national level in Malawi perceived an information gap on policy impact that could not be filled by the information provided by the various quantitative surveys. The Quantitative Impact Monitoring of Poverty Alleviation Programmes and Policies (QIM) was designed to fill this gap.

QIM as an instrument in Malawi pre-dates the PRSP. However, it has been adapted to focus on policy interventions that are central to PRS, while also supporting important partnership processes. Each QIM exercise is designed and carried out by a cross-disciplinary team comprised of representatives of various sector ministries (at the national as well as district level) and civil society stakeholders (particularly NGOs). The objective is to assess achievements in the PRSP priority areas at the level of outcomes as perceived by the poor, themselves.

The information provided by QIM has been fed back into the policy formulation process in the form of recommendations on improving the poverty focus and priorities. However, it is felt that the full-potential of QIM as a policy monitoring tool has not been realized in Malawi. Main challenges are: maintaining participatory processes throughout the entire exercise so as to better stimulate the national dialogue on poverty; and lack of various capacities, especially personnel available for the exercises, funding, analysis skills, and the understanding on the part of many government officials on how to incorporate the use of participatory methods into their work.

The QIM approach has been adopted in Kenya under the name of KePIM (Kenya Participatory Impact Monitoring).

A good mix of quantitative, qualitative, and participatory methods should be applied to gathering and analyzing the types of information needed to assess and improve progress with the PRS. This means collecting information on impacts and outcomes, on quality of and access to programs and public services, and on public expenditure.
(inputs). Other than the statistical offices, many sector ministries have fairly good statistical units, and the sector departments collect a good deal of administrative data, which could be (but not always are) processed and analyzed for PRS monitoring. As mentioned above, these data often are collected in a fairly disaggregated manner, which is essential to the monitoring of poverty and anti-poverty policy. Facility surveys, public expenditure reviews, and expenditure tracking studies provide supplementary information. Data on actual public expenditures are the central source of information for the monitoring of inputs, and government reports become much more meaningful as budget system and PFM reform processes progress.

An innovative approach is being developed in Indonesia (see box) to capture sufficiently disaggregated, locale-specific information on poverty trends and conditions, using a variety of methods.

**Indonesia: The development of a tool for measuring poverty in the specific, local context**

Reliable information on the prevalence and causes of poverty is an indispensable input into PRS design and monitoring. In Indonesia, particularly in rural areas, causes of poverty are largely local-specific and linked to the dynamics of a multitude of different forms and processes of social organization (marriage and kinship systems, social stratification, etc.). Assumptions developed from the points of view of the national level and of macro-economic theory often fail to capture reality in many areas of rural Indonesia, which covers a large and ecologically diverse area inhabited by culturally diverse populations.

In a pilot initiative on the Island of Sumba, new and more adequate instruments for poverty assessment and monitoring are being developed. These instruments are intended to (a) improve the meaningfulness of quantitative poverty data that is being collected locally and integrated in the national poverty statistics, and (b) provide additional qualitative data as a base for local policy-making.

The first step is the review of the local adequacy of quantitative data currently used for regional and national poverty statistics. This includes assessing the purchasing basket used (e.g. different local food consumption habits, housing of kinships in large dwelling houses instead of individual housings per nuclear family, etc.). The second aspect taken under consideration is the extent to which current sampling practices adequately reflect local social conditions. In particular, this concerns tribal, kinship-based communities. The third issue is the supplementing of quantitative data used for national aggregation with a set of locality-specific qualitative data. Here, special attention is given to observing poverty developments over time by introducing longitudinal and cross-referenced survey techniques.

The approach being used on Sumba is innovative. Although still in the process of development, it already has demonstrated clearly the need for locale-specific poverty measurement – especially in traditional rural areas that have a distinct socio-economic culture that differs from the “mainstream” of a large, multi-ethnic country such as Indonesia. Through this exercise, the National Statistical Office has recognized the need to better capture and reflect local-specific conditions and social structures in the poverty statistics.
A special problem exists in trying to observe the contribution of government administrative apparatuses in working towards the goals of economic growth. Better concepts, instruments, and related indicators are needed to assess the impact, because it takes place on a level that is strongly influenced by, but not completely under the control of, the administration.

**For all types of monitoring, the current motto should be “quality before quantity”: while large amounts of information are collected in many countries, the quality and relevance are often questionable. Furthermore, these data often are not exploited because a major capacity constraint on the technical side of monitoring is found in analysis and report writing.**

**Institutional arrangements**

The main challenge facing the institutional structure for PRS monitoring is the coordination and cooperation between the different data collection bodies, both horizontally and vertically. The problems here include redundant data collection, uneven data quality, and incompatible data sets or definitions (which can happen across different agencies, but also within a single organization over time).

Important stakeholders in institutionalizing PRS monitoring are the statistical offices, line ministries, regional (planning) authorities, parliaments, civil society groups, independent research organizations, and donors. In most PRS countries, a good deal of capacity development is needed by the majority of these actors. Guinea has taken a constructive approach to developing capacity for PRS monitoring amongst its many stakeholders (see box).

**Capacity development for an integrated system of the monitoring and evaluation of the Guinea PRSP**

The preparation of Guinea's PRSP was accompanied by consultations throughout the country with representatives of all major economic and social groups. This generally raised expectations of PRS processes and results to a high level. However, actual capacities for PRS implementation proved inadequate for achieving quick and tangible results. Capacities were especially constrained in the area of monitoring and evaluation, which is seen as critical to improving the performance with the implementation, and also to help the upcoming second PRS achieve a tighter focus on true national priorities.

The Permanent Secretariat of the PRS (attached to the Ministry of Economics and Finance – MEF) was not equipped to meet the challenges of PRS monitoring. Under its auspices, a dynamic support process is being carried out to develop local capacities for monitoring and evaluating the implementation of the PRS. The approach involves the provision of strategic, external inputs at critical points in the ongoing implementation process. M&E are an integral part of that process, in the sense that they support the continual improvement and refinement of the PRS and its implementation. In recognition of the need for a proper balance between participation and professionalism, various societal groups are consulted regularly, while at the same time the capacities of selected public sector staff and independent experts are being reinforced with regard to M&E concepts and methodologies.
The capacity development efforts have yielded several achievements:
- Numerous consultations have been conducted with important government, non-government, and private-sector stakeholders.
- Intensive training has been provided on monitoring concepts and methods.
- Several forms of communication have been used to support participation in PRS processes: publications, radio programs in national languages on PRS issues.
- Establishing and compiling information on 56 core PRS indicators.
- The creation of a professional association of independent evaluators, "AGEVAL".

Attention is now being turned to assisting with the decentralization of PRS implementation and monitoring through regional plans.

Two main difficulties in the flow of information between the stakeholders lie primarily with government: many ministries are reluctant to share information (particularly with a potentially critical civil society, but also with other government agencies), and the establishing of a regular flow of meaningful information from the sectors into a comprehensive reporting system on PRS implementation. With regards to sharing information, the difficulty needs to be approached from two directions. On the one hand, incentives need to be found to encourage the sharing of information; on the other, the right of civil society to information needs to be established as government's duty to inform.

This is especially important because, when independent research institutes have been able to perform analyses on raw data, the results have been very good.

There is no universal blueprint for the institutional structure of a PRS monitoring system. However, experience to date reveals that certain aspects need to be considered in all countries:

- While it is true that institutions usually are assigned areas of responsibility, the actual delineation and coordination of tasks often receives too little attention.
- PRS monitoring distinguishes itself from other monitoring systems through the enormous breadth of information it deals with. Thus it is all the more important for PRS monitoring to build upon existing monitoring systems in order to cover this wide spectrum of information.
- The institutional structure must be compatible with the available capacity. Excessive complexity that can be realized only through an unrealistic level of capacity development is counterproductive.

Nicaragua has designed a comprehensive structure for monitoring the implementation of its PRSP. (See box.)

Nicaragua: Vertical and horizontal coordination of PRS monitoring

In order to implement and monitor the ERCERP (Estrategia Reforzada de Crecimiento Económico y Reducción de la Pobreza – the Nicaragua PRSP) in a decentralized way, a special program of support has been initiated. This program is called PASE (Programa de Apoyo al Seguimiento y Evaluación a la ERCERP – Project of Support for the Monitoring and Evaluation of the ERCERP).
Stated simply, PASE provides technical support to Department and Regional Development Councils (established by the 2003 Law on Participation) for the elaboration, implementation, and monitoring of second-tier territorial development plans which put the ERCERP into action. The main objective of PASE is to enhance vertical and horizontal coordination of the planning, implementation, and monitoring of the ERCERP. The vertical coordination follows the different geographical tiers of the government, from the center, through the regions and departments, down to the municipal level. Organizations to be coordinated horizontally include the government offices of the different sectors, autonomous institutions, representatives of the productive sector, and civil society.

Key to the monitoring and evaluation tasks is the SINASIP (Sistema Nacional de Seguimiento a los Indicadores de la Pobreza – National System for the Monitoring of Poverty Indicators), which was developed in 2003. SINASIP has four dimensions: (1) a set of 33 intermediate indicators logically linked with the Millennium Development Goals; (2) the delineation of institutional responsibilities to collect information; (3) the requirement of sector-wide analysis and assessments as the basis for regional PRS strategies; and (4) the explicit incorporation of civil society. Although SINASIP has not yet been implemented, its indicators provide the foundations of the government progress reports. SINASIP is currently being re-designed to include information on PRS indicators, programs and policy actions. SINASIP will be established within departmental technical units to contribute to the formulation, execution and monitoring processes of the ERCERP.

In actual practice, a very good deal of PRS monitoring is performed for the donors, while the involvement of parliaments has been largely neglected. Both of these issues are taken up in the next sections.

Feeding monitoring information into the national dialogue and enhancing social accountability

Many countries have achieved improvements in several aspects of PRS monitoring, especially technical ones. But despite this, monitoring information has had little influence on policy. It is absolutely essential that strong linkages and feedback mechanisms are created between monitoring exercises, further policy work, and strategy implementation. Zambia provides a relevant good practice example.

The Sector Advisory Groups of Zambia

Good developments have recently taken place in Zambia. "Sector Advisory Groups" (SAGs), which so far had been involved in PRS monitoring, have received new Terms of Reference. These ToRs have shifted the responsibility of SAGs significantly in the direction of sector policy development to enable economic growth and poverty reduction.

The SAGs now play a major role in setting priorities, planning, M&E, and reporting. They also have become responsible for the drafting of the National Development Plan (NDP), which puts them in the position to feed monitoring information into national planning, policy development, and dialogue. Whereas the final decisions will be made by the Zambian government, much of the sector work will be guided, informed and
hence steered by the SAGs, allowing voices of non-governmental actors (CSOs, donors, and the private sector) to be included.

The challenge for the Zambian government is to accept the new role of the SAGs, and for donors to incorporate the SAGs’ recommendations into their own interventions and projects.

This is an area in which the involvement of the parliaments and civil society in the discussion about the achievements and successes with the implementation of the PRSPs is absolutely critical. Unfortunately, it is also an area that is so deficient, that in effect, neither accountability nor dialogue is possible amongst the governments, parliaments, and citizens. Exceptions (such as Nicaragua and Bolivia) prove the rule. Parliaments and CSOs will need extensive capacity development in interpreting and analyzing monitoring data for some time to come, so that they can better act as advocates for effective poverty reduction. In fact, a recent study\(^{35}\) recommends making parliaments the central target group for PRS monitoring.

For the sake of strengthening accountability, a diversity of information channels and multiple occasions for analysis should be part of the overall design of the PRS monitoring system. This would help to impede potential political blockades. Also, special surveys, such as participatory impact monitoring on the ground or PSIA, can enrich the public discussion and should be provided for more resolutely. And because those contributions that independent research institutions make to the monitoring of PRS implementation are especially suited to fostering public discussion, support to qualified institutes should be intensified.

While there has been significant progress with the reporting to donors, there has not been any noticeable improvement in the reporting to national stakeholders. The challenge is to ensure that the improved information flow to donors also effectively feeds more facts and analyses into the public discussion. Donors should ensure that the improvements in reporting to the Bretton Woods Institutions have an equally positive influence on the reporting to national authorities.

**PRS monitoring and the donor community**

A lot of potential exists for a mutually beneficial relationship between a partner country’s PRS monitoring efforts and the donor community. The information gained through PRS monitoring can help donors in many ways, while donor interventions can help to strengthen PRS monitoring and implementation. With regards to donor support for PRS monitoring, it should be kept in mind that some countries are still at the very early stages of building up monitoring basics, and others are much more advanced. Cooperation efforts need to be designed to match a given country’s specific needs.

Donors could take (more) guidance from the available PRS monitoring information to shape and target their support efforts, so as to increase effectiveness and relevance. In this respect, PRS monitoring can play several roles:

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• Monitoring exercises help donors to adjust their interventions by providing information for planning and the fine-tuning of funding, and it supports their decisions on the appropriate financing mechanisms.
• Monitoring information also identifies systemic weaknesses within partner countries for PRS implementation, so that donors can adjust development cooperation most effectively. This includes adjustments at the level of donor strategies for country assistance, as well as helping partner countries with the design of meaningful capacity development programs.
• A well-functioning monitoring system provides donors with reliable information regarding their contributions to poverty reduction – information they need for legitimizing investments in development cooperation with their own parliament and citizenries.
• Monitoring information can be used to test the hypotheses about development impacts upon which development cooperation is based.

However, donor organizations have made very little use of the results of PRS monitoring, so far, partly because the systems are still in their infancy. **Our recommendation is that they increasingly do incorporate PRS monitoring data into their own decision-making processes.**

If direct budget support or basket funding is being provided, then the careful analysis of monitoring information is indispensable. For one thing, donors are aware that additional monitoring of their own funds usually is not feasible, over-burdens the partner government, and undermines ownership. Yet monitoring information is critical to assess the political will of the partner governments as evidenced by their actions, as well as their accomplishments in reducing poverty. Again, it justifies budget support to the donors’ governments and taxpayers. The data also help with streamlining the work of the donors, in coordinating the projects of different donors, and in aligning them with the objectives set jointly with the partner countries. Therefore, continued cooperation with partner countries in building their PRS monitoring systems is a useful investment, as it provides both the governments of the partner countries and the donor agencies with necessary information.

While supporting the development of partner PRS monitoring systems, donors should take care not to over-load these with new and costly methods that strain capacities. **And as long as the donors are making a significant contribution to the implementation of the strategy for poverty reduction, they should not over-emphasize the principle of financial sustainability; cost effectiveness and political usefulness are more important criteria.**

Ownership is also at issue here. Certainly, PRS monitoring should be country owned and country driven. At the same time, donors need to recognize that governments are not necessarily interested in monitoring a priori, because it restricts their room to manoeuvre. To avoid endangering the sense of ownership of the PRS on the part of the partner government, donors must act sensitively, while making clear that further support is dependent on the governments’ commitment to fact-based decision-making.

In line with having a stronger ownership of their PRS, partner countries need to understand the advantages of having effective monitoring systems, and need
appropriate incentives. Donors should continue to support governments in their efforts to establish these.

So far, most countries face immense analytical, institutional, and capacity gaps for monitoring the PRS, and probably in many cases lapses in political will, as well. The need for strengthening analysis and report-writing skills seems universal. These gaps need to be addressed at national and regional levels, not only on technical issues, but also taking into account political dimensions. PRS monitoring plays a decisive role in maintaining those dynamics of participation that emerged during the formulation of the PRSPs; it is therefore essential that, in addition to assistance for government bodies (statistical offices, line ministries, etc.), donors also continue to support parliaments, NGOs, CSOs, and independent research institutions in their respective roles in PRS monitoring. Sri Lanka has employed an excellent approach to capacity development for monitoring that addresses each of these issues, along with the issue of ownership (see box in Chapter 6.)

This being said, the statistical departments of sector ministries and administrative offices are crucially important to a meaningful PRS monitoring. They should also continue to be targeted for support, especially in the sectors of agriculture and economic development.
CHAPTER 6: CAPACITY DEVELOPMENT FOR POVERTY REDUCTION STRATEGIES

Capacity development is a cross-cutting function and is central to sustainable poverty reduction and development. In the PRS context, German development cooperation defines capacity development as the approaches used by PRSP countries and stakeholders to enhance the abilities, skills, understanding, attitudes, values, relationships, behaviors, motivations, resources, and conditions that enable individuals, organizations, and broader social systems to carry out the necessary functions to achieve the PRS and MDG objectives in an effective way. Capacity development is the core challenge in reaching the objectives of the PRS process, in all of its aspects. Taking this even further, we would agree with the argument that capacity itself needs to be defined as the primary objective for all development efforts, rather than focusing on the services and outputs that development cooperation is supposed to produce.

Capacity constraints are the most critical issues facing both donors and PRS countries in designing, implementing, monitoring and adjusting Poverty Reduction Strategies. The PRS approach requires that the developing countries assume sole responsibility for the planning and implementation of all measures necessary to reach the overarching objective. Yet weak institutions and under-skilled individuals often are the main reason for development efforts falling short of their potential. Poor management of public resources for example, undermines the State as the guarantor of public welfare and security. Ineffectual civil society organizations fall short in their attempts to hold government accountable or in providing alternative channels for empowering the poor. This list could include numerous other examples.

Let us not forget the other side of the development cooperation relationship. The PRS approach establishes a new form of partnership between donors and recipient countries, and amongst donors. Many donor attitudes and behaviors are no longer appropriate in the PRS context, and currently prevent some donors from increasing the effectiveness of development cooperation through improved coordination. This, too, is a capacity development issue. Donors need to adjust their own understanding, attitudes, values, relationships, behaviors, motivations, skills, and objectives.

Under the PRS approach, donors are expected to withdraw from the planning and implementation of donor-driven projects and to align their development efforts to country-led programs. This can be achieved only if sufficient local capacity at all levels and sectors is available in partner countries for strategic and operational tasks, such as framing development goals, building systems for transparent decision making, planning, monitoring, accounting, etc. Developing capacity in all these areas takes a long time. Donors should accept that capacity development requires a comprehensive and long-term approach rather than individual short-term measures that focus on certain isolated issues. In particular, the results-oriented perspectives of donor countries should be synchronized with the absorption capacities of developing countries. (This also means an adjustment of donors’ annual aid budgets to the absorption capacity of developing countries, rather than imposing their own fiscal and impact requirements.)

36 Stated by Francis Fukuyama, the Bernard L. Schwartz Professor of International Political Economy at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University: www.sais-jhu.edu/faculty/fukuyama.
Past lessons from development cooperation: The evolution of capacity development approaches

Capacity development issues have a long history in development cooperation. Many different approaches have been tried over the last 50 years with varying success.

In the 1950s and 1960s, donors and academicians undertook substantial work in the area of public sector institution building and human resource development through the provision of education, training, and scholarships. The objective was to fill perceived institutional or skill gaps, and the means was the transfer of knowledge from North to South.

Awareness grew during the 1980s of the importance of developing endogenous capacities, in particular for managing macroeconomic reforms. From this emerged the concept of capacity building, a notion largely associated with the “building up” or “creation” of institutional capacity for policy analysis and reform.

The years since then have been marked by the growing understanding that reforms must be locally-owned, must start from local knowledge and be accompanied by institutional development. It became obvious that knowledge and technology could not simply be transferred from North to South, but had to be acquired and adapted to suit local needs and contexts, while existing local knowledge needed to be preserved and cultivated.

All these approaches could be characterized as isolated processes, which fed into certain weaknesses in the overall structure of development cooperation, such as the predominance of donor-led projects, inadequate attention to long-term capacity issues, etc. As a consequence, development cooperation efforts were limited in achieving sustainable impact on overarching goals such as poverty reduction.

More recent initiatives, including the Comprehensive Development Framework and the PRS approach, have made clear that forms of capacity development must be promoted that are more systematic, integrated, and based ownership in the partner countries in order to achieve more sustainable results. Evidence suggests that focusing specifically on capacity development to improve the quality of institutions has a positive impact on overall development.

Principles of capacity development

As indicated by the definition that kicked off this chapter, capacity development is a complex undertaking that goes far beyond the associated donor-driven technical assistance and training approaches. German development cooperation sees capacity development as a change process at all levels and among individuals, organizations and institutional or policy frameworks. These can be change processes within a state, civil society, the private sector, or the attending donor community, but also processes that focus on shaping cooperation between them.

German development cooperation has accumulated a large body of experience in the field of capacity development. This section presents some principles, or guidelines, for capacity development that represent a distillation of the many lessons we have learned through our practical work.
**PRINCIPLE 1:** Capacity development must be applied at three inter-related levels:

- **The individual level** focuses on people as actors within a social organization, such as farmers, planners, accountants, etc., and the way their skills, attitudes, knowledge, and abilities contribute to the realization of development objectives.

- **The organizational level** refers to formal or informal associations of people who unite to achieve common goals, such as a government agency, an NGO, an association of village chiefs, or a network of maize growers. The organizational level focuses on goals, strategies, resources, processes, structures, and management.

- **The societal level** represents the broad context within which the development processes take place. A main concern at this level is whether the environment is enabling or constraining for the development of capacities. For example, poorly-conceived policies, high levels of corruption, or the lack of legitimacy can produce a highly disabling environment. On the other hand, sound policies and a high level of commitment amongst the social forces contribute to an enabling environment, where capacities grow and flourish.

### Integrating gender equality perspectives into Kenya's PRSP at multiple levels

From the very outset of PRSP preparation early in 2000 in Kenya, gender issues were identified as affecting many aspects of poverty and of reform processes. A Gender Thematic Group (GTG) was established at the national level with the mandate to ensure that all other PRSP thematic and sector groups adequately considered gender equality issues. Activities initiated by the GTG included:

- Identifying critical areas of concern, and working to mainstream gender perspectives into the economic sectors of the PRSP.

- Holding consultation in all 70 districts with the requirement that at least 30% of the participants be women – explicitly providing women with the opportunity to express their concerns and priorities.

- Carrying out Participatory Poverty Assessments in ten districts that expressly ensured that poor men and women had equal opportunity to express their concerns.

However, despite these efforts to integrate gender equality as a cross-cutting issue throughout the strategy, its comprehensive inclusion was not achieved in the finished strategy paper. The obstacles that had prevented this were identified as: (1) the lack of capacity for mainstreaming gender; (2) the need to combine gender and economics expertise – while most gender specialists were untrained in public finance and costing processes; and (3) difficulties in identifying policy measures that are gender-responsive.

In order to meet these challenges, further work has been undertaken to develop the needed capacities, both within government and amongst gender lobbying and advocacy groups. Just some of the activities to this end have included:

- The regional workshop "Engendering PRSPs in Africa" was held in Nairobi in 2003 for major stakeholders in poverty reduction processes from several African countries. Working groups focused on gender-equitable pro-poor growth strategies, gender-aware monitoring systems, and gender budgeting. A regional network of practitioners emerged from the workshop.

- The PRSP/MTEF Secretariat of the Ministry of Finance and Planning launched a program in 2002 on "Gender Mainstreaming in the National Budget and in Macro and
Sectoral Economic Policies – Year 2002 and Beyond”, which also resulted in the study "Analysis of the Budget from a Gender Perspective – The Case of the Ministry of Agriculture in Kenya".
- Cooperation between the African women’s network FEMNET and the Kenya Institute for Public Policy Research has been strengthened.
- A two-week, advanced training of trainers course on Gender Responsive Budgeting was carried out.

A national pool of trainers now exists (including MPs, staff of the Ministry of Finance and Planning, members of women's organizations, and economic researchers) with expertise in gender budgeting and macro-economics. Several documents have been produced, including training manuals and studies to be used for lobbying and advocacy work.

**PRINCIPLE 2:** A broadly-shared national or sectoral reform agenda or strategic framework is the ideal basis for capacity development initiatives. Such a context strengthens the management of capacity development efforts, as does the clear formulation of capacity development program objectives in the form of expected capacity outcomes. This context also enables accountability to the ultimate beneficiaries (see Principle 7). Coherent donor support increases success with capacity development.

**Lessons learned from a coordinated program of capacity development for the Social Change Observatory in Benin**

At the time that the Benin PRSP was authorized, the two institutions charged with coordinating the monitoring of the implementation were not fully operational. One of these was the Observatoire de Changement Sociale (OCS – Social Change Observatory).

Three bilateral donor agencies have set up a basket fund to provide technical and financial support to the program for strengthening the OCS. The program involves strengthening both high-level and technical capacities within various units and top management of three different national agencies. One of these, the Commission Nationale pour le Développement et la Lutte contre la Pauvreté (CNDLP – National Development and Anti-Poverty Commission), has been mandated to design the overall strategic orientation of the fight against poverty, and is responsible for coordinating the OCS. All of the units within the OCS are involved in monitoring poverty and performing macro-economic analysis.

In several respects, especially political ones, the results of the capacity development efforts have fallen short of expectations; however, from the technical side, the effort has led to improvements in the tools for collecting, processing, and analyzing poverty data. The central shortcoming of the capacity development program has been a lack of clear targeting of its activities with regard to PRSP monitoring requirements.

Nonetheless, this exercise in joint donor basket-funding to support a capacity development program merits broader and more intense application. Relevant lessons learned in Benin include:
- Involve all the interested donors from the outset.
- Leave full political and technical responsibility for the program with the national
Structures; curtail any tendencies on the part of the donors to assume such responsibility.
- Clearly delineate the tasks and responsibilities between the national structures and the donors.
- Define performance criteria for assessing the extent of ownership exhibited by the national structures in the areas of design, coordination, and monitoring.
- From the outset, donors should agree on the internal management of the joint basket fund, on transparent rules of conduct for the donor group (for instance, regarding communication between the group and the counterparts, on exchanging information, etc.)
- Agree on indicators and targets for the scheduled capacity development activities and improvements in performance. Ensure that the basket fund donors coordinate their contributions both with regard to program achievements and government ownership.
- Ensure regular communication with any donors not involved in the PRS. Keep them informed about deliberations that take place at key phases of the process.

**PRINCIPLE 3:** *Capacity development supports change processes that have their own rhythm and timing, but usually proceed across a fairly long time horizon.*
Capacity development should be framed as an endogenous, country-specific process that is intrinsically based on voluntary action and motivation. The timeframe for it cannot be prescribed by donors – it can only be patiently supported. Capacity development is most successful when based on supporting self-esteem, including the use and expansion of existing capacities. This means drawing on national expertise, resuscitating and strengthening national organizations, and protecting social and cultural capital. It also precludes the use of blueprints.

**PRINCIPLE 4:** *Capacity development should take the form of an integrated process* by applying various approaches, strategies and methodologies that seek to improve performance at different social levels.

**The PRS “roll out” in Vietnam**

While overall growth rates have been very good in Vietnam, and have been of a pro-poor nature, poverty remains a significant problem in rural areas. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS – the PRSP of Vietnam) is very extensive but does not clearly prioritize the implementation of targeted measures in poor areas. Another challenge with CPRGS implementation is the traditional top-down planning structure, which in effect has not encouraged participation at the local level.

To enable the implementation of the CPRGS at the local level, a step-by-step process of reform for the sub-national planning system is being carried out, known as the PRS roll-out. The objectives of the roll-out are to decentralize CPRGS implementation, introduce a bottom-up planning system, and meet some of the local governance objectives that have been established by the Grassroots Democracy Decree.

The process began in a small number of pilot provinces. One element of the new approach of bottom-up planning is the introduction of local development funds, which allows for activities to be carried out that meet local priorities. After it became clear that the model was viable, the Ministry of Planning and Investment endorsed scaling up the initial experiences. This is done by rolling out the new approach to a few provinces at a
time. The process has been systemic, involving the creation of a new, decentralized planning framework that enjoys the commitment of central government, while capacities are expanded at local level at a practicable pace.

**PRINCIPLE 5:** Capacity development is systemic. It should not be confused with stand-alone training measures or other means of transferring knowledge. To ensure their effectiveness, interventions at the level of individuals need to be envisaged in an "open-systems" perspective, i.e. reflecting the organizational and societal environment with its respective enabling or inhibiting factors. The same applies to organizational development and the factors embedded in the surrounding political and social system. Conversely, capacity development at the political/societal level ultimately must be rooted in the capacities of organizations and individuals.

**PRINCIPLE 6:** Capacity development needs to be owned by the partner countries to be successful. Incentives to change are at the root of motivation, commitment and leadership, which in turn are important manifestations of the ownership of the capacity development process by stakeholders. Donors can help in the alignment of positive incentives, but ultimately, national stakeholders have to be in the "driver's seat".

In the better-practice cases, the governments of partner countries play the central role in the ownership of capacity development processes. Donors can support the sense of ownership by basing their support on national strategies; by using the partner country’s own processes, systems, and institutions; by supporting self-esteem; and through a respectful attitude towards domestic values and achievements.

**Sri Lanka: Developing independent domestic capacity for poverty analysis**

Recognizing the need to provide a more factual basis for the PRS dialogue on poverty, the Ministry of Finance, Department of External Relations initiated a process whereby in-country capacity for analyzing poverty would be developed. The first step was the creation of the Poverty Impact Monitoring Unit (PIMU), associated with the Ministry. The idea was that PIMU could first have the opportunity to develop its capacities under the aegis of the Ministry before being launched as an independent organization, responsible for its own survival.

Following the period of initial on-the-job capacity development, PIMU has been successfully converted to the Center for Poverty Analysis (CEPA), a non-profit company. CEPA works on commercial terms by offering fee-based research on poverty issues. CEPA also provides technical training on poverty assessment and monitoring for local specialists at the micro level.

CEPA has gained broad-based acceptance for the quality of its services. It receives a large number of orders from several major international donors, but also from government departments and national NGOs. CEPA currently is carrying out a number of PSIAs on critical and controversial PRSP issues. The Centre has contributed to creating sensitivity to poverty-related issues, as well as developing relevant know-how and capacities in counterpart organizations. It is expected that CEPA will achieve financial and institutional sustainability.
**PRINCIPLE 7:** *Capacity development needs to be addressed both at the level of specific technical fields and of cross-cutting processes.* The latter refer to the capacities to participate, plan, engage, implement, monitor, and evaluate. They include the ability to form partnerships, to agree on strategies, to implement reforms, to use knowledge, etc. A large palette of tools for capacity development already exists, such as leadership development, participatory budgeting, process facilitation, change management, capacity analysis, Participatory Learning and Action, etc.

**Capacity development for the micro, small, and medium enterprises sector in Honduras**

A large number of the poor population of Honduras works in micro, small or medium enterprises (MSME) in the informal sector. Honduran MSMEs typically manufacture traditional products and are characterized by obsolete technology, production methods, and management practices. The PROMYPE Project (*Promoción de la Micro y Pequeña Empresa* – known in English as the Income and Employment Promotion Project) contributes to the achievement of the PRS goals by promoting the services provided by MSMEs through the private sector.

PROMYPE has four components that address different aspects of the sector: (1) Improving general conditions and entrepreneurial services for the MSME sector (development of skills and capacities); (2) Improving the supply of financial services for MSMEs (resources); (3) Local economic development; and (4) Promoting the employment of youth. Thus the project takes an integrated approach to developing the skill and resource capacities of various actors at different levels.

The program contributes to the increased efficiency and competitiveness of MSMEs in rural and urban areas by opening access to new financial services and entrepreneurial consulting and training services. PROMYPE enhances the opportunities for employment in SMSEs and for SMSEs to secure investment funds – both of which are expected to result in higher incomes and, ultimately, improved living conditions. It is believed that the training provided will increase the competitiveness of these enterprises, raise overall productivity, and result in local economic development that then contributes to the growth of national income. PROMYPE supports participatory development and governance by creating and upgrading consultation mechanisms and by promoting greater transparency in the execution of SMSE programs and financial resources.

**PRINCIPLE 8:** *The effective development of sustainable levels of capacity requires accountability to the ultimate beneficiaries: the clients of those participating in the capacity development measures.* Ideally, the expected results of these efforts are defined within national structures of accountability that can ensure that organizations and governments answer to those whom they serve. In other words, one aspect of capacity development is to create accountable organizations.

**PRINCIPLE 9:** In many countries, marginalized groups, such as women and ethnic or religious minorities, and the poor in general, often do not have access to opportunities for developing their capacities. On the other hand, because these groups often lack a strong political voice, policy-makers might not be aware of their interests or needs. **Special efforts must be made to direct capacity development initiatives to the marginalized groups; at the same time, decision and policy-makers need to be**
educated as to the situations, concerns, and needs of the marginalized groups in their country.

**PRINCIPLE 10:** Capacity development sometimes needs to include such strategies as:
- eliminating inappropriate capacity (e.g. government bodies which have proven to be ineffective or have no legitimacy)
- making better use of existing capacities through improved networking or changes in incentive systems
- building up or strengthening existing capacity (e.g. national government policy, local government bodies or M+E units)
- creating capacities for new technologies or new issues (such as establishing forums for Public/Private Partnerships, the installation of ICT networks, etc.)

**PRINCIPLE 11:** Capacity development has proven difficult under the following conditions:
- lack of security and conflicts
- poor economic policy
- corruption in core government organizations
- fragmented government organizations
- poor conditions within the public service (inappropriate salary levels, excessive reliance on donor-funded positions, etc.)
- intrusive donor involvement in key national programs.

**A collection of capacity development messages**

As stated many times throughout this paper, capacity development is a cross-cutting function that is part of all development activities. This includes the development cooperation interventions provided within the context of the PRS process, especially those related to strengthening the medium-term orientation of the PRS, broadening and deepening meaningful participation, enhancing linkages between the PRS, the MTEF and budgets, and tailoring the approaches to conflict-affected and fragile states.

Each of the previous chapters of this paper point out capacity development needs or principles. Chapter 1 states that capacity development is key to each of the tasks associated with strengthening the sustainability and medium-term orientation of PRSPs, and calls especially for expanding the capacities required by the "4Ps" (participation, PSIA, public financial management, and pro-poor growth). Chapter 1 also stresses that investment in the development of capacities that support public debate is especially worthwhile. Chapter 2 covers the topics of linkages and coherence between PRS, budgets, and the MTEF – and points out that capacity development is needed in most PRS countries in nearly every aspect of this important field of work. For instance, the majority of PRS countries do not yet have the capacity to carry out a MTEF, or to even to follow up on budgeted expenditures. Chapter 3, on the alignment and harmonization of donor practices with PRSs, describes capacity constraints in partner institutions as being an obstacle, and warns against the setting too many conditionalities that over-burden partner capacities. Very many of the barriers to participation discussed in Chapter 4 related to deficient capacities. Indeed, Chapter 4 indicates that there is great need for capacity development for the broad spectrum of stakeholders, and that both technical and process capacities must be addressed. An important statement coming out of Chapter 4 is that capacity development must be conceived along a sufficiently long time
horizon. And the chapter on PRS monitoring also highlights the many capacity development needs for technical aspects, but more especially for political aspects of M&E, especially for bringing the results of monitoring into the public debate. The need for strengthening the capacities for analysis is particularly emphasized. Finally, it is important to note that nearly every chapter underscores that **parliaments should be a key focus for capacity development efforts, and that participatory processes need to be strengthened by capacity development for the various stakeholders.**

For German development cooperation, capacity development is both an end in itself, the means to an end, and indeed a specific procedure. As the means to an end, it lays the foundations needed to realize development policy objectives. As a procedure, it emphasizes the role of advisors as enablers, catalysts and facilitators, and the intercultural skills they need to fulfill it well. As an end in itself, capacity development enables a responsible citizenry and effective organizations with the evolving competencies required to play an active part in shaping the future of their country and enhancing their own well-being.

Because of the enormous importance of capacity development to successful and sustainable poverty reduction, we close this section with a recommendation for future PRS reviews: capacity development should be framed as the central issue for reviewing the progress of the implementation of the PRS approaches. The 2005 PRS Review could be a first step in this direction by revising or supplementing each of the key questions to include the view to capacity development. For instance, instead of assessing "just" the implementation status for a specific topic, the discussion should take up any capacity constraints encountered and what (further) measures might be necessary for the development, modification, and expansion of relevant capacity. This approach would support the assessment of improvements in processes, help to demonstrate ownership, and be useful in defining a clear partnership framework with accountabilities for the development partners of recipient and donor countries.
CHAPTER 7: THE VIEWS OF STAKEHOLDERS

The preceding chapters of this paper have focused on the factors that are critical for the future progress with and sustainability of the Poverty Reduction Strategy approach, as indicated by the experience and perspectives of German development cooperation. This chapter takes a different point of view – that of important stakeholders in the partner countries.

German development cooperation currently is conducting, in selected countries and in close cooperation with the respective governments, a small series of in-depth interviews and workshops to elicit and discuss the perceptions of major PRS stakeholders on the status of PRS implementation. The countries are Armenia, Honduras, Senegal, and Zambia. The two African cases are to be completed this summer. The interview processes and workshops to discuss the findings were completed in Armenia and Honduras in May, 2005. These are the topic of this chapter.

The stakeholder assessment interviews were supported by the software "e-VAL" (see box on e-VAL methodology). Using e-VAL to perform stakeholder assessments in the context of PRS implementation represents an innovative application of this software tool, and reveals that it can support this sort of complex assessment work. The second step of the assessment process is a workshop to discuss the findings of the interviews.

Interestingly, the Armenian and Honduran interviews and workshops uncovered similar perceptions, hopes, and concerns from the stakeholder representatives on several issues. The main messages that emerged from the assessments and workshops of both countries are:

- Each of the stakeholder representatives recognize some progress with the implementation of the PRS to date.
- Each of the stakeholder interview groups expects improvement with PRS implementation in the short to medium-term.
- The government and donor respondents define success with PRS implementation very similarly, and believe their definitions are shared by the civil society actors. However, while the representatives of civil society were, in fact, aware of the definitions for success applied by the other two interview groups (which emphasize economic growth), they do not agree with them. The civil society interviewees' in both countries perceive that the government and donors focus exclusively on economic growth (in neo-liberal forms that they fear could actually increase poverty or inequity), and not necessarily on poverty reduction per se.
- Current issues of importance for PRS implementation are: ownership, participation, monitoring and evaluation, the harmonization and alignment of policies, having a vision for the PRS that extends beyond economic growth (especially important to the civil society representatives), financial management and financing, and regionalization of the PRS. The need for capacity development was mentioned as it relates to these issues.
- The PRS needs a vision to direct the PRS implementation process. The Armenia workshop participants specifically called for the creation of a vision. In Honduras, some of the participants pointed to such current deficiencies in the PRS implementation process as the lack of a unified position within government, the absence of national identity in the process, discordant objectives amongst some
of the in-country actors, lack of clarity concerning relevant action plans, and shifts in priority expressed by actual allocations (as opposed to policy statements) – elements that, taken together, we construe to indicate that the Honduran PRS implementation process could benefit by an organizing, directing vision.

- The management and implementation structure for the PRS remains unclear. An explicit distribution of tasks between the government and civil society is needed.
- Participation should be broadened. The PRS needs to be decentralized to sub-national levels, and civil society should be empowered to participate more effectively.
- The monitoring of the PRS needs to be improved. It currently is unclear how the PRS affects poverty.
- Effective communication and dialogue between the government and its citizens is needed.
- Civil society contributions to PRS implementation have been limited so far.

The stakeholder interviews

In each of the four countries in which the stakeholder assessment of PRS implementation is being carried out by German development cooperation in close cooperation with the respective government, representatives of three stakeholder groups are interviewed individually and anonymously, using the e-VAL software tool. (See the box on e-VAL methodology on the next page.) The groups are government agencies, civil society actors (in Armenia and Honduras, these were mostly NGOs), and the in-country donor community. Approximately five members of each of these groups are interviewed, four being the minimum number required by the e-VAL method.

This section presents the main points made by the stakeholders through the e-VAL interview process in Armenia and Honduras. It is important to remember that the particular topics and issues were defined by the interviewees, themselves. It is therefore interesting to note the high level of correspondence between the issues that the respondents in the two countries found to be significant and those discussed in this paper.

The views of Armenian stakeholders: the e-VAL assessment
In Armenia, a total of 17 stakeholder interviews were conducted using e-VAL. Four of those interviewed represented the group of government stakeholders; seven were members of NGOs involved in PRS processes; six of the interviewees represented the donor community in Armenia. The interviews were held during the first half of May, 2005.

While all three groups recognized that progress has been made with PRS implementation since its inception in August 2003, the group of NGO respondents perceived that it actually had been quite limited, and in fact had decreased since the beginning of the implementation process. With a score of 100% representing perfect implementation to date, the group of government interviewees gave the current level of implementation a score of 64%, the donor respondent group registered 50%, and the NGO representatives ranked it at only 14%. (Please note: these and all other scores represent the average score calculated for the group based on the individual responses. The groups did not discuss and jointly agree on ratings; rather, the interviews were conducted individually.)
The e-VAL methodology

e-VAL is a computer-based evaluation instrument that has been developed by German development cooperation (specifically the German Agency for Technical Cooperation – GTZ) in collaboration with the management consulting firm “nextpractice”. It has been in use as an instrument for evaluating development cooperation interventions since 2003.

Unlike questionnaires, e-VAL does not pose pre-formulated questions. Instead, the persons best informed about a project or process are given the opportunity to provide their personal views on those factors that they consider important. Thus e-VAL does not seek to gain an "objective" picture of the particular measure or program – in this case, the implementation of the Poverty Reduction Strategy of the respective country. On the contrary, e-VAL is designed to draw on well-informed opinions and perceptions. Therefore, the interviewees are selected because they are very familiar with the PRS implementation process that is being assessed.

e-VAL takes up three different perspectives on the project or process. In assessing the PRS implementation process, the three perspectives are those of the government, civil society, and international cooperation agencies. Amalgamating five interviews is usually sufficient to accurately record a group view on the project/process, so at least fifteen interviews are conducted, about five for each group perspective (the appropriate number of persons to be interviewed depends on the given situation). Each interview takes 2 1/2 hours and is conducted anonymously – the e-VAL results display the original statements ordered by group, but it is not possible to find out which individual made which particular statement. The interviews are conducted by an e-VAL expert who is external to the PRS process, in order to reduce bias.

e-VAL prescribes general "elements" typical for and common to all development projects or processes. These elements are assessed in the course of a computer-assisted interview applying yardsticks that are subjectively defined by the given respondent. For example, the interviewee defines how to measure the "success" and "failure" of the PRS implementation process in question. What would characterize 100% success with this factor from the viewpoint of the interviewee? What would be the definition of 100% failure? He or she then specifies how the other elements of the process measure up against this yardstick, such as the quality of the program concept at different points in time, the contribution of the various actors, and the success concept of other stakeholders in his or her perception.

Using these ratings, e-VAL applies statistical procedures ("repertory grid", "main component analysis") and calculates a three-dimensional space in which the prescribed elements are positioned precisely in accordance with the assessments made. The computer generates a graphic image of the "view" of the interviewee about the respective project or program. The interviewee is shown the image, it is explained to him or her, and the interviewee can elect to return to any topic that he or she believes is not accurately depicted. This process is repeated until the interviewee is satisfied with the display.

Example: Result of a single interview
This image illustrates the cognitive e-VAL space demarcated by ‘project/process success’ on the right side and ‘failure’ on the left. Within this, the elements ‘project/process today’ and ‘tomorrow’, ‘original design’ and ‘changes as seen by target group’ are positioned in relation to their similarity as defined in the interview.
In this example, the respondent believes the project/process has deteriorated since inception and will probably continue to do so. The interviewee is of the opinion that civil society also feels this to be the case.

e-VAL also produces composite values for each group, and compares them with each other. This means that the views of the government, civil society, and donor respondent groups can be compared for congruence and divergence. Internal control mechanisms (average number of assessment factors developed and the "characteristic values" for the groups involved) are applied as quality controls. The reliability of e-VAL results from the cumulative aggregation of well-informed opinions.
Furthermore, each of the respondent groups expects that, if current trends continue, significant gains will be made with PRS implementation over the coming year. The government respondents expect that, one year from the interview, PRS implementation will increase to 72%, while the donor representatives expect implementation will deserve a 68% ranking, and the NGO interviewees anticipate progress to a ranking of 39%. Therefore, although the NGO respondents still are more critical of the PRS implementation process, they expect a greater percentage increase than the other two groups.

Each of the groups expects different types of improvements in the PRS implementation process.

- The NGO respondents believe the PRS will develop a stronger poverty focus (especially moving beyond a purely economic view of poverty to incorporating social dimensions), that there will be greater coherence between government policies (particularly between MDGs and the PRS objectives), that dialogue and information exchange will improve through capacity development, and that monitoring will be improved through the inclusion of qualitative indicators.

- The donor respondents, too, expect that monitoring will improve (through the creation of a national social monitoring system) and that gains will be made in participation, specifically that it will become more institutionalized and so have more of an influence. They believe that PRS implementation will become more decentralized, and that NGOs will effectively represent poor people's interests. But these donor representatives feel more work is needed to raise general public awareness about the PRS and to enhance participation. Some fear was expressed that the government is not exhibiting sufficient reform efforts, which could prevent the PRS from becoming a common development framework for the government and donors.

- Most of the improvements expected over the next year by the government respondents relate to the development of better PRS management skills. Another positive development is expected through the introduction of a progressive tax policy, and that the government will become more responsive to its citizens. But some of the respondents felt it was likely that the government will continue to discuss PRS goals only in a general way, and that stratification will increase in Armenian society.

An interesting finding of the assessment is that there is a lot of consistency between the definitions of success with PRS implementation that were formulated by the government group with those of the donor group. The two groups also perceive each other as being basically in agreement on the definition of success in PRS implementation. Both groups believe, too, that they understand how the NGO group defines success with PRS implementation, and that this definition is similar to their own. However, the NGO respondents' concept of success with PRS implementation is, in fact, quite different from those of the government and donor groups. Furthermore, the NGO representatives are aware that their concepts are different. This could indicate that the government and the donor community do not really understand the positions of NGOs with regard to PRS implementation success.

The NGO respondents stated that the government's and donors' view of PRS success focuses exclusively on economic growth, whereas the NGOs place much more emphasis on other, social dimensions of poverty (and, indeed, on poverty itself).
Other issues brought up by the Armenian stakeholders through the e-VAL interviews are presented here, briefly:

The NGO and donor respondents felt quite strongly about participation, while the government group was somewhat indifferent. Progress was recognized in the establishment of public dialogue, and that, through involving civil society, government has gained its trust and confidence to some extent. A couple of donor and NGO respondents, however, felt that participation still only exists formally, without much influence, and can be characterized as "fictitious".

The government group did not bring up the issue of ownership. The donor respondents believed that ownership is in place (especially within the Ministry of Finance and the Economy), and that PRS implementation is not fully donor-driven. On the other hand, one donor felt that the donor community should have an exit strategy in place, and another believed that the NGOs tend to be oriented towards the donors. The NGO interviewees were extremely critical of the PRS ownership issue – going so far as to state that donors have used the Strategy to dictate their ideas, that it is driven by donor conditionalities.

The donor and government respondents pointed to the fact that the monitoring and evaluation system has been developed, is being implemented, and is producing regular reports as a positive development. Nevertheless, there were some statements amongst the donor interviewees that the monitoring information is still insufficient, with problems of high aggregation levels and lack of validity. Some of the NGO respondents expressed a high degree of dissatisfaction with the monitoring system, claiming that the indicators selected do not reflect the real poverty situation of Armenia, and focus only on economic growth.

Each of the stakeholder groups saw a need for capacity development within the PRS implementation process, although they tended to bring up capacity issues in relation to other topics, not as a topic in itself. The specific needs for capacity development that were mentioned include: Capacity development for civil society in implementing the PRS (mentioned by the donor group), technical and managerial capacities (mentioned by a government respondent), and negotiation skills (an NGO representative).

Harmonization and the alignment of policies: Both the government and donor interviewee groups expressed the opinion that the PRS provides a framework for government and donor activities, and that policies enjoy a solid degree of coherence. Government respondents also pointed out that relevant laws have been passed, and that the work performance of government has improved. One dissenting voice from the donor group stated that the PRS lacks a mechanism for implementation, while one NGO respondent found that government activities are not harmonized. One respondent did not perceive a logical link between the MDGs and the PRS objectives.

The NGO respondents believe that the Armenian PRS lacks a vision. Specifically, the NGO group did not perceive the political will in Armenia to overcome poverty. Instead, they saw the focus as being on economic growth, for which the PRS provides a neo-liberal agenda. One respondent feared it actually could polarize Armenian society further.
Financial management and financing are other issues that were brought up by each stakeholder group. Isolated (and sometimes contradictory) statements were made by different respondents, pointing out both successes and deficiencies in different areas. The donor group stated that the PRS is linked to the budget and the MTEF, that external debt is at a sustainable level, and that Armenia’s fiscal deficit is sufficiently low. One donor representative criticized the fact that tax revenues have not expanded sufficiently to cover social expenditure. One government respondent explicitly stated that the PRS has led to increased financial stability in the country. Contradicting this statement, other members of the government group perceived a high level of informal currency flow and ineffective government expenditure. The views expressed by the NGO respondents on financial issues are generally negative. Statements were made about the lack of financing priorities in the PRS, disadvantageous tax rates for small and medium enterprises, and lack of funding for CSOs to perform independent evaluations (while hefty fees are being paid to elite consultants, both foreign and domestic).

All three respondent groups were critical about the degree to which the PRS has been decentralized, or taken to the regional level. The donor group pointed to a lack of vision and concrete planning for regional development. One government representative perceived a PRS focus on Yerevan, while an NGO respondent believed the relationship between the center and the regions has been disrupted.

The views of Honduran stakeholders: the e-VAL assessment
The e-VAL interviews were conducted in Honduras in the first half of the month of May, 2005. Fifteen individuals were interviewed, five coming from each of the three stakeholder groups (government, civil society, donors).

As in Armenia, each of the three groups perceived some success with PRS implementation, so far. In this case, however, it was the civil society group that found the most achievement with implementation, ranking it at 57%. The donor group gave a score of 51% (very similar to the donor rating in Armenia), while this time, the government representatives saw the least amount of success with the strategy so far: 44%.

In Honduras, too, all stakeholder groups believed the success with the implementation of the strategy would grow in the medium term. However, this optimism was based on the following conditions, not all of which are considered assured:

- The next government, to be elected at the end of 2005, will not discontinue the Poverty Reduction Strategy program, and will even take up the necessary ownership of it that has been displayed by the current government.
- Civil society will participate to a greater extent.
- Institutional capacities are strengthened and sufficient funding is provided.
- The priorities of civil society become better reflected in the PRS.
- Local government is strengthened.
- The system for monitoring the PRS is able to provide improved information.
- The PRS comes to be understood nationally as the long-term development plan for the country.

Each of the stakeholder interview groups mentioned several positive – although sometimes different – factors associated with the present level of success with the PRS. The government representatives pointed to the existing consensus on the need to
harmonize development activities, the opening up of government to civil society participation in the PRS, the increased involvement of the municipal government in the Strategy, the decentralized implementation of the PRS, and the steps taken in establishing the PRS monitoring system. The civil society respondents appreciated the determination of all actors to take the Poverty Reduction Strategy forward and one of them found that there is some agreement between the PRS and the municipal development plans. Like the government interviewees, they also perceived an opening up of government through the PRS process. The donor representatives perceived improvements in the cooperation between agencies because of the PRS, the harmonization of donors and government around the PRS objectives, and overall consensus on these objectives. The donor representatives, like those of government, felt the PRS monitoring system, although still exhibiting some shortcomings, is contributing to PRS success.

But again, the same phenomenon was observed in Honduras as in Armenia regarding the stakeholders' definitions of success with the PRS and who shares it. Here, too, the government and donor respondent groups believed they had a similar understanding of success in the context of the Poverty Reduction Strategy, and that the representatives of civil society concur with it. However, the civil society respondents, while correctly recognizing the definitions for success held by the two other groups, were somewhat critical of it. Just as the Armenian civil society interviewees did, they believed that success as defined by government and the donors places too much emphasis on economic growth, and too little on the actual reduction of poverty as such. In fact, the statement was made from within the civil society group that the macro-economic policy being promoted actually generates poverty.

The interviewees saw great potential for further improving the implementation of the PRS, provided that certain obstacles or negative factors are addressed. There was little overlap between each of the three stakeholder groups on what these factors are.

- The government representatives perceived a lack of alignment amongst the donor community, lack of coordination amongst the national institutions, no unified position on the PRS within the government, a lack of national identification with the PRS, missing linkages between the national budget and the PRS, inadequate coordination of interventions at the local level, and cloudy priority-setting for projects and programs. They also believe that the PRS treats governance issues only superficially.

- In the views of the civil society respondent group, the donor community does not coordinate sufficiently, partially limits its contribution to the servicing of external debt, and promotes macro-economic policies that exacerbate poverty. They also perceived the Honduran government as assigning resources according to superficial criteria, isolating the social sectors, making decisions too slowly, lacking priorities for carrying out projects, and neglecting to treat gender as a cross-cutting issue at all levels.

- The donor representatives pointed to such negative factors as the lack of inclusion of important sectors in the PRS, the huge change of personnel with each new government, institutional weakness, the lack of knowledge about the Poverty Reduction Strategy, the shifting of priorities through the actual allocation of expenditure, vague action plans, and the lack of rural development plans.

The workshops
Workshops were held in Armenia and Honduras shortly after the interview process was concluded. The purpose of the workshops was to present and discuss the e-VAL assessments, to discuss a selection of the issues that emerged in more detail, and to identify possible actions for the future. In Armenia, the workshop process included outlining the main challenges facing the upcoming PRSP update (the formulation of the second PRSP). Both workshops were attended by government officials, representatives of civil society, and representatives of donor agencies. Some of the interviewees also attended the workshops, but it should be remembered that the statements made in the e-VAL assessment remained anonymous, and so could not be attributed to any individual (only to the respondent group).

The two-day Armenian workshop was facilitated using Think Tools software. This software is designed to facilitate complex decision-making. It presents qualitative information visually, so that the underlying reasoning is made transparent, interconnections between factors are revealed, and the relative values placed on the various options by different stakeholders are calculated and displayed.

The workshop participants essentially confirmed the assessments, and did not find they held many surprises. Through a number of steps involving work in groups and discussion in plenary, the following areas and issues were identified as those most requiring attention in order to take the PRS implementation process forward and achieve poverty reduction:

- A vision is needed for the PRS to revive its social mission and reinforce the goal of social equity. The vision needs to address monopolistic power structures and better pro-poor growth strategies, while calling for social actions and the implementation of proactive employment policies. The vision also must take up the issue of corruption.
- The tasks, roles, and management structures for PRS implementation need to be clarified. Responsibilities must be clearly distributed between the government and CSOs. The links between the PRS, MTEF, and the budget should be optimized. The roles of NGOs in PRS implementation needs to be strengthened.
- Participation needs to be broadened, and civil society needs to be empowered to participate. Decision-making should be devolved to lower levels. The technical and financial capacities of NGOs need to be supported. Improved voting mechanisms should be introduced into government/NGO working groups. More effective communication and constructive dialogue is needed between the Government of Armenia and its citizens.
- PRS monitoring and evaluation: monitoring information needs to be improved in its quality, validity, and level of disaggregation. Better outcome and impact indicators are needed, as well as methods to monitor them. Funding for qualitative studies should be provided, monitoring capacities should be developed within government and amongst NGOs, and civil society should be increasingly involved in PRS monitoring.

As with the Armenian workshop, the one-day workshop in Honduras did not hold many surprises for its participants. They were impressed by the candid and critical self-assessments made by the government respondents, and their eyes were opened to the lack of (room for) civil society participation in the PRS implementation process. The participants believed that the e-VAL methodology had been particularly suited to revealing both of these phenomena. They also pointed out that the interviews had not
addressed the effects of national and international structural factors on PRS implementation and success in Honduras.

Indeed, the workshop participants expressed dissatisfaction with the fact that such issues as trade agreements, subsidies in the industrialized countries, non-tariff trade barriers, the decline of international prices, the development of terms of trade, and related issues are being completely neglected by the 2005 PRSP review on implementation of the Strategies, even though these certainly have a major influence. **We donors should take this to heart, and critically review our performance in implementing MDG number 8, developing a global partnership for development.**

The Honduran workshop focused on the following three areas, issues, and potential solutions: structural factors affecting PRS implementation, assuring the sustainability of the PRS process, and increasing participation.

**Structural factors affecting PRS implementation.** Two sets of structural factors were identified:

- Deficits in policy coherence are perceived as (1) a significant conflict between the policies of development cooperation and the trade policies of donor countries. This was viewed as creating (2) a lack of coherence in internal donor policies on development cooperation, as well. But (3) a lack of coordination was seen, too, amongst national policies, which is aggravated by the absence of a guiding political vision for development in Honduras.

- Development resources currently do not generate the necessary impact. The main problems perceived here are the high level of dependency on external assistance, the fact that Honduran competitiveness is falling in an environment of increasing globalization – yet no important shifts or changes have occurred within the traditional Honduran productive structures, and the social-sector bias of the PRSP. Better balance is needed between social sector expenses and productive investment.

**Assuring the sustainability of the PRS process.** Local government entities and national institutions remain relatively weak, in terms of capacity constraints and insufficient funding. The major task here is to provide capacity development, especially at the local level. At the same time, the creation of an intermediate regional level could facilitate the transfer of funds. A second issue is that official financial controlling structures are weak and politically-influenced, so that there is a lack of transparency and accountability. Here, too, the main solution was seen to be institutional capacity development, along with anti-corruption measures.

But the most effective way to ensure the sustainability of the PRS process was seen as increasing the amount of essential information on and knowledge about the Poverty Reduction Strategy and the processes linked to it amongst all sectors of society. Currently, the levels of knowledge on the PRS found in the general public are very low. In fact, the workshop participants felt that the general emphasis on refining methods and processes related to the PRS is out of place, in light of the information needs amongst the citizens of Honduras.

**Increasing and improving participation.** Because discussions on the e-VAL assessment had revealed a general lack of civil society participation in PRS implementation, this was a main focus of the general discussion on participation. Reasons for the deficient
degree of participation were seen to be civil society's lack of influence on political decision-making, lack of capacities for implementation at the local level, and lack of ownership. Again, capacity development and improved information were viewed as important ways to increase participation. Two concrete recommendations were (1) to make more funding available for social and productive projects through such mechanisms as the Social Investment Fund, and (2) to promote local participatory monitoring, especially based on locally-defined criteria and indicators.

Common themes and main messages

The stakeholders in Armenia and Honduras had many common concerns and issues. They also proposed a number of similar solutions to the challenges they currently face with PRS implementation. Moreover, they exhibit a great deal of overlap with the themes presented throughout this paper, and with some of the solutions it offers.

Specifically, topics that are recurring themes throughout this paper and which were brought up by the stakeholders in Armenia and Honduras include:

- the need for more indicators that capture social dimensions of poverty
- the importance of institutionalizing participation, especially in PRS implementation
- that decentralization supports improved PRS implementation
- the need to expand tax revenues in a way that does not disadvantage the poor
- the fact that ownership throughout government and civil society is absolutely essential to the sustainability of Poverty Reduction Strategies
- the importance of improved public financial management to better implementation of the PRS
- the need to fight corruption
- the fact that poor PRS prioritization is a major obstacle to effective implementation
- the need to achieve more balance in the PRS between social and productive sectors
- the importance of linking short, medium, and long-term budget planning with the PRS.

Furthermore, some very important, main messages should be highlighted and discussed here, not all of which were anticipated by the rest of this paper.

The first is the disparity between the definitions of success with PRS implementation held by the representatives of government and the donors and those held by the representatives of civil society. The civil society respondents in both Armenia and Honduras obviously and justifiably feel that some of their concerns are being neglected or ignored by their governments and the donor community. The civil society respondents of the E-VAL assessment perceived the other two stakeholder groups as defining success with the PRS as economic growth and adherence to a neo-liberal economic game plan. This underlines the importance of the recommendation made at several points in this paper that public dialogue be actively encouraged on macro-economic policy issues. The fact that civil society respondents believe the current macro-economic road to PRS success taken by government and donors actually leads to increased poverty and inequity cannot be ignored. Whether the civil society actors are right or wrong on this is one issue – but clearly their governments and the donor
community are not listening to them adequately. This lowers the opportunities for expanding participation and also increases the likelihood that the PRS becomes blocked by certain social forces.

The assessments and workshops revealed other shortcomings with current levels and forms of civil society participation. Although pointed out in many chapters of this paper, it was something of a revelation to the in-country stakeholders that civil society is not meaningfully involved in PRS implementation. The comment from a representative of Armenian civil society was rather unsettling that participation there is “fictitious” – especially considering that the country has a formalized agreement between the government and CSOs on participation in the PRS!

We can only recommend here that we donor agencies truly listen to voices of civil society in our partner countries, and that we encourage the partner governments to do the same. Civil society needs to be actively involved in designing the forms and structures for participation in their countries. And we agree with the recommendations made by the civil society representatives in both Honduras and Armenia that more information on PRS content and processes be made available to the general public.

Finally, it is also noteworthy that the Armenian and Honduran stakeholders find their PRSs wanting of a vision. They believe – quite rightly – that a vision will help focus priorities, increase country-wide ownership, and generally make PRS implementation more effective. German development cooperation finds that this concept of a vision for the Poverty Reduction Strategies can be coupled very nicely with one of the main recommendations of this paper: that PRSPs be structured around a few, core political actions that can be accomplished within the medium term, which can be championed by parliament, and which can generate energies and enthusiasm for PRS implementation.


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Appendix 1:
Countries Supported in PRS Processes by German Development Cooperation

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<th>Programme-based joint financing by KfW (as of March 2005)</th>
<th>PRS support by GTZ</th>
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<td>Burkina Faso</td>
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<td>12/04</td>
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<td>Guinea</td>
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<td>04/04</td>
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<td>06/03</td>
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<td>12/04</td>
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<td>08/04</td>
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<td>Vietnam</td>
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<td>Latin America</td>
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<td>Armenia</td>
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<td>Azerbaijan</td>
<td>04/03</td>
<td>05/04</td>
<td></td>
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<tr>
<td>Central and Middle East / North Africa</td>
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<td>Yemen</td>
<td>05/02</td>
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### Appendix 2: Good Practice Sheets

#### Summary Table

<table>
<thead>
<tr>
<th>Country</th>
<th>Good Practice Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>Institutionalised participation on the basis of a formal agreement between stakeholders</td>
</tr>
<tr>
<td>Benin</td>
<td>Implementation of the monitoring and coordination mechanism (Social Change Observatory (OCS)) for the Benin PRSP.</td>
</tr>
<tr>
<td>Cambodia</td>
<td>National Strategic Development Plan</td>
</tr>
<tr>
<td>Cambodia</td>
<td>CAM-Info Monitoring System</td>
</tr>
<tr>
<td>Cameroon</td>
<td>A participatory and transparent mechanism to manage HIPC funds.</td>
</tr>
<tr>
<td>Guinea</td>
<td>Integrated Monitoring and Evaluation of PRS Implementation.</td>
</tr>
<tr>
<td>Ghana</td>
<td>District-based Poverty Profiling, Mapping and Pro-poor Planning</td>
</tr>
<tr>
<td>Honduras</td>
<td>Localizing PRS</td>
</tr>
<tr>
<td>Honduras</td>
<td>Income and Employment Promotion Project (PROMYPE)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Capacity Building for Gender Lobby Groups – Integrating Gender Equality Perspectives into PRSPs.</td>
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<tr>
<td>Kenya</td>
<td>Capacity Building for Gender Lobby Groups – Integrating Gender Equality Perspectives into PRSPs.</td>
</tr>
<tr>
<td>Malawi</td>
<td>Qualitative Impact Monitoring (QUIM)</td>
</tr>
<tr>
<td>Mali</td>
<td>Coordination of the PRS and budget</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Municipal Planning System</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>The National System for the Coordination, Implementation, Monitoring and Assessment of the Economic Growth and Poverty Reduction Strategy and the National development Plan</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>Building independent domestic capacity for poverty analysis</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Improved inclusion of domestic stakeholders in the PRS Review</td>
</tr>
<tr>
<td>Uganda</td>
<td>Justice, Law and Order SWAp</td>
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<td>Uganda</td>
<td>Education Funding Agencies Group (EFAG)</td>
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<tr>
<td>Vietnam</td>
<td>PRS roll out</td>
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<tr>
<td>Tanzania and other countries</td>
<td>Gender Budgeting</td>
</tr>
<tr>
<td><strong>Making Poverty Reduction Strategies Work – Good Practice Sheet</strong></td>
<td></td>
</tr>
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<tr>
<td><strong>Country</strong></td>
<td>Armenia</td>
</tr>
<tr>
<td><strong>Name</strong></td>
<td><strong>Identification of Good Practice</strong></td>
</tr>
<tr>
<td></td>
<td>Institutionalised participation on the basis of a formal agreement between stakeholders.</td>
</tr>
<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>A governance structure that allows for real participation in PRSP formulation, implementation and monitoring had to be developed to guide, energize and monitor the PRS implementation process.</td>
</tr>
<tr>
<td><strong>Change Process</strong></td>
<td>An all-Armenian Stakeholder Table negotiated a partnership agreement with the government. The institutional set-up consists of the Participatory Steering Committee, the Working Group and the Open Forum. Civil society including the private sector has become an integral part of the PRS implementation and monitoring mechanism.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>Stakeholders include the following</td>
</tr>
<tr>
<td></td>
<td>- The government (the Ministry of Finance and Economics is the lead stakeholder in the development of the PRSP);</td>
</tr>
<tr>
<td></td>
<td>- Sector ministries and agencies;</td>
</tr>
<tr>
<td></td>
<td>- NGO/CSO representatives, which are included in the partnership;</td>
</tr>
<tr>
<td></td>
<td>- the church and other institutions.</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>Support was provided to the process and provision of subject matter advice, both at central and governorate level. Strategy was developed through facilitated consultations, supported by a high-end software tool. Strategic communication was supported.</td>
</tr>
<tr>
<td><strong>Outputs and Impacts</strong></td>
<td>Outputs achieved include a new governance structure, a formal partnership agreement; and enhanced expertise in terms of monitoring management. There has been better and real participation by a wider stakeholder group; implementation was achieved via an adequate implementation framework and linked to funding (MTEF, Budget); there is now greater transparency through better communication and improved technical skills for evaluation.</td>
</tr>
<tr>
<td><strong>Donors’ Contribution</strong></td>
<td>The IMF/World Bank as usual; USAID partly, EU none (apart from budget funding), DFID through Technical Assistance (TA) projects. Capacity development via GTZ through TA projects, especially the long-term process and content support for strategy development.</td>
</tr>
<tr>
<td><strong>Lessons Learned</strong></td>
<td>An institutionalized partnership with a legally binding basis can be extremely helpful in seeking to establish a functional structure which secures the active involvement of all stakeholders.</td>
</tr>
<tr>
<td><strong>Contacts</strong></td>
<td>Christopher Mallmann, GTZ Armenia, <a href="mailto:gtz-prsp-armenia@cornet.am">gtz-prsp-armenia@cornet.am</a></td>
</tr>
<tr>
<td><strong>Annexes</strong></td>
<td><a href="http://www.prsp.am">www.prsp.am</a></td>
</tr>
<tr>
<td><strong>Country</strong></td>
<td>Benin</td>
</tr>
<tr>
<td><strong>Name</strong></td>
<td>Benin</td>
</tr>
<tr>
<td><strong>Identification of Good Practice</strong></td>
<td>Implementation of the monitoring and coordination mechanism (Social Change Observatory (OCS)) for the Benin PRSP.</td>
</tr>
<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>When the PRSP was first authorized, the institutions charged with coordinating the monitoring of PRSP implementation were not fully operational, i.e. the Commission National de la Lutte contre la Pauvreté (CNDLP – National Development and Anti-Poverty Commission) and the Observatoire de Changement Social (OCS –Social Change Observatory).</td>
</tr>
<tr>
<td><strong>Change Process</strong></td>
<td>A joint basket fund has been set up (by the Royal Embassy of Denmark, Swiss Cooperation and GTZ) to provide technical and financial support to the program with the aim of strengthening the OCS. The program is geared to building the capacity of the Permanent Secretariat (PS) of the CNDLP, as well as various operational units responsible for implementing the technical aspects of the OCS program, such as INSAE (the National Institute of Statistics and Economic Analysis), CAPE (the Economic Policy Analysis Unit) and DGAE (the Directorate-General for Economic Analysis). Under the auspices of the Ministry of Finance and Economics, the Permanent Secretariat of the CNDLP is mandated, inter alia, to undertake the day-to-day management of the Commission’s activities within the framework of the PRSP. The Permanent Secretariat is also mandated to produce PRSP progress reports and reviews, to evaluate PRSP implementation periodically, and to draw up monitoring documents (Annual Progress Report). Furthermore, it is responsible for communication with donors and the general public, as well as for coordinating with donors providing financial backing for the PRSP. The CNDLP itself has the mandate to design the overall strategic orientation of the fight against poverty. The OCS, on the other hand, is responsible for generating the data and information required at policy level to ensure effective monitoring of the PRS. It also secures the overall coordination of the OCS. The OCS’s work agenda can be broken down into four thematic fields of intervention, each of which involves institutions and national structures specialized in monitoring poverty and in providing macroeconomic analyses.</td>
</tr>
<tr>
<td></td>
<td>• SCAIA – aggregated indicator collection and analysis system</td>
</tr>
<tr>
<td></td>
<td>• SEM – household survey system</td>
</tr>
<tr>
<td></td>
<td>• SSE – system for monitoring project/program implementation</td>
</tr>
<tr>
<td></td>
<td>• SEI – impact evaluation system.</td>
</tr>
<tr>
<td></td>
<td>SCAIA involves the Directorate-General of Economic Affairs (Director), INSAE and the Committee for Gross Domestic Product – Summary Table on Consolidated Operations of Central Government (PIB-TOFE). SEM is made up of INSAE (Director), the Statistics Office of the Directorate of Planning and Research in the Ministry of Agriculture, Livestock and Fisheries, plus the Employment and Training Observatory. The SSE is made up of the Directorate-General for the Budget (Director), the Directorate-General for Program Monitoring, the Directorate-General for Population, Research and Regional Analysis, and the monitoring and evaluation and statistics units of the Directorates for Planning and Research in the ministries involved in the budget</td>
</tr>
</tbody>
</table>
reforms. SEI comprises the Economic Policy Analysis Unit (Director), civil society organizations, and consultancy firms and offices. Besides its financial contribution, GTZ has also provided Technical Assistance to the Permanent Secretariat of the CNDLP in connection with the steering of the OCS program, the organization of departmental seminars during the PRSP design phase, the coordination of operational units and the elaboration of the PRSP progress report.

**Stakeholders**

The Ministry of Finance and Economics and the Ministry of Planning play a key role in terms of the political steering and coordination of the PRSP implementation process. They also back the PS/CNDLP and the OCS. The sectoral ministries, which are responsible for implementing the PRSP in their respective fields, have only to a small extent been involved in the elaboration of the document.

**Approach**

Funding of the OCS program has been mobilized via a basket fund implemented by GTZ, the Royal Embassy of Denmark and Swiss Cooperation. These funds were initially earmarked to finance the activities involved in the four respective components of the OCS program. Besides its financial contribution, GTZ has also provided consultancy services to the Permanent Secretariat of the CNDLP via the Technical Advisor on Decentralization and Local Development Support Program (PDDC). These services included supporting the finalization and validation of the 2003 PRSP progress and implementation report, training PS staff; implementing the pilot phase of the integrated modular survey on household living conditions and poverty; finalizing, validating, disseminating and publishing the social scoreboard; and elaborating and validating a triennial OCS plan. Furthermore, at the micro level and at the initiative of GTZ and the World Bank, the joint basket approach has supported the implementation a system for local participatory impact monitoring of PRSP in the sub-sector of primary education in three pilot communities. This mechanism not only aims to collect data, but also to formulate concrete activities based on the analysis of the monitoring results. By involving all the various actors in the primary education sector, i.e. parents and pupils at the user level, teachers and school management at the level of service provider, and public functionaries at the local government level and at the level of devolved departmental services, the various aspects of service provision are taken into account in both qualitative and quantitative terms, thus facilitating the identification of weaknesses and potential fields of intervention that could improve service provision for all the groups involved. Feeding the information obtained through to the national level facilitates the adaptation of the political strategies in this field at all levels.

**Outputs and Impacts**

However, the results attained during the first two phases of the OCS capacity-enhancing project have fallen short of expectations in several respects. Firstly, political wrangling between the Ministries of Planning and Finance, which are responsible for PRSP policy, has continually prevented the structures responsible for the technical monitoring of the OCS program implementation from working well. This situation further worsened following the adoption of a new decree concerning the institutional framework of the PRSP in the wake of the establishment of an OCS coordination structure outside the Permanent Secretariat of the CNDLP and under the auspices of the Ministry of Planning. Ownership of the PRSP process, already handicapped by shortcomings in the institutional framework, remained weak during both phases of the OCS capacity-enhancing program, also in part due to the absence of indicators in the system used to
monitor the program that could have motivated the Permanent Secretariat of the CNDLP and that could have assessed how it was progressing in terms of the coordination of the OCS in this field.

From a technical angle, some of the activities implemented in the four fields of program intervention have led to improvements in the tools used to collect and process the data used to analyze poverty status. Overall, however, the capacity-enhancing program demonstrated a lack of clear targeting in its activities with regard to PRSP monitoring requirements. In the operational units, this lack of coherence between planning and monitoring requirements culminated, in places, in rather fragmented activities and in a rather debatable value added for the stakeholders at the PRSP steering level. This tendency was even more pronounced due to the complete absence in the system used to monitor the OCS capacity-enhancement program of any impact indicators that would have permitted the evaluation of the planned activities in line with their true usefulness in respect of good PRSP steering. In short, the principal output of the two phases of this basket funding was the upgrading of technical competence in the operational units and in the PS of the CNDLP, as well as the methodological fine-tuning of certain monitoring tools used to analyze poverty status.

**Donors' Contribution**

The three donors, i.e. DANIDA, Swiss Cooperation and GTZ, mobilized financial resources to create the joint basket fund. With regard to consultancy, GTZ has also provided substantial additional inputs geared to promoting the Permanent Secretariat of the CNDLP in its design, monitoring and coordination of the PRSP process. For their part, GTZ and the World Bank have focused particular attention on designing and implementing pilot measures that target local participatory impact monitoring (SILP) in the field of primary education, as already briefly outlined above. GTZ, through its technical advisor on the PDCC, has provided technical support for the structural set-up and adaptation of this monitoring mechanism, and also for the institutional framework for monitoring, including the integration of SILP into the OCS program and the application and coordination process for financial support by the World Bank, which is funding the pilot phase of SILP implementation.

**Lessons Learned**

The concept of a joint basket, a new tool favored by donors, with a view to harmonizing efforts in the form of a joint program approach, merits wider and more intensive implementation under the real-life conditions encountered in a political process as complex as PRSP. To enable it to assert its comparative advantages to the full, it is important that the following aspects are taken into account in the conceptual and institutional architecture of a joint basket fund:

- Involve from the outset (i.e. starting from the program design phase) all of the donors that wish to become involved as well as the national structures in charge of the project.
- Give the national structures full political and technical responsibility for overall steering of the process; and curtail any tendencies on the part of donors to assume such responsibility.
- Ensure a clear delineation of tasks and responsibilities between national structures and donors.
- Define performance criteria that can assess the extent of ownership by national structures in terms of design, coordination, monitoring,
communication/transparency and political steering.

- Define indicators capable of monitoring the progress of PRSP ownership in civil society and at the regional and local level (state-level actors, local government and civil society).
- From the start of joint basket funding, apply impact indicators for the support program that will be able to determine the contribution made by the scheduled activities to the achievement of the program objective and to the successful steering of the PRSP process.
- Agree on internal management of the joint basket fund, on transparent rules of play that involve all of the donors concerned (with regard to communication with national partners, exchange of information, etc.).
- Ensure regular communication with donors not involved in the PRSP and keep them informed about the deliberations taking place at key strategic phases of the process.
- Ensure that the international partners contributing to the joint basket fund effectively coordinate their respective inputs with regard to both the objectives to be achieved within the framework of the program and to the ownership to be assumed on the part of the governmental partner.

Contacts

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Helmut Burmeister, helmut.burmeister@gtz.de
GTZ Office, 08 BP 1132 Tri Postal, Cotonou, Benin
Manfred Horr, Manfred.Horr@gtz.de, GTZ Head Office
<table>
<thead>
<tr>
<th>Country</th>
<th>Cambodia</th>
</tr>
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<tbody>
<tr>
<td>Name</td>
<td>National Strategic Development Plan</td>
</tr>
<tr>
<td>Identification of Good Practice</td>
<td>The National Poverty Reduction Strategy (NPRS 2003-2005), the second Socio-economic Development Plan (SEDP II 2001-2005) and the Cambodian Millennium Development Goals – CMDG – currently coexist in Cambodia and overlap in many fields. Furthermore, a Rectangular Strategy and a Government Action Plan serve as overall policy papers of the government, and several sectoral strategies have been developed by line ministries supported by donors. The relationship between the different papers is unclear; moreover, different government agencies are responsible for the implementation of the different documents. There is no development framework to orientate donor support.</td>
</tr>
<tr>
<td>Contribution to the PRS Process</td>
<td>The RGC decided to merge the next NPRS and SEDP into one planning document, integrating the CMDG as well. This document is clearly linked to the various sector strategies via the 17 Technical Working Groups (TWGs) established to accompany the new strategy’s drafting process. The 2006-2010 NSDP will be a five-year plan, adopted by the National Assembly (as the SEDPs) and a PRS that serves as the conditionality for PRSC/PRGF disbursements (as the NPRS).</td>
</tr>
<tr>
<td>Change Process</td>
<td>The NSDP process was launched by the government. The Ministry of Planning continues to be responsible for managing the process. An inter-ministerial body, the Council for the Development of Cambodia (CDC), will steer the process and focus on donor harmonization and the TWG. Having learned from the NPRS drafting process, the Ministry of Finance is now involved from the beginning on to ensure that the costing of the strategy is realistic and that there is a clear link to the annual budget, the Medium-term Expenditure Framework (MTEF) and the Public Investment Program (PIP).</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>In summer 2004 a Harmonization Workshop was held to discuss the idea of drafting a single development plan for socioeconomic development and poverty reduction. Donors and the government agreed on a harmonization action plan that recognizes the NSDP as the central document. In January 2005 a Circular was passed by the Prime Minister, officially launching the drafting of the NSDP and defining responsibilities. 17 sectoral donor-government TWGs were set up to prepare sectoral inputs to the NSDP and to harmonize sectoral programs and the NSDP. An 18th TWG, called the Technical Working Group on Planning and Poverty Reduction, is the central coordination body at the operative level and is designed to support the formulation, implementation and monitoring of the NSDP.</td>
</tr>
<tr>
<td>Approach</td>
<td>Output: The NSDP drafting process is under way and the underlying agreements and circulars clearly recognize it as a document that simplifies the landscape of plans, strategies and goals. Institutions have been created to accompany the NSDP process. Benefits: It is too early in the new planning phase to draw any conclusions or identify beneficiaries. Broadly speaking, the government benefits from having one plan to which...</td>
</tr>
<tr>
<td>Outputs and Impacts</td>
<td>...</td>
</tr>
</tbody>
</table>
most donors refer. This makes matters easier and improves efficiency. Donors have one clear process and plan to refer to, so the NSDP will serve as a comprehensive development framework. **Impacts:** It is hoped that this will improve the effectiveness of government programs and development cooperation for socioeconomic development and poverty reduction. As the NSDP fits into the traditional five-year planning cycle and will be adopted by the National Assembly, the level of national ownership (beyond the central government) is expected to increase.

**Donors’ Contribution**

Initially, the World Bank and the IMF supported the NPRS process, while the Asian Development Bank supported the SEDP II process; the UN system relied heavily on the MDGs and their “translation” into the CMDG. Bilateral donors tried to position themselves within this landscape of plans and strategies. The agreement of the IFIs to support one single development strategy for socioeconomic development and poverty reduction opened the way for the NSDP process. Most donors quickly supported this new approach.

**Lessons Learned**

Some countries have a comparable problem of several parallel strategies and plans. Not only have SEDPs and NPRS been merged, but they have also been integrated into the traditional Cambodian planning cycle, making the NSDP a typical five-year plan, adopted by the National Assembly. This example shows the positive results that can be achieved when key donors show flexibility in adapting PRSP principles to specific national conditions.
### Country
Cambodia

### Name
CAM-Info Monitoring System

### Contribution to the PRS Process
The first Cambodian PRSP, the National Poverty Reduction Strategy (NPRS) (2003–2005) does not have a coherent monitoring system; several institutions from different ministries independently collect data. It is therefore not possible to obtain a coherent view of the poverty situation in Cambodia and developments in this regard. Stakeholders (donors and the government) do not apply the same set of indicators and goals, as their strategies and sets of goals differ, especially the Socio-economic Development Plan (SEDP) II, the NPRS and the Millennium Development Goals/CMDG. The National Strategic Development Plan (NSDP 2006–2010) integrates the SEDP, NPRS and the Conflict Management group (CMG). This is an opportunity to establish one coherent indicator database to centralize data analysis. **Challenges:** The National Institute for Statistics (NIS) within the Ministry of Planning has low capacity. Furthermore, several different concepts on how to make PRS monitoring more coherent have been developed, supported by different donor agencies.

### Change Process
The Cam-Info Monitoring System is a computer-based system with about 500 indicators from 12 national and international action plans and strategies, including the NPRS, the CMG and the SEDPs. The system refers to the data from national socioeconomic surveys such as the Cambodian Demographic and Health Survey, the Cambodia Socio-Economic Survey, the Cambodia Inter-Census Population Survey, and the Child Domestic Workers Survey. These data feed into the set of indicators, allowing a coherent analysis of the socioeconomic situation and the state of poverty. The underlying definition of each indicator can be displayed (underlying data, level of aggregation, calculation, etc.). CAM-Info is not a database itself capable of making its own statistical calculations. The system, which is not very complicated and is accessible to a wide range of users only translates data into a set of indicators. Two versions were released in 2004 on CD-ROM. CAM-Info is managed by the NIS.

### Stakeholders
The NIS is in charge of managing the database. It is part of the Ministry of Planning, which has the overall coordinating responsibility for the PRS process (also the NSDP process). As CAM-Info must rely on the national surveys and other data sources, the NIS collaborates with line ministries (both are trained to use and properly deliver the data).

### Approach
A UNICEF software program (“Child-Info”) has been adapted to the PRS context with GTZ support. The software is simple and user-friendly, allowing wide dissemination. Implementation is accomplished via two types of training courses: (1) data manager training for NIS staff and line ministries, to enable them to input data, manage the system and analyze it correctly (3 to 4 days); (2) user training for other government staff, donors, NGOs and others. Every release of a new version is accompanied by a national launch workshop together with some regional workshops to promote the system. CD-ROMs have been distributed widely and are available at the NIS. The CAM-Info system is available in Khmer and English on CD-ROM, which facilitates
access to the system at the provincial level. Access to the system is also possible via the internet ([www.nis.gov.kh](http://www.nis.gov.kh); currently a ‘gallery function’ with some examples; full access is planned for the end of 2005).

An important coordination effort with other donor-supported monitoring and evaluation activities is necessary to assure that Cam-Info becomes the tool for a centralized and coherent PRS monitoring process within the NSDP.

### Outputs and Impacts

**Output:** CAM-Info itself already exists and is managed within the NIS. A new version will be released when the data from the new Economic Survey are integrated. Both versions have been distributed on CD-ROM, and the NIS website provides information about the system. The NIS and line ministry staff have been trained and now have a better understanding of statistics and monitoring. **Benefits:** The government has a tool to monitor socio-economic development and poverty reduction. Line ministries can use the analysis to plan and steer sector programs more coherently; this applies also for the Technical Working Groups within which donor agencies support sector programs. NGOs have easily accessible, cost-free access to the same poverty analysis as the government. Finally, the data can be used by the provincial administration. **Impact:** CAM-Info has just been developed and is about to be integrated into the NSDP process. If it is established as a central poverty monitoring tool, the expected impact is a more coherent approach to poverty reduction by all stakeholders due to a poverty analysis based on the same indicators; this would allow more effective steering of the process, improved donor coordination, and finally a more efficient allocation of resources to poverty reduction.

### Donors’ Contribution

The system builds on the “Child-Info” system developed by UNICEF. It has been adapted to allow a much wider range of data to be analyzed via defined indicators for socioeconomic and poverty monitoring. GTZ and UNDP supported the adjustment by each financing 50% of the total costs. Both also supported capacity-building measures accompanying the implementation and national and regional launch workshops to promote CAM-Info. A UN volunteer supports the NIS staff in managing the database. At the end of 2005, UNDP will replace GTZ’s support.

### Lessons Learned

Several countries implementing their own PRSs have a comparable problem, namely an incoherent and inefficient set of indicators and surveys. Cam-Info needs to be adapted to the specific situation, but the approach itself is widely replicable.

### Contacts

National Institute for Statistics (NIS), [www.nis.gov.kh](http://www.nis.gov.kh)
<table>
<thead>
<tr>
<th>Country</th>
<th>Cameroon</th>
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<tbody>
<tr>
<td>Name</td>
<td>A participatory and transparent mechanism to manage HIPC funds.</td>
</tr>
<tr>
<td>Identification of Good Practice</td>
<td>To ensure the efficient implementation of poverty-oriented programs and projects financed through HIPC funds in the context of public budgets and administration in Cameroon.</td>
</tr>
<tr>
<td>Contribution to the PRS Process</td>
<td>A new quality of (public) transparency has been created by the special mechanism for the management and the monitoring of the use of HIPC funds in Cameroon regarding the use of and control over public funds, especially HIPC funds, via the institutionalised participation of representatives of civil society organizations (CSOs) in two national committees that steer and monitor the use of HIPC funds and the implementation of the PRSP. This results in a level of access to information on the management of public funds by national CSOs that is entirely new in Cameroon. Measures include on-the-job capacity building, which has had a direct impact on the quality of its contributions to the process; increased awareness on the part of national CSOs as to the importance and scope of approaches and tools for an independent analysis of the national budget and its execution (e.g. tools for budget tracking); as well as a political dialogue between high-level government representatives, representatives of CSOs and donors on issues such as the programming, budgeting and monitoring of the execution of programs and projects oriented to poverty reduction.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>At the core of the mechanism is a tripartite committee composed of representatives from seven CSOs (the three religious communities of Cameroon, two NGO representatives, a microfinance institution representative and a representative from the private sector), five donor representatives (at the ambassadorial level: Canada, France, Germany, Japan, the European Union as well as the multilateral donors as observers: the World Bank, the IMF and the UNDP), and representatives of the most important sectoral ministries (at ministerial level). The committee is chaired by the Minister of Finance and has two support organs at its disposal. Although the committee has a consultative role, it is difficult for the government to ignore decisions taken by this committee. Its mandate is to contribute to the definition of programs and projects to be funded through HIPC funds, and to monitor the overall implementation of HIPC funds.</td>
</tr>
<tr>
<td>Approach</td>
<td>As stated above, the committee takes decisions on the use of HIPC funds. HIPC funds must be transferred by the government to a special account at the Central Africa Regional Central Bank (BEAC), a mechanism that enhances transparency in the process. This allows for an ex ante control of funds to be used in the context of HIPC (and the PRSP) (the government actually owes about 80 billion FCFA on this account). On the basis of a computerised system that monitors the use of HIPC funds, the committee decides on advances of 25 billion FCFA to be transferred to the government. Only if the government can prove that an advance has been used to finance HIPC programs and projects will a new advance be transferred. This allows for an effective</td>
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</table>
monitoring of the use of HIPC resources. All programs and projects to be financed through HIPC are screened by the committee. For this purpose, sectoral working groups have been set up that check their direct contribution to poverty reduction, advise on approaches and mechanisms to be used in project implementation, check the costing, and look for synergies with other donor-financed programs already in place. This process allows programs and projects geared towards effective poverty reduction to be selected. Transparency in terms of what government actions will be financed through HIPC allows for well-focused external analysis of their implementation and impact. In November 2003, for example, a national NGO analyzed the implementation and the impact of selected programs in the field of health, education, transport and rural development. Its report was published in the form of a special edition of a monthly journal, and was submitted to all parliamentarians during their annual budget session. Regular external audits permit a financial analysis of HIPC implementation and provide direct insight into the problems that need to be solved in order to enhance the efficiency of the implementation of public funds in Cameroon, as well as to prepare the country for budget support. The HIPC committee functions as a platform for dialogue between representatives of government, civil society and donors on all issues that appear in this process.

### Outputs and Impacts

The negative side of the output, according to donors’ perception, is the slow use of HIPC funds through government. On the positive side, misuse of HIPC funds has been avoided. Priority has been given to the quality of expenses, not their quantity, as the mechanism ensures that HIPC funds are used as intended by the HIPC initiative. Recent misuse of other public funds as reported by the IMF in 2003 and 2004 confirms this approach – at least as far as the situation of public finance in Cameroon is concerned. In terms of benefits, the mechanism guarantees that HIPC funds are used for the purpose of poverty reduction.

### Donors’ Contribution

On the donor side, the leading agents are French Cooperation, German Cooperation (GTZ and the German Embassy) as well as Canadian Cooperation. Most of the donor statements are elaborated by the economic and financial advisor of French Technical Cooperation (SCAC) and the German PRSP advisor. Biweekly meetings of a large group of donors (the multi-donor group for monitoring PRSP implementation) are used to exchange information, to develop common positions and to jointly finance and implement initiatives, supporting the government and groups of CSOs in the process.

### Lessons Learned

In principle, this mechanism is replicable in other countries that are known to suffer from recurrent problems of corruption and governance. However, this will need a high level of political commitment and a realistic view of the state of public finance systems, especially in Africa.

### Contacts

- Gerald Schmitt, PRSP Advisor Cameroon, gerald.schmitt@gtz.de
- Michel Bua, economic and financial advisor of SCAC in Cameroon, Michel.BUA@diplomatie.gouv.fr
- André-Marie Afouba, representative of the NGO CANADEL in the HIPC committee, afouba2001@yahoo.fr
- Tamajong Motuba Obase, member of the permanent secretariat of the HIPC
<table>
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<tr>
<th>Annexes</th>
<th>Additional bibliography</th>
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<tbody>
<tr>
<td>1.</td>
<td>„Ursachen und Konsequenzen der Verschiebung des HIPC completion points Kameruns“, December 2004, Paper by Gerald Schmitt, PRSP Advisor Cameroon, GTZ.</td>
</tr>
<tr>
<td>2.</td>
<td>„Untersuchung des HIPC-Mechanismus in Kamerun“, December 2003, Study by Hartmut Janus, GTZ.</td>
</tr>
<tr>
<td>3.</td>
<td>„Fragebogen des SV Öffentliche Finanzen“, Cameroon, April 2005.</td>
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<tr>
<td><strong>Country</strong></td>
<td>Guinea</td>
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<tr>
<td><strong>Name</strong></td>
<td>Integrated Monitoring and Evaluation of PRS Implementation.</td>
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<tr>
<td><strong>Identification of Good Practice</strong></td>
<td>The preparation of Guinea’s PRSP in the period 2000-2001 was accompanied by country-wide consultations with representatives of all major economic and social groups. These consultations gave rise to many diverse and generally high expectations with regard to the results and impacts of the PRS process. However, with limited human and material resources at their disposal, the responsible Guinean authorities were soon confronted with many operational bottlenecks, in particular as related to the monitoring and evaluation (M&amp;E) of PRS implementation.</td>
</tr>
<tr>
<td><strong>Change Process</strong></td>
<td>Initial technical assistance by UNDP consultants lead to the identification of thousands of indicators of potential relevance to the PRS process. Obviously, priorities had to be set, but the procedures for this were not well-defined. With a small staff and little relevant experience to draw upon, the Permanent Secretariat of the PRS, attached to the Ministry of Economics and Finance (MEF), was ill-equipped to meet the challenge of M&amp;E for PRS purposes. After more than three years of PRS implementation, Guinea is still far from completing the PRS. Against this background, there is growing awareness of the need not only to monitor, but also to evaluate the experience of PRS, and thereby provide orientation for the elaboration of a second, improved PRSP. In recognition of the fact that a truly independent evaluation might touch upon some highly sensitive political issues, great care must be taken to find common understanding when defining the modalities of the envisaged PRS evaluation.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>The current M&amp;E system is designed to respond to the needs of a great number of diverse stakeholders, whose representatives have been organized into four Thematic Groups, one of which is in charge of M&amp;E. Each concerned party has its own specific stake in the M&amp;E exercise. In general, the MEF, sector ministries, public agencies and donors could either gain or lose through more transparency in matters of PRS resource allocation. Many civil society organizations are eager to act as intermediaries, to access more resources, and to help ensure the translation of available resources into tangible benefits for the poor. Nevertheless, participation by representatives of civil society and the private sector in the PRS process has been weak in terms of both quantity and quality, as compared to participation by the public sector. Shortly after approval of the national PRSP in January 2002, regional governments began to elaborate their own regional strategies. All eight regions now have draft strategies, for which implementation plans have yet to be developed. Regional actors stand to gain from the experience gathered with the PRS process at the national level.</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>The overall approach is that of dynamic PRS process support. Local human and technical capacities for monitoring and evaluating PRS implementation are strengthened through the provision of strategic external inputs in a dynamic process, the ultimate aim being sustainable poverty reduction. Monitoring and evaluation are integrated in the sense that monitoring activities and outputs are designed to meet the needs of evaluation, while evaluation aims, among other things, to draw conclusions for</td>
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</table>
the improvement of the monitoring system. In recognition of the need to achieve a proper balance between participation and professionalism in PRS design and implementation, considerable efforts have been made to conduct regular consultations with various societal groups, while at the same time reinforcing the capacities of selected public sector staff and independent experts in matters of M&E concepts and methodologies.

### Outputs and Impacts

Numerous consultations with participation by representatives of both public and non-public sectors have taken place at national and regional levels. (German contributions at the regional level are concentrated in the pilot region of Labé.) The quality of participation in PRS implementation has been reinforced through the provision of various publications (e.g. the quarterly PRS Journal and a glossary of PRS terminology in French and three national languages), radio programs in national languages covering PRS-relevant issues, intensive training of 65 local experts from both public and non-public sectors in matters of M&E, and external moderation of various workshops and seminars. PRS monitoring has been facilitated through the compilation of meta-information for 56 core indicators and the integration of these indicators into a synoptic table (tableau de bord). Technical assistance was also provided for the elaboration of detailed terms of reference for the planned evaluation of the first phase of PRS implementation, scheduled to take place in 2005. All these activities have been carried out under the auspices of the Permanent Secretariat for PRS, in close collaboration with its special unit for communications and culture.

### Donors’ Contribution

Germany and the UNDP have contributed to the development of the Guinean PRS monitoring and evaluation system, with UNDP support limited mainly to the monitoring system in its earliest stages of development. Germany has provided substantial Technical Cooperation (TC) in order to develop and implement an integrated M&E system, taking into consideration the need for both effective participation and professional competence. The same applies to German support to the elaboration and implementation of regional poverty reduction strategies. Human resources have been strengthened through intensive training in M&E concepts and methodologies, and the sustainability of these capacities has been facilitated by the creation of an independent professional association of evaluators, AGEVAL. To a limited extent, Germany has also provided support to technical capacities (e.g. the provision of hardware and software, other office equipment, metaplan equipment) and operational costs (e.g. for publications).

### Lessons Learned

Flexibility is required in the provision of external support to monitoring and evaluation of PRS, responding to local needs as they arise and evolve, and avoiding substitution effects which might compromise local ownership of the PRS process. In the case of the Guinean PRS, there is a significant gap between original expectations and what has been achieved to date, in particular regarding the PRSP completion point and the targeted allocation of HIPC-related funding. However, it would be wrong to describe the Guinean PRS process as “off track”, as there is no pre-agreed track to follow. Indeed, the strength of the Guinean approach might be described as its emphasis on the creation of a specifically “Guinean” track. Today, the development of the integrated M&E system for PRS, the regionalization of the PRS and the planned updating of the PRSP are locally-driven processes. The international donors have been slow to
respond to these processes, which are for the most part not anticipated in their own agendas. German TC to PRS has been exceptionally flexible in responding to local needs in these areas. In principle, the same overall approach can be replicated in a variety of environments.

**Contacts**

Président du Conseil Interministériel chargé de la SRP, Monsieur Ibrahima Sory Sangaré, c/o sp-srp@sotelgui.net.gn

“Appui à la Stratégie de Réduction de la Pauvreté” (ASRP), c/o Peter.Hillen@gtz.de

**Annexes**

Additional bibliography

Most relevant literature is available on the website of the Permanent Secretariat for PRS in Guinea: www.srp-guinee.org
# Making Poverty Reduction Strategies Work – Good Practice Sheet

<table>
<thead>
<tr>
<th>Country</th>
<th>Ghana</th>
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<tbody>
<tr>
<td>Name</td>
<td>District-based Poverty Profiling, Mapping and Pro-poor Planning</td>
</tr>
<tr>
<td>Identification of Good Practice</td>
<td>This is an analytical process designed to identify the poverty pockets within a district, based on the analysis of availability and accessibility of all types of services for the poor and the description of people's perception of their situation and coping mechanisms. All information is geographically located in maps, following a pro-poor district development planning process (see also paper attached).</td>
</tr>
<tr>
<td>Contribution to the PRS Process</td>
<td>The process sought to create awareness on the level of district assemblies and district decision-makers about the actual poverty situation and development constraints. The strategic orientation for the district's pro-poor development programme and the basis for directly targeting the poor regions within the district, also by development partners, have to be provided.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>The stakeholders are the Ministry of Local Government and Rural Development (MLGRD), the National Development Planning Commission (NDPC) and the Social Investment Fund (SIF) at the national level, the district assemblies and the line departments at the district level.</td>
</tr>
<tr>
<td>Approach</td>
<td>National consultants train core groups in each district, provide information to representatives of the regional administrations, and coach the process (“on-the-job training”) in each district.</td>
</tr>
<tr>
<td>Outputs and Impacts</td>
<td>About 70% of the 138 districts have performed the analytical process, produced the thematic maps and are working on their final documentation of the results. The method will be one of the elements of the future “Guide for the Elaboration of the Mid-term District Development Plan” for all districts in the country, which is under preparation in the NDPC. There is increasing demand for the results at District level from different development partners and national ministries (KfW, WFP, DANIDA, MoA, ILO). It is intended to make the district documentation available via the NDPC web page (July/August 2005).</td>
</tr>
<tr>
<td>Donors’ Contribution</td>
<td>The implementation of the Poverty Profiling, Mapping and Pro-poor Planning Process is a joint venture of MLGRD, NDPC, SIF and GTZ. GTZ is coordinating its implementation. CIDA and DANIDA contributed to the implementation of the exercise in co-financing the contributions to the districts for implementation and the coaching process by consultants.</td>
</tr>
<tr>
<td>Lessons Learned</td>
<td>This method can be applied in any country in the world. However, the coaching process should be intensified, especially in finalizing the documentation about the process and results.</td>
</tr>
</tbody>
</table>
| Contacts | Dr. Wolfram Fischer  
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<th>Country</th>
<th>Honduras</th>
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<tr>
<td>Name</td>
<td>Localizing PRS</td>
</tr>
<tr>
<td>Identification of Good Practice</td>
<td></td>
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<tr>
<td>Contribution to the PRS Process</td>
<td>Through the population and municipal participation process for the planning, execution and monitoring of resources, local level PRS ownership should be ensured.</td>
</tr>
<tr>
<td>Change Process</td>
<td>Standards for the local level participatory planning process allow a greater alignment of population priorities with municipal initiatives and national poverty reduction policies, thus contributing to the governance of these processes. The HIPC initiative criteria to allocate resources at the local level and to place execution mechanisms with community organizations and municipalities enable a greater development of municipal and community level capacities, and at the same time promote transparency in the execution and monitoring of resources.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Communities are concerned with their own initiatives. The Mayor is interested in achieving greater social support. The Consultative Council of the PRS strengthens and broadens its influence on civil society organizations at a national level. Government institutions such as FHIS can establish, based on qualified demand, more efficient mechanisms with a greater impact for resource allocation and execution. The central government, through a decentralized execution of the PRS, achieves a greater level of authority and obtains additional political support in order to execute actions related to structural reforms that have a high level of resistance. Finally, cooperation that supports the execution of the PRS can present mechanisms that provide greater transparency in the geographical allocation of resources and in monitoring the execution of actions.</td>
</tr>
<tr>
<td>Approach</td>
<td>Standards to Formulate Strategic Plans for Municipal Development (PEDMs) were elaborated for the municipal planning process, which was approved by the Social Cabinet, and ensures the execution of a national participatory process, articulated with PRS goals and intervention areas. At the municipal level, the process is ensured through quality criteria that should be included in the PEDMs, and it begins at the community level with the definition of a municipal development plan that allows the strengthening of participation, organization and monitoring entities at the community and municipal levels. These quality criteria state that in order to be officially validated, women’s participation at the community level should reach at least 40%. For resource allocation and execution, the (i) &quot;Criteria to prioritize population initiatives that will be financed with HIPC Resources&quot;, which allow the establishment of priorities to orient existing resources to local demand, and (ii) the mechanisms to execute HIPC resources at the local level were elaborated and approved by the PRS Consultative Council (CCERP), with the participation of municipalities and community organizations. The basis for developing these instruments was a municipal level baseline prepared according to PRS goals and sector and geographic criteria for the allocation of resources.</td>
</tr>
<tr>
<td>Outputs and Impacts</td>
<td>All 298 municipalities have a standardized Development Plan, elaborated with</td>
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community participation and goals articulated in line with poverty reduction national priorities. Resources are being invested in municipalities based on local and national priorities. The execution of resources through municipalities and community organizations strengthens local capacities. The process, as a whole, leads to a greater development of social capital, and greater transparency, efficiency and impact in the use of resources at a local level. Through PEDMs and execution follow-up, it is possible to demonstrate the advances related to the achievement of municipal level PRS goals. At the national level, greater legitimacy and ownership of the PRS is achieved among the population.

**Donors’ Contribution**

PEDM is the result of a decision by the Social Cabinet, in consultation with the PRS Consultative Committee (CCERP) and the Association of Municipalities (AMON). The process was executed by the Social Investment Fund under the coordination of the Ministry of the Interior and Justice. Almost all donors support, through their cooperation projects, the formulation and the subsequent implementation of projects at the local level. NGOs also participated in the elaboration of PEDMs. GTZ provided Technical Assistance for the elaboration of the municipal baseline, focalization criteria and PEDM standards, and investment allocation criteria. KfW assessed standards and established PEDMs as the basis for executing its resources through entities with a leading role in the process such as FHIS.

**Lessons Learned**

One of the lessons learned was that it is possible to advance the PRS appropriation process in the population and municipal government through joint and coordinated actions among different government institutions and support organizations. The planning system has been implemented in all the municipalities countrywide, and establishes the basis for allocating resources at the municipal level. Execution modalities are in place in all municipalities. The process is extremely replicable, although it requires certain adjustments to specific national realities. Special attention must be paid to strengthening the management capacity of the weakest municipalities and communities by providing Technical Assistance to implement the system.

**Contacts**

Information on PEDM and execution mechanisms:
- Honduran Social Investment Fund (FHIS).
  Pablo Bahr, Manager. Tel.: 504 234 5231, pbahr@fhis.hn
- Information prioritization criteria of the population's demands
  Technical Support Unit of the Secretariat of the Presidential Bureau (UNAT)
  Efrain Corea (Director). Tel.: 504 2321669, ecorea@sdp.gob.hn
- GTZ Office
<table>
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<tr>
<th>Country</th>
<th>Indonesia</th>
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<tr>
<td><strong>Name</strong></td>
<td>Capacity Building for Gender Lobby Groups – Integrating Gender Equality Perspectives into PRSPs.</td>
</tr>
<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>Reliable information on the prevalence and causes of poverty is an indispensable input for PRS design and monitoring. In Indonesia, particularly in rural areas, causes of poverty are largely locality-specific and linked to dynamics of a multitude of different forms and processes of social organization, including marriage and kinship systems as well as social stratification. Assumptions developed from the point of view of the national level, and from the point of view of macroeconomic theory, often fail to capture the reality in many areas of rural Indonesia. These areas cover a large and ecologically diverse area inhabited by culturally diverse populations.</td>
</tr>
<tr>
<td><strong>Change Process</strong></td>
<td>In a pilot initiative for the island of Sunda, new and more adequate instruments for poverty assessment and monitoring are being developed. These instruments are intended (a) to improve the meaningfulness of local quantitative poverty data that are being integrated into the national poverty statistics, and (b) to provide additional qualitative data as a basis for local policymaking.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>The main stakeholders are the national and regional statistical offices, regional policymakers, as well as various local services involved in generating poverty-related data such as health posts, elementary schools and registration offices.</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>Three approaches are followed. Firstly, the adequacy of quantitative data used for regional and national poverty statistics is reviewed. This concerns among other factors the purchasing basket used (e.g. different local food consumption habits, housing of kinships in large dwelling houses instead of individual housing per nuclear family). Secondly, research is conducted into the extent to which current sampling technologies adequately reflect local social conditions, in particular as concerns tribal, kinship-based communities. Thirdly, the research attempts to supplement quantitative data used for national aggregation with a set of locality-specific qualitative data. Special attention is therefore paid to observing poverty development over time by introducing longitudinal and cross-referenced survey techniques.</td>
</tr>
<tr>
<td><strong>Outputs and Impacts</strong></td>
<td>Work is still in the implementation phase. Therefore, impacts are so far restricted to participating institutions, in particular the National Statistical Office, which have become sensitized to the need to better reflect locality-specific conditions and social structures in poverty statistics.</td>
</tr>
<tr>
<td><strong>Donors’ Contribution</strong></td>
<td>This research is being supported by UNICEF in cooperation with German Development Cooperation (DC) (via GTZ), which together provide technical expertise to the national and local statistical offices (meso level). The pilot initiative is linked to a German DC Program to support PRS and self-governance in eastern Indonesia, including the pilot island of Sumba, which provides policy advice to local policymakers (macro level), including capacity building on analyzing the new/improved statistical information to be generated.</td>
</tr>
<tr>
<td><strong>Lessons Learned</strong></td>
<td>The approach is innovative. It has so far clearly demonstrated the need for locality-</td>
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</table>
specific poverty measurement, in particular in traditional rural areas with a distinct socio-economic culture that differs from the "mainstream" of a large, multiethnic country such as Indonesia. However, further judgment on replicability will only be possible after the new instruments have been finalized.

### Contacts

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### Annexes

**Additional bibliography**


“Development of Poverty Statistics in Indonesia – Some Notes on BPS Contributions in Poverty Alleviation”; Choiril Maksum (Director General of BPS-Statistics Indonesia).
<table>
<thead>
<tr>
<th>Country</th>
<th>Kenya</th>
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<tr>
<td>Name</td>
<td>Capacity Building for Gender Lobby Groups – Integrating Gender Equality Perspectives into PRSPs.</td>
</tr>
<tr>
<td>Identification of Good Practice</td>
<td>Although there is as yet no international database that allows the exact proportion of women among the extreme poor to be calculated, it is widely accepted that women are more vulnerable to poverty and face more severe constraints to overcome it. Thus, poverty reduction strategies can only be successfully implemented if gender aspects are considered as cross-cutting issues. However, several evaluations of completed PRSPs conclude that, in most documents, gender is far from being mainstreamed. Rather, it is treated – if at all – in a rather random, fragmented way. Some PRSPs include excellent separate gender chapters, but do not mention gender issues throughout the other chapters; others only address gender issues in the social sectors, such as health and education. None of the papers formulate the macroeconomic framework that is supposed to be at the core of the PRSPs in a gender-sensitive manner. Several reasons for the insufficient consideration of gender issues have been identified. One of them concerns the lack of expertise and capacity of the ministries of women's affairs/gender and women's lobbying and advocacy groups. These are mandated to lobby for mainstreaming gender in national policies and programs, but have not had a significant impact on the content of PRSPs. This is especially true of their engagement in negotiations on gender-equitable macroeconomic policies.</td>
</tr>
<tr>
<td>Contribution to the PRS Process</td>
<td>Kenya started to prepare its PRSP in early 2000. Gender issues were identified as cross-cutting issues right from the start, which was the first time that this had happened in the country. However, in spite of various efforts, gender aspects were not comprehensively included in the final PRSP document due to several limitations, namely: a) The lack of capacity for mainstreaming gender; b) The need to combine expertise on gender and economics, which was a problem for the gender advocates. For instance, most gender specialists lacked an understanding of the process of prioritization and costing of priorities; c) Difficulties in identifying projects and programs that are gender-responsive.</td>
</tr>
<tr>
<td>Change Process</td>
<td>In Kenya a Gender Thematic Group (GTG) was established at the national level. This group was mandated to ensure that gender was considered by all other thematic and sector working groups involved in the formulation of Kenya’s PRSP. The GTG identified critical areas of concern and worked to mainstream gender in the economic sectors of the PRSP. At district level, consultations were held in all 70 districts. At least 30% of the participants were required to be women. Thus, women had the opportunity to express their concerns and priorities. Finally, Participatory Poverty Assessments (PPAs) were carried out in ten districts from January to March 2001 to obtain an even better overview of women’s concerns. It was ensured that poor women and men had equal opportunities to express their views.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Gender advocates, such as the African women’s network FEMNET and the African</td>
</tr>
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</table>
Centre for Empowerment, were important actors in voicing gender concerns; **Research Institutes** and think-tanks, such as the Kenya Institute for Public Policy Research (KIPPRA) and the Institute of Economic Affairs, provided valuable data and analysis for the impact of macroeconomic frameworks on women and men; **Government technical staff**, such as members of the Ministry of Planning and National Development, the Ministry of Finance and Ministry of Agriculture, actively supported the integration of gender aspects in national plans and strategies.

**Approach**

PRS were incorporated into the “Economic Recovery Strategy for Wealth Creation and Employment (ERS)”\(^{37}\). Capacity building for different actors was needed in order to prepare gender lobby groups to become actively involved in consultation and review processes for the period 2006-2007. An important step was to train a pool of national gender experts who are capable of conveying gender knowledge to different target groups.

German Technical Cooperation supported various initiatives to build capacity at different levels. Examples are:

- A regional workshop entitled “Engendering PRSPs in Africa”, which was held in Nairobi in 2003 for major stakeholders in poverty reduction processes. Working groups covered gender-equitable pro-poor growth strategies, gender-aware monitoring systems and gender-responsive budgeting. A regional network of practitioners was set up at the workshop.
- A program on “Gender Mainstreaming in the National Budget and in Macro and Sectoral Economic Policies – Year 2002 and Beyond”, which was launched by the PRSP/MTEF Secretariat of the Ministry of Finance and Planning in 2002. This program was supported through Technical Assistance to the study “Analysis of the Budget from a Gender Perspective - The Case of the Ministry of Agriculture in Kenya”.
- Strengthened cooperation between FEMNET and KIPPRA. FEMNET asked two economic researchers from KIPPRA to analyze the macroeconomic framework of the Kenyan PRSP from a gender perspective.
- A two-week advanced Training of Trainers course on Gender Responsive Budgeting. The training enabled participants to execute qualified, in-depth gender budget analyses and design and to carry out training courses on gender-responsive budgeting which are tailored to the needs and interests of different actors in the budgetary process at the national and local levels.

**Outputs and Impacts**

**Impact**

Gender lobbying and advocacy groups such as FEMNET used the findings of studies carried out in cooperation with research institutes (e.g. KIPPRA) to promote, through workshops, the media and as members of task forces, a public dialogue on the need to mainstream gender equality at the macroeconomic level. The skills of members of FEMNET in the field of gender and macroeconomics and gender-responsive budgeting have increased, enabling them to negotiate the economics of PRS more effectively from a gender perspective and to lobby for gender-equitable policies. The national ERS

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\(^{37}\) In Kenya, the Investment Programme of the ERS is the official PRSP.
Monitoring and Evaluation Framework considers that gender issues and women networks are involved in overseeing the implementation process. However, much more still needs to be done to integrate gender aspects into national plans and strategies.

A pool of national trainers including key persons in the budgetary process (parliamentarians, staff of the Ministry of Finance and Planning, activists from women's organizations, economic researchers, etc.) have been trained in the field of gender and macroeconomics, and gender-responsive budgeting. They have embarked on integrating gender aspects into their institutions’ work, with the result that gender issues are prominent in national surveys (e.g. the Participatory Poverty Assessment, and the Kenya Integrated Budget Household Survey (KIHBS)).

**Outputs**

Several studies have been published and used for lobbying and advocacy work. Training workshops were run and training manuals were elaborated for further use. FEMNET elaborated a handbook on Gender and Macroeconomics and has now qualified as a training NGO in the field of macroeconomics and gender, not only in Kenya, but also in other African countries. A manual on Gender Responsive Budgeting was elaborated by GTZ and used to build a regional pool of trainers.

**Expected future impact**

The increased capacity of women’s groups and parliamentarians in terms of economic policymaking, as well as a better understanding of gender issues on the part of economic decision-makers and technical staff in the government, will result in a better inclusion of gender aspects in PRS and, thus, in more effective poverty reduction and higher economic growth rates.

<table>
<thead>
<tr>
<th>Donors’ Contribution</th>
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<tbody>
<tr>
<td>The GTZ’s Sector Advisory Project on Gender, the GTZ Social Policy Advisory Services (SPAS) and the GTZ Promotion of Private Sector Development in Agriculture provided financial and technical support to different governmental and non-governmental actors.</td>
</tr>
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<tr>
<th>Lessons Learned</th>
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<tr>
<td>Understanding gender issues in macroeconomic policies and budget analysis, and their links to and impact on the policy objectives of achieving economic growth and poverty reduction, are all key to triggering change processes. Capacity building has proven useful in qualifying gender advocates and getting key decision-makers and male stakeholders on board. Financial and technical support should be provided over a period of at least three years to embody gender mainstreaming processes in key national processes in a sustainable fashion as well as strategic and budget frameworks. Experience has shown that gender mainstreaming in PRS has been more successful in countries where both governmental and non-governmental actors have lobbied for it. Capacity building was focused on partner organizations with a high level of visibility and representation and very effective performance. The cooperation between KIPPRA and FEMNET is a good example of successfully linking up research, advocacy and government organizations. Support for macroeconomic policies and budget analysis has been a good starting point for the objective of triggering change processes for poverty reduction. In order to sustain these processes, technical support for capacity development should be provided to line ministries with pertinent gender issues to ensure that trained gender experts convey their knowledge through programs in the field, and that gender concerns are reflected in resource allocation.</td>
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<tr>
<th>Contacts</th>
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<tbody>
<tr>
<td>Elvira Ganter, <a href="mailto:Elvira.Ganter@gtz.de">Elvira.Ganter@gtz.de</a></td>
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<tr>
<td>Annexes</td>
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<td>------------------------------------------------------------------------</td>
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<tr>
<td><strong>GTZ (2004):</strong> &quot;Training Manual for Gender Responsive Budgeting&quot; (available on CD-ROM)</td>
</tr>
<tr>
<td><strong>Rodenberg, Birte (2004):</strong> Gender and Poverty Reduction, Bonn.</td>
</tr>
<tr>
<td><strong>Schneider, Katrin (2005):</strong> Tip Sheet “Negotiating the Economics of PRSPs”, OECD/DAC Network on Gender Equality.</td>
</tr>
<tr>
<td><strong>Country</strong></td>
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<tr>
<td><strong>Name</strong></td>
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<tr>
<td><strong>Contribution to the PRS Process</strong></td>
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<tr>
<td><strong>Change Process</strong></td>
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<tr>
<td><strong>Stakeholders</strong></td>
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<tr>
<td><strong>Approach</strong></td>
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| **Outputs and Impacts** | The following impacts have been achieved:  
* Creation of the National Commission for Micro, Small and Medium Enterprises CONAMIPYME, with which working committees have been formalized. |
• **Support in the establishment of new standards** that foster or assist in expediting procedures for the different sectors PROMYPE is working with. For example: the Executive Decree, the Policy to Support MSME competitiveness, and complementary manuals of the La won FPDOS

• **Business Round:** An instrument has been successfully introduced in CA*, allowing the project to link the supply and demand of financial services, Technical Assistance, technology and advisory services for MSMES.

• **Central American MSME Tool Box**
  - **Entrepreneurial Services Center** (Comayagua):
    - Implementation of an information system for MSMEs.
    - Decree on the creation of the Center through the Municipality of Comayagua.
    - Training on methodologies for local Instructors to train owners and employees of MSMEs.
    - Training of 600 micro, small and medium-sized entrepreneurs on hotel, restaurants, joinery, automobile mechanics, textile, apparel, and agro industry.
  - **Metalogo:** Definition of three processes to simplify administrative procedures in three municipal governments (new phase project)
  - Collaboration with the Chamber of Commerce and Industries of Choloma to create and develop a training and entrepreneurial advisory unit, as well as to implement an employment exchange.

• **Special Financing Fund** for Medium and Long-Term MSME Transformation Activities.

• **Micro banker:** Adaptation and implementation of the information system to manage computerized operations of microfinance entities

• **National Diagnostic* of the financial system that services MSMEs:**

• **Service Directories:** Entrepreneurial Development Financial Service Directory for MSMEs, in written and electronic version.

• **CAC Financial Products:** Development and implementation of financial products using resources from remittances for Savings and Credit Cooperatives.

• **Rapid Diagnosis on local competitiveness and proposal on concrete measures for its strengthening, Municipality Copan Ruinas.**

• **Collaboration with AMHON to formulate the Institutional Policy for Local Economic Development.**

• **Design of market-oriented impact monitoring (quality and client satisfaction).**

### Lessons Learned

The project revealed that training and qualification are not only required on method management, but also to ensure continuity and sustainability through methodological principles.

Supply subsidies contribute less to the development of market services, and if granted, should not be used to pay transaction costs, but as pre- (designs, publicity, and product development) or post-result impact monitoring, as examples.

Education tours that possess a high applicability potential to put acquired knowledge into practice contribute considerably to advances in national and local initiatives.

Institutional weakness should not lead to substituting commitments, as this results in a convenient appropriation of methods and working techniques and of the outcome that
results from applying these methods. Cooperation with chambers of commerce should be oriented to creating synergies for regional development and socializing/sharing costs in the joint provision of entrepreneurial development services. Equal access to information renders market services for MSMEs more transparent and efficient. Improving operations in the microfinance sector requires institutions with regulation potential to undertake joint efforts. Knowledge of the MSME sector facilitates the creation of an adequate implementation of the regulatory framework by the regulating entity and the integration of entities that supervise this sector.

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<th>Contacts</th>
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<tr>
<td>• Ministry of Industry and Trade (SIC), Lic. Salvador Melgar, Vice Minister.</td>
</tr>
<tr>
<td>• National Commission for Banks and Insurance Companies (CNBS), Licda. Lesly de Herrera, Superintendent for Stock Exchanges and Other Institutions.</td>
</tr>
<tr>
<td>• Doris Becker (director) and Christian Koenigsperker (deputy) GTZ PROMYPE</td>
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<tr>
<td><strong>Country</strong></td>
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<td><strong>Name</strong></td>
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<td><strong>Identification of Good Practice</strong></td>
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<td><strong>Contribution to the PRS Process</strong></td>
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<td><strong>Stakeholders</strong></td>
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<td><strong>Approach</strong></td>
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<tr>
<td><strong>Outputs and Impacts</strong></td>
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<tr>
<td><strong>Donors’ Contribution</strong></td>
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<td><strong>Lessons Learned</strong></td>
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The government is in the process of preparing the second generation of MPRS, and QUIM is one of the participatory tools proposed to be used during the national consultations that are expected to take place before the end of 2005.

<table>
<thead>
<tr>
<th>Ownership and Participation</th>
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<tr>
<td>Even though the study was designed using a participatory approach, i.e. involving all stakeholders from the design stage to the implementation and development of recommendations, the potential political implications and ramifications have not been properly taken into account. It is a well-known fact that senior government officials tend to shy away from results that are critical of government policies, and for this reason, the involvement of civil society groups, academia and the private sector should have been strengthened to improve participation and ownership. Similarly overlooked was the fact that genuine demand (for information) requires certain political preconditions to be in place, such as the ability of the actors to articulate their positions, have the ability to discuss matters openly, and to utilize generated information to formulate or correct policies.</td>
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<tr>
<td>The dynamic of participation was not maintained at all levels, and public discussions of government policy were poor. In other words, the political debate was not shifted onto a more factual basis, as the actors did not use the information generated from the study to implement policy reforms.</td>
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<tr>
<th>Capacity Development</th>
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<td>Inadequate capacity was also overlooked and has never been properly addressed. In fact, the institutions involved in this research possessed little knowledge on the use of participatory approaches, and were quite literally poorly equipped both in terms of personnel and funding. These issues must be addressed before any study can be implemented.</td>
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<th>Contacts</th>
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<tr>
<td>Aues Scék, <a href="mailto:aues.scek@gtz.de">aues.scek@gtz.de</a> and Renate Kirsch <a href="mailto:rkirsch@worldbank.org">rkirsch@worldbank.org</a></td>
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<td><strong>Country</strong></td>
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<td><strong>Identification of Good Practice</strong></td>
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<td><strong>Change Process</strong></td>
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<td><strong>Outputs and Impacts</strong></td>
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<td><strong>Donors’ Contribution</strong></td>
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<td><strong>Lessons Learned</strong></td>
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<td><strong>Lessons Learned</strong></td>
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tools could become standard in all planning and macroeconomic advisory projects. A core element is the involvement of the partners in the development of such instruments.

| Contacts            | Modibo Dolo, Director of Planning, Bamako, Mali, modibo_dolo@yahoo.fr
|                     | Stephan A. Neu, Advisor, Bamako, Mali, stephan.neu@gtz.de |
### Making Poverty Reduction Strategies Work – Good Practice Sheet

<table>
<thead>
<tr>
<th>Country</th>
<th>Nicaragua</th>
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<tbody>
<tr>
<td>Name</td>
<td>Municipal Planning System</td>
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#### Contribution to the PRS Process

It is expected that through local level planning and participation of the population in measures that are more in line with the population, needs will be identified, especially for those parts of the population living in marginal areas.

#### Change Process

The municipal planning system leads to changes both at the political-administrative level of the municipality as well as at the level of the population and citizens. The Mayor and his/her technical team must be open towards the population and seek its involvement in decisions on priorities as well as to ensure co-responsibility of the implementation of measures. On the other hand, the population must learn to take a proactive role in managing development in the municipality. There are certain municipalities in the country where the Mayor's leadership has been excellent, and where visible changes have been achieved regarding the perception and role of different actors.

#### Stakeholders

The main stakeholders include municipalities through the Mayor and the Municipal Council, Municipal Development Committees, as well as community groups and project beneficiaries.

#### Approach

The municipal planning methodology on the one hand articulates and defines the process of different planning methods at the municipal level, such as strategic planning, planning of investment projects and annual budget planning. On the other hand, it defines specific methodologies for each planning method. The cross-cutting element is citizen participation and participation of the different local organizations, which makes the local level decision-making process democratic and more transparent.

In general, the process begins with the strategic planning stage, which defines, based on a vision, the municipality's sector-wide and territorial priorities. The result of this process is the establishment and strengthening of development committees and an action plan for the following years. In planning investment projects, a specific investment project is elaborated both regarding the financial/technical aspects as well as the involvement of communities in the implementation and continuity of the same. The planning cycle concludes with the elaboration of an annual budget, which includes different municipal expenditures, and is concluded in consultation with the population of the municipality.

#### Donors’ Contribution

The Municipal Planning System is the result of an inter-institutional agreement between the Municipal Promotion Institute (INFOM), the Social Fund (FISE) and the Association of Municipalities (AMUNIC). Almost all donors support, through their cooperation projects, the formulation and the subsequent implementation of the system at the local level.

GTZ and KfW contributions have played an important role in the success of this system, where accrued experience formed the basis for designing the planning system.

#### Lessons Learned

One lesson learned was that through joint and coordinated actions among different government institutions and support organizations, it is possible to make progress.
A planning system has been implemented in a number of municipalities throughout the country. Some have proven capable of achieving ownership of the entire planning methodology, and have ensured an active participation of communities, both in the planning and in the implementation processes. Nevertheless, the municipalities that are weaker at a technical level require assistance to implement the system. One of the main conditions to apply the methodology is political will.

| Contacts          | Monitoring Local Development and Transparency Program. Josef Ising, Coordinator  
|                  | Tel.: 505 266 6060. PO. Box 489, Managua, Nicaragua  
|                  | Josef.ising@gtz.de |
| Annexes          | Additional bibliography  
|                  | Upon request |
| **Country** | Nicaragua |
| **Name** | PASE SYSTEM- the National System for the Coordination, Implementation, Monitoring and Assessment of the Economic Growth and Poverty Reduction Strategy (ERCERP) and the National Development Plan. |
| **Identification of Good Practice** | PASE supports state efforts to consolidate the deconcentration of the central government at intermediate levels (regional/departmental) through territorial technical units, composed of technicians from the National Public Investment Systems (SNIP) and Follow-up Poverty Indicators (SIANSIP). These units support coordination and articulation of basic demands with the available sector-wide resources for investment in social and productive infrastructure and the supply of poverty relief programs operated at the central level. |
| **Contribution to the PRS Process** | PASE seeks to strengthen coordination efforts and the technical and operational coordination capability of key local actors (associations of municipalities, regional/departmental development councils, NGOs, private entrepreneurs, sector-wide officers, etc.) to develop long-term Development Strategic Plans and short-term Investment Plans. Spaces for citizen participation and social audits regarding resource management and public services have been opened, and a Pre-investment Fund has been established to facilitate the technical and sustainable design of local projects. |
| **Stakeholders** | The stakeholders include the Ministry of the Presidency for Coordination and Strategy, the Ministry of Finance, INIFOM, FISE, IDR, and regional and local governments. |
| **Approach** | PASE's approach consists, in a simplified manner, in elaborating second-tier territorial development plans, by supporting the organization and technical assistance provided to Departmental and Regional Development Councils (established by the Law on Participation, 2003), which at the same time are based on and complemented by municipal plans developed by Municipal Development Committees (Law on Municipalities, 1994). These initiatives have benefited from the participation of civil society and are supported by municipal and departmental technical units, particularly by the SNIP management component, which is oriented to articulating a sector-wide supply of investment. The PASE system can in fact be seen as an effort to enhance vertical (intergovernmental: government, regions, departments and municipalities) and horizontal coordination (between sectors: ministries, autonomous institutions, the productive sector, and civil society) to support a participatory implementation of the 2002 ERCERP, within the scope and priorities of the so-called National Development Plan. |
| **Outputs and Impacts** | Outputs of the project include a concept and legislation for a formula-driven allocation system. Institutional and operational adjustments have also been made to the Fund for Social and Productive Investments. There have been benefits at the municipal level due to increased resource availability. |
| **Donors’ Contribution** | Since July 2003, PASE has been receiving financial support from the donor community through a basket fund coordinated by the UNDP and bilateral agreements, as in the case of Italy and Germany. The Financing Contract and AT SECEP-GTZ initiated in July |
2003, initially covering the partial implementation of the National Coordination and Administration Unit of PASE in SECEPP and the total implementation of Departamental Technical Units (DTUs) of the Rivas (Southwestern Region) and Río San Juan (Southeastern Region) Departments. In July and November 2004, and within the agreed budgetary ceiling, the inclusion of the Carazo and Granada Departments (both in the Southwestern Region) was made official (4 of 15 departments).

**Lessons Learned**

One lesson learned is that a reasonable combination of Financial and Technical Assistance support creates development cooperation synergies in PRSP processes. Public-private alliances ensure greater impact in the negotiation of central investment resources.

**Contacts**

- Ministry of the Presidency for Coordination and Strategy, Dr. Juan Sebastián Chamorro, National Director of PASE
- Administrative Technical Coordination Unit of the PASE System, Arq. Edgar Sotomayor, Coordinator

**Annexes**

Additional bibliography

Upon request
<table>
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<tr>
<th><strong>Country</strong></th>
<th>Sri Lanka</th>
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<tr>
<td><strong>Name</strong></td>
<td>Building independent domestic capacity for poverty analysis</td>
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<tr>
<td><strong>Identification of Good Practice</strong></td>
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<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>While the Sri Lankan PRS process has been characterized by a relatively broad-based involvement of civil society, it suffered from an initial lack of poverty-related data and analysis. After frequent government changes, the PRS process has become increasingly politicized. In order to revitalize and de-politicize the process, there is a need to increase the availability of poverty-related research and analysis from sources that are accepted across the domestic political spectrum, as well as by donors and civil society.</td>
</tr>
<tr>
<td><strong>Change Process</strong></td>
<td>An important part of the change process is the establishment of the Center for Poverty Analysis (CEPA) as an independent, commercially-oriented provider of poverty-related research and training, and organizer of discussion fora.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>The process was initiated by the Ministry of Finance and the Department of External Relations. Key stakeholders, as CEPA clients, include several government agencies, various donors and local NGOs. There is also cooperation with some domestic universities in the area of poverty-related expert training.</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>The Poverty Impact and Monitoring Unit (PIMU), which is linked to the Ministry of Finance, has been converted into CEPA as a non-profit company, which works on commercial terms by offering fee-based research and training services to third parties. After initial on-the-job capacity building to CEPA (meso level), the Center is now offering poverty-related research and organizes respective discussion fora (macro level), as well as provides technical training on poverty assessment and monitoring for local specialists (micro level).</td>
</tr>
<tr>
<td><strong>Outputs and Impacts</strong></td>
<td>CEPA has gained broad-based acceptance for the quality of its services. There is strong and repeated order inflow from major donors (among others the World Bank, the Asian Development Bank, GTZ and SIDA), but also from national government departments and domestic NGOs. CEPA is in particular currently carrying out a number of Poverty and Social Impact Analyses (PSIAs) on critical and controversial issues within the PRSP. The Center is likely to achieve institutional and financial sustainability. CEPA has so far contributed to building sensitivity concerning poverty-related issues, as well as building respective know-how and capacities in counterpart organizations (clients). However, the extent to which the ongoing analytical work will impact on PRS and action planning remains to be seen.</td>
</tr>
<tr>
<td><strong>Donors’ Contribution</strong></td>
<td>CEPA was set up with the support of German Development Cooperation (GTZ), which provided technical and institutional capacity building, networking support to potential clients (in particular donors), and initially, partial funding of operating costs. By ordering analytical and training services from CEPA, the donor community in general has been instrumental in CEPA achieving financial sustainability, as well as gaining a reputation in the national process as the domestic knowledge base on poverty issues.</td>
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<tr>
<td><strong>Lessons Learned</strong></td>
<td>The approach is innovative, and has so far been successful. CEPA’s development is being followed with interest by other countries in the region, and there may be scope for replication. However, the approach appears to be primarily suited for countries with strong democratic traditions and a civil society. Political openness for independent expert advice is critical for success, while the controversial character of the Sri Lankan PRS process has enhanced domestic and donor demand for analytical services.</td>
</tr>
<tr>
<td><strong>Contacts</strong></td>
<td><strong>CENTER FOR POVERTY ANALYSIS</strong>, 29 Gregory's Road, Colombo 7, Sri Lanka, Tel: 94 1 267 6955-8, 266 7967-8, Fax: 94 1 267 6959, Email: <a href="mailto:cepa@sltnet.lk">cepa@sltnet.lk</a>, <a href="http://www.cepa.lk">www.cepa.lk</a> Christoph Feyen (GTZ Programme Coordinator, Poverty Impact Assessment Sri Lanka) E-Mail: <a href="mailto:christoph.feyen@gtz.de">christoph.feyen@gtz.de</a>, Tel.: 0094-11-2676955 / 2667967</td>
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### Making Poverty Reduction Strategies Work – Good Practice Sheet

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<tr>
<th>Country</th>
<th>Tanzania</th>
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<tr>
<td>Name</td>
<td>Improved inclusion of domestic stakeholders in the PRS Review</td>
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<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>The current review of the PRSP effectively addresses some of the major shortcomings of the formulation of the first PRSP. Additionally, the review has created further opportunities for stakeholders to participate in the PRS process and in public policy debates. The shortcomings in the formulation of the first PRSP included (i) the tight timeframe for consultations; (ii) the NGOs for consultations were selected by Government; (iii) the fact that civil society inputs had limited influence on the policy content of the PRSP; and (iv) the lack of space for public policy debates.</td>
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<tr>
<td><strong>Change Process</strong></td>
<td>The changes made include the following: - ample time for the PRSP review - transparent planning of the review - significantly extended consultations, in collaboration with different government agencies - consultations not only led by the government, but also by different domestic stakeholders - much broader participation of civil society organizations (CSOs), including also business associations and trade unions (not only NGOs, but also development partners had criticized the limited participation of CSOs in the formulation of the first PRS)</td>
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<tr>
<td><strong>Stakeholders</strong></td>
<td>- increased capacity of NGOs to engage in national policy dialogue, e.g. by establishing a national network for lobbying and advocacy</td>
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<td><strong>Approach</strong></td>
<td>- use of a variety of methodologies including workshops, public meetings, radio programs, questionnaires, drama, television, etc. - systematic analysis of consultation outcomes and generally wide incorporation in the new PRSP.</td>
</tr>
<tr>
<td><strong>Outputs and Impacts</strong></td>
<td>Outputs are as follows: - a clear role for different stakeholder groups, not only for PRSP formulation, but also for implementation. In addition, monitoring and evaluation are defined - participation in the first PRS formulation has moved from selective, rushed and ad hoc consultations to well-planned, broad and effective participation - NGOs acknowledge that important contributions by stakeholders have found their way into the new PRSP document - public awareness, consensus and ownership of the new PRSP has probably increased - participation in the implementation of the new PRSP is explicitly encouraged by defining roles for stakeholders and creating systematic approaches designed to improve communication on the PRSP.</td>
</tr>
<tr>
<td><strong>Donors’ Contribution</strong></td>
<td>The Consultation Guideline for the PRS Review covers the same four dimensions of</td>
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institutionalized participation as proposed by the GTZ/Eberlei Paper on Participation. CSO representatives and development partners criticized the limited participation of CSOs in the formulation of the first PRS. A GTZ adviser provided support to the governmental group at national level that organized the PRS review and developed the PRSP communication strategy.

<table>
<thead>
<tr>
<th>Lessons Learned</th>
<th>The following lessons have been learned:</th>
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<tbody>
<tr>
<td></td>
<td>- the inclusion of the poor remains a challenge</td>
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<td>- PRSP prioritization has not yet been achieved</td>
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<td>- better inclusion of parliament represents a challenge.</td>
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<tr>
<th>Contacts</th>
<th>Clemens Beckers, <a href="mailto:clemens.beckers@gtz.de">clemens.beckers@gtz.de</a></th>
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<tbody>
<tr>
<td></td>
<td>GTZ Tanzania</td>
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<td></td>
<td>P.O. Box 1519</td>
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<td></td>
<td>Dar es Salaam</td>
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<td>Tanzania</td>
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<thead>
<tr>
<th>Annexes</th>
<th>URT, Vice President’s Office, Consultation Guideline for the Poverty Reduction Strategy Review, January 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional bibliography</td>
<td></td>
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</tbody>
</table>
Country: Uganda

Name: Justice, Law and Order SWAp (JLOS).

Identification of Good Practice: With the introduction of the Sector Wide Approach (SWAp) in the Justice, Law and Order Sector, a comprehensive mechanism to involve all the key players in decision-making and implementation was established. JLOS is seen as a major player in achieving the goals which are laid down under the “good governance” pillar of the Poverty Eradication Plan (PEAP).

Change Process: Through better coordination, communication and cooperation, the delivery of justice has speeded up considerably, has improved in quality and become more cost-effective. Benchmarking between the different JLOS institutions and peer reviews have become regular instruments. New approaches which involve several JLOS actors have been introduced, e.g. the Chain-linked Initiative (regular meetings of all JLOS actors in certain areas to discuss cases and to speed them up) or the Community Service Program.

Stakeholders: The stakeholders consist of ten different Ugandan ministries and institutions: the Ministry of Justice and Constitutional Affairs; the Ministry of Internal Affairs (including the government chemist, the Community Service Program and immigration); the judiciary; Uganda Prisons Service; Uganda Police Force; Directorate of Public Prosecutions; Judicial Services Commission; Uganda Law Reform Commission; the Ministry of Gender Labour and Social Development - probation services; the Ministry of Local Government – local council courts. 14 bilateral and multilateral donors contribute to the JLOS SWAp, namely Austria, Denmark (DANIDA), Germany (GTZ), Ireland (DCI), the Netherlands, Norway, Sweden (SIDA), the UK (DFID), the US (USAID), the European Commission, the World Bank, the United Nations Development Programme (UNDP). The participation of civil society has been rather limited up to now; it is one of the issues addressed in the new Strategic Investment Plan (2006-2011), which seeks to involve civil society better.

Approach: Cooperation and coordination have been strengthened through a series of coordination mechanisms. The Leadership Committee, comprising the Chief Justice (Chair), the Minister for Justice and Constitutional Affairs and the Minister for Internal Affairs, is designed to be a high-level forum for matters of import. A JLOS Steering Committee is responsible for guiding implementation of the program towards achieving the performance indicators and monitoring policy coordination across the sector. It comprises officials at the highest levels of the institutions in JLOS and the Ministry of Finance, Planning and Economic Development (MoFPED). Responsibility for implementation of the JLOS program lies with an overall Technical Committee, comprising representatives from all the institutions in the JLOS and MoFPED. Five Working Groups of the Technical Committee have been set up to address key issues highlighted by the sector and to support the Technical Committee in follow-up and
In addition to the three-tier management structure, there is a JLOS Secretariat, which has day-to-day responsibility for promoting and managing the JLOS program covering criminal and commercial justice reform. The Secretariat also takes the lead on behalf of the government in ensuring donor coordination, and liaises closely with the SWAp Donor Group of the Justice/Law and Order Sector. Twice a year, reviews are carried out to discuss the achievements within the sector.

### Outputs and Impacts

According to the Mid-term Evaluation that was carried out in 2004, the main achievements were the following:

- Increased stakeholder communication, coordination and cooperation; reduced suspicion and mistrust under the agencies involved
- Reduction of criminal case backlog
- Significant reduction in time spent on remand
- Faster disposal of petty crimes at local level
- Increased use of Community Service Orders
- Energized commercial court and enhanced accountability through a user’s committee.

These impacts have benefited mostly poor people: the introduction of community service means that convicted offenders do not need to spend time in prison, leaving their families behind without resources, they continue their day-to-day work, thus continuing to sustain the family.

### Donors’ Contribution

The constructive dialogue between donors and institutions has greatly helped to push the processes forward, not only during the reviews, but also through constant discussions. However, there is still some fear of involving donors too much in issues like the budget, for example.

Most donors contribute to a basket in the form of finance (including Germany through GTZ), while some contribute in the form of Technical Assistance. GTZ represents Germany in the JLOS donor group; starting in July, Germany will take over the chair of the donor group from Ireland.

### Lessons Learned

Lessons learned include the following:

1. Wide stakeholder consultation is both time-consuming and costly.
2. The JLOS Secretariat plays a crucial role in facilitating the process; other sectors are already keen to copy this “best practice model”.
3. To agree upon sector-wide indicators and, as a consequence, upon sector-wide priorities, is difficult, mainly as there are so many institutions involved.
4. JLOS is more than just a funding mechanism: it is a general approach (some institutions get only very limited funds out of the basket, but are – and consider themselves – part of JLOS).
5. As an acronym, JLOS is rather abstract; it is difficult to clarify the idea behind it.
6. As a result of JLOS, the human rights situation has been addressed by the heads of the involved agencies.
7. Joint actions help to secure funds for the sector.

### Contacts

Dorothee Hutter
Country Director GTZ Uganda

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38 These are the Budget Working Group, the Gender Working Group, the Juvenile Justice Working Group, the Publicity Group and the Local Government Prisons and Police Group.
<table>
<thead>
<tr>
<th>Annexes</th>
<th>Additional bibliography</th>
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<tbody>
<tr>
<td>Mid-term Evaluation 2004</td>
<td></td>
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<td>JLOS Donor Group ToR</td>
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</table>
## Making Poverty Reduction Strategies Work – Good Practice Sheet

<table>
<thead>
<tr>
<th>Country</th>
<th>Uganda</th>
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<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Identification of Good Practice</td>
</tr>
<tr>
<td></td>
<td>In general, the grouping of donors around a sector or a strategy - in the education sector, the Education Funding Agencies Group (EFAG) - represents good practice.</td>
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<tr>
<td><strong>Contribution to the PRS Process</strong></td>
<td>Duplication of efforts and huge transaction costs were considered a challenge for the external funding agencies who contribute over 38% of the education budget. Thus EFAG was created to ensure the effectiveness of individual donor efforts with a more harmonized and ‘open’ approach in supporting government efforts. More importantly, there was also need to adopt a “common voice” and form a basis for interaction with the government.</td>
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<td><strong>Change Process</strong></td>
<td>The first step was to bring diverse agencies with different objectives into one group, followed by the creation of a common identity (i.e. the name, letterhead and logo), and by developing the Terms of Reference for EFAG. In early 2002, EFAG signed a Memorandum of Understanding with the Government of Uganda setting the basis for support with the overarching goal of poverty eradication by facilitating financial and technical support to the Education SWAp.</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>Members of EFAG include the African Development Bank, Canadian International Development Agency (CIDA), German Federal Ministry for Economic Co-operation and Development (BMZ), the governments of Austria, Denmark, France, Japan, Ireland, the Netherlands, and Norway, the European Commission, the World Bank, the United Nations Children’s Fund, United Kingdom’s Department for International Development (DFID), and USAID (United States Agency for International Development).</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>EFAG has adopted a revolving basis for hosting the coordination and liaison functions. Presently, the World Bank office in Uganda is hosting EFAG. The Memorandum of Understanding (MoU) stipulates the role of EFAG; to support the government’s efforts to manage aid effectively by only supporting initiatives that are derived from the priorities established and agreed upon. Specifically the MoU sets out the guiding principles on:</td>
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<tr>
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<td>▪ Joint Government/EFAG Review Meetings</td>
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<td></td>
<td>▪ Principles for Assistance to Education</td>
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<td></td>
<td>▪ Modalities for Sector Support Funding to Education Development Activities</td>
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<td></td>
<td>▪ Triggers for Release of EFAG Funds</td>
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<td></td>
<td>▪ The Education Sector Consultative Committee</td>
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<td></td>
<td>▪ Education Aid Management</td>
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<td>▪ Principles of Communication</td>
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<td>▪ Government-wide Commitments</td>
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<td>▪ Effectiveness, and</td>
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<td>▪ Sanctions.</td>
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<tr>
<td><strong>Outputs and Impacts</strong></td>
<td>Outputs and impacts include the following:</td>
</tr>
<tr>
<td></td>
<td>▪ The upcoming evaluation will determine what/if any impact EFAG has had on the education SWAp.</td>
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<tr>
<td></td>
<td>▪ Technical notes on various subjects.</td>
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</tbody>
</table>
Knowledge management and sharing.

**Donors’ Contribution**

Member donors of EFAG have contributed their expertise to the development of Terms of Reference, and act as a “clearing house” in project inception. They have also emphasized the need to relate SWAps to the Poverty Eradication Plan (PEAP), with a focus on pro-poor growth. The German side has been instrumental in designing policies and concepts (specifically but not only) on piloting in the sub-sector of BTVET (Business, Technical and Vocational Education and Training).

**Lessons Learned**

- Ideally, various funding requests have been submitted through the coordinator and discussed by EFAG, and feedback is given to the Ministry through the same channel. A key lesson is that donors are not fully transparent. For example, in some instances donors that provide general budget support have also provided off-budget resources without the due knowledge of others. Thus the aspect of “speaking with one voice” gets lost.
- EFAG and the Partnership Principles and the decision framework earlier mentioned represent a major entry point for project donors who would otherwise have been unable to support the SWAp.
- Although agencies do try to engage more strategically and attempt to develop the appropriate mix of support, this could be compromised if the government sets more demands and attempts to push for support outside the priorities and away from the set sector ceilings.
- The occasional heavy-handedness observed during the drafting and passing of the sector review aide-mémoires on the part of some agencies could erode the development of local ownership.
- Although part of the drafting teams, some donors have been able to work in their areas of comparative advantage, for instance the German side has provided considerable technical expertise in the drafting of reports and Terms of Reference and in facilitating review sessions.

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**Annexes**

- Additional bibliography
  - Directory of Funding and Technical Assistance Agencies supporting the Education Sector in Uganda
  - Strategy Review Retreat Report
  - DAC Task Force on Donor Practices Report
<table>
<thead>
<tr>
<th>Country</th>
<th>Vietnam</th>
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<tbody>
<tr>
<td>Name</td>
<td>PRS rollout</td>
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<tr>
<td>Identification of Good Practice</td>
<td>Challenges: The overall pro-poor growth results are very good, but poverty remains strong in rural areas. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS) is a very comprehensive strategy, but lacks sufficient prioritization to implement targeted measures in poor areas. Further difficulties have arisen in implementing the CPRGS because of the existence of several parallel national planning documents that also address targeted Hunger Eradication and Poverty Reduction (HEPR). Another challenge for PRS implementation at the local level is the traditional top-down planning structure within Vietnam, which does not fit in with general PRS principles and some objectives of the CPRGS, namely to promote good governance and participation at grassroots level (Objective 12, and Policy Matrix Objective A.III - Public Administration reform, promote grassroots democracy and legal support for the poor).</td>
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<tr>
<td>Contribution to the PRS Process</td>
<td>Change Process: PRS implementation at the local level became the so-called PRS rollout, a step-by-step reform of the sub-national planning system in order to decentralize PRS implementation, introduce a bottom-up planning system, and meet some local governance objectives (related to the Grassroots Democracy Decree). The Ministry of Planning and Investment (MPI) endorsed the scaling up of prior experiences to grassroots planning and reforms up to the provincial level. So the change process is at the same time systemic, improving the framework for local PRS implementation, and applied, as locally prioritized measures can be directly implemented. Introducing bottom-up planning includes local budgeting, i.e. the introduction of development funds at commune and village level, allowing these levels to fund their own prioritized activities.</td>
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<tr>
<td>Change Process</td>
<td>Stakeholders: The MPI is a central stakeholder and a responsible organ, because it is in charge of the planning system and of steering the CPRGS process. Furthermore, the PRS rollout affects villages, communes, districts and provinces, because their planning methods will be reformed.</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Approach: The PRS rollout was launched by several donor-funded programs and projects in 19 provinces. Some of these projects already existed but had to adapt their focus slightly. While approaches between projects/programs differ, all do have broadly the same objective: improving bottom-up planning, strengthening participation, introducing poverty indicators in sub-national planning, combining planning with fiscal decentralization (commune and village development funds), and institutionalizing the processes by introducing them into the official planning set-up. Besides national ministries, especially the MPI, provincial administrations are important partners in institutionalizing the system; communes and villages are direct beneficiaries at the local level.</td>
</tr>
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</table>
| Approach | Outputs and Impacts: Outputs are measurable in some provinces: In Son La, the new planning model has
been officially adopted by the Provincial People’s Committee (PPC); in central Vietnam several donor-financed projects and local planning authorities have harmonized their approaches to decentralized planning and budgeting beyond the narrow scope of individual provinces. The national HEPR program (program 135) (implemented by MoLISA – the Ministry of Labour, War Invalids and Social Affairs) is about to integrate its funds as block grants into the Commune Development Funds and reformed local planning system, which indicates that the PRS rollout fosters institutional and systemic change. The MPI has endorsed this reform, and the Vietnamese government aims to set up a nationwide reformed planning system by 2008. Impacts on the poor or the efficiency of PRS implementation at the local level cannot be measured yet as the reform of the planning system is still in process, but evaluations in selected provinces indicate a higher degree of satisfaction among people living in poor rural areas regarding consideration of their needs in local planning and prioritization.

Donors’ Contribution

Several donors have strongly recommended that the MPI should adopt the approach of a decentralized PRS –roll-out to improve the framework for the targeted implementation of poverty reduction measures. Several programs support the PRS rollout in 19 provinces in Vietnam, including the Northern Mountain Poverty Reduction Project (World Bank /DfID), active in six provinces in northern Vietnam; the Rural Development Project (EuropeAID) in Son La and Lai Chau provinces; the Extension and Training Support Project (SDC/Helvetas); the Forestry Sector Project (ADB), active in four provinces in central and southern Vietnam; and the Social Forestry Development Project, the Integrated Food Security Project, and the Rural Development Project (GTZ, AP 2015 program) in Son La, Quang Binh, Dak Lak. UNDP’s support of the Public Administration Master Program, which enjoys high priority in the Vietnamese government, includes a component to reform sub-national decision-making procedures.

Lessons Learned

In some ways the Vietnamese case is special. Vietnam has high growth rates and has achieved good results in poverty reduction, although poverty in rural and especially mountainous areas remains high. Vietnam’s political system relies on a top-down planning system, whose reform has been identified as a key to reducing poverty in poor areas. Reforming the planning system to reduce poverty may not be that important in other countries. Nevertheless, the methods developed by some projects or programs are surely helpful examples for any participatory planning exercise.

Contacts

For experiences and methods regarding the Village and Commune Development Planning and Fund (VDP/CDP and VDF/CDF) model, contact:

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Mr. Klaus Kirchmann (Klaus@kirchmann.info),
Ms. Nha (nha@ap2015-vietnam.org)
Making Poverty Reduction Strategies Work - Knowledge Sheet

Name: Gender Budgeting

Subject: Policies can only become effective if they are backed up by sufficient budgetary allocations for their implementation. State budgets are one of the most powerful economic instruments of a government, as they reflect its policy priorities. Many governments have started to introduce new budget systems in connection with the PRS process, such as Medium Term Expenditure Frameworks or some sort of program or performance budgeting. The aim of these new systems is to link policy, planning and budgeting. In several PRS countries, gender budget initiatives have been established in connection with the PRS process. They do not aim at establishing separate budgets for women, but rather focus on mainstreaming the gender perspective in public finance. Gender Budgeting aims at analyzing the impacts of a state’s expenditure as well as revenue-raising policies on women, men, girls and boys, both at the national and local levels (technical aspect). Furthermore, it seeks to reprioritize expenditures and revenues in favor of the needs and interests of women, and of poor women in particular (political aspect). The approach can be used to monitor whether allocations to a sector or program contribute to gender equality, and it highlights the gap between policy statements and the resources allocated to their implementation. Gender Budgeting contributes to more transparent and accountable forms of governance.

The PRS process has opened up new spaces for the participation of civil society. Civil society organizations are increasingly engaging in discussions on the economic framework of PRS. Different actors lead gender budget initiatives: In some countries such as Tanzania, women’s organizations have taken the lead. In Uganda, women parliamentarians are working together with community activists and women researchers to develop gender budget initiatives, whereas in some other countries (e.g. Rwanda, Mozambique and Kenya), gender budgeting is led by different ministries. So far, gender budget initiatives have been most successful in countries where internal and external government initiatives complement each other.

Contents/Methodology: Several toolkits have been developed to put Gender Budgets into practice. There is no blueprint on how to conduct gender budgeting. The methodology has to be adapted to the specific national context and budget processes.

The following tools for the conduct of a gender-responsive budget analysis have been proposed, and may serve as an entry point:

<table>
<thead>
<tr>
<th>Tool</th>
<th>The kind of knowledge that can be produced</th>
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<tbody>
<tr>
<td>Gender-aware Policy Appraisals</td>
<td>• Are policies and programs funded through the budget likely to reduce or increase gender inequalities?</td>
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<tr>
<td></td>
<td>• Is the sectoral allocation of resources coherent with policy commitments that aim at</td>
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<tr>
<td>Output and Uses</td>
<td>Gender Budgeting involves technical and political aspects. The methodology is useful for analyzing the impacts of a state’s expenditure and revenue-raising policies on women, men, girls and boys, both at national and local levels. The output indicates how money has been spent. It critically reflects state policy priorities and whether budget allocations have to be shifted in favor of the needs and interests of women, and of poor women in particular.</td>
</tr>
<tr>
<td>Clients</td>
<td>The enhanced flow of information that gender budgeting creates helps the executive branch of government to assess trends in spending, monitor whether poverty reduction policy statements are in line with budgets, and to hold departments to account for services delivered. From the perspective of citizens, in particular gender equality advocates and parliamentarians, more information on how public money is spent enhances their capacities to lobby for change in favor of gender equality objectives and draw up proposals for reprioritizing revenue and expenditure policies. Parliamentarians have been particularly interested in putting gender budgeting on the political agenda as they approve public spending and audit expenditure at the end of the budgetary year and, ideally, consult civil society organizations.</td>
</tr>
<tr>
<td>Impacts</td>
<td>State budgets, which are the central instrument for macroeconomic policy, are not</td>
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gender-neutral in their impact. In many countries, for instance, it has been observed that the introduction of fees in the health sector raises the workload of women, particularly of poor women. If families can no longer afford the fees, women must allocate more time to taking care of sick family members. Thus, costs have been shifted onto women in private households. Gender Budgeting explicitly takes into account unpaid work in the reproduction and subsistence sectors. Knowing technical facts and figures is crucial to ensure the leverage needed to address and influence decision-makers.

The mainstreaming of gender into planning and budgeting will become more likely if the gender perspective is integrated into institutionalized routines, such as forms, guidelines, rules for administrative processes, checklists, etc. The Tanzanian Gender Networking Program succeeded in convincing the Ministry of Planning to change their budgetary guidelines for the development of the 2001 budget in six pilot sectors in a way that women’s and men’s different needs and priorities were taken into consideration.

Country/Context

Gender budgeting may be applied at national level, or to provincial and municipal budgets. It may be used for a sector (health, agriculture, transport) in the context of program-based approaches, or for the services of an organization. In the context of national PRS, many countries are introducing medium-term financial planning and are moving towards a system of program budgeting. Ministries of Finance have a key role to play because they decide on policy frameworks and have access to relevant data. However, civil servants in the financial sectors and macroeconomists usually lack awareness on gender issues and their relevance to economic growth and poverty reduction.

Gender budgeting has been successfully used in Tanzania, Uganda, Kenya and Bangladesh to influence the drafting of the PRSPs. In all cases, interaction between government, women’s groups, and research organizations was a highly political process that required training for gender lobbying groups as well as economic experts. Training and upgrading for finance and economic experts on how to adapt gender budget analytical instruments to the program budgetary or MTEF procedures has facilitated gender budgeting. Moreover, statistics offices and research institutes have been involved and have advised on how to gather and record gender-differentiated data (e.g. data on time budgets).

A commonly reported weakness was that the Ministries of Women’s Affairs/Gender and gender equality advocacy groups, which are mandated to lobby for mainstreaming gender in national policies and programs, lacked the expertise and capacity to have a significant impact on the PRSP content or to participate in budgeting procedures. Non-economists who are involved in PRS need to understand the basic rules of economic policymaking, budget planning, and have expertise in gender analysis. Capacity building for government and civil society actors, in particular members of parliament, should include economic literacy and analytical tools used for gender budgeting. Experience to date indicates that gender budgeting is most successful when a country has an initiative carried out by both governmental and non-governmental organizations. Strategic alliances can support the follow-up whether or not PRSP priorities are translated into budget allocations. Being explicit about priorities makes it easier to draw
up budgets for gender equality. Even if women’s organizations have been trained to be economically literate, they will not be able to perform highly sophisticated economic analyses based on a large quantity of figures, statistics, and technical models. It may thus be useful for women’s advocacy groups to link up with existing Gender Budgeting Networks and economic research institutes that can provide the necessary expertise. A close cooperation between women’s/gender ministries and civil society organizations is recommended, as the former are informed about the timetable of the political process, the internal rules and the people who have the power to change policies, while the latter often have good advocacy capabilities and more scope for exchanging strong arguments.

**Good Practice**
The Tanzanian Gender Networking Program followed a very successful strategy. It adopted coalition building with likeminded stakeholders as the main strategy in their gender budgeting activities. As part of their gender budget work, research activities were carried out by teams of researchers that included gender activists, academics and government actors (Planners/Budget Officers). Government actors were integrated into the process as researchers, providing access to data that would otherwise be hard to obtain. Over the years, it proved possible to build up a strong and confidential relationship with the government that permits informal consultations and access to relevant information.

[http://www.tgnp.co.tz](http://www.tgnp.co.tz)

**Costs and Upscaling**
Costs include the following.
- Costs for technical support to integrate the gender perspective into institutionalized routines such as forms, guidelines, rules for administrative processes, and checklists.
- Costs for adapting tools to the budget system of the respective country.
- Costs for capacity building (drafting training manuals, carrying out training courses for different governmental and non-governmental stakeholders, organizing follow-ups and coaching).
- Organizing workshops with the aim of sensitizing and convincing decision-makers that gender-aware budgeting makes a difference in view of efficient and effective poverty alleviation.
Funding of studies (analysis impact of expenditures and revenues on women and men, girls and boys).

**Contacts**
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**Annexes**
Downloads, written documentation, CDs, etc.


GTZ Gender Sector Advisory Project/Ministry of Planning and National Development (2003): “Analysis of the Budget from a Gender Perspective - The Case of the Ministry of Agriculture in Kenya”.

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