

# Poverty Analysis & Monitoring

Issue 1 January 2004

## Meet the PAM Team

Welcome to the Poverty Analysis and Monitoring team first briefing note. We are issuing this note as a way of keeping those interested in the work of the team well informed of our activities and outputs. Whilst we appreciate that everyone is bombarded with news and reports we hope that this brief overview of what our team has achieved since we were established in April 2003, and what we hope to achieve over the life span of the team will be an interesting and useful read.

The PAM team seeks to strengthen the quality and effective use of evidence on poverty and its causes, and to promote nationally owned and inclusive planning and monitoring – before, during, and after policy implementation. Our work plan builds on DFID's highly valued work both on Poverty and Social Impact Analysis (PSIA), and on implementing PRS monitoring systems and includes research into "difficult" areas, including new research tools and methods, as well as working together with development partners to improve country ownership of such processes.

Should you wish be more involved in our work we have established a virtual team. For more information and requests to join email us on <mailto:povertyanalysisandmonitoring@dfid.gov.uk>. More detailed information on the team and our work can be found on our [DFID Intranet page](#), or alternatively you can order a CD Rom from the team. Just follow the Link Below



[Order A Copy of The PSIA CD Rom](#)

The CD contains information, which enables the user to become familiar with the concepts of PSIA and the experiences to date. It was produced jointly by the UK and Netherlands in readiness for a workshop on PSIA for Bilateral donors. A summary of this workshop is to follow.

## North Sea

## Manifesto

In October 2003 the team organised a workshop for bilateral donors in conjunction with the Dutch Ministry of Foreign Affairs (DGIS). Its aim was to develop a joint position of like-minded donors on PSIA approaches, and to determine the role of bilateral donors in the PSIA agenda, both in the short term, and in the long term, in order that the process is sustainable

Representatives from DGIS, DFID, NORAD, SIDA, USAID, GTZ, EU, Ministry of Foreign Affairs Finland and Development Cooperation Ireland were present. The Bank and IMF were heavily involved in the design of the agenda, and participated in the workshop. We also invited participants from developing countries and NGOs who have been involved in PSIA work, and who were able to ensure that the output was based on the realities of performing analysis in a developing country.

The output of the workshop was

## Inside This Issue

- 1 The North Sea Manifesto – Outputs from The Hague PSIA Conference
- 2 Relationships with International Financial Institutions
- 3 Tools for PSIA
- 4

## 2

entitled *'The North Sea Manifesto'* reflecting the cooperation between the UK and the Netherlands, and the stunning view from the hotel in The Hague. It reflects on areas of agreement, particularly over the process of carrying out PSIA studies, it also considers those areas where issues remain unresolved. It contains an action plan for bilaterals, which illustrates how organisations can get involved in developing the PSIA agenda further. Actions include working in country to ensure that PSIA is carried out according to processes agreed on at the workshop, and working at the central level to develop guidance and tools, and to constructively engage with the IMF and World Bank. For a copy of this document don't hesitate to get in touch with the team, or view our Insight pages.

## PAM and the IFI's

A significant part of the PAM team's work involves working with the IFIs on PSIA. Both the World Bank and IMF have made corporate commitments to a more systematic use of PSIA. Their guidance states that all major reforms and policies in the relevant documents (CASs, PRSCs and PRGFs) should be underpinned by an appropriate analysis of poverty and social impacts. This does not necessarily have to always mean a technical piece of analysis. But there should have been a discussion between IFI staff, the government, and ideally other stakeholders, on the likely impacts on the poor of all major reforms and a systematic assessment of whether and what additional analysis is needed. This is currently not happening in practice and our team is supporting the IFIs in implementing this commitment.

Progress is being made. A central PSIA unit has been set up in the WB. The unit is currently supporting around 40 PSIAs (please contact the team for a full list) and has produced a useful 'User's Guide for PSIA'. For further information see [www.worldbank.org/psia](http://www.worldbank.org/psia). The IMF has yet to clarify what their corporate commitment to PSIA means in practice and this has been one of the constraints to progress to date. This is being discussed internally within the Fund at the moment and a decision is expected by the end of this year.

Our team works with the IFIs in a number of different ways:

- A new DFID secondee to the Bank, Limin Wang (an economist), is due to start in the PSIA unit early in 2004. We are also in dialogue with IMF staff on ways in which DFID can help build central capacity in the IMF – possibly through a secondment or short-term consultants.
- We are planning a number of joint DFID/IMF country PSIA studies on macro-economic policies. The aim will be to demonstrate the potential and value of PSIA of macro-economic policies. The PAM team have resources available for this work and are in the process of identifying suitable countries. *Please contact us if you are aware of any possible countries/policies.*
- We are planning to participate in a number of WB PSIA missions as and when this would be appropriate and useful. One of the aims will be to encourage greater joint DFID/WB working in the country concerned. *Please let us know if you are aware of any forthcoming opportunities.*

## PAM

- We have started work with the Bank on a 'social tools kit' for PSIA (detailed below) The intention is to develop an alternative set of tools which are more pragmatic and less expensive than the methods currently being used for PSIA
- Our joint IMF/DFID research work (being taken forward by the macro-economics team in PD) will include research to develop appropriate methods for PSIA on issues such as domestic debt and revenue mobilisation.

*Liz Tayler and Sarah Hennell from the PAM team visited the IMF and WB in November to discuss this work. The full back to office report of this trip, and a more complete strategy for working with the IFIs, are available on request.*

## Tools for social, political and institutional analysis

DFID will be collaborating with the Bank to develop a tool kit for social, political and institutional analysis. It is intended that it will complement the existing PSIA tool kit for econometric analysis. We have agreed that there is also a need for more guidance on processes that encourage country ownership and processes that allow different analysis to be integrated together. The tool kit would aim to:

- Support people that work in social analysis at the grassroots level to move into policy analysis.
- To supplement the gaps in the current WB PSIA tool kit (econometric tools) with social, political and institutional analysis.

### 3

- To ensure that the benefit of good practice in PSIA process is understood.
- To demonstrate the range of tool applications to PSIA that is useful – from light and robust to more resource intensive.

The audience for the tool kit would be two groups. Firstly, it would be the PSIA practitioners, for whom the tool kit would seek not to prescribe but offer inspiration. Secondly, it would be the consumers of PSIA to encourage the use of social, political and institutional analysis in PSIAs and to assist in its commissioning and use. Country stakeholders fall into both categories and their needs and interests will be considered paramount throughout. Development agencies – WB, IMF, bilaterals etc - also would have practitioners as well as consumers and they should also be considered the audience. The emphasis will be on how the tools are used (and the quality of analysis done with these tools) not on the tools themselves. The worldview of the analysts will effect what is analysed and how.

We are keen for comments and input from others and can share the initial outline of this work with anyone who is interested. We will be looking to develop a process of consultation that will refine and shape this work.

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## PRS Monitoring

PRS monitoring systems began to be designed as part of the preparation of PRSPs. Robust, reliable monitoring and reporting is key to maintaining the momentum of the PRSP process, and ensuring its longer-term success. The experience of beginning to implement these systems is that even the better plans

are proving to be ambitious and difficult to implement. Some of the problems include:

- Lack of demand for evidence
- Poor capacity
- Weak or dysfunctional institutional arrangements
- Low stakeholder involvement
- Lack of donor alignment behind national systems

These are not necessarily new problems, but making progress towards solving them is critical in establishing national frameworks and systems for ensuring that governments and citizens are able to track progress towards their agreed national objectives.

The team's work in this area aims to improve international support to PRS monitoring and, in particular, to support DFID's own work in supporting national systems. We plan to do this by:

- Supporting DFID country teams. We plan to disseminate existing best practice by DFID and other organisations; to provide ad-hoc advice and signposting to other relevant work in DFID on request; and to provide more active support to a small number of DFID country teams currently working with partner governments on PRS monitoring systems
- Engaging with relevant organisations and networks. We will ensure our knowledge of the practice of implementing PRS monitoring systems feeds into ongoing international work on better co-ordinated and effective donor support to PRS monitoring systems and to donors' alignment with and adherence to those systems
- Developing new guidance, methods, and tools where appropriate, based on identified gaps and knowledge of what others are already doing

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We are aware that there is a wealth of experience in DFID country teams of grappling with these problems. We want to build on this, to synthesise the lessons learnt, and to give as wide coverage as possible to the valuable lessons already learnt. By engaging with the wider donor community, and reflecting on what DFID has already contributed, we plan also to identify valuable ideas and approaches for achieving further success in future.

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## Contact Us

You can contact us as a team [povetyanalysisandmonitoring@dfid.gov.uk](mailto:povetyanalysisandmonitoring@dfid.gov.uk) or individually

*Emma Bevis* [e-bevis@dfid.gov.uk](mailto:e-bevis@dfid.gov.uk)  
**02070230097** – Policy Support Officer

*Emily George* [e-george@dfid.gov.uk](mailto:e-george@dfid.gov.uk)  
**02070230885** – Policy Analyst

*Sarah Hennell* [s-hennell@dfid.gov.uk](mailto:s-hennell@dfid.gov.uk)  
**02070230421** Statistics Adviser

*Richard Martini* [r-martini@dfid.gov.uk](mailto:r-martini@dfid.gov.uk)  
**02070230390** Statistics Adviser

*Clare Shakya* [c-shakya@dfid.gov.uk](mailto:c-shakya@dfid.gov.uk)  
**02070230247** Rural Livelihoods Adviser

*Peter Poulsen* [p-poulsen@dfid.gov.uk](mailto:p-poulsen@dfid.gov.uk)  
**02070231767** Economics adviser

*Jennie Richmond* [j-richmond@dfid.gov.uk](mailto:j-richmond@dfid.gov.uk)  
**02070231766** Social Development Adviser